



To: Government Oversight Committee

From: Alice Fulk Wisner

Date: December 9, 2016

Re: E911 Wireless Surcharge Third Calendar Quarter Report (July – September 2016)

The Legislative Services Agency has received the third calendar quarter report for 2016 from the Homeland Security and Emergency Management Department (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, \$522,000 was received through prepaid wireless card revenue, an increase of \$11,000 (2.2%) compared to the previous calendar quarter. A total of \$38,000 of interest was earned during this quarter, a decrease of \$3,000.

Iowa Code section [34A.7A](#) specifies the priority order for expenditure of the surcharge funds collected. The total expended this quarter was \$4.3 million. Listed below, by priority order, are the amounts expended:

- \$62,500 for the administrative costs of implementing, supporting, and maintaining the director and program manager of the E911 Surcharge Fund.
- \$4.3 million for the Public Safety Answering Points (PSAPs), an increase of \$1.0 million from the previous quarter. This reflects the change in the funding formula from 46.0% to 60.0% of the total surcharge generated during the quarter, 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. There are currently 113 PSAPs providing 56,276 square miles of coverage. In this quarter, the PSAPs received 251,556 wireless calls, an increase of 13,695 calls compared to the last quarter.
- \$128,000 for wireless service provider cost recovery. This is the amount claimed by the wireless carriers. From the total revenue received by the HSEMD, 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 (\$128,000) and the 10.0% allocation (\$724,000) is \$596,000, which is then transferred to the surplus fund.
- \$938,000 for wireline transport costs and automated location information costs, an increase of \$134,000 compared to the previous calendar quarter. Of this, \$177,000 was for costs incurred by the Iowa Communications Network (ICN) for transporting calls from the selective

router to the PSAPs, \$440,000 for contracted costs through Telecommunication Systems Inc. (TCS) for automated location information (ALI), data center facilities and backup Internet Protocol (IP) connectivity, and maintenance agreements for hardware and software; \$190,000 was paid to GeoComm for Next Generation 911-Geographic Information Systems (GIS) work; and \$131,000 for aerial photography.

Additionally, \$4.3 million for the second lease payment for the land mobile radio platform required to be made from the E911 Wireless Surcharge Fund in [SF 2326](#) (E911 Funding for Statewide Interoperable Communications System) was paid during this quarter. The initial lease payment of \$4.0 million for the land mobile radio platform, required to be made from the E911 Wireless Surcharge Fund in [HF 651](#) (E911 Funding), was made in February 2016. In total, \$68.3 million will be the outlay for the platform lease payments over 12 years. A source of funding has not been identified past the second lease payment.

The total operating surplus available in the Wireless Surcharge Carryover Fund and other accounting units was \$13.8 million at the end of the third calendar quarter, a decrease of \$2.5 million compared to the previous calendar quarter. Of the total surplus available from the Fund, \$14.7 million is currently obligated for the following:

- \$2.1 million for network capacity increases. Network capacity must be increased when there is a continued long-term increase in E911 calls that causes calls to roll over to other PSAPs or administrative lines.
- \$8.1 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 E911 Communications Council travel and public education projects.
- \$4.4 million for grants for consolidation of PSAPs. The total amount of grant moneys has been approved by the E911 Communications Council and all of the approved projects have been for virtual consolidation projects.

In 2016, several changes were made in [HF 2439](#) (E911 Emergency Communications Funding) 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 to reflect the estimated need in the event of a man-made or natural disaster that would result in widespread network failure, and the initial distribution of funds to PSAPs will be 60.0% of the total amount of E911 surcharge generated per calendar quarter.