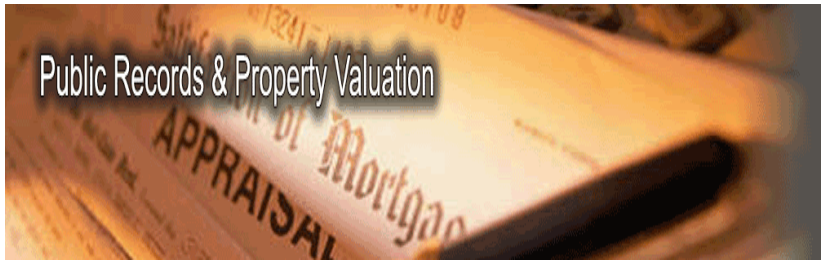
Public Records and Property Valuation

Mark Monacelli, Director

November 2010



Business Plan

Executive Summary

In 2010 the County Board approved the first phase of the county land records reorganization plan by creating the Public Records and Property Valuation Department.

The department consists of the following divisions:

- Assessor
- Recorder
- Vital Records
- Uniform Commercial Code
- Microfilm
- Examiner of Titles Budget

In these challenging and uncertain times it is necessary to analyze county land related functions in order to create a new business model. Specific technologies such as the roll out of Geographic Information System (GIS) and the portal are factors that will require reorganization of some county land records related functions.

GIS is an enterprise wide solution that integrates technology and geo-spatial data across St. Louis County that will improve department productivity. GIS technology and spatial data provides a critical foundation for a wide range of planning and decision support across St. Louis County government, our business partners, non-profits and residents.

The following are key initiatives the department will focus on in the next two years:

- To promote a professional work environment in which customers, taxpayers and employees are valued and respected
- Incorporate the “wise” use of technology such as implementing eRecording, document auto-indexing, electronic document management and providing assessors with mobile data collection devices to more efficiently view and upload assessment data
- Provide vital record services in a timely and professional manner while protecting sensitive information
- Continue to develop new service delivery methodologies to meet continued budget demands
- To settle into the redesigned Recorder’s office when remodeling is complete
- Focus on a property valuation system that is timely, uniform and fair

MISSION & PROGRAMS

The Public Records and Property Valuation Department is committed to establishing a high level of customer service and strives to provide quality assessment, recording, land and vital records services to the residents of St. Louis County.

Vision/Values

Preserving the Public Record and Providing Accurate Property Appraisals

- Commitment to service excellence
- Incorporating the "wise" use of technology in service delivery
- Maintaining a property appraisal system that is timely, uniform and fair
- Serve as a source for real property records, assessment and vital record information
- Define a competitive cost for service delivery
- Work collaboratively/network with industry stakeholders and other county departments
- Retaining and recruiting a talented work force

PRIMARY LINES OF BUSINESS

Assessor Division,

Dave Sipela, County Assessor

The St. Louis County Assessor's Division serves the taxpayers of the county by classifying and valuing real estate property in an accurate, ethical, equitable and defensible manner as prescribed by state law. Information is provided and analysis to internal and external partners including elected officials, county departments, school districts, the Minnesota Department of Revenue, taxpayers, neighborhood/user groups, and the media.

Reappraisal and Maintenance – The yearly classification and valuation of taxable real and personal property as prescribed by state law. Assessor's staff inspect and value county-assessed taxable parcels at least once every five years, and inspect and update property records for all new construction and significant remodeling modifications or demolition on a yearly basis. Tax-exempt property is inspected and valued every six years.

Database Management/Reporting – The collection, verification, and maintenance of property records for St. Louis County. Assessor's staff enter in the electronic assessment files all relevant information resulting from reappraisal and maintenance, assessment changes, splits, consolidations, sales, changes of ownership, and special assessment programs. Staff also develop and maintain queries that provide county staff, local assessors, and other municipal users with requested data and respond to public requests for information, education, and service. The Division also provides all reports mandated by the state legislature and the Minnesota Department of Revenue.

Notification and Appeals – The preparation and mailing of Notices of Assessment Change to all county taxpayers each year, as prescribed by state law. Staff responds to all informal and formal taxpayer appeals and requests for property reviews, and defend assessment values and classifications at local and county boards of appeal and equalization, as well as in Minnesota Tax Court.

