

State of Alaska FY2009 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

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 twelve rural and urban recording locations serving 34 recording districts and UCC Central File.

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% with database access available to the public <u>Measure #1:</u> % Recording offices open and database access available to the public</p> <p><u>Target #2:</u> 75% of all UCC filings submitted electronically <u>Measure #2:</u> % of electronic filings submitted to UCC</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 1 day (24 hours) 100% of the time <u>Measure #1:</u> % of time input of documents into the index is completed within 1 day</p> <p><u>Target #2:</u> 100% of documents verified within 7 calendar days <u>Measure #2:</u> % timely verification of documents</p> <p><u>Target #3:</u> 100% original documents returned within 30 days of recording <u>Measure #3:</u> % timely return of original documents to customer</p> <p>A2: Create and maintain accessible archival record</p> <p><u>Target #1:</u> 100% documents filmed/scanned within 10 days of recording. <u>Measure #1:</u> % documents filmed/scanned within 10 days of recording at any statewide recording district.</p> <p>A3: Create permanent archival record to preserve the history of personal, commercial, and land transactions in Alaska by converting paper and film media recording records to digital images to expedite retrieval and research capability.</p> <p><u>Target #1:</u> Complete the digitization of 1,839 remaining historic books that had been previously accessioned to</p>

	<p>State Archives.</p> <p><u>Measure #1:</u> # of books scanned and returned to State Archives</p> <p><u>Target #2:</u> Convert an estimated 4,200,000 film images (covering a 10 year period) to digital images from 2001 back through 1991.</p> <p><u>Measure #2:</u> # of images from historic film available on intranet</p> <p><u>Target #3:</u> Convert an estimated 750,000 aperture cards covering the time period from 1971 through 1978, to digital images.</p> <p><u>Measure #3:</u> # of converted images available on the Intranet.</p>
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Major Activities to Advance Strategies

- 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
- Return original recorded documents to customers
- Customer assistance in use of library facilities
- Archival and administrative processes
- Provide electronic access to records through the WEB, providing CDs, and electronic downloads

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$4,235,200	Personnel:	
	Full time	48
	Part time	6
	Total	54

Performance Measure Detail

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

Target #1: Recording offices open 100% with database access available to the public

Measure #1: % Recording offices open and database access available to the public

% Recording offices open 100%

Year	YTD
FY 2004	91%
FY 2005	92%
FY 2006	94%
FY 2007	94%
FY 2008	94%

Analysis of results and challenges: 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 or funding limitations 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 2008 information reflects through the first quarter.

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

Measure #2: % of electronic filings submitted to UCC

Year	YTD
FY 2005	13%
FY 2006	25%
FY 2007	49%
FY 2008	55%

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 2008 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 1 day (24 hours) 100% of the time

Measure #1: % of time input of documents into the index is completed within 1 day

% Documents input within 1 day

Year	YTD
FY 2004	92%
FY 2005	98%
FY 2006	99%
FY 2007	97%
FY 2008	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. Staff turnover, numerous vacancies, and some heavy recording volume days at some of the single staff offices reduced our ability to meet this objective during 2007.

FY 2008 information reflects first quarter results.

Target #2: 100% of documents verified within 7 calendar days

Measure #2: % timely verification of documents

% Documents verified within 7 work days by FY

Year	YTD
2004	91%
2005	92%
2006	97%
2007	99%
2008	96%

Analysis of results and challenges: Verification is the final phase in creating the permanent public record. This is the quality control process that ensures recorded documents are entered into the data base exactly as presented. The verification process ensures a reliable and accurate index for our many users. Internal reorganizations and technology advancements have enabled us to improve performance in this area.

FY 2008 reflects through the first quarter.

Target #3: 100% original documents returned within 30 days of recording

Measure #3: % timely return of original documents to customer

% Documents returned within 30 days of recording by Fiscal Year

Year	YTD	Actuals
FY 2004	15%	284,342
FY 2005	28%	247,365
FY 2006	85%	250,827
FY 2007	53%	236,082
FY 2008	73%	60,387

Analysis of results and challenges: Timely return of original recorded documents enables lenders to complete loan packages to investors (who require original documents); provides customers with their own hard copy record of the transaction; and facilitates updates and corrections to the document (as the original may be re-recorded) when changes are necessary. The 30 day target to return original documents had been difficult to meet due to record volumes. Non-permanent staff assistance was used over the years to help bring this function into compliance.

