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To: Government Oversight Committee

From: Alice Fulk Wisner

Date: August 27, 2015

Re: E911 Wireless Surcharge Second Calendar Quarter Report (April-June 2015)

The Legislative Services Agency has received the second calendar quarter report for 2015 from the Department of Homeland Security and Emergency Management as required in [Iowa Code section 34A.7A\(3\)\(b\)](#).

The Department received \$7.1 million in revenue from the E911 wireless surcharge. During the 2014 legislative session, [House File 644](#) (E911 Surcharge Equalization Act) imposed a \$1.00 surcharge on both wireless and wireline E911 programs. Of this amount, \$499,000 was received through prepaid wireless card revenue, a decrease of \$14,300 (2.8%) compared to the previous calendar quarter. A total of \$26,400 of interest was earned during this quarter.

[Iowa Code chapter 34A.7A](#) specifies the priority order for expenditure of the surcharge funds collected. The total expended this quarter was \$4.0 million, an increase of \$100,000 compared to the previous calendar quarter.

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

- \$62,500 for administration. This includes 2.0 FTE positions, an annual audit, and program operating costs. Intent language in [HF 2450](#) (FY 2015 Justice System Appropriations Act) specifies that up to \$250,000 of the wireless surcharge money may be used for these expenses each fiscal year.
- \$137,400 for wireless service provider cost recovery, a decrease of \$2,300 compared to the previous calendar quarter. This reimbursement is 13.0% of the total amount received and is allocated to wireless carriers to recover costs associated with providing wireless E911 Phase 1 (tower address, call back number) service. The difference between the actual amount expended (\$137,400) and the allocation (\$917,100) is \$779,700. The difference is included in the carryover balance.
- \$622,700 for wireline transport costs and automated location information costs, an increase of \$45,300 compared to the previous calendar quarter.
 - \$171,400 for costs incurred by the Iowa Communications Network (ICN) for transporting the call from the selective router to the Public Safety Answering Points (PSAPs). This is an increase of \$4,300 compared to the previous quarter.
 - \$450,600 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. This is an increase of \$40,900 compared to the previous calendar quarter.

- \$3.2 million for the PSAPs. This is an increase of \$56,800 compared to the previous calendar quarter. There are currently 115 PSAPs providing 56,276 square miles of coverage. In this quarter, the PSAPs received 225,091 wireless calls, an increase of 41,753 calls compared to the previous quarter.

The funding received by the PSAPs is equal to 46.0% 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 first quarter is \$3.0 million. The total surplus available in the Wireless Surcharge Carryover Fund is \$19.8 million, a decrease of \$4.9 million compared to the previous calendar quarter. During the second calendar quarter (which is the last quarter for FY 2015), there were \$6.9 million in payments to local PSAPS for approved grant payments. The largest share of grant payments are usually made in the final quarter of the fiscal year.

- Of the total surplus available from the Fund, \$10.6 million is obligated for the following:
 - \$4.0 million to make the initial lease payment for the land mobile radio platform as required in [HF 651](#).
 - \$0.4 million for network capacity increases. Network capacity needs to be increased for a particular PSAP whenever there is a continued long term increase in E911 calls which cause calls to roll over to be answered at other PSAPs or administrative lines.
 - \$4.3 million for the NG911 GIS Project. 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 mil is projected to be expended for this project over 5 years.
 - \$1.9 million for a data center move from Newton to Davenport. Currently, there are two data centers; one in West Des Moines and the other in Newton. The minimum distance required between centers is 45 miles. This move is expected to be completed during calendar year 2015.

Additional project expenditures expected include:

- \$3.0 million for a total catastrophic network failure. This is the amount estimated to be necessary in the event of a man-made or natural disaster that would create widespread network failure. It is recommended that the carryover amount never go below this amount.
- \$2.5 million for future network capacity increases.
- \$13.3 million for the FY 2016 PSAP grants.
- An additional \$4.0 million for the NG911 GIS project.