



A Report
to the
Citizens
of
Salt Lake
County,
the Mayor,
and the
County
Council

An Analysis of the

Salt Lake County Recorder's Office Fees

June 2010

Jeff Hatch

Salt Lake County Auditor

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I. Executive Summary

Background

The Salt Lake County Recorder's Office serves as the repository for all recorded documents and records for the citizens of Salt Lake County. Statutorily, the County Recorder is designated as the custodian of these recorded instruments and is responsible for maintaining them as part of the public record. Advances in document imaging technology have greatly improved the effectiveness and efficiency of storing and maintaining these records, and expanded public access to digital copies of the documents as well.

Besides the statutory duties and fees charged for recordation, the County Recorder also offers non-statutory services to customers in the form of online subscription Data Services. Using online Data Services allows subscribers to view recorded documents online. Each computer screen view of a document is called a "page view." Utah Code Annotated (U.C.A.), Title 17, Chapter 21, §18.5, *Fees of county recorder*, provides for the separation of powers when determining fees for other services not defined by state statute. For copies of any record or document, the County Recorder shall receive "a reasonable fee as determined by the county legislative body."

On November 24, 2009, the Salt Lake County Council unanimously approved a motion to increase the Recorder's online Data Services fees from \$0.01 to \$0.02 per page view, with a proposed effective date of January 1, 2010. As amended, the motion tasked the Auditor's Office to conduct an internal audit to determine the full cost of providing online Data Services, "with a rate of return that makes the taxpayer whole and brings fairness to the system." Furthermore, the motion required that the costing analysis include not just personnel and operating expenses, but the "capital costs" as well. The County Council's Legislative Intent 2010 reiterated the objectives of the analysis, including a review of the cost recovery model, the return on investment (ROI), and the market's elasticity.

To fulfill the Council's request, the analysis work was divided into two parts. First, an in-depth cost of service analysis was performed. Data from 2006 to 2009 was analyzed to determine:

- The cost per page view
- If fees adequately covered the full cost of services
- The impact of increased fees on subscription usage thresholds
- The projected increase in revenues from raising the fee

Second, a nationwide survey was conducted with a sample of peer counties to compare:

- The types of online data subscription services
- The levels of customer usage
- The fees charged for online subscription services

The remainder of this report provides an overview of our findings and analysis.

Findings and Analysis

Cost per page view is low (\$1.1 of Report). Costs per page view from 2006 to 2009 ranged from a low of \$0.007 (seven-tenths of a cent) to a high of \$0.009 (nine-tenths of a cent).

Fees charged to Data Services customers adequately recover costs (§1.2 of Report). Fees charged to Data Services customers at both the \$0.01 and \$0.02 rates adequately cover the cost of services provided.

The fee increase has reduced the standard subscriber page-view threshold by 50% (§2.1 of Report). Data Services subscribers pay a monthly subscription fee of \$25, regardless of each customer's level of usage. By increasing the fee per page view from \$0.01 to \$0.02 per page, the standard subscriber threshold was reduced from 2,500 page views per month, to 1,250 page views per month. Based on current usage levels, the estimated increase in cost to standard subscribers (i.e., subscribers who used up to the standard threshold) will be an additional \$177.70 per year.

Data Services fee revenue could increase by a maximum of \$260,520 in 2010, if usage levels remain consistent with the prior year (§2.2 of Report). Based solely on 2009 Data Services customer-account activity, we projected a maximum incremental increase of \$260,520 in Data Services revenue for 2010. Projections based on Data Services account activity above 2009 levels, could not be statistically correlated to any historical key economic indicators.

Rates of return on the Recorder's Office Data Services capital assets were very high (§2.3 of Report). We examined rates of return on investment in capital assets by taking Data Services total revenues, less allocated personnel and operating expenses, to determine net income from Data Services. We then divided the result by the original cost of capital assets. Data available allowed this calculation to be made for each year from 2002 to 2008. The rate of return on investment in capital assets ranged from a high of 358% in 2003 to a low of 274% in 2008. The average rate of return on investments in capital assets over the period was 315%.

Fees charged for online Data Services at Salt Lake County were consistently the lowest among peer counties (§3.1 of Report). The peer county survey revealed that for low to moderate volume users, Salt Lake County charged the lowest monthly fee, and the lowest fee per page view of any of the peer counties surveyed. For high volume users, the monthly fee and fee per page view were only marginally higher than the lowest charges.

From our research, an "industry standard" for pricing online subscription services could not be determined (§3.2 of Report). Although there were some similarities among the various online subscription-services fee schedules we examined, we were unable to identify an accepted or even commonly applied best practice for costing Data Services, or deriving the appropriate fee structure for charging customers. Wide variations exist from one county to the next in terms of minimum monthly charges, frequency of billing, charges per page view, and collection methods. One common thread, however, was that in each of the peer counties surveyed, the county legislative body either sets subscriber account fees directly, or had the final approval of the fee structure.

Account activity at Salt Lake County is much higher than any other peer county that responded to the survey (§3.3 of Report). Although Salt Lake County had about the same number of subscriber accounts as the other peer counties surveyed, account activity and the number of page views per year was much higher. For example, Jefferson Parish, Louisiana, had 1,000 user accounts in 2009, while Salt Lake County had 1,079. However, the number of page views obtained by Salt Lake County subscribers was 27 times higher than by Jefferson Parish subscribers.

II. Introduction

As previously noted, the duties and responsibilities of the County Recorder are outlined in Utah Code Annotated (U.C.A.), Title 17, Chapter 21, *Recorder*. This statute mandates that the Recorder's Office serve as the repository for all recorded documents and records for the citizens of Salt Lake County. Furthermore, State Statute charges the County Recorder with being the custodian of all recorded documents, and requires the County Recorder to establish policies and procedures necessary for the protection of all documents within his or her custody.