In 2001 the average time required to return original documents sometimes exceeded 8 months. Although turn-around time has been reduced in the last few years it has still averaged 45 to 90 days at times. Two full time positions were created in FY06 to handle this function on a statewide basis in order to meet this performance objective. Staff turnover and vacancies within the mail back unit hindered our ability to meet this target during FY07.

FY 2008 reflects through the first quarter.

A2: Strategy - Create and maintain accessible archival record

Target #1: 100% documents filmed/scanned within 10 days of recording.

Measure #1: % documents filmed/scanned within 10 days of recording at any statewide recording district.

% documents scanned/filmed within 10 days of recording

Year	YTD
FY 2004	82%
FY 2005	73%
FY 2006	98%
FY 2007	100%
FY 2008	100%

Analysis of results and challenges: Scanning and filming recorded documents within 10 days of recording results in the timely availability of images for customer review. There are approximately 3.7 pages for each document recorded. The Archive unit must scan and film each page of every document and complete quality control checks prior to the release of images or the creation of roll film.

FY 2008 reflects through the first quarter.

A3: Strategy - Create permanent archival record to preserve the history of personal, commercial, and land transactions in Alaska by converting paper and film media recording records to digital images to expedite retrieval and research capability.

Target #1: Complete the digitization of 1,839 remaining historic books that had been previously accessioned to State Archives.

Measure #1: # of books scanned and returned to State Archives

Book Scanning Wrap Up

Year	Bks to be Ret.	Scan/Film	Remaining
FY 2007	1839	201	1638
FY 2008	1638	54	1584

Analysis of results and challenges: State Archives is in the process of returning approximately 1,832 previously accessioned books for scanning by the State Recorder's Office. These books were previously filmed prior to being accessioned, however film quality is poor. Scanning these books will ensure the best image possible will be available for research and historic preservation. Scanning of these last remaining books will complete the entire historic book record series. This portion of the project will progress according to available staff time and resources.

FY 2008 reflects through first quarter.

Target #2: Convert an estimated 4,200,000 film images (covering a 10 year period) to digital images from 2001 back through 1991.

Measure #2: # of images from historic film available on intranet

Of Converted Images/Added to Intranet

Year	Images Added to Intranet	Images Remaining
FY 2005	109,212	4,090,780
FY 2006	1,160,157	2,930,631
FY 2007	2,100,899	2,216,489
FY 2008	442,870	1,773,619

Analysis of results and challenges: The conversion process requires all images on the master roll of film be converted to digital, however only recorded documents are indexed. UCC's, retakes, batch headers and spacers

are eliminated. The contractor has converted, indexed and delivered all images according to the contract.

The conversion of historic film images to digital format enables not only rapid retrieval of images, but also retrieval of those images from all districts across the state at any Recording office. Without this conversion customers must travel to a specific recording office to review film images for recording districts handled at that office. Conversion to digital will also remove the requirement for expensive and aging film reader/printers at all recording locations.

Approximately 10 years worth of Southeast district microfilm was converted to digital images in FY05 via a joint partnership with a Southeast Title Company. The partnership enabled the State and the Title Company to convert more years than either could have done alone. Statewide, film is being converted to digital from July 2001 back to January 1991. Agency programmers are developing index efficiencies to help expedite the required quality control checks. Most of the programming challenges have been corrected and images for 2001 back through 1994 have now been released to the database along with a number of "extra" images covering various years from South East Districts. The projection for completion of the years 1993 back through 1991 is by the end of calendar year 2007. All images are released to the Intranet however all conveyance documents and mining documents are also available on the Internet.

FY 2008 reflects through first quarter.

Target #3: Convert an estimated 750,000 aperture cards covering the time period from 1971 through 1978, to digital images.

Measure #3: # of converted images available on the Intranet.

of Aperture Card Images Added to Data Base

Year	YTD
FY 2007	0
FY 2008	0
	0%

Analysis of results and challenges: This project represents the conversion of an entire record series covering the 1970's. Aperture Cards are cumbersome to use and require special equipment to view. Without conversion to digital images customers must travel to a specific recording office to view aperture cards from districts handled at that office. Conversion to digital will remove the requirement for expensive and aging film reader/printers at all recording locations.

Initial images delivered by the Contractor were not the image quality we expected per the contract. Several meetings were conducted and image quality has greatly improved.

Required internal programming needed to release quality checked images, has not been completed due to other in-house priorities. Contractor continues to send images and we are continuing to perform quality control reviews. Upon completion of the programming updates we will be releasing images to the database.

