

February 6, 2003 - EREER Phase II Estimate Meeting

Attendees: Gail Miller, Jeanine Barker, Mike Cuniff, Beth McInerny, Bill Mori, Denny Kron, Ray Hirte, Scott Loomer, Erin Hultgren, Bob Malecki, John Engerholm, Molly Terry

The Task Force Subcommittee met to discuss an estimate for Phase II of the EREER pilot project. Phase II includes enabling electronic submission and recording of Deeds, CRV's, Well Certificates, Mortgages and Assignments of Mortgage. To aid in the development of the Phase II estimate the Subcommittee decided to look at costs they have submitted for the Phase I Satisfaction. The Task Force looked at the expected cost of the Satisfaction document and determined how much less or more costly it would be to implement each of the Phase II documents.

The creation of the Satisfaction included some conversion, digital certificates and hardware costs that will not need to be duplicated for each of the Phase II documents. These are considered sunk costs of the project. The costs of each Phase II document were compared to the cost of the Satisfaction document, minus these sunk costs.

The Well Certificate will be submitted as a TIF image to the counties and then forwarded to the Minnesota Department of Health. The electronic workflow process for the Well Certificate differs significantly from the Satisfaction document. The cost for the Well Certificate is thought to be minimal, so the Sub-committee did not include the Well Certificate in the estimation exercise.

Assignments are estimated to be one fourth of the cost of the Satisfaction document. There is very little customization that will need to be done for Assignments. Assignments will be submitted to the recorder and have no integration with other departments.

CRV's are estimated to be the same cost as the Satisfaction document. CRV's are submitted to the county and then need to integrate with the Auditor's office, the Assessor, and the Department of Revenue. CRV's also need to be archived for public viewing. When submitted to the Department of Revenue, the social security number will need to be encrypted. This adds an additional cost. This estimate assumes that a valid Deed is submitted with the CRV. This Deed verification is handled by the CRV Schema.

The Mortgage Document is estimated to be three times the cost of the Satisfaction document. Once the Mortgage is submitted to the Recorder, it must be integrated with the Auditor/Treasurer and the Department of Revenue. An additional cost to consider is that existing accounting systems will need to be modified in order to accept electronic Mortgages.

Deeds are estimated to be three times the cost of the Satisfaction document. Deeds need to be integrated with the Auditor/Treasurer, GIS and the Records office. Functionality

needs to be built so that fees such as the Deed Tax and Recording Fees may be submitted via an electronic means such as ACH.

Development done specifically for Deeds and Mortgages may be reused. Depending on which is implemented first, the cost of development for Mortgages may be 4 times greater than the cost of the Satisfaction document and the Deed development may be only 2 times greater, or vice versa. Therefore, the sub-committee estimates that the total cost of implementing Deeds and Mortgages is six times the cost of implementing the Satisfaction document.

Costs for the individual counties, as it relates to their cost to implement Satisfaction are illustrated below:

Hennepin County

Total Project Plan Phase 1 Cost Estimate = \$587,273

Sunk costs = \$60,200 (\$60,000 Hardware + \$200 Digital Certificates)

Satisfaction Cost (minus sunk costs) = \$527,073

E-Document	Comparison to Satisfaction Cost	Estimated Future Cost
Assignments	.25 x	\$131,768
CRV's	1x	\$527,073
Mortgages	3x	\$1,581,219
Deeds	3x	\$1,581,219
Total Cost		\$3,821,279

Dakota County

Total Project Plan Phase 1 Cost Estimate = \$96,150

Sunk costs = \$15,500 (\$15,000 Hardware + \$500 Digital Certificates)

Satisfaction Cost (minus sunk costs) = \$80,650

E-Document	Comparison to Satisfaction Cost	Estimated Future Cost
Assignments	.25 x	\$20,162
CRV's	1x	\$80,650
Mortgages	3x	\$241,950
Deeds	3x	\$241,950
Total Cost		\$584,712

Lyon County

Total Project Plan Phase 1 Cost Estimate = \$113,275

Sunk costs = \$43,075 (\$35,000 Hardware + \$175 Digital Certificates + \$8,000 Conversion)

Satisfaction Cost (minus sunk costs) = \$70,200

E-Document	Comparison to Satisfaction Cost	Estimated Future Cost
Assignments	.25 x	\$17,550
CRV's	1x	\$70,200
Mortgages	3x	\$210,600
Deeds	3x	\$210,600
Total Cost		\$508,950

Renville County

Total Project Plan Phase 1 Cost Estimate = \$160,885

Sunk costs = \$15,550 (\$12,000 Hardware + \$350 Digital Certificates + \$3,200 Firewall)

Satisfaction Cost (minus sunk costs) = \$145,335

E-Document	Comparison to Satisfaction Cost	Estimated Future Cost
Assignments	.25 x	\$36,333
CRV's	1x	\$145,335
Mortgages	3x	\$436,005
Deeds	3x	\$436,005
Total Cost		\$1,053,678