



To: Government Oversight Committee

From: Alice Fulk Wisner

Date: May 31, 2016

Re: E911 Wireless Surcharge First Calendar Quarter Report (January - March 2016)

The Legislative Services Agency has received the first calendar quarter report for 2016 from the Department of Homeland Security and Emergency Management (HSEMD) as required in [Iowa Code section 34A.7A\(3\)\(b\)](#).

During the 2014 Legislative Session, [HF 644](#) (E911 Surcharge Equalization Act) imposed a \$1.00 surcharge on both wireless and wireline E911 programs. This quarter, the HSEMD received \$7.2 million in revenue from the E911 wireless surcharge and interest. Of this amount, \$556,000 was received through prepaid wireless card revenue, a decrease of \$9,000 (1.6%) compared to the previous calendar quarter. A total of \$27,000 of interest was earned during this quarter.

[Iowa Code section 34A.7A](#) specifies the priority order for expenditure of the surcharge funds collected. The total expended this quarter was \$4.1 million. Listed below, by priority order, are the amounts expended:

- \$130,000 for wireless service provider cost recovery. This is the amount claimed by the wireless carriers. From the total revenue received, 10.0% is allocated to wireless carriers for cost recovery associated with providing wireless E911 Phase 1 (tower address, call back number) service. The difference between the actual amount expended (\$130,000) and the 10.0% allocation (\$722,900) is \$592,900, which is then transferred to the surplus fund.
- \$620,400 for wireline transport costs and automated location information costs, a decrease of \$26,900 compared to the previous calendar quarter. Of this, \$184,400 was for costs incurred by the Iowa Communications Network (ICN) for transporting the call from the selective router to the Public Safety Answering Points (PSAPs), and \$436,000 was for contracted costs through Telecommunication Systems Inc. (TCS) for automated location information (ALI) costs, data center facilities and backup Internet Protocol (IP) connectivity, and maintenance agreements for hardware and software.
- \$3.3 million for the PSAPs, a decrease of \$15,000 compared to the previous quarter. There are currently 114 PSAPs providing 56,276 square miles of coverage. In this quarter, the PSAPs received 167,063 wireless calls, a decrease of 50,403 calls compared to the last quarter.

The funding received by the PSAPs is equal to 46.0% of the surcharge generated and is distributed according to the following formula: 65.0% based on the square mileage of the local

911 service area and 35.0% based on the volume of wireless E911 calls received. No funds were spent this quarter on administration. The total FY 2016 allotment of \$250,000 was transferred during the first quarter rather than four separate quarterly amounts of \$62,500.

The total operating surplus available in the Wireless Surcharge Carryover Fund and other accounting units is \$20.9 million at the end of the third quarter, a decrease of \$3.8 million compared to the previous calendar quarter. Of the total surplus available from the Fund, \$11.7 million is currently obligated for the following:

- \$344,000 for network capacity increases. Network capacity must be increased when there is a continued long term increase in E911 calls that cause calls to roll over to other PSAPs or administrative lines.
- \$5.1 million for the Next Generation (NG) 911 GIS Project, including statewide imagery. The money is to be used to upgrade the system to provide the PSAP with the address of the caller. A total of \$10.0 million is projected to be expended for this project over five years.
- \$10,000 for software upgrades at data centers.
- \$6.3 million in PSAP grant applications that have been approved for FY 2016. The PSAPs may apply for up to \$100,000 to aid in the receipt and disposition of E911 calls from the call center. These funds may not be used for staff salaries. Through the third quarter of FY 2016, \$3.4 million has been expended for grants, and an additional \$6.3 million has been approved for expenditure.

The initial lease payment of \$4.0 million for the land mobile radio platform that was required to be made from the E911 Wireless Surcharge Fund in [HF 651](#) was made in February 2016.

Additional multiyear project expenditures estimated include a total of \$8.8 million (funds already obligated or spent are not included in this total):

- \$4.0 million for a total catastrophic network failure. This is the estimated need in the event of a man-made or natural disaster resulting in widespread network failure. It is recommended that the carryover amount not go below this amount. Estimates from the HSEMD have ranged between \$3.0 and \$4.0 million.
- \$1.1 million for future network capacity increases. (\$2,175,000 minus \$343,492 and \$753,408).
- \$3.7 million additional for the NG911 GIS project.
- \$99,000 allocated for development of awareness and educational programs for public education and for personnel responsible for maintenance, operation, and upgrading of E911 systems, and for the expenses of members of the E911 Communications Council for travel, monthly meetings, and training.

Several changes were made in [HF 2439](#) relating to the E911 Surcharge Fund, the most significant being that beginning in FY 2017, the carryover amount will be limited to \$3.5 million annually, and the initial distribution to PSAPs will be 60.0% of the total amount of E911 surcharge generated per calendar quarter.

Additionally, [SF 2326](#) allocates \$4.4 million for the FY 2017 lease-purchase payment for the Statewide Interoperable Communications System from the E911 Surcharge Fund.