Assessment Administration – Administration and enforcement of all special property tax programs and laws, along with the planning, programming, and budgeting for annual operations of the Assessor's Division. This includes the recruitment and training of new personnel. The staff also attend all Department of Revenue assessment level review meetings.

Local Assessor Support/Supervision – Assisting and mentoring of local assessors, including providing information and training, auditing progress in completing assessment tasks, instructing them in the use of the MCIS CAMA system, and remedying deficient work.

Abstract Division
The abstract system of real estate property records is another name for a document recording system under the Recording Act. Documents are recorded in chronological order. The evidence of title to a parcel of real estate is an abstract of title, which is a summary of the most important facts of every recorded document affecting the title to a parcel of land since the original land patent. The abstract is prepared by a certified licensed abstractor. The abstract is examined by an attorney or a title insurer to determine the status of the title including current ownership and any encumbrances and title defects, if any. The "abstract" documents are recorded in the office of the County Recorder. 12 full time equivalents are assigned to the abstract division.

Torrens Division
Parcels of land in Minnesota may be converted from the abstract system to the Torrens system by a court proceeding, which "adjudicates" the status of the title under the authority of Minnesota Statutes, Chapter 508. The completion of the registration proceeding results in the issuance of a Certificate of Title, which is issued in the name of the current owner. All of the documents of record affecting the title appear on the certificate with seven statutory exceptions. Most registration proceedings are brought forward to clear up defects in the title. Title to registered property is legally separate and distinct from title to abstract property. There must always be a "chain of title" of voluntary or involuntary instruments to transfer title. Involuntary transfers require due process under the 14th Amendment and an order from the Court. 10 full time equivalents are assigned to the Torrens division.

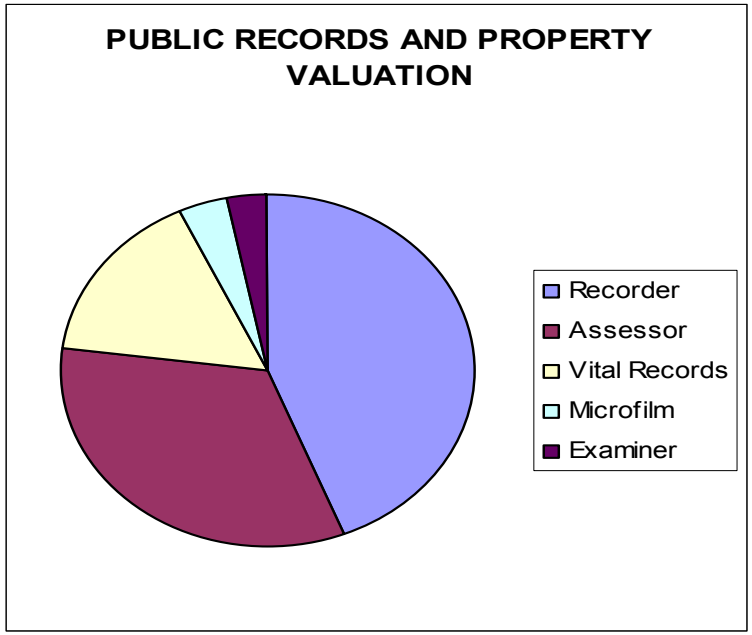
Examiner of Titles Division
The legal adviser to the registrar of titles is the examiner of titles, who also supervises the initial registration proceedings and all petitions subsequent to initial registration. Two full time equivalents make up the examiner's division.

Vital Record's Division
This division is responsible for the issuance of birth and death records, issuance and filing of marriage licenses and the filing of ministerial credentials and notary commissions. In order to accomplish this goal the Recorder has 4.5 employees in the Duluth office, one employee in the Hibbing Courthouse and one employee in the Virginia Courthouse. Marriage licenses are also available in the Ely Government Center in the 4th District Commissioner's office.

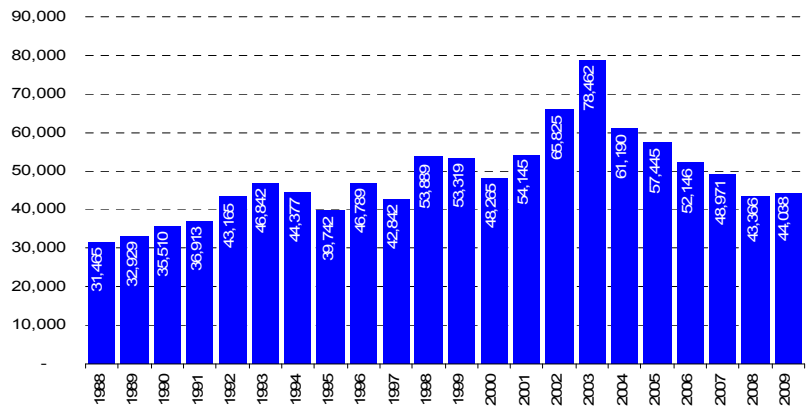
Microfilm Division
This division of two employees are responsible to preserve and protect county records. A copy of the microfilmed records are available for inspection at the county offices. Security rolls of microfilm are stored in a separate off site storage facility.

Uniform Commercial Code Division (UCC)
UCC governs transactions that involve financing statements which are filed as a public notice of a security interest in collateral against an organization or individual. UCC filings are under the direction of the Secretary of States office. Customers can file a UCC financing statement with the county recorder or electronically with the Secretary of State. A .5 time equivalent is assigned to the UCC Division. The UCC Division also handles the filings of hospital liens, notary and ministerial credentials.

ALLOCATION OF FUNDS



Most document recording fees collected are set by state statute. The fees charged by the county recorder are used to offset department operational costs. In addition, a portion of the fees collected by the county recorder fees are used to fund the Geographic Information System (GIS). A significant portion of the fees collected by the county recorder include surcharges imposed by the state of Minnesota. In 2009, the county recorder collected $724,041 in various state surcharges that were turned over to the state of Minnesota.

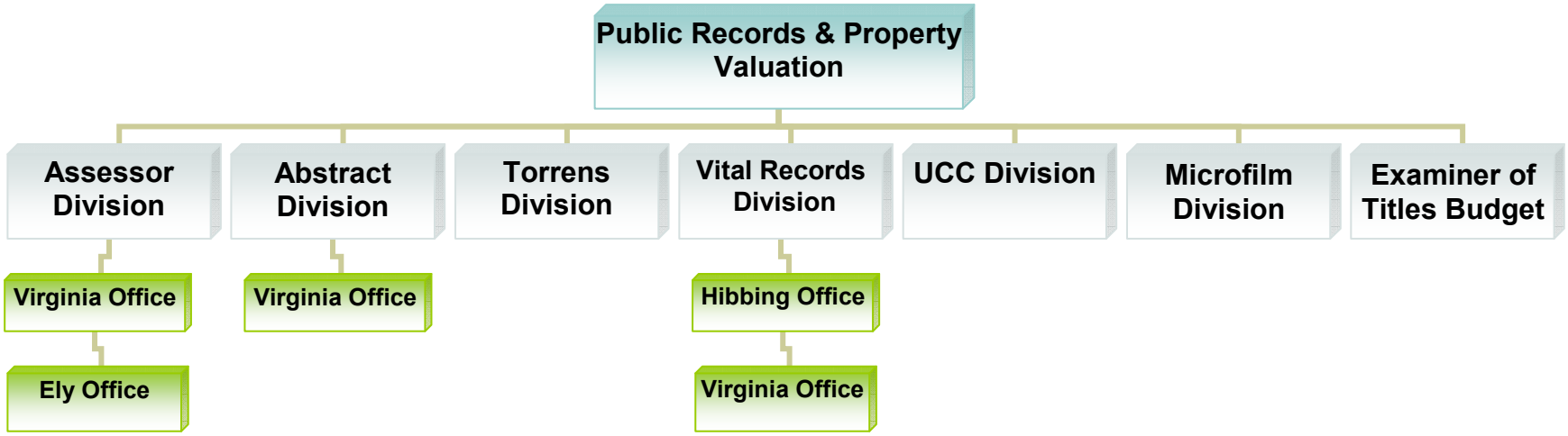


All real estate transactions rely on documents recorded in the county recorder's office. In the early years the recording process consisted of hand written and transcribed records. With the advent of the typewriter, certificates of title were typed and records were microfilmed for archival storage. With the advent of technology, document and their indexes were computerized in a data format along with imaged copies of records. The use of technology is an essential component to efficiency and managing information.

