



TO: Government Oversight Committee

FROM: Alice Fulk Wisner

DATE: February 14, 2017

RE: E911 Wireless Surcharge Fourth Calendar Quarter Report (October – December 2016)

The Legislative Services Agency has received the fourth 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 \$7.3 million in revenue from the E911 wireless surcharge and interest. Of this amount, \$565,000 was received through prepaid wireless card revenue, an increase of \$43,000 (8.2%) compared to the previous calendar quarter. A total of \$28,000 of interest was earned during this quarter, a decrease of \$10,000.

Iowa Code section [34A.7A](#) specifies the priority order for expenditure of the surcharge funds collected. The total expended this quarter was \$5.5 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.
- \$4.4 million for the Public Safety Answering Points (PSAPs), an increase of \$70,000 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 218,578 wireless calls, a decrease of 32,978 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 (\$735,000) is transferred to the surplus fund.
- \$882,000 for wireless transport costs and automated location information costs, a decrease of \$56,000 compared to the previous calendar quarter. Of this, \$175,000 was for costs incurred by the Iowa Communications Network (ICN) for transporting calls from the selective

router to the PSAPs; \$445,000 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; \$25,000 for aerial photography; and \$47,000 for local PSAP Text-to-911 network costs.

The total operating surplus available in the Wireless Surcharge Carryover Fund and other accounting units was \$15.7 million at the end of the fourth calendar quarter, an increase of \$1.9 million compared to the previous calendar quarter. Of the total surplus available from the Fund, \$11.6 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.
- \$7.9 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.
- \$1.5 million for Text-to-911 costs incurred by the local PSAP for connectivity with the NG project. The PSAPs have a deadline of June 30, 2017, to apply for funds and complete these projects.
- \$14,000 for E911 Communications Council travel and public education projects.

In 2016, several changes were made in [HF 2439](#) (E911 Emergency Communications Funding) relating to the E911 Wireless 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.

[Senate File 2326](#) (Statewide Interoperable Communications System) required that \$4.4 million in grants for consolidation of PSAPs be paid from the E911 Wireless Surcharge Fund. Those grants have been approved and paid, and were all for virtual consolidation projects.

Two lease payments of \$4.3 million in FY 2016 and \$4.0 million in FY 2017 have been made for the land mobile radio platform. The source of the third lease payment for FY 2018 has not yet been finalized. In the FY 2018 budget request, the Department of Public Safety requested that \$4.1 million for this lease payment be made from the E911 Wireless Surcharge Fund. In Governor Branstad's FY 2018 request, it was recommended that \$4.1 million be paid from the Rebuild Iowa Infrastructure Fund for the third lease payment. In total, \$39.5 million will be the outlay for the platform lease payments over 10 years.