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LEGISLATIVE SERVICES AGENCY

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To: Government Oversight Committee

From: Jennifer Acton

Re: Sixty-Five Cent E911 Wireless Surcharge First Calendar Quarter Report (January through March 2005)

The Legislative Services Agency has received the 1st quarter report from the office of Homeland Security and Emergency Management Division as required in Section 34A.7A(3)(b), Code of Iowa.

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The Division received \$2.9 million in revenue from the \$0.65 E911 wireless surcharge. This is an increase of \$200,000 compared to the previous quarter. Chapter 34A.7A, Code of Iowa, specifies the priority order in which the collected surcharge funds are to be expended. Listed below, by priority order, are the amounts expended this quarter:

- \$50,000 per quarter for administration which includes 2.5 FTE positions, an annual audit, and program operating costs. Intent language in HF 811 (FY 2006 Justice System Appropriations Act) specifies that up to \$200,000 of the wireless surcharge money may be used for these expenses each fiscal year.
- \$605,000 for wireless service providers cost recovery. This is an increase of \$46,000 compared to the previous quarter. The \$605,000 reflects 21.0% of the revenue generated, which is allocated to the wireless carriers to recover costs associated with providing wireless E911 Phase 1 (tower address, call back number) service.
- \$295,000 for wire-line transport costs for local carriers. This is an increase of \$29,000 compared to the previous quarter. This amount is a reimbursement to telephone companies for their actual costs of transporting the wireless E911 call from the selective router to the Public Safety Answering Point (PSAP).
- \$1.2 million for automated location information costs for local carriers. This is an increase of \$100,000 compared to the previous quarter. This amount is a reimbursement to companies that provide Automatic Location Information (ALI) database services and selective routing.
- \$500,000 for debt retirement (remaining debt balance of \$1.3 million). The outstanding debt was accrued from E911 Phase 1 obligations incurred prior to July 1, 2004.

- \$159,000 for the Public Safety Answering Points System (PSAPS). There are currently 125 PSAPS which provide 55,461 square miles of service. This past quarter, the PSAPS received 110,546 wireless calls. A minimum of \$1,000 per quarter, per PSAP is expended as long as the debt is still outstanding. Once the debt is retired, the amount to the PSAPS will increase to 24.0% of the surcharge generated. The funds will be distributed to the PSAPS based on the following formula: 65.0% of the total based on the square mileage of the local 911 service area and 35.0% of the total based on the volume of the wireless E911 calls that the PSAPS receive.
- \$168,000 carryover for future Phase 2 network and PSAP upgrades and improvements in the 1st calendar quarter.
 - The carryover from the 4th quarter (\$192,000) and this quarter (\$168,000) totaled \$360,000. The Division completed two projects which spent some of the carryover funds in the following ways:
 - \$122,000 in Phase 2 improvements was paid to upgrade the router database at the State level to assist in the delivery of a Phase 2 call for three remaining telephone companies (Alltel, Iowa Wireless, and Nextel).
 - \$157,000 of the carryover fund was used in addition to the \$500,000 received from a private foundation grant from the Public Safety Foundation of America to upgrade the Automated Location Identity (ALI) hardware and software so that no local funds had to be used to offset this expense. The total cost for the ALI upgrade for all 125 PSAPS was \$657,000.

The carryover fund balance at the end of the 1st calendar quarter is \$81,000. The surplus in this carryover fund is to be used to fund network and PSAP equipment related to the wireless E911 service.