

911 Surcharge – Business Impact Statement

March, 2018

911 Telephone Line Surcharge Increase **Business Impact Statement**

INTRODUCTION

This business impact statement was prepared pursuant to NRS 237.080 and 237.090 to address potential impacts of a proposed increase to the 911 Surcharge in Washoe County. The proposed surcharge increase qualifies as a rule, as defined in NRS 237.060, and therefore, is subject to the provisions of NRS 237.030 to 237.150, inclusive.

The proposed rule would increase Washoe County's 911 surcharge. The current 911 surcharge rate is set at: \$0.25 per month for each customer access line to the local exchange of a telecommunications provider, \$0.25 per month for each telephone number assigned to a customer of mobile telephone service (including VoIP service), and \$2.50 per month for each customer trunk line to the local exchange of a telecommunications provider. In 2017, the Nevada Legislature enacted Senate Bill 176, which authorizes a county, through its board of county commissioners ("board"), to increase the county's 911 surcharge in an amount up to: \$1.00 per month for each customer access line to the local exchange of a telecommunications provider, \$1.00 per month for each telephone number assigned to a customer of mobile telephone service (including VoIP service), and \$10.00 per month for each customer trunk line to the local exchange of a telecommunications provider. Notice was provided through the business impact statement process that Washoe County may increase the 911 surcharge rate in an amount up to the statutorily authorized amounts of \$1.00/\$1.00/\$10.00, respectively. On January 18, 2018, Washoe County's 911 Emergency Response Advisory Committee ("911 Committee") voted to recommend that the county increase the 911 surcharge rate and set the amount at: \$0.85 per month for each customer access line to the local exchange of a telecommunications provider, \$0.85 per month for each telephone number assigned to a customer of mobile telephone service, and \$8.50 per month for each customer trunk line to the local exchange of a telecommunications provider. These recommended amounts (\$0.85/\$0.85/\$8.50) are based on the information and data included within the Washoe County, Nevada Regional 911 Emergency Response Advisory Committee Five Year Master Plan Update, dated January 2018 and adopted by the board on February 20, 2018. These amounts constitute the proposed rule, which is authorized by and will follow the guidelines specified in NRS 244A.7643, as amended by NV SB 176 (2017).

BUSINESS IMPACT STATEMENT

1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary. (List all trade association or

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owners and officers of businesses likely to be affected by the proposed rule that have been consulted).

On November 17, 2017, notice of the impending 911 surcharge increase was sent to the on-file addresses of one hundred and thirty-three [133] telecommunications providers that currently remit 911 surcharge payments to Washoe County (table 1). On November 21, 2017 and November 27, 2017, legal notice of the impending 911 surcharge increase was also published in the Reno Gazette Journal. Notice of the impending 911 surcharge increase and the draft Business Impact Statement was prominently posted to Washoe County's webpage. Notice of the impending surcharge increase was also posted to Washoe County's social media sites. On December 11, 2017, two workshops were conducted to provide information about the impending surcharge increase and to collect public comment. Public comments were also collected via two separate websites, including Washoe County's "Open Washoe" public comment platform and a dedicated email address. The public comment period was closed on December 15, 2017.

Table 1 - Telecommunication companies to which the Business Impact Statement notice was sent.

5Linx Enterprises Inc (VoIP)	Pulsar360, Inc	Ready Wireless, LLC
8x8, Inc	RingCentral (VoIP)	Sage Telecom (no longer operating in NV)
Access Point, Inc	Rural Telephone Company	Shared Communications Services Inc
AccessLine Communications Corp (VoIP)	Sangoma US, Inc	Simple VoIP, LLC
ACN Communications Services, Inc	Spectrotel, Inc	S-Net Communications, Inc
Affiliated Technology Solutions, LLC	Sprint Communications Company LP (VoIP)	Solavei, LLC
Allvoi, Inc (VoIP)	Star2Star Communications, LLC (VoIP)	Telecom Management, Inc dba Pioneer Telephone
American Fiber Network, Inc	Telecommunications of Nevada Inc	TNCI Operating Company LLC
ANPI Business, LLC (VoIP)	Telesphere Networks, Ltd (hosted VoIP)	Velocity, The Greatest Phone Company Ever
AT&T Corp	Toshiba America Information Systems, Inc	VoIPStreet Inc dba VoIP Innovations (VoIP)
Bandwidth Inc (VoIP)	Trans National Communications Intl Inc	Wholesale Carrier Services, Inc
Bespoke Communications, LLC (VoIP)	TSG Global, Inc	Absolute Home Phones Inc dba Absolute Mobile, Inc
Birch Telecom of the West, Inc.	TW Telecom of Nevada, llc	Alltel Communications, LLC
Blue Ocean Technologies	Twilio Inc	Cause Based Commerce dba The Sienna Group