The Recorder's Office records and maintains more than just documents pertaining to real property transactions. Instruments of many different types are maintained by the Recorder and become part of the public record. These include

- A detailed entry record of the names of parties to a recorded instrument
- A tract index showing a true chain of title to each tract or parcel of real property
- An index of recorded maps, plats, and subdivisions
- An index of judgments
- A record of any filed military discharges

Certified copies of all recorded documents must be made and furnished to the public upon request after payment of the applicable fees and charges. These fees and charges are established by the State Legislature.

Advances in document imaging technology have broadened the capabilities and increased the efficiency and effectiveness of maintaining and providing copies of recorded instruments to the public and other interested parties. Recorded documents are now scanned and managed through the Recorder's Office Electronic Document Management System (EDMS), which provides online access to digital images of recorded documents.

In addition to the statutory recordation duties and collection of related fees, the Recorder's Office offers non-statutory services to customers in the form of online Data Services subscriptions. Thus, grantor and grantee index information, actual page views of recorded documents, land records indexes and information, along with various maps and indexes are available to customers, online, through access to the County's mainframe computer servers and the Recorder's Office EDMS. Using online Data Services allows subscribers to view recorded documents online. Each computer screen view of a document is called a "page view."

Data Services subscribers pay a base monthly subscription fee of \$25, which allows them to purchase various page views. Fees for page views vary depending on the type of document or information viewed by the subscriber. When a subscriber exceeds the base monthly subscription amount, additional page views are charged on a per page view basis to the subscriber's account. U.C.A. Title 17, Chapter 21, §18.5, *Fees of county recorder*, provides for the separation of powers in determining fees for these non-statutory services. The statute states that, for copies of any record or document, the County Recorder's Office shall receive "a reasonable fee as determined by the county legislative body." In this circumstance, the county legislative body is the County Council which has final approval authority over all budgetary matters.

On November 24 2009, the Salt Lake County Council expressed concern that the fees charged for the Recorder's Office Data Services were too low and that the price per page view should be raised. Specifically, the Council unanimously approved a motion to increase the Recorder's

Office online Data Services fees for some page views from \$0.01 to \$0.02 per page view, proposed to be effective January 1, 2010.

In addition, the motion tasked the Auditor's Office to:

- Conduct an internal audit to determine the full cost of providing online Data Services, "with a rate of return that makes the taxpayer whole and brings fairness to the system."
- Perform a costing analysis to include not just personnel and operating expenses, but the capital costs as well.

The Council's Legislative Intent 2010 reiterated the objectives of the analysis stated above, and added the following:

- Perform a review of the cost recovery model used to set Data Services fees.
- Analyze the rates of return on the County's investment in Data Services capital assets, and the market's elasticity

III. Scope and Objectives

To accomplish the objectives of the Council's request, the analysis work was divided into two parts. First, an in-depth cost of services analysis was performed on Data Services subscription account information from 2006 to 2009. Page view counts and subscriber account usage data were gathered from the Recorder's Office in-house financial management software (QuickBooks), which is used to track and bill customer accounts. The information used to track customer account activity is compiled from two separate sources, the County's mainframe computer servers and the Recorder's Office EDMS.

The scope of the analysis also included examining the Recorder's Office personnel, operating, and capital expenditures data, which were obtained from the County's PageCenter and Advantage Financial (AFIN) systems. The objectives of the cost-of-services analysis included:

- Determining the full cost of services of providing Data Services to customers, including personnel, operating, and capital costs
- Comparing the full cost of services to the fees charged to Data Services customers, and determining if fees adequately cover costs
- Determining the potential impact on the Recorder's Data Services revenues of the recent fee increase from \$0.01 to \$0.02 for some page views
- Projecting the potential impact of the fee increase on Data Services subscribers, including an analysis of price/demand elasticity

The second part of the analysis consisted of developing a peer county survey which was sent to other counties around the country. The peer counties were selected based on certain characteristics which were similar to Salt Lake County and the Recorder's Office. Some of the factors considered included:

- Land area in square miles
- County population
- Principal city or township demographic information
- Number of county full-time equivalent (FTE) employees
- County annual expenditures budget
- Office or department annual expenditures budget
- Office or department organization and number of FTE employees
- Volume of annual recorded documents
- Recordation fee schedules and online subscription-services fee schedules

A comprehensive list of survey questions was created to collect county and agency background information, technology systems and EDMS capabilities, and specific information about each county's online subscription services. Questions asked about each county's online subscription services were designed to gather information about the types of services offered, user account management, subscriber fee schedules, and the revenues generated versus costs incurred by offering these services.

The objectives of the peer county survey included:

- Determining if online subscription services, similar to those offered at Salt Lake County, are commonly offered by other peer counties.

- Comparing the management of online subscription services at Salt Lake County with those of other peer counties, including the number of FTEs dedicated to managing, billing, and collecting on subscriber accounts.
- Determining how the level of usage of online subscription services at Salt Lake County compares to other peer counties.
- Comparing fees for online subscription services charged by Salt Lake County to other peer counties.
- Determining the types of costs, both direct and indirect, that the peer counties considered when setting user fees and online subscription rates.
- Determining if an industry standard among governmental agencies for pricing online subscription services exists.

The purpose of this limited scope analysis was not to examine internal controls over cash handling, depositing, accounts receivable, purchasing, or capital and controlled assets. Accordingly, these areas of risk within the Recorder's Office were not tested or examined, and internal control issues could exist that were not reviewed and are not reported here.

