



To: Government Oversight Committee

From: Alice Fulk Wisner

Date: November 16, 2015

Re: E911 Wireless Surcharge Third Calendar Quarter Report (July-September 2015)

The Legislative Services Agency has received the third calendar quarter report for 2015 from the Department of Homeland Security and Emergency Management (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. The HSEMD received \$7.1 million in revenue from the E911 wireless surcharge and in interest during this quarter. Of this amount, \$493,000 was received through prepaid wireless card revenue, a decrease of \$6,200 (1.2%) compared to the previous calendar quarter. A total of \$30,200 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. Listed below, by priority order, are the amounts expended:

- \$250,000 for administration. This is the total FY 2016 allotment for 2.0 FTE positions, an annual audit, and program operating costs. Intent language in [SF 497](#) (FY 2016 Justice System Appropriations Act) specifies that up to \$250,000 of the wireless surcharge money may be used for these expenses each fiscal year. In prior years an amount of \$62,500 was transferred each quarter.
- \$137,600 for wireless service provider cost recovery. This is the amount claimed by the wireless carriers. From the total amount received, 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 (\$137,600) and the 10.0% allocation (\$913,900) is \$776,300, which is then transferred to the surplus fund.
- \$646,400 for wireline transport costs and automated location information costs, an increase of \$23,700 compared to the previous calendar quarter. Of this, \$210,600 was for costs incurred by the Iowa Communications Network (ICN) for transporting the call from the selective router to the Public Safety Answering Points (PSAPs), and \$435,900 was 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.

- \$3.2 million for the PSAPs, the same amount compared to the previous quarter. There are currently 115 PSAPs providing 56,276 square miles of coverage. In this quarter, the PSAPs received 238,729 wireless calls, an increase of 13,938 calls compared to the last quarter.

The funding received by the PSAPs is equal to 46.0% of the surcharge generated 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.

The total operating surplus available in the Wireless Surcharge Carryover Fund and other accounting units is \$22.4 million at the end of the third quarter, an increase of \$2.6 million compared to the previous calendar quarter.

Of the total surplus available from the Fund, \$12.2 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](#).
- \$75,000 million for network capacity increases. Network capacity needs to be increased when 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 Next Generation (NG) 911 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.
- \$10,000 for software upgrades at data centers.
- \$3.8 million in grants to PSAPS grant applications which have been approved for FY 2016.

Additional multi-year project expenditures estimated include a total of \$20.9 million:

- \$4.0 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 resulting in widespread network failure. It is recommended that the carryover amount not go below this amount. This estimate was increased from the previously stated amount of \$3.0 million.
- \$2.2 million for future network capacity increases.
- An additional \$3.7 million for the NG911 GIS project.
- \$7.4 million for the FY 2016 PSAP grants. The PSAPs may apply for up to \$100,000 to aid in the receipt and disposition of E911 calls from the call center. These funds may not be used for staff salaries. Through the first quarter of FY 2016, \$160,600 was expended for grants, and \$3.8 million w approved for expenditure.
- \$3.5 million for the NG911 Statewide Imagery Service. This amount will eventually be contracted for a project time period of 3-5 years.
- \$100,000 allocated for development of awareness and educational programs for public education and for personnel responsible for maintenance, operation, and upgrading of E911 systems, and for the expenses of members of the E911 Communications Council for travel, monthly meetings, and training.