Minnesota statutes include performance measures that ultimately require a 10 day turn around time for recording, indexing and returning real estate documents by the year 2011, 90% of the time. The Recorder's office is in compliance as it took an average of 6.5 days to process a transaction in 2009.

YEAR	DAYS	%
2009	**15**	**80%**
2010	15	**90%**

ORGANIZATIONAL CHART



SIGNIFICANT TRENDS AND CHANGES

External Factors

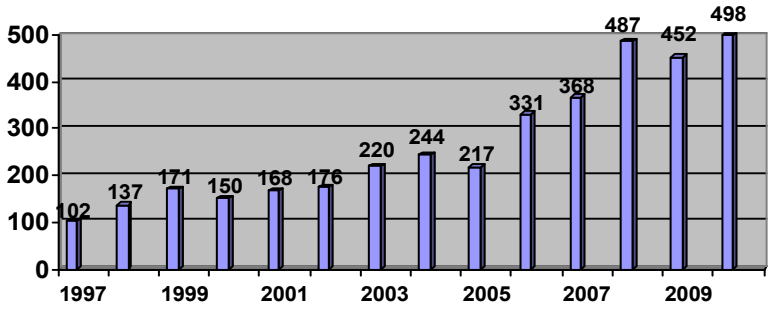
Real Estate Division

- Loss of revenue due to the up and down cycle of the real estate industry
- Continued downturn in the nation's economy
- Increase in the number of appeals to the County Board of Appeal and Equalization due to market value depreciation and the public's ability to collect information to support their appeals
- Legislative changes to the property tax system
- Unknown shifts in workload due to townships switching between contract and county appraisers
- Customers' expectations for quality customer service coupled with recurring budget reductions
- Unknown solutions to the state budget deficit and how it will impact the county budget

Foreclosures

Foreclosures continue to rise in St. Louis County. As of October 31, 492 foreclosure actions have been processed. This is a 23% increase compared to 2009. The Minnesota foreclosure average is 13%. Even though interest rates are at an all time low, the continuing lag in the economy is the most significant factor driving foreclosures.

St. Louis County Foreclosures



INTERNAL FACTORS

- Retention, recruitment and training of technically skilled and competent employees to replace skilled staff
- Technology requires new skill sets and on-going training
- Continued pressure to reduce budgets & staff
- Organizational change resistance
- Developing and maintaining enterprise wide technology solutions
- The temporary relocation of the recorder's office due to the remodeling of the first floor in the Duluth Courthouse
- Standardized use of the MCIS CAMA system
- Continued improvement to the assessment process utilizing GIS and mobile data collection devices

MAJOR ISSUES AND RECOMMENDATIONS

- Loss of revenue due to the down turn in the economy
- Unknown solutions to balance the state budget
- Shifts between county and local assessed areas
- Increased appeals due to the slowdown in the real estate market
- Succession planning due to an aging work force
- Completion of deficient local assessor work

Recommended Solutions

- Continue to implement the "wise" use of technology to create a more efficient business model
- Develop a local assessor business plan to deal with future needs including adding a 30% surcharge for local assessment work completed by the county
- Incorporate eRecording and auto indexing to reduce valuable staff time in processing transactions and entering data

- Image and post information on-line reduces phone request for information and reduces foot traffic
- Continue to explore options to coordinate county land record functions to streamline service delivery and to meet the on-going requirements of GIS data management

KEY INITIATIVES UPDATE

- The plan to assist local assessors in entering property attributes into the MCIS CAMA System ended in 2009. All but one jurisdiction, the City of Virginia, use the system.