IV. Summary of Findings and Analysis

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V. Findings and Analysis

Our findings and analysis are divided into the three following sections:

- Cost of Services and Fee Revenue Analysis
- Projections and Impact of Fee Increase
- Peer County Survey

1.0 Cost of Services and Fee Revenue Analysis

The findings in the area of Cost of Services and Fee Revenue Analysis are as follows:

- ***Cost per page view is low.***
 - ***Fees charged to Data Services customers adequately recover costs.***
-

1.1 Cost per page view is low.

Prior to passing the motion to increase fees for some page views from \$0.01 to \$0.02, the Council expressed a concern that the costs of providing these services were greater than the revenues generated. One of the objectives of the cost of services analysis was to determine the Recorder's full cost of providing Data Services to customers, including personnel, operating, and capital costs. Accounting for costs in the Recorder's office is divided between two different activity codes. Costs associated with statutory recordation activities are assigned to the EV01 activity code, and non-statutory Data Services costs are assigned to the EV02 activity code.

In determining the full cost of providing Data Services to customers, we examined both direct and indirect costs assigned to the EV02 activity code. Through queries in AFIN, we were able to identify the following types of direct costs assigned to the Recorder's Data Services activity:

- Personnel Costs:
 - Salaries & Wages
 - Payroll Taxes
 - Retirement
 - Health Insurance
- Operating Costs:
 - Clothing
 - Printing
 - Postage
 - Telephone

Indirect costs are those that cannot be easily traced to a particular product, service, or cost activity. Overhead costs incurred by the County are allocated by the Auditor's Office to each County Agency. The Recorder's Office overhead costs are then re-allocated to either the EV01 or EV02 activity codes based on a pre-determined ratio. This same ratio is also used to allocate their indirect costs. Some examples of the types of indirect costs that were assigned to the Recorder's Office Data Services activity included:

- Subscriptions & Memberships
- Education & Training
- Mileage, Travel, and Lodging
- County Indirect Overhead

After determining costs associated with the Recorder's Office Data Services activity code from 2006 to 2009, we obtained the total number of page views for each document type from customers' account records maintained in QuickBooks. After isolating the number of page views by document type, we divided the total page views per year, by the total costs for the EV02 activity code for the year, to determine a cost per page view for each year from 2006 to 2009. The cost per page view ranged from a low of \$0.007 (seven-tenths of a cent) to a high of \$0.009 (nine-tenths of a cent) over the period. Figure 1 below shows the page view cost analysis from 2006 through 2009.

Salt Lake County Recorder - Data Services View Cost Analysis					
	2006	2007	2008	2009	Average
Total Revenue	\$930,709	\$1,110,882	\$860,142	\$855,929	\$1,029,800
Total Direct Costs	\$125,853	\$125,888	\$120,755	\$122,081	\$123,644
Total Indirect Costs	\$15,859	\$11,349	\$10,531	\$12,427	\$12,542
Total Costs	\$141,713	\$137,237	\$131,286	\$134,508	\$136,186
Other Page View Counts					
GIS \$10	1,051	649	472	36	552
Subdivision \$2	93,007	105,109	104,722	131,758	108,649
Plat/Map Image \$1	131,694	129,193	101,344	84,947	111,795
Total Other Page Views	225,752	234,951	206,538	216,741	220,996
\$.01 Page View Counts					
Main Frame \$.01	16,362,170	13,908,942	11,103,847	10,578,876	12,988,459
Doc Detail \$.01	1,034,065	1,187,143	949,576	912,518	1,020,826
Doc Image \$.01	3,687,861	4,385,341	3,532,408	3,676,166	3,820,444
Parcel Detail \$.01	149,297	276,714	195,640	161,143	195,699
Tax \$.01	-	-	587	67,783	17,093
Total \$.01 Views	21,233,393	19,758,140	15,782,058	15,396,486	18,042,519
All Page Views	21,459,145	19,993,091	15,988,596	15,613,227	18,263,515
Revenue per Page View	\$0.043	\$0.056	\$0.054	\$0.055	\$0.056
Cost per Page View	\$0.007	\$0.007	\$0.008	\$0.009	\$0.007
Net Revenue	\$0.037	\$0.049	\$0.046	\$0.046	\$0.049

Figure 1. Cost per page view from 2006 to 2009, ranged from \$0.007 to \$0.009.

1.2 Fees charged to Data Services customers adequately recover costs.

A similar process was used to determine if fees charged to Data Services customers adequately covered the costs of providing the service. Revenue from 2006 to 2009 for the Recorder's Data Services activity code was compared to the total number of relevant page views for each year. We divided the total revenue per year by the number of page views to obtain the revenue per page view for each year from 2006 to 2009. The revenue per page view ranged from a low of \$0.04 per page view to a high of \$0.06 per page view.

During the period examined, we determined that total revenue generated by the Recorder's Data Services exceeded total costs by at least \$0.03 per page view per year. The revenue per page view is typically greater than the \$0.01 charge due to the fact that subscribers pay a \$25 monthly subscription fee, regardless of their level of usage, and that some fees to view some document types are much greater than \$0.01 per page view. For example, a customer may pay the \$25 monthly subscription fee, but only view 500 page views during the month, making the cost per page view for that customer \$0.05 per page view for that particular month ($\$25 \div 500$ views).

2.0 Projections and Impact of Fee Increase

The findings in the area of Projections and Impact of Fee Increase are as follows:

- ***The fee increase has reduced the standard subscriber page-view threshold by 50%.***
- ***Data Services fee revenue could increase by a maximum of \$260,520 in 2010, if usage levels remain consistent with the prior year.***
- ***Rates of return on the Recorder's Office Data Services capital assets were very high.***

2.1 The fee increase has reduced the standard subscriber page-view threshold by 50%.

Data Services subscribers pay a monthly subscription fee of \$25, regardless of each customer's level of usage. By increasing the fee per page view from \$0.01 to \$0.02 per page, the standard subscriber threshold was reduced from 2,500 to 1,250 page views per month. Based on current usage levels, we estimated that the increased cost to standard subscribers (i.e., subscribers projected to use up to and exceeding the 1,250 threshold) will be an additional \$177.70 per year.

