

To: Government Oversight Committee

From: Jennifer Acton

Date: July 26, 2012

Re: E911 Wireless Surcharge Second Calendar Quarter Report (April – June 2012)

The Legislative Services Agency has received the second calendar quarter report for 2012 from the Homeland Security and Emergency Management Division as required in Iowa Code Section 34A.7A(3)(b).

The Division received \$4.4 million in revenue from the E911 wireless surcharge (\$0.65 per phone, per month). This is an increase of \$44,700 compared to the previous quarter. The Fund earned \$9,500 in interest. Iowa Code Chapter 34A.7A specifies the priority order for the collected surcharge funds to be expended. The total expended this quarter was \$3.8 million.

Listed below, by priority order, are the amounts expended:

- \$50,000 per quarter for administration. This includes 2.0 FTE positions, an annual audit, and program operating costs. Intent language in SF 510 (Justice System Appropriations Act) specifies that up to \$200,000 of the wireless surcharge money may be used for these expenses each fiscal year.
- \$767,000 for wireless service provider cost recovery. This is an increase of \$17,300 compared to the amount used in the previous calendar quarter. For this quarter, wireless service provider costs have increased due to the additional trunks that were added for the new network. Statute requires 21.0% of the revenue generated (\$925,000) to be allocated to the wireless carriers to recover costs associated with providing wireless E911 Phase 1 (tower address, call back number) service. The difference between the actual expended amount (\$767,000) and the allocation (\$925,000) is \$158,000. The difference is included in the carryover balance.
- \$317,000 for wire-line transport costs for local carriers. This is an increase of \$37,000 compared to the previous quarter due to increased costs from Century Link. This amount is a reimbursement to telephone companies for the actual costs of transporting the wireless E911 call from the selective router to the Public Safety Answering Point (PSAP).
- \$1.6 million for automated location information costs for local carriers. This is an increase of \$18,000 compared to the previous quarter. This amount is a reimbursement to companies that provide Automatic Location Information (ALI) database services and selective routing. These costs have gone up recently when Century Link increased the price per subscriber from \$0.19 to \$0.25.

- \$1.1 million for the Public Safety Answering Points System (PSAPs). This is an increase of \$11,600 compared to the previous quarter. There are currently 117 PSAPs providing 55,996 square miles of coverage. In this quarter, the PSAPs received 266,981 wireless calls, an increase of 29,634 calls compared to the previous quarter. The funding the PSAPs receive is 25.0% of the surcharge generated and is distributed to the PSAPS based on 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 by the PSAPs.
- The total carryover funds available from the second quarter is \$655,000. The total carryover available in the Fund is \$9.2 million. Of the total amount of funds in the Carryforward Fund, \$1.7 million is obligated for the following:
 - \$1.3 million to match the federal grant for the Next Generation Project. Telecommunications Systems Inc. (TCS) was awarded a five-year contract. The total estimated cost for the project is \$2.7 million with \$1.3 million funded by grants through the U.S. Department of Transportation Highway Safety Administration and the U.S. Department of Commerce National Telecommunications and Information Administration. The required State match of \$1.3 million will come from the Wireless Surcharge Carryover Fund.
 - \$200,000 for all network capacity increases.
 - \$150,000 for carryover PSAP projects.
- The Iowa Homeland Security and Emergency Management Division is upgrading the wireless E911 system to support the use of the Next Generation 911 (NG911) emergency services IP-based system. The upgrade will allow texting, video, and picture messaging to access emergency care via 911. The balance in the Carryforward Fund is being used for the NG911 network for the following costs:
 - Grant Funds Match - \$990,000
 - TCS Contract Costs - \$1.0 million, including \$372,000 for recurring costs and \$630,000 for non-recurring costs associated with the hardware and software for the new network.
 - ICN Costs - \$111,000, including \$83,000 in recurring costs and \$28,000 for non-recurring costs associated with the hardware and software for the new network.
 - The remainder will be used to pay additional network costs until the old network is disconnected. The two networks will run in tandem for approximately six months until the new network can be completely tested.

As of July 26, 2012, 48 of the 117 PSAPs have been completed. The following map from Homeland Security and Emergency Management shows the current counties completed. There is approximately one PSAP per day scheduled for migration to the NG911 Network through October. At that time, PSAP migration will be complete. Beginning August 1, wireless service providers will begin moving their traffic from the legacy network to the NG911 network with that work slated to be completed by the end of October.