- The Assessor's department has been using the GIS technology from an early point of its development. The land grading application was tested in 2010 in McDavitt Township and it worked well. It's now planned for use in numerous reappraisal townships for 2011. Other applications have been developed to improve assessments for Agricultural and Industrial properties. Further integration of GIS into the assessment process continues.

- County-wide land schedules are now in use. It will take a five year assessment cycle to fully implement the schedules, which will allow regional analysis of land assessments along with the capability of changing land values on a regional rather than county-wide basis.

- The Assessor's department no longer prints new assessment records following a reappraisal. Staff attend local board of equalization meetings with digital files and print records at the meeting as needed.

- Internal training for new Assessor employees is held periodically and is next scheduled for January 2011.

- The City of Duluth and county entered into a cooperative agreement in 2007 for the shared cost of the county and City Assessor's use of the MCIS system. The city pays the county 10% of the annual MCIS charge each year, along with a hosting fee and a portion of the systems and programming support. The County Assessor pays 20% of the annual MCIS charge, the Auditor 70%.

- The plan to reduce revenue loss due to abatements by establishing a $75 processing fee and limiting most homestead abatements to current year only is in place. The $75 abatement fee was established by the County Board in 2007 and has been in place since that time. No back year homestead abatements have been approved, with the exception of an assessor error, since 2007.

- Assessment fees were increased by 5% in 2007, 3% in 2008, and 1.2% in 2011. Further study is needed to determine the appropriate level for these fees. The fees charged by St. Louis County to local government units for assessment services are among the highest in the State.

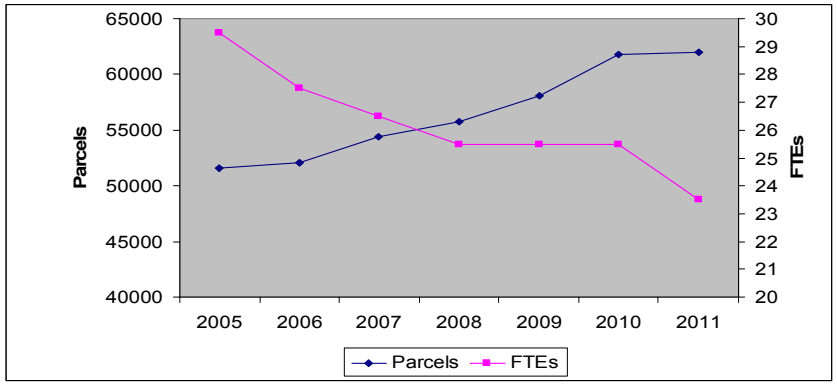
- Assessor's building and site sketches are being incorporated into the GIS for viewing on the portal. Assessor's data from MCIS will be displayed at different levels of detail depending

upon the viewer's authorization. Assessor documents are also being incorporated into the system.

- Mandatory LBAE training is held twice a year, typically in Cotton. The training is done by the Department of Revenue, while the County Assessor's Department arranges the facility and has staff at the meeting to answer questions.
- The recorder's database was re-written using the latest technology tools with an XML interface to facilitate eRecording and Auto Indexing.
- The marriage license application process has been re-written to integrate into the recorder's data base. A on-line marriage application form is in development.
- Imaged copies of Torrens documents are posted and dated back to 1970. Abstract documents are imaged and posted back to 1961.
- All plats, certificate surveys and ½ section maps are imaged and posted on-line.
- The Microfilm Department transitioned to the Public Records and Property Valuation Department.
- A new offsite book storage library was created.. A majority of the book records were moved, cleaned and arranged in the new library.
- Historical land record books were recovered and restored.

WORKFORCE PLAN

In 2011 the Assessor's division consists of 23.5 FTEs. Since 2005 five positions have been eliminated-a 20% decrease. During that time, the department's parcel responsibility has increased by 20%.



The Recorder's Division has partnered with the Assessor's Division and the Solid Waste Department to incorporate a document imaging program. The Recorder provided the Solid Waste Department with a high speed document scanner and assisted in setting up the document scanning and indexing process. In addition, the Recorder's staff images CRV's for the Assessor's Division and will be assisting with CRV indexing.