To determine the average increase in fees charged to the historically typical Data Services customer, subscribers billed in 2009 were segregated between those who exceeded the threshold of 30,000-page view per year ($2,500 \times 12$ months) and those who did not. This produced the following results:

1. 2009 accounts under the yearly threshold (30K)	762
2. Total billed to their accounts in 2009	\$182,000
3. Average fee per subscriber account for 2009 ($2 \div 1$)	\$ 238.85
4. Fee per page view for 2009	\$.01
5. Average page view count for 2009 ($3 \div 4$)	23,885

With the increase in the fee for some document types from \$0.01 to \$0.02, the subscriber's annual page view threshold is reduced to 15,000 page views per year, after which an account will be charged for additional views.

With this lower threshold in place, the expected overage based on 2009 page view counts would be calculated as follows:

1. Average page view count for 2009	23,885
2. Lower threshold effective March 9, 2010	15,000

3. Page views exceeding lower threshold (1 – 2)	8,885
4. Expected overage for 10 months in 2010 ($[8,885 \div 12] \times 10$)	7,404
5. Average additional cost at the new rate per account ($7,404 \times \$0.02$)	\$ 148
6. Increased revenue at lower threshold ($\$148.08 \times 762$)	\$ 112,837

There were 296 accounts that exceeded the 30,000 copy threshold in 2009. The impact for the additional 15,000 copies is:

1. Increase per account - 10 mos. in 2010 ($[\$300 \div 12] \times 10$)	\$ 250
2. Increase revenue for larger accounts ($\$250 \times 296$)	\$74,000

If subscribers exceed 1,250 page views per month, they will experience increased base subscriber billings in 2010. Subscribers who use between 1,250 and 2,500 page views can expect to be charged an additional \$148 in 2010, while those who exceed 2,500 page views can expect at least an additional \$250 charge.

2.2 Data Services fee revenue could increase by a maximum of \$260,520 in 2010, if usage levels remain consistent with the prior year.

To determine the impact of the Data Services fee increase on revenue, we examined historical usage information and compared this information to certain economic indicators, which would allow for limited forecasting of the potential impact on subscriber account usage. A direct correlation between a specific individual economic indicator and subscriber account usage could not be determined. Through our analysis, we determined that trends in Data Services activity were impacted by a number of different market conditions and a combination of economic indicators factored together.

Because of this difficulty, we concluded that an appropriately conservative approach to forecast the impact of the 2010 fee increase on revenue would be to base the increase on 2009 subscriber account activity and apply the appropriate fee increase to this prior year data.

The fee increase impacts 5 out of the 11 types of page views available to Data Services customers. We applied the \$0.01 increase to these 5 document types for 10 months (based on the March 9, 2010 effective date). We then determined the ratio of subscriber accounts exceeding the 15,000 page view threshold to all subscriber accounts, and applied the fee increase to that ratio. Based on these calculations, the maximum increase in Data Services revenue in 2010 is projected to be \$260,520 ($\$994,717 - \$734,197$, see Figure 2 on Page 13).

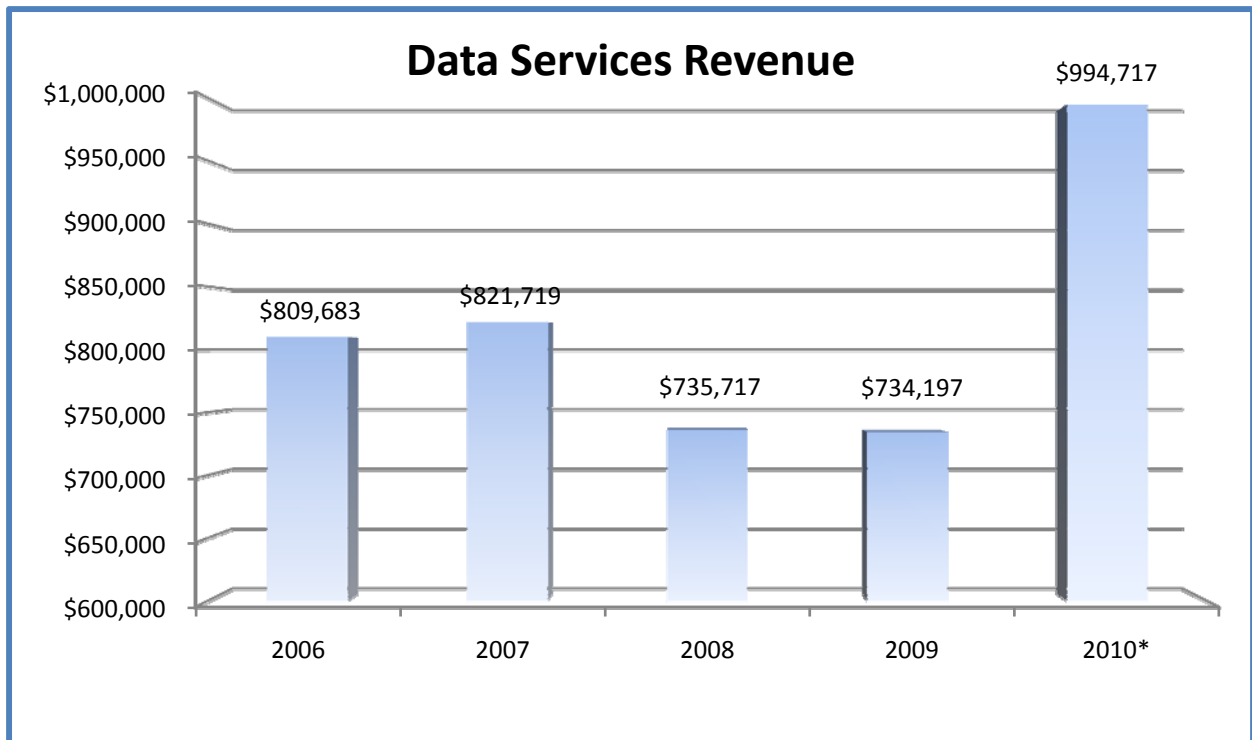


Figure 2. Projected revenue from the \$0.01 per page view increase could generate a maximum additional \$260,520 in 2010, based on 2009 activity.

2.3 Rates of return on the Recorder's Office Data Services capital assets were very high.

The Council's Legislative Intent 2010 requested that the audit include an analysis of the rate of return on the County's investment in Data Services capital assets. Capital assets schedules were segregated between organizations 1150 (Recorder) and 1151 (Recorder-Tax Administration). The Recorder stated that allocating capital assets between the two activities is difficult because they are so integral to the functioning of both activities (Statutory and Data Services).

A worksheet was prepared that began in 2002 and ended in 2008. Reasons for using these years were:

- In 2001, capital assets associated with the online services, specifically Alpha Corp (later SIRE), were purchased.
- In 2001, two new activity codes EV01 (Recorder Fees) and EV02 (Data Services) were introduced. Revenues and expenses were consistently recorded in them beginning with fiscal year 2002.
- The capital asset schedules as of December 31, 2002 and for each year through December 31, 2008 were used in the analysis.

In a presentation to the Mayor's Fiscal management and the Auditor's Office Budget Director, it was noted that net carrying value of the assets should not be used in the calculation, but rather the full acquisition cost of the assets while applying depreciation to net income. Capital assets were recalculated at acquisition cost, accumulated, and carried forward each year.

Figure 3 below illustrates the return on weighted capital assets acquired by the Recorder's Office over the period 2002 through 2008. The percentage return on Data Services assets ranged from 358% in 2003 to 274% in 2008. The average return on investment (ROI) in capital assets was 315%.

Salt Lake County Recorder Return on Investment in Capital Assets							
Weighted Capital Assets*	2002	2003	2004	2005	2006	2007	2008
Recorder Fees	1,075,619	823,668	656,652	724,603	902,991	759,908	853,210
Data Services	144,721	148,807	165,971	239,786	275,613	300,436	256,152
Total Capital Assets	1,220,340	972,475	822,623	964,390	1,178,604	1,060,344	1,109,362
*Based on Revenues							
Net Income	2002	2003	2004	2005	2006	2007	2008
Recorder Fees	2,126,722	2,125,460	940,771	1,007,207	1,365,280	1,095,172	1,255,913
Data Services	451,236	532,400	575,269	779,880	763,296	942,331	700,959
Total Net Income	2,577,958	2,657,860	1,516,040	1,787,087	2,128,576	2,037,503	1,956,872
Return on Investment	2002	2003	2004	2005	2006	2007	2008
Recorder Fees	198%	258%	143%	139%	151%	144%	147%
Data Services	312%	358%	347%	325%	277%	314%	274%

Figure 3. The County Recorder had a significant Return on Investment for Data Services assets.

3.0 Peer County Survey

The findings from our survey of peer counties are as follows:

- ***Fees charged for online Data Services at Salt Lake County were consistently the lowest among peer counties.***
- ***From our research, an “industry standard” for pricing online subscription services could not be determined.***
- ***Account activity at Salt Lake County is much higher than any other peer county that responded to the survey.***

3.1 Fees charged for online Data Services at Salt Lake County were consistently the lowest among peer counties.

One of the objectives of the survey was to compare fees charged for online Data Services at Salt Lake County to those charged to subscribers at other peer counties. We wanted to determine if the fees charged by the Recorder's Office were higher, lower, or about the same as the peer counties that responded. We found that Data Services fee schedules and monthly subscription fees varied widely from county to county. For example, Milwaukee County, Wisconsin, charged subscribers a flat fee of \$500 per month, whereas Tulsa County, Oklahoma, charged subscribers a rate of \$30 for the first 600 page views (\$0.05 per page view), and \$0.06666 for all page views above 600.

Because of the variations among Data Services fee schedules, a direct comparison between the Recorder’s Office monthly subscription fee of \$25 with the \$0.02 charge per page view, and the peer counties did not provide useful information. To facilitate a more meaningful comparison, we chose specific levels of subscriber account usage and used each county’s individual Data Services fee schedules and charges to determine what the subscriber would pay for a particular level of usage at their respective county. The usage levels chosen were 500, 1,000, 2,500, and 5,000 page views per month. Once the specific monthly charge for each level of usage was calculated for each county, we were able to determine a charge per page view by dividing the monthly charge by the number of page views.

Salt Lake County consistently had *the lowest*, or had *one of the lowest* monthly charges for each level of subscriber usage out of all other peer counties surveyed. (See Figures 4, 5, and 6 on Pages 15, 16, and 17 respectively)

- The Recorder’s Office charges a monthly subscription fee of \$25 to all users, regardless of the level of usage.
- At the lower levels of 500 and 1,000 page views per month, Salt Lake County Data Services customers paid the lowest rates.
- Below the monthly threshold of 1,250 page views ($\$25 \div \0.02), Data Services customers at Salt Lake County would pay the \$25 per month subscription fee, or \$0.05 per page view for 500 page views, and \$0.03 per page view for 1,000 page views.

