



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Clerk-Recorder
Assessor
Department No.: 062
For Agenda Of: 04/22/2008
Placement: Departmental
Estimated Tme: 5 min/
Continued Item: No
If Yes, date from:
Vote Required: Majority Vote

TO: Board of Supervisors

FROM: Department Joseph E. Holland, Clerk-Recorder Assessor
Director(s) 568-2558
Contact Info: Melinda Greene, Project Manager 568-2259

SUBJECT: **Hearing to Consider Adoption of a \$1 Recording Fee to Finance the Recorder's Social Security Truncation Program.**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: Select_Concurrence

Recommended Actions:

That the Board of Supervisors:

1. Authorize establishment of a new County program, the Social Security Number Truncation Program to implement the provisions of California Government Code 27361 (d)(1).
2. Adopt the enclosed resolution implementing section 27361 (d)(1) of the California Government Code in Santa Barbara County. The adoption will result in an increase of \$1 in the fee effective as of May 1, 2008, paid at the time of a document official recording, for the purpose of funding the implementation of the social security number truncation program.
3. Adopt the attached Budget Revision that establishes the sources and appropriations in the amount of \$170,000 to fund the program in the current fiscal year.
4. Adopt the Clerk-Recorder Notice of Exemption pursuant to the California Environmental Quality Act (CEQA Guidelines).

Summary Text:

The Clerk-Recorder Assessor requests authorization to implement the provisions of California Government Code 27361(d), which establishes a \$1.00 recording fee to redact social security information from the Recorder's official records retroactive to 1980. The County Clerk-Recorder-Assessor will collect the fee at the time of a document recording, estimated to generate \$800,000 over the life of the project, to fund the program.

Background:

Identity theft occurs whenever someone uses the personal identifying information of another person for an unlawful purpose. According to the Federal Trade Commission (FTC), identity theft has consistently topped the list of consumer fraud complaints for at least the last six years. In 2005, the 255,000 identity theft cases filed with the FTC constituted 37% of all complaints. Cases from California accounted for 45,000 of those filed. For the identity thief, the social security number is the single most useful tool.

To help protect social security numbers (SSNs), the California State Legislator updated Government Code Section 27301 to require local government agencies to truncate (redact the first five digits of) SSNs that appear in their records that may be disclosed to the public unless full disclosure of the SSN is required by state or federal law. Among other things, this legislation requires the recorder of each county to establish a social security number truncation program to create an electronic public record version of each official record. The public version is the same as the official, except that the first five digits of the SSN will be redacted. The new law specifically states that the public version has the same legal force and effect as the official record. It also requires that the Recorder provide the official record only in response to a subpoena or court order.

The law also applies requirements to persons or organizations presenting the Recorder with documents to be recorded that will become public record. It requires that social security numbers be redacted from documents prior to being recorded, unless full disclosure is required by law elsewhere. The redaction program applies to official records recorded since January 1, 1980 and continues for all future recorded and filed records.

This legislation (GC section 27361 (d)) allows the Recorder, with the Board's authorization, to assess a \$1 fee to record the first page of each document until December 31, 2017, unless an extension is granted for the sole purposes of implementing the SSN truncation program. Government Code section 27304(b) requires each county recorder to request authorization to assess the fee no later than June 1, 2008. A new designation account has been created so that that fees collected will remain restricted solely for the purposes of the SSN truncation program.

Although the Recorder is required to implement the SSN truncation program, the law recognizes that revenue from the fee may not fully cover the cost of its implementation. Therefore the Recorder is required to truncate records as funding allows.

Government Code section 27361(d)(4) states that a Board that authorizes the fee shall require the County Auditor to conduct two reviews to verify that the funds generated by the new fee are used only for the program. The legislation states that the first review is not due until 2013, with the second review due in 2017. The results of the review shall be made available to the public.

Beginning in 2009, the Recorder is required to provide an annual report on program compliance to the County Recorders Association of California.

There is no requirement that a recorder not accept a document that contains a complete SSN. The law says they should not be presented for recording but the recorder has no responsibility to look for SSNs or to reject if one is there.

Approval of this item will add an additional fee as adopted in the fee resolution.

Performance Measure:

Performance Measures will be developed once the program is created.

Fiscal and Facilities Impacts:

A Budget Revision is attached establishing the program appropriations and funding sources for Fiscal Year 2007-08. The County Clerk-Recorder-Assessor estimates current year program expenditures to be \$170,000 and \$74,000 in annualized costs through December 31, 2017. Since the expenditures for this program will be greater than the revenue generated in the first few years, the Recorder will be utilizing Recorder Designation funds and restoring the designation as program revenues are earned.

Fiscal Analysis:

| <u>Funding Sources</u> | <u>Current FY Cost:</u> | <u>Annualized On-going Cost:</u> | <u>Total One-Time Project Cost</u> |
|------------------------|-------------------------|----------------------------------|------------------------------------|
| General Fund | | | |
| State | | | |
| Federal | | | |
| Fees | \$ 10,000.00 | \$ 74,000.00 | |
| Other: | \$ 160,000.00 | | |
| Total | \$ 170,000.00 | \$ 74,000.00 | \$ - |

Narrative :

The Redaction program will be split into two components, one-time conversion of all records retroactive to 1980 and the effort to redact social security numbers for documents with SSN received in the future. Project costs include acquisition of hardware since the requirement to store a public redacted image, in addition to the original image, will increase our file storage needs beyond the current capacity of existing equipment. The Clerk-Recorder will need to perform extensive data conversion of digital images in the Recorder’s Imaging and Index Management System (RIIMS) for records from 1980-1989. The current medium for this data is on microfilm and to perform the redaction process on microfilm would be too labor intensive and cost prohibitive. The project will require implementation of Optical Character Recognition Software to identify potential social security numbers, which will increase vendor maintenance fees. This software will be procured through the existing blanket purchase order with DFM Associates, and implemented within the existing RIIMS system. Finally, the project requires staff to authorize these changes identified by the software and the Recorder will implement some form of quality control auditing to ensure that the software is operating with acceptable accuracy. Ongoing costs will include software maintenance fees, staffing to implement the program on newly recorded documents, hardware maintenance, and the loan service to repay the initial capital loan.

Since the capital needs for the project will be significantly greater than the revenue generated in the first few years, the Recorder is proposing that a bridge loan, funded by the Recorder's Automation Designation (Line Item 9744), provide the capital to fund the program for the first few years.

Staffing Impacts:

Legal Positions:

FTEs:

The Clerk-Recorder will absorb the impacts of the redaction program by reassigning existing staffing. The positions effected include 2 FTE CARE Specialist for the first 1.5 years and ongoing impact to a smaller degree once the back log is accommodated. In addition, the project will require project management and systems analyst skills since the project will require implementation of software and hardware since manual data redaction is cost prohibitive and would not result in sufficient accuracy.

Special Instructions:

Send copy of minute order to Rose Rodarte and Melinda Greene in the Clerk-Recorder-Assessor

Attachments:

Board of Supervisor Fee Resolution
Budget Revision Request

Authored by: Melinda Greene

cc: