



DEAN C. LOGAN
Registrar-Recorder/County Clerk

June 14, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST APPROVAL OF MEMORANDUM OF UNDERSTANDING
WITH THE CALIFORNIA BOARD OF EQUALIZATION FOR
ELECTRONIC INTERFACE TO RECORD LIEN DOCUMENTS
(ALL DISTRICTS - 3 Votes)**

**CIO RECOMMENDATION: (X) APPROVE () APPROVE WITH MODIFICATION
() DISAPPROVE**

SUBJECT

Approve the Memorandum of Understanding ("Agreement") between the Los Angeles County Department of Registrar-Recorder/County Clerk ("RR/CC") and California Board of Equalization ("BOE") for an electronic recording interface ("e-Recording") to record real property lien documents. The Agreement would provide the BOE with an Electronic Lien Filing System ("e-Lien") for transmission, filing, receipt of lien filings and lien release documents. The paperless transactions would expedite the lien recording process. There is no net County cost.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Registrar-Recorder/County Clerk, or designee, to execute the attached Agreement (Attachment II) with the BOE to provide e-Lien. The base term of the Agreement would commence upon execution by the parties and run consecutively for two (2) years with five (5) one-year mutual renewal options. The aggregate term of the Agreement will not exceed seven (7) years. There is no cost to the County to provide the BOE with e-Lien.

2. Authorize the Registrar-Recorder/County Clerk, or designee, to prepare and execute amendments to the Agreement, as necessary, provided that County Counsel approval is obtained prior to executing such amendments.
3. Authorize the Registrar-Recorder/County Clerk, or designee, to terminate the Agreement pursuant to the termination provisions contained in the Agreement, if needed, provided that: (i) County Counsel approval is obtained prior to terminating the Agreement; and (ii) your Board and CEO are notified in writing fifteen (15) days prior to terminating Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The recommended action will provide the BOE with an electronic interface for the purpose of transmitting real property lien documents electronically to RR/CC for recording, storage and returning recorded lien documents to the BOE. The online electronic lien interface will also assist in conducting official government business. Online access to e-Liens will greatly enhance the efficient use of staff time and public service delivery by decreasing research time, improving efficient utilization of resources, and timely completion of official government business, as well as reduce paper consumption.

Implementation of Strategic Plan Goals:

This request supports the County Strategic Plan as follows:

Goal No. 1: Operational Effectiveness: Maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services.

Strategy 2: Service Excellence: Providing the BOE with e-Lien capabilities which will expedite the recording of liens, reduce RR/CC staff processing time and eliminate mailing manual documents.

Strategy 2: Organizational Effectiveness: e-Liens will be a paperless transaction between the County RR/CC and the BOE which will expedite the lien recording process as well as sharing recorded lien information for official government business making it effective, efficient, and consistent with Board order to reduce paper consumption.

FISCAL IMPACT/FINANCING:

The recommended action does not involve the imposition of any new fees. Fees for recording liens and lien releases are established by statute. Pursuant to Government Code sections 27361, 27383, 27388, 27397 and Assembly Bill 1168, "codified in

Government Code section 27300 et seq.”, if a taxpayer’s address is within the State of California, the County does not charge the requesting government agency a fee to record liens; however, a \$16 fee for lien release is assessed. In FY 2009-10, the RR/CC collected approximately \$13,000 from BOE for lien releases.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Registrar-Recorder/County Clerk received a request from the BOE to transmit, file, record, and receive their recorded lien data for official government business. California Government Code section 27279 provides for the recorder of any county in lieu of written paper, accept for recording digitized images, digital images, or both of a recordable instrument, paper, or notice if the requester and addressee for delivery of the recorded images are the same and can be readily identified as a local or state government entity, or an agency, branch, or instrumentality of the federal government. The transmission would be done through a secure electronic recording system between the BOE and RR/CC. The interface would eliminate the BOE from physically filing liens with RR/CC.

The RR/CC’s e-Lien will allow an electronic transmission and receipt of lien filing and lien release documents in a secure format. The RR/CC has worked with the Chief Information Office (CIO) and the Chief Information Security Officer (CISO) to ensure security measures have been addressed. All parties will be required to comply with established security and technical requirements necessary to maintain a secure system.

The Chief Executive Office (CEO) and CIO have reviewed and approved this Board letter (CIO Analysis Attachment I). County Counsel has reviewed this Board letter and approved as to form the attached Agreement.

CONTRACTING PROCESS:

This is a government to government Agreement. There was no contracting process associated with the recommended action.

IMPACT ON CURRENT SERVICES:

Approval of the recommended action will provide a fast, efficient, and effective method of providing the BOE with the ability to transmit, file, and retrieve their recorded liens. It will also provide the RR/CC with the ability to record paperless documents and have them available sooner for electronic viewing to the public.

The Honorable Board of Supervisors
June 14, 2011
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CONCLUSION

Upon approval of the recommendation, it is requested that the Executive Officer/Clerk of the Board return one original stamped copy of the adopted Board letter to:

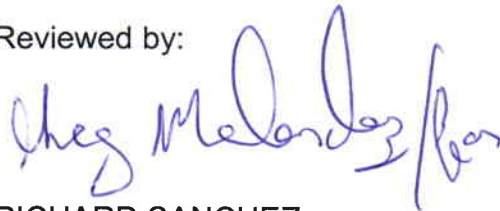
County of Los Angeles Registrar-Recorder/County Clerk
12400 Imperial Highway, Room 7201
Norwalk, CA 90650
Attention: Ngozi Ume, Manager
Finance and Management Division

Respectfully submitted,



DEAN C. LOGAN
Registrar-Recorder/County Clerk

Reviewed by:



RICHARD SANCHEZ
Chief Information Officer

DCL:EB:RL:yt

Attachment (2)

c: Chief Executive Office
County Counsel

ATTACHMENT I
(Chief Information Office Analysis)

CIO ANALYSIS

REQUEST APPROVAL OF MEMORANDUM OF UNDERSTANDING BETWEEN THE REGISTRAR-RECORDER/COUNTY CLERK AND THE CALIFORNIA BOARD OF EQUALIZATION FOR ELECTRONIC INTERFACE TO RECORD LIEN DOCUMENTS

CIO RECOMMENDATION: APPROVE APPROVE WITH MODIFICATION
 DISAPPROVE

Contract Type:

New Contract Contract Amendment Contract Extension
 Sole Source Contract Hardware Acquisition Other

New/Revised Contract Term: Base Term: 2 Yrs # of Option Yrs 5

Contract Components:

Software Hardware Telecommunications
 Professional Services

Project Executive Sponsor: Dean C. Logan, Registrar-Recorder/County Clerk

Budget Information :

| | |
|-----------------------------|-----|
| Y-T-D Contract Expenditures | \$0 |
| Requested Contract Amount | \$0 |
| Aggregate Contract Amount | \$0 |

Project Background:

| Yes | No | Question |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project legislatively mandated? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project subvented? If yes, what percentage is offset? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved? |

Strategic Alignment:

| Yes | No | Question |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is this project in alignment with the County of Los Angeles Strategic Plan? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is this project consistent with the currently approved Department Business Automation Plan? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project's technology solution comply with County of Los Angeles IT Directions document? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project technology solution comply with preferred County of Los Angeles IT standards? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS). |

Project/Contract Description:

The Registrar-Recorder/County Clerk (RR/CC) is requesting Board approval to execute a Memo of Understanding (MOU) with the California Board of Equalization (BOE) for an electronic interface to record real property lien documents. The MOU will be effective for two (2) years, with five (5) one-year mutual renewal options. There is no net County cost associated with this MOU. The RR/CC is also requesting authorization to execute amendments to the Agreement, as necessary, and to terminate the Agreement, if necessary.

Background:

The RR/CC received a request from the BOE to electronically transmit, file, record, and receive their recorded lien data. California Government Code section 27279 provides the recorder of any county the authority to receive digital images for recording purposes, assuming specific conditions are met.

Project Justification/Benefits:

The electronic interface will allow the BOE to electronically transmit real property lien documents to the RR/CC for recording and storage, and allow the RR/CC to return recorded document information to the BOE. The electronic transmission of real property lien documents is consistent with the County's direction of conducting business electronically, and will greatly improve the effective use of staff time.

Project Metrics:

The CIO's office has requested that the RR/CC's office track the number of electronic transmissions of real property lien documents in order to quantify the benefits of this project.

Impact on Service Delivery or Department Operations, if Proposal is Not Approved:

If this proposal is not approved, real property lien documents will continue to be handled manually.

Alternatives Considered:

None.

Project Risks:

None. The Chief Information Security Officer (CISO) has discussed the security measures with the Department, and did not identify any security risks.

Risk Mitigation Measures:

All data is redacted and transmitted securely via Secured Socket Layer (SSL) protocol.

Financial Analysis:

There is no cost associated with this MOU. Also, the County does not charge the requesting government agency a fee to record liens; however, a \$16 fee for lien releases is assessed.

CIO Concerns:

None.

CIO Recommendations:

Based on our review of the Board Letter and discussions with the Department, this office recommends approval by the Board.

CIO APPROVAL

Date Received: May 17, 2011

Prepared by: Henry Balta

Date: May 25, 2011

Approved: 

Date: 5/26/2011

ATTACHMENT II

(Memorandum of Understanding)

MEMORANDUM OF UNDERSTANDING
BETWEEN
COUNTY OF LOS ANGELES
AND
CALIFORNIA BOARD OF EQUALIZATION
FOR
ELECTRONIC INTERFACE TO RECORD REAL PROPERTY
LIEN DOCUMENTS

Prepared by:

Department of the
Registrar-Recorder/County Clerk
Finance and Management Division/Contracts Section
12400 Imperial Highway, Room 5203
Norwalk, CA 90650

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**MEMORANDUM OF UNDERSTANDING
BETWEEN
COUNTY OF LOS ANGELES
AND
CALIFORNIA BOARD OF EQUALIZATION
FOR
ELECTRONIC INTERFACE TO RECORD REAL PROPERTY
LIEN DOCUMENTS**

This Memorandum of Understanding ("Agreement") is made and entered into effect this ____ day of _____, 2011 by and between the County of Los Angeles, a political subdivision of the State of California ("County"), through its Department of the Registrar-Recorder/County Clerk ("RR/CC"), and the State of California Board of Equalization ("BOE"). RR/CC and BOE are hereinafter referred to collectively as the "Parties" and each individually as a "Party."

WHEREAS, the County has an Electronic Recording Delivery System in accordance with California Government Code 27390 et seq., for the electronic transmission and recordation of real property records, including lien information (henceforth "E-Lien" process) ;

WHEREAS, the BOE desires to establish and electronic interface with RR/CC for the purpose of transmitting real property lien information for recording; and

WHEREAS, the BOE and RR/CC wish to establish guidelines to ensure compliance with security measures and technical requirements necessary to maintain the County's Electronic Recording Delivery System.

NOW, THEREFORE, in consideration of the mutual covenants herein set forth and the mutual benefits to be derived therefrom, the Parties agree as follows:

1.0 PURPOSE

The purpose of this Agreement is to set the terms and conditions of the Parties' participation in E-Lien recording. The E-Lien process is summarized as follows: (1) BOE creates an electronic file of lien information (henceforth, a "Data File"); (2) BOE, via the Franchise Tax Board (FTB) Secure Web Internet File Transmission (SWIFT) system, electronically transmits the Data File to County for recordation in the Official Records of the County of Los Angeles; (3) County processes the Data File and fills in applicable recording information; and (4) County electronically returns the processed Data File (henceforth the "Recording File") to BOE.

2.0 COUNTY RESPONSIBILITIES

2.1 Data File Processing Timeframe

- 2.1.1 County shall process each Data File and return to BOE a corresponding Recording File within five (5) working days of County's receipt of such Data File from BOE. In the event County cannot comply with the foregoing Data File processing timeframe, County will make a courtesy telephone call to BOE to inform BOE of the delay in processing such Data File and shall indicate an expected timeframe for processing.

County shall process Data Files received from BOE on a first in-first out (FIFO) basis in concurrence with other participating agencies.

- 2.1.2 County shall pickup all Data Files located in the SWIFT System during the 36-hour window for delivery and pickup of all files to avoid the System's automatic deletion of the files after 48 business hours. Exceptions are state and county holidays.

2.2 Notification of Changes in Electronic Addresses

- 2.2.1 If County requires changes to any electronic address used by BOE to transmit Data Files or Data File transfer notifications to County, County will notify BOE 30 days in advance of such changes to allow BOE to make necessary changes to its system which are essential to continue the services provided in this Agreement.
- 2.2.2 If County is unable to give prior notification thereof to BOE, County shall give notification thereof to BOE as soon as possible after the electronic address change is made in accordance with Paragraph 2.1 (Data File Processing Timeframe) if service deliverables would be affected.

2.3 Data File Processing

- 2.3.1 County shall return Recording Files to BOE using the naming convention established by BOE.
- 2.3.2 County shall process the Data File within each file sequentially (e.g. record 1, record 2...record *n*).
- 2.3.3 County will accept Tag Image File Format (TIFF) from BOE when necessary to produce a paper copy or image of a Data File.
- 2.3.4 County shall not split a Data File or merge Data File. The records contained in each Data File generated by BOE must be returned by County to BOE in

a corresponding Recording File without being removed or combined with records from another Data File. Rejected records (as described in the provision immediately following) will not be removed from the Data File or corresponding Recording File.

- 2.3.5 County shall return records not processed to BOE in a "Reject File". The Reject File shall set forth sufficient information to identify from which Data File the Reject File originated and the record that was rejected, and the reason(s) why the record was rejected.

2.4 Space Allocation

County shall ensure the availability of sufficient computer disc storage space to receive Data Files transmitted by BOE hereunder, taking into account (i) the Data File types (txt or XML) being transmitted, (ii) TIFF images, if any, Summary File in XML format and (iii) the frequency of Data File transfers.

2.5 Archiving Recording Files

County shall maintain an archive of the Recording Files for a period of One Hundred Eighty (180) days.

2.6 Testing

- 2.6.1 If County (or any County contractor at the direction of County) makes any change to the program, data format or notice templates hereunder, County and BOE shall undertake such joint testing as the Parties determine necessary to validate the change before such change is implemented into production.
- 2.6.2 If BOE (or any BOE contractor at the direction of BOE) makes any change to the program, data format or notice templates hereunder, BOE and County shall undertake such joint testing as the Parties determine necessary to validate the change before such change is implemented into production.

3.0 BOE RESPONSIBILITIES

3.1 System Monitoring

BOE shall monitor E-Lien data to ensure Data Files are being transmitted to and received by County in a timely manner. If BOE does not receive a Recording File within 15 working days or a courtesy call to inform of a delay from County, BOE will contact County to determine whether the Data File

has been received and processed by County and returned to BOE, or if there has been a technical problem.

3.2 Data File Generation

- 3.2.1 BOE shall generate Data Files with sequential data (daily liens followed by releases) by date order.
- 3.2.2 BOE shall name Data Files using a standard naming convention to be determined by BOE.
- 3.2.3 BOE will transmit Data Files or make Data Files available for transmission to County no less than once a week.
- 3.2.4 BOE will contact County via email and/or phone to inform County of any delays in transmitting the Data File within five (5) business days of discovering a transmission error.
- 3.2.5 To ensure a Data File is not mistakenly processed and recorded twice by County, BOE will re-transmit a Data File to County only after receiving confirmation from County that (i) County did not receive a previously transmitted Data File, or (ii) County was unable to process a previously transmitted Data File and County no longer has such previously transmitted Data File on E-Lien.

3.3 Space Allocation

BOE shall ensure the availability of sufficient computer disc storage space to receive Data Files transmitted by the County hereunder, taking into account (i) the Data File types (txt or XML) being transmitted, (ii) TIFF images, if any, and (iii) the frequency of Data File transfers.

3.4 Archiving Data Files

BOE shall maintain an archive of the Recording (XML) Files for a period of One Hundred Eighty (180) days.

- 3.5 BOE shall maintain the confidentiality of all information obtained from E-Lien recordings in accordance with all applicable Federal, State and local laws, rules, and regulations.
- 3.6 BOE shall restrict its use of E-Lien recording to official BOE business. Any unauthorized use of the E-Lien system by BOE's employee, will be cause for immediate termination of this Agreement.

- 3.7 BOE shall establish appropriate procedures, which County can request at any time, to ensure that all information is safeguarded from improper disclosure in accordance with all applicable Federal, State, and local laws, rules, and regulations. BOE shall inform all of its officers, employees, and agents having access to E-Lien recordings of the confidentiality provisions of this Agreement.
- 3.8 Each Party retains the right to audit compliance with the terms and conditions of this Agreement and shall provide to the other party five (5) business days notice of any proposed audit. In the event that an audit is conducted by County, or any State or Federal auditor in connection to this Agreement, each Party shall be solely liable for the respective audit findings, costs and sanctions, if any.

3.9 TIFF File

BOE shall provide County with template in TIFF in the event it is necessary for BOE to produce a paper copy or image of a Data File.