- The creation of the Public Records and Property Valuation Department and the implementation of the GIS/portal allows the department to explore and recommend opportunities to strengthen a geospatial data work flow process
- The recorder's technology fund is being used to offset cost for GIS, Master Street Addressing Program, Assessor mobile data devices & electronic document management

- Marriage Licenses are available at the Ely Government Center/Commissioner's office
- The Hibbing vital record's office now sells plat books & solid waste coupons

Staff Compliment:
Assessors Duluth Office - 12.5
Assessor's Ely Office – 2
Assessor's Virginia Office - 9
Examiner of Titles Duluth Courthouse - 1
Microfilm Division - 2
Recorder's Duluth Courthouse - 20.5
Recorder's Virginia Office - 1
Vital Records Duluth Courthouse - 3.5
Vital Record's Virginia Courthouse - 1
Vital Records Hibbing Courthouse - 1

The first floor of the Duluth courthouse is undergoing a major remodeling project to accommodate a secure environment for the transport, temporary holding of prisoners being held for court appearance. This involves the Recorder's, Sheriff's departments and the District Court. Once complete, the new space will facilitate better staff cross training, improved staff coverage and will move the public record research area to a new location away from the staff production area. The remodeling program is designed in three phases:

- **Phase one**: Relocation of the Sheriff's staff and the Recorder's Torrens Division to facilitate the remodeling and expansion of the former Sheriffs Department which will then be used by the District Court.
- **Phase two**: Relocation of the courts into their new space. Moving the remainder of the Recorder's staff to the old court space
- **Phase three**: Moving the Recorder's staff back into the new space, remodeling the old court space fro the Sheriff's Department and the Recorder's Vital Records staff

Renovation and expansion planning for the Virginia Courthouse is underway. This may require the Vital Record's Division to relocate to the Recorder's office in the U.S Bank Building.

Upon completion of Phase three of the Northland Office Building renovation, which currently houses other county departments, the Assessor's and Recorder's divisions will be relocated further enhancing a one-stop shop theme concept focusing on providing quality customer service, job sharing opportunities and eliminate office space rental costs.

The 2nd floor space study and proposed remodeling will allow for more efficient use of space. Imaging Assessor's paper records will eliminate space required to store paper files.

The new Ely Service Center combines al county departments into on facility, allowing for better customer service.

There will be staff reductions in the recorder's division thru attrition in the next 24 months.

PURCHASING PLAN

Planned Major Equipment Purchases: None
Planned Major Services Purchases: eRecording and Auto Indexing Software

TECHNOLOGY PLAN

The Director has been a leader in St. Louis County, in Minnesota and the United States in incorporating new technology in an attempt to create a new business model and to streamline service delivery by creating standards and best practices.

- The recorder's entire database/infrastructure was recently updated using the latest technology tools including an XML interface which will allow the department to add eRecording and auto indexing. In turn, staff time will be reduced in processing transactions.
- Content management of document imaging is handled by the OTG software program which utilizes Applicationxtender.
- In 2011 customers will have the option to transmit real estate transactions electronically. What the industry refers to as eRecording allows a trusted submitter to submit, receive, review, record, index, archive and return electronically. eRecording is based on national data standards and reduces transaction costs for the document submitter and the county. The implementation of eRecording will be a significant step in moving from a paper based document recording model to an electronic model.
- Auto indexing program will be installed in 2012. This work flow process is an innovative step using a technology approach to analyze the text of a scanned document and arrange the specific text into the recorder's database. Reducing the significant amount of time now used to key in all index data.
- Incorporating on-line eForms, which electronically collects, validates and approves data, will allow customers to fill out an electronic version of a specific form. Once the completed form is submitted the data base is automatically populated extracting data from the forms data fields.
- Continue to expand on-line subscription access to the recorder's data base. This function will eventually be rolled into the GIS/portal. As part of the integration, a new fee structure will need to be created based on what level of access a customer has to GIS. Revenue captured can be shared with specific departments and used to assist in funding the enterprise GIS system.
- The Assessor's Division is committed to using technology to improve assessment quality in an efficient and cost-effective manner. Continued development and refinement of the MCIS CAMA system, along with the County's GIS and Land Records Portal, provides the Assessor with tools to support the business function.
- Mobile data devices to be used in the field to view an upload property assessment data.
- The GIS Department has tested the Land Grading application has tested and will be in use in numerous reappraisal townships in 2011. Other applications have been developed to improve assessments for agricultural and industrial properties.
- A considerable savings can be made through the electronic delivery of assessment notices. The county spends over $40,000 each year purchase forms, print and mail statement that affect 108,000 parcels.
- Conversion of Assessor's paper documents to an electronic format.