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Broadview Networks, Inc	US Telepacific Communications	Commnet Wireless, LLC
Call America (VoIP)	Utility Telecom Group, LLC	Comtel Telecom Assets LP
Charter Advanced Services (NV), LLC (VoIP)	Utility Telephone Inc	Consumer Cellular
COLLAB9, LLC (VoIP)	Vonage America (VoIP)	Cricket Communications Inc
Dialpad, Inc FKA Switch Communications, Inc	Vonage Business Solutions, Inc (VoIP)	Cricket Wireless LLC (was AIO)
Digium Cloud Services, LLC (VoIP)	Voyzze Communications, Inc (VoIP)	Garmin USA Inc
Enhanced Communications Network Inc (VoIP)	West IP Communications, Inc (VoIP)	GreatCall Inc dba Jitterbug
Frontier Communications of the Southwest	Ymax Communications Corp	i-Wireless, LLC
Fuze, Inc FKA Thinking Phone	Advanced TelCom Inc	MegaPath Corporation
Granite Telecommunications LLC	AT&T Communications of Nevada	MetTel of NV dba Metropolitan Telecomm
iCore Networks, Inc (VoIP)	Atrium Wireless Partners, LLC	NetFortris Acquisition Co., Inc
Intelafone LLC (VoIP)	Boomerang Wireless LLC	New Cingular Wireless PCS LLC
Interface Security Systems Inc	Budget PrePay Inc	Nextel Boost of California LLC
ITC Global Networks, LLC	Bullseye Telecom, Inc	Nextel of California
IXC Holdings, Inc	Charter Fiberlink NV-CCVII, LLC	NPCR Inc, DBA Nextel Partners
Jive Communications (VoIP)	Coast to Coast Cellular, Inc	QuantumShift Communications , Inc dba vCom Solut
Level 3 Communications LLC	Crexendo Business Solutions	Republic Wireless, Inc
Lingo, Inc (VoIP)	Cytracom, LLC (reslr of VoIP)	Sacramento Valley Limited Partnership/Verizon Wireless
M5 Networks, LLC	Electric Lightwave, LLC	SI Wireless, LLC
Matrix Telecom	Eschelon Telecom of Nevada, Inc	Sprint Telephony PCS, LP
MCImetro Access Transmission Services LLC	Flash Wireless, Inc	TerraCom, Inc
Mitel Cloud Services, Inc	Globalstar USA LLC	Ting, Inc
Nevada Bell	Google North America Inc dba Project Fi by Google	T-Mobile West LLC
New Global Telecom (VoIP)	iCommerce Services, Inc	Virgin Mobile USA LP
Nextiva, Inc (VoIP)	iNetworks Group, Inc	WDT Wireless Company, Verizon Regulatory
nexVortex, Inc	Intermedia Voice Services, Inc	Working Assets Funding Service, Inc

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North American Telecommunications, Inc	Lightyear Network Solutions, LLC	WWC License LLC (Verizon Wireless Regulatory)
Ooma, Inc	Masergy Cloud Communications (VoIP)	Ztar Mobile Inc
Phone.com Inc (VoIP)	Network Services Solutions LLC	PanTerra Networks Inc
Pinnacle Telecommunications Inc (VoIP)	OnStar LLC	PNG Telecommunications

No comments, responses, written data or arguments were received from the telecommunications providers. Of the interested parties, only individual citizens responded.

Interested persons may obtain a copy of this Business Impact Statement at the following location:

Washoe County Administrative Complex
Building C, Ste. 220
Technology Services
1001 E. Ninth Street
Reno, Nevada 89520

A Copy of the Business Impact Statement may also be obtained online at:

https://www.washoecounty.us/technology/911_surcharge.php

2. The estimated economic effect of the proposed rule on businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

Adverse effects: The proposed rule will increase the monthly 911 surcharge for individual land and mobile telephone lines by \$0.60 to \$0.85 per line. The proposed rule will increase the monthly 911 surcharge for trunk lines by \$6.00 to \$8.50 per line. NRS 244A.7643 requires telecommunications providers to collect the surcharge from their customers each month and remit the surcharge to the treasurer of the county in which the surcharge is imposed. Therefore, businesses could be adversely impacted by this surcharge increase: Telecommunications providers will be burdened by the administrative actions necessary to notify their customers of the increased surcharge and to modify their billing system to begin collecting the surcharge at the new rate; other businesses will be paying the increased rate for their telephone lines with the magnitude of the increase dependent on how many land, mobile or trunk lines each business utilizes.