FY 2008 reflects through first quarter.

Key Component Challenges

- 1) Web access to recorded document images and 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 1994 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. 5,498 historic books have been scanned, filmed and accessioned to State Archives as of the end of calendar year 2006. 1,800 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 1994 was completed during FY07. Conversion of film records back through 1991 anticipated before end of calendar year 2007. Issue contract with a vendor, prior to calendar year end 2007, to complete the conversion of all film records from approximately 1977 to 1990;
 - 5) The entire statewide aperture card series covering the 1970's is in the process of being converted to digital images. As years are converted the images will be released to the Intranet. All conveyance and mining document images will also be released to the Internet;
 - 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 to regulations and some statute modifications are underway so we may continue moving forward toward electronic transactions;
 - 7) The component began using split screen and dual monitor technology in 2005 that has proven beneficial in meeting indexing objectives at all offices across the state. The technology enables offices to assist when another 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 FY2009

The priority for handling volumes in excess of the average workload is to utilize split or dual screen technology at all recording offices 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 have to be deferred.
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 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.
4. With insufficient staffing to handle the 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 2007

The component recorded/filed 236,082 documents during FY07 and collected \$7,975,676 in revenue.

The component's FY07 accomplishments include the following:

1. Completed the scanning and creation of archival roll film on 5,498 historic books and accessioned them to State Archives. We have entered into Phase II of this project which requires the return of 1,800 historic books

previously accessioned, which were filmed but not scanned. This project continues our efforts to preserve the historic records of Alaska for future generations;

2. Through the film conversion project we added over two million images to the Intranet going back through 1994 during FY07. We now have over 13 years (1994 – 2007) of searchable images statewide on the Intranet. We are on track to have film conversion completed and released through 1991 prior to the end of calendar year 2007;
3. We received approximately 220,000 converted aperture card images from the contractor and quality control checks have been done on the images. Upon completion of in-house programming we will begin releasing these images to the Intranet;
4. UCC on line filings were 49% of all filings submitted at the end of FY07;
5. Dual and split screen technology was used throughout FY07 to ensure daily recordings were input and verified as quickly as possible;
6. Fairbanks, Sitka, Haines, and Mat-Su Boroughs are connected to the Recorder's Office internal data base to enhance customer research ability. Efforts are underway to have additional boroughs connected;
7. Links to recorded documents were established from other Department of Natural Resources data bases by having Recorders enter File Type/File Number information from the document in to the recording index;
8. Introduced the concept of electronic recording to our stakeholders during a public meeting held in April 2007.

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

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,022.3	3,182.3	3,334.1
72000 Travel	21.5	15.8	15.8
73000 Services	800.5	786.3	786.3
74000 Commodities	177.0	89.0	89.0
75000 Capital Outlay	7.4	10.0	10.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	4,028.7	4,083.4	4,235.2
Funding Sources:			
1061 Capital Improvement Project Receipts	44.6	0.0	0.0
1156 Receipt Supported Services	3,984.1	4,083.4	4,235.2
Funding Totals	4,028.7	4,083.4	4,235.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
Receipt Supported Services	51073	3,912.9	3,916.6	3,964.8
Unrestricted Total		3,912.9	3,916.6	3,964.8
Restricted Revenues				
Receipt Supported Services	51073	3,984.1	4,083.4	4,235.2
Capital Improvement Project Receipts	51200	44.6	0.0	0.0
Restricted Total		4,028.7	4,083.4	4,235.2
Total Estimated Revenues		7,941.6	8,000.0	8,200.0

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	0.0	0.0	4,083.4	4,083.4
Adjustments which will continue current level of service:				
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	151.8	151.8
FY2009 Governor	0.0	0.0	4,235.2	4,235.2

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

Authorized Positions		Personal Services Costs		
	<u>FY2008</u>	<u>FY2009</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	48	48	Annual Salaries	1,995,458
Part-time	6	6	COLA	136,377
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,289,668
			<i>Less 2.55% Vacancy Factor</i>	<i>(87,403)</i>
			Lump Sum Premium Pay	0
Totals	54	54	Total Personal Services	3,334,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant II	1	0	0	0	1
Administrative Clerk II	2	0	0	0	2
Analyst/Programmer IV	1	0	0	0	1
Recorder I	5	1	1	2	9
Recorder II	7	4	1	12	24
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