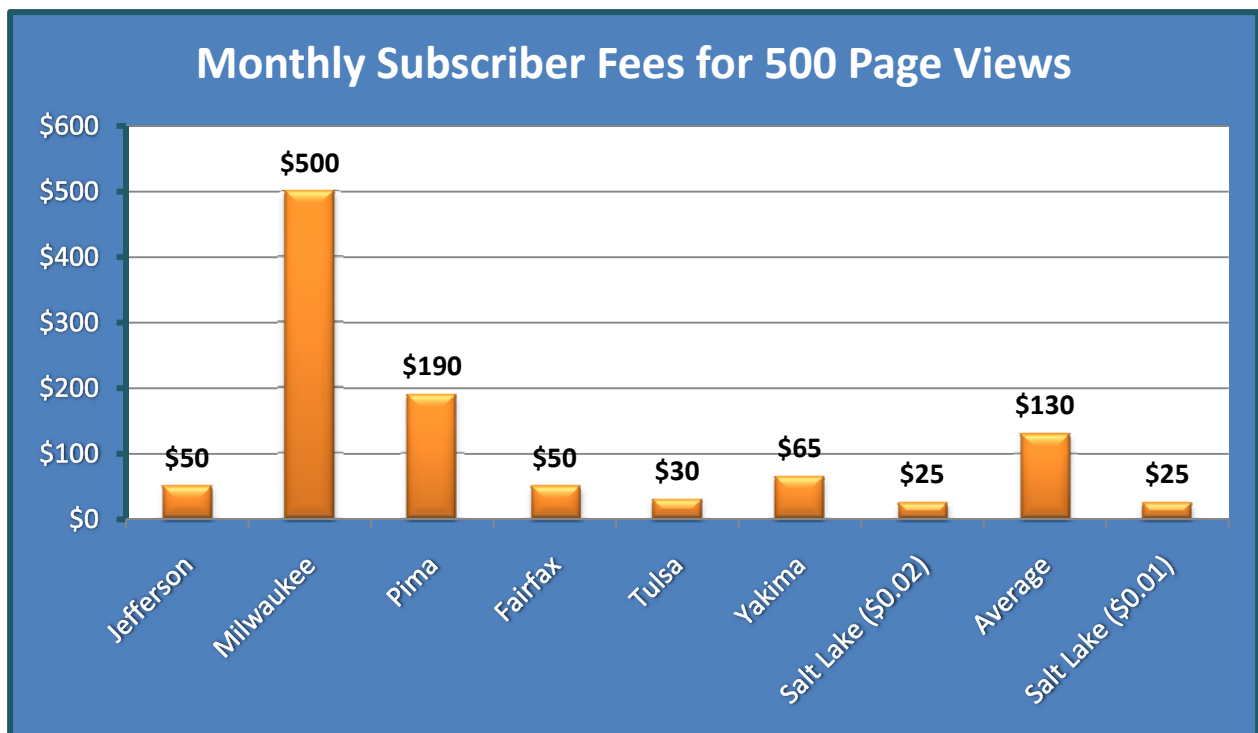


Figure 4. Salt Lake County subscribers pay the lowest fees for 500 page views.

In contrast, subscribers in:

- Milwaukee County pay a \$500 per month subscription fee, which equates to \$1.00 per page view for 500 page views or \$0.50 per page view for 1,000 page views.
- Yakima County, Washington, are charged for the number of minutes spent searching, viewing, and copying land-record documents online. Subscribers choose from a tiered plan-minutes system, which suits their anticipated usage level. For example, a subscriber that uses 101 to 250 minutes per month would pay \$65, plus a \$.15 per minute overage fee.

Finally, at the 2,500 or 5,000 page views per month levels:

- Salt Lake County subscribers still pay some of the lowest fees for online Data Services compared to the other peer counties surveyed.
 - Subscribers at 2,500 page views per month would pay \$50 per month
 - Subscribers at 5,000 page views per month would pay \$100 per month

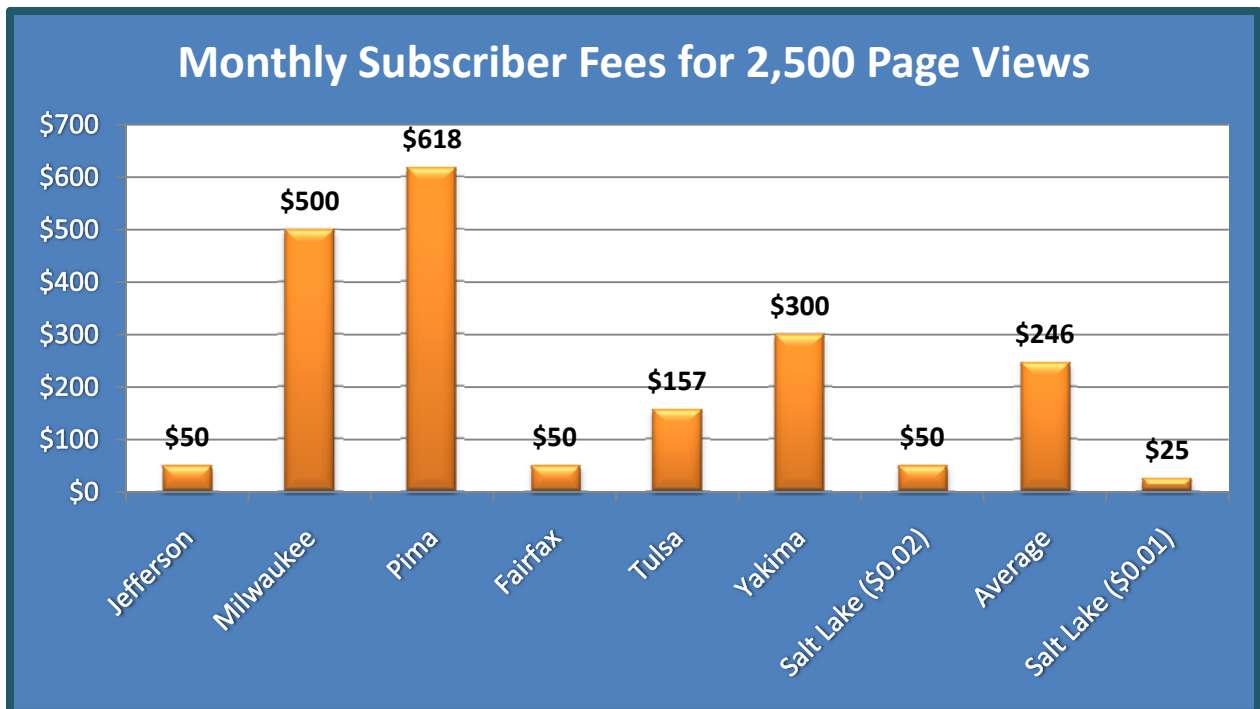


Figure 5. Salt Lake County subscribers who normally use 2,500 page views pay the same as two other surveyed counties.