Resource management to fund technology improvements will come from the Recorder's Technology fund

WEBSITE UTILIZATION

The website is utilized to provide a broad scope of department information to the public. One department goal is to reduce customer calls or the need to visit the office. One example of moving in this direction is posting all plats, ½ section maps and certificates of survey on the website. Customers can now obtain lot and parcel information on-line. These features will change and be rolled into the county GIS/Portal.

The St. Louis County website, with a future link to the Land Records Portal, will allow assessment and land record's information to be made available in a manner which has not been possible before. Given that, the focus of the website will change and serve as key communication tool and a gateway for information exchange. Internal staff will handle website updates.

Relevant Department Goal Assessor's Division	Commissioner Priority Area	Relevant Budget/Management Strategy	Measure. Why?	Target	Current Performance	If not meeting target, why?
Meet state standards	Effective, Efficient Government	Business and Organizational Efficiencies			Target Met	
New Construction	Effective, Efficient Government	Business and Organizational Efficiencies			Target Met	
Countywide MCIS Implementation	Effective, Efficient Government	Business and Organizational Efficiencies			Target Met	
Reduce Abatements	Healthy Local Economy	Maximize Revenue			Target Exceeded	
Maintain Website	Strong County Infrastructure	Business and Organizational Efficiencies			Target Met	
Relevant Department Goal Recorder's Division	**Commissioner Priority Area**	**Relevant Budget/Management Strategy**	**Measure. Why?**	**Target**	**Current Performance**	**If not meeting target, why?**
Implement Efficiencies and Quality Improvement	Effective, Efficient Government	Improve and streamline the document recording process	Implement eRecording	100%	20%	Re-building the Recorder's database timeline was delayed
Evaluate the UCC Division	Effective, Efficient Government	Non Core Service	Balance the need for a non core function	100%	100%	
Provide Vital Record Services in a timely and professional manner and preserve records	Effective, Efficient Government	Effective and Efficient access to records		100%	100%	
Promote a Professional Work Environment and Strive for Quality Customer Service	Effective, Efficient Government	Commitment to Servant Leadership		100%	100%	

St. Louis County Matrix	Effective, Efficient Government	Healthy, Viable Ecosystem	Strong County Infrastructure	Health and Well Being of County Citizens	Current Performance	If not meeting target, why?
Statutory Responsibility of County	Reappraisal and Maintenance Database Management/ Reporting Notifications and Appeals Assessment Administration Local Assessor Support, Training and Supervision Document Recording, Indexing Torrens Title Transfers Issuance and Preserving Birth, Death Records and Marriage Licenses Notary Commission Filings					
Department/Div-ision Priority	Uniform Commercial Code Document Microfilming					

TECHNOLGY PLAN

BUSINESS TECHNOLGY PLAN	Desired Outcome, Result of Benefit	When?	One-Time Costs	On-going costs	Funding Source	Barriers
Electronic Forms	Efficiencies in communication, data entry, service delivery, less paper and printing costs	On-going	To be determined	To be determines	Recorder's Technology Fund	
Document Management	Electronic organization of paper files, less space required for paper files	Underway	Existing county imaging system in use	Staff time for imaging and data entry	Recorder's Technology Fund	
Mobile Data Collection Devices	Access assessment data in the field, eliminate date entry step	In planning stage	To be determined	To be determined	Recorder's Technology Fund	
Implement eRecording	Streamline abstract document recording process	In planning stage	To be determined	To be determined	Recorder's Technology Fund	
Implement Auto Indexing	Streamline the abstract data entry process	2012	To be determined	To be determined	Recorder's Technology Fund	