4.0 GENERAL TERMS AND CONDITIONS

- 4.1 This Agreement shall take effect upon the execution thereof by the Parties on the day, month and year first above written, and shall expire two (2) years thereafter (hereinafter, the "Initial Term"), unless sooner terminated or extended, in whole or in part, as provided in this Agreement. Upon mutual written consent of the Parties, the Agreement may be extended for up to five (5) additional one-year periods (each such additional period, hereinafter an "Extended Term"), through a written amendment to this Agreement requested by BOE 30 days in advance of the expiration of the Initial Term or any subsequent Extended Term executed by the Parties thereafter.
- 4.2 Either Party may terminate this Agreement by giving thirty (30) days prior written notice thereof to the other Party.
- 4.3 This Agreement may be modified or amended only upon the mutual written consent of the Parties.
- 4.4 On an annual basis the Parties shall review the Agreement for desired changes/modifications. Such review shall be completed by the Agreement anniversary date. Notifications of any changes/modifications shall be made at least 30 days prior to the anniversary date. Any changes/modifications to the Agreement shall be executed per Paragraph 4.3 of this Agreement.
- 4.5 Both Parties shall establish mutually satisfactory and appropriate procedures to ensure that all information transmitted in connection with E-

Lien recording is safeguarded from improper disclosure in accordance with applicable state and federal laws and regulations.

- 4.6 Each Party will appoint a person to serve as the official contact and coordinate the activities of the respective Party in carrying out this Agreement. Unless otherwise provided under this Agreement, all notices, submissions or deliveries to be made to County and BOE under this Agreement shall be directed as indicated below.

The County contact for this Agreement is:

**Willie Wilson, Manager
Document Recording Division
County of Los Angeles Registrar-Recorder/County Clerk
12400 Imperial Highway, Room 5001A
Norwalk, CA 90650
Telephone Number: (562) 462-2889
Fax Number: (562) 868-5139
E-mail Address: WWilson@rrcc.lacounty.gov
And**

The BOARD OF EQUALIZATION contact for this Agreement is:

**Susan Sinetos
Business Taxes Compliance Supervisor III
Special Operations Branch
450 N Street, MIC: 55
Sacramento, CA 95814
Telephone Number: (916) 323-4196
Fax Number: (916) 327-0615
E-mail Address: susan.sinetos@boe.ca.gov**

5.0 MUTUAL INDEMNIFICATION

- 5.1 BOE shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the BOE's acts and/or omissions arising from and/or relating to this Agreement.
- 5.2 County shall indemnify, defend and hold harmless the BOE and its officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the County's acts and/or omissions arising from and/or relating to this Agreement.

6.0 MUTUAL EXPECTATIONS AND COMMITMENTS

- 6.1 BOE shall use agreed-upon flat file type and/or XML files. The file shall be transferred using the FTB SWIFT system process, with the County checking daily, Tuesday through Friday for new files and pushing files back as appropriate.
- 6.2 BOE shall have Data Files available for County for processing every Tuesday, Wednesday, Thursday and Friday of each week, excluding holidays and other special circumstances (i.e Year End Processing).
- 6.3 BOE will transmit to County a statement (the "Data File Statement") with each Data File setting forth (i) the total number of records in the Data File, (ii) the lien release document count, and (iii) the lien issued document count. County will forward the Data File Statement (Summary File) to its accounting department for processing and invoicing. If any of the records in a Data File are rejected by County, County shall manually adjust the corresponding Data File Statement to ensure proper invoicing

7.0 INVOICES AND PAYMENTS

- 7.1 COUNTY shall invoice BOE on a monthly basis for all amounts due and payable to County under this Agreement pursuant to all applicable Government Codes and LA County Codes. County shall direct such invoices to BOE's contact person as indicated per Paragraph 4.6 of this Agreement. County shall return to BOE a copy of the corresponding Data File Statement with each invoice. BOE shall remit payment of each invoice within thirty (30) days of invoice date and shall direct such payment to Registrar-Recorder/County Clerk, Financial Services – Room 7211, 12400 Imperial Highway, Norwalk, CA 90650-8357.
- 7.2 Any dispute in work performed, invoice for services, and/or payment will be reported to the respective Parties official contact as indicated per Paragraph 4.6 of this Agreement for investigation and resolution.

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**MEMORANDUM OF UNDERSTANDING
BETWEEN
COUNTY OF LOS ANGELES
AND
BOARD OF EQUALIZATION
FOR
ELECTRONIC INTERFACE TO RECORD REAL PROPERTY
LIEN DOCUMENTS**

IN WITNESS WHEREOF, and executed as the date first above written, the Parties to this Agreement do hereby agree and consent to all terms and conditions provided herein.

BOARD OF EQUALIZATION

Kristine Cazadd
Interim Executive Director

COUNTY OF LOS ANGELES

DEAN C. LOGAN
Registrar-Recorder/ County Clerk

APPROVED AS TO FORM:
ANDREA S. ORDIN
County Counsel

By _____
Patrice Salseda
Senior Deputy County Counsel