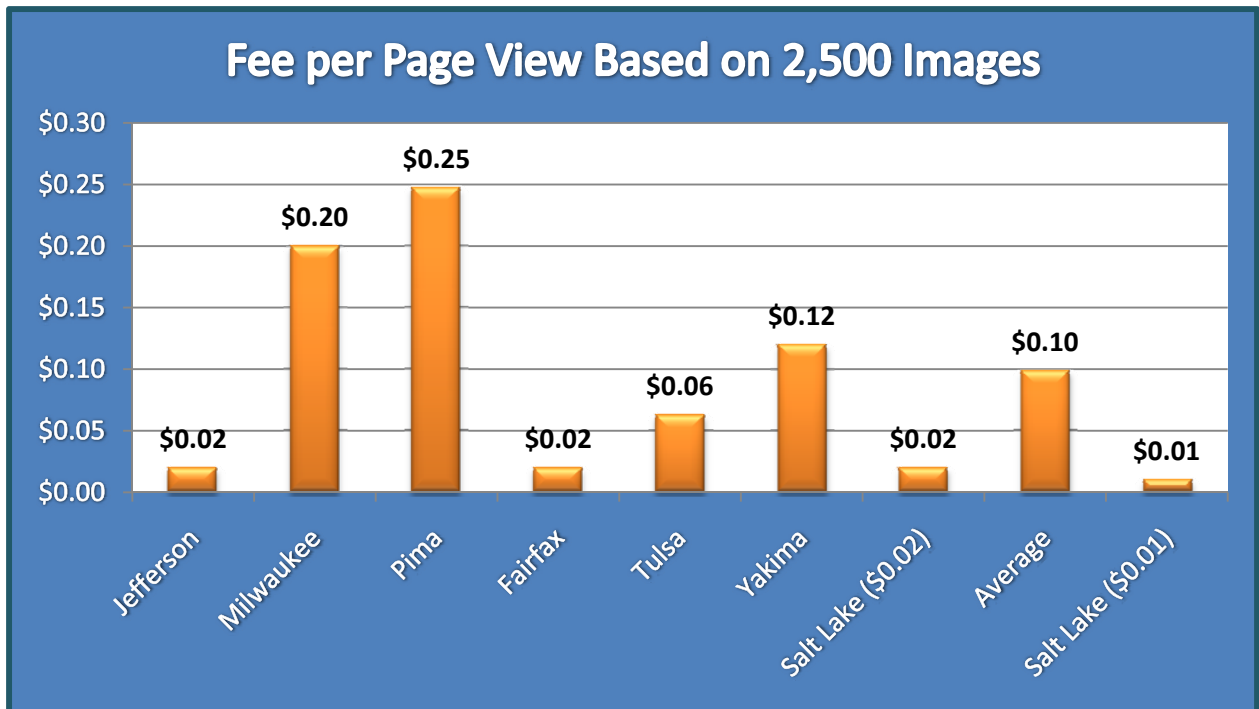


Figure 6. At \$.02 per page view, Salt Lake County subscribers' page view fee is among the lowest of the peer counties surveyed.

Charges at the 2,500 page views per month level were the same at Salt Lake County, Jefferson Parish, and Fairfax County; even though there were wide differences between the Data Services fee structures at all three counties. Pima County, Arizona, had the highest charges at both the 2,500 and 5,000 page views per month levels. Customers at Pima County would pay \$617.50 per month for 2,500 page views (\$0.25 per page view) or \$1,180.00 per month for 5,000 page views (\$0.24 per page view).

3.2 From our research, an “industry standard” for pricing online subscription services could not be determined.

In addition to comparing fees charged for online Data Services at Salt Lake County to those charged to subscribers at other counties, another objective of the peer county survey was to determine if an “industry standard” existed for setting online subscription service fee structures. The Salt Lake County Council expressed concerns over the appropriate rate of return to taxpayers for the proprietary nature of the information subscribers pay for, and the fairness of the Recorder’s fees charged to Data Services customers.

Questions on the peer county survey were designed to determine if subscriber account charges at Salt Lake County were reasonable compared to other counties, and also to determine the types of costs and other expenditures that each county considered when setting certain fees and charges. The survey also asked each county whether subscription services fees were set internally, or whether fees were set by another county agency or county legislative body.

Based on answers received from the survey, and additional research of other counties online, we concluded that an industry standard for setting prices for online data subscription services could not be determined, and likely does not yet exist; and, that Data Services fee schedules and charges vary widely from one county to the next. For example, the Pima County Recorder’s

Office responded by stating that the EDMS in use in their office was developed in-house, and that the costs incurred from purchasing computer servers and equipment, software license fees, and personnel costs for installing and maintaining the system were considered when determining the proper fees charged to online subscription service customers. The Pima County Recorder's Office charges subscribers \$100 for the first 200 page views and \$45 for 200 page views after the first 200.

In contrast, two of the peer counties surveyed, Milwaukee and Yakima, outsource their online subscription services to an outside vendor who not only manages all aspects of the online subscription services for both counties, but tracks customer accounts, bills customers, and collects payments as well. Because of this arrangement, the Milwaukee County Register of Deeds Office incurs virtually no direct personnel or capital investment costs associated with providing online data subscription services to customers. Milwaukee County uses a flat rate charge of \$500 per month defined by county ordinance. Yakima County's charges to subscribers are determined by level of usage, with a monthly subscription fee based on the number of minutes that the customer uses.

Although there were several similarities between the various online subscription services fee schedules we examined, there appeared to be no accepted best practice of determining cost of services provided, or the appropriate fees to be charged to the customer. Wide variations exist from one county to the next in terms of minimum monthly charges, frequency of billing, charges per page view, and collection methods. In each of the peer counties surveyed, the county legislative body either sets fees directly, or had the final approval of subscriber account fees.

3.3 Account activity at Salt Lake County is much higher than any other peer county that responded to the survey.

Although Salt Lake County had about the same number of subscriber accounts as 60% of the other peer counties surveyed, account activity and the number of page views per year was much higher. For example, Jefferson Parish, Louisiana, had 1,000 online subscription user accounts in 2009, while Salt Lake County had 1,079. Customer account page views logged by Jefferson Parish in 2009 were 576,184. The Salt Lake County Recorder logged 15,398,495 page views for Data Services customers in 2009. The number of page views at Salt Lake County was 27 times higher than Jefferson Parish. (See Figure 7 on page 19.)

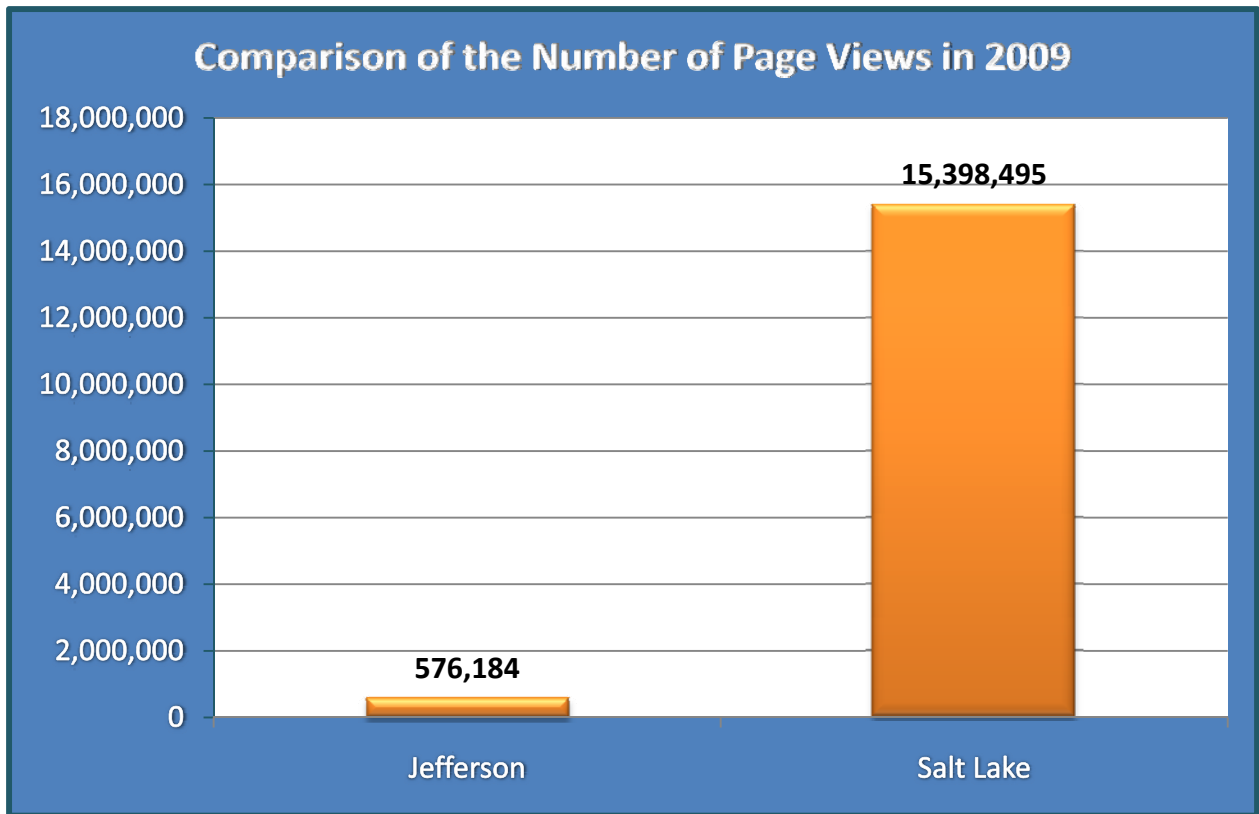


Figure 7. Page views were 27 times greater in Salt Lake County compared to Jefferson Parish in 2009.

Economic conditions, the demand for online subscription services, geographic limitations, and demographic factors, could all impact the level of account usage at each of the counties that participated in the survey. Some peer counties either could not or would not provide this information on the surveys which were returned.

Over the period from 2006 to 2009, annual account page views for the Recorder's Data Services ranged from a high of 21,233,393 in 2006, to a low of 15,398,495 in 2009. Annual page views have declined 27.5% from 2006 to 2009, and the current economic conditions have more than likely impacted Data Services account usage at Salt Lake County. However, even considering this decline in customer page views, the number of annual page views at Salt Lake County was much higher than all of the other peer counties surveyed.

Conclusion

In conclusion, we sincerely thank the Recorder's fiscal and Data Services staff for the invaluable assistance they provided throughout this analysis. In addition, we would like to thank the staff members of the various County Recorder offices, Land Records departments, County Clerk offices, and all other agencies who responded to the peer county survey for their time and efforts.