Beneficial effects: The increased 911 surcharge rate of \$0.85 per month for individual land and mobile telephone lines and \$8.50 per month for trunk lines will increase revenue in the county's 911 Fund by approximately \$3,667,000 annually. The increased fee will support the maintenance and upgrade of the E911 telephone system for reporting an emergency, which is used in Reno,

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Sparks and Washoe County to take emergency calls from citizens and businesses and to dispatch first responders to medical, fire, law enforcement and other emergencies. Additionally, the increased fee will support the purchase, maintenance and utilization of body-worn cameras by peace officers who routinely interact with the public, as mandated by NV SB 176. Body-worn cameras have been shown to reduce the number of law enforcement use-of-force incidents, the number of complaints against law enforcement officers, and the amount of time necessary to resolve complaints against officers.¹

Direct effects: The increased fee will fund the purchase, maintenance and utilization of body-worn cameras by uniformed peace officers who routinely interact with the public, as mandated by NV SB 176, and will also fund the purchase of vehicle cameras for the Reno Police Department, the Sparks Police Department and the Washoe County Sheriff's Office. The increased fee will additionally fund improvements and on-going maintenance to the telephone system used for reporting emergencies (E911). For businesses, the direct effect of the fee increase will be payment of an additional \$0.60 per month for each individual land line and mobile telephone line, and an additional \$6.00 per month for each trunk line the business utilizes. Accordingly, every business which utilizes telephone services in the county will experience an increased monthly charge for telecommunications services. As noted above, the magnitude of the increased monthly charge will depend on how many land, mobile or trunk lines each business utilizes. Telecommunications providers will be impacted administratively because they will need to notify their customers of the increased surcharge and to modify their billing system to collect the surcharge at the new rate.

Indirect effects: There are no indirect effects on businesses from the proposed increase of the 911 Surcharge.

3. The following constitutes a description of the methods the local government considered to reduce the impact of the proposed rule on businesses and a statement regarding whether any, and if so which, of these methods were used: (Include whether the following was considered: simplifying the proposed rule; establishing different standards of compliance for a business; and if applicable, modifying a fee or fine set forth in the rule so that business could pay a lower fee or fine).

In 2017, Washoe County, upon recommendation by the 911 Emergency Response Advisory Committee, hired the Galena Group to provide an update to the 5 Year Regional 911 Master Plan. This update includes a five-year plan for the enhancement of the E911 telephone system for reporting an emergency, as well as an estimate of the costs of purchasing and maintaining body-worn and in-vehicle video recording devices, as required by NRS 244A.7643 as amended by NV SB 176. The updated 5 Year Master Plan provides a thorough review of current operations, budgets, legal requirements, and future requirements and necessities of regional

¹Braga, A., et. al., 2017. The Benefits of Body-Worn Cameras: new findings from a randomized controlled trial at the Las Vegas Metropolitan Police Department. CNA, NIJ Award No.: 2013-IJ-CX-0016.

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911 emergency telephone systems, as well as body-worn and in-vehicle event recording device programs within the City of Reno, City of Sparks and Washoe County. The updated 5 Year Master Plan was presented to the 911 Emergency Response Advisory Committee on January 18, 2018. After thoroughly reviewing and deliberating over the plan's recommendations, the 911 Committee recommended that the Board of County Commissioners set the 911 Surcharge to \$0.85 per month for each customer access line to the local exchange of a telecommunications provider, \$0.85 per month for each telephone number assigned to a customer of mobile telephone service, and \$8.50 per month for each customer trunk line to the local exchange of a telecommunications provider, in order to provide sufficient funding for the planned 911 telephone system enhancements and the purchase and maintenance of body cameras and in-vehicle cameras.

4. The governing body estimates the annual cost to the local government for enforcement of the proposed rule is:

\$0.00. NRS 244A.7643 requires each telecommunications provider operating within Washoe County to collect the 911 surcharge from their customers each month and remit the surcharge to the Washoe County treasurer. Washoe County Code, Chapter 65.455 states that:

"A surcharge imposed and collected by a telephone company pursuant to WCC 65.450 shall be considered subject to penalty for purposes of this subsection if not remitted to the county treasurer within ninety (90) days from the date established for remittance to the county."

"A penalty in the amount of 5% of the amount determined to be delinquent shall be assessed and made payable with the next quarterly remittance."

Accordingly, while Washoe County does not directly collect the 911 surcharge from telecommunications customers, late remittances are subject to a penalty, which is enforced by Washoe County staff. The surcharge increase is not anticipated to increase any current enforcement efforts.

5. If the proposed rule provides for a new fee or increases an existing fee, the total annual amount expected to be collected is:

Approximately \$5,267,700 per year. This value includes the current revenue collected from the existing 911 surcharge, which is approximately \$1,600,000, plus the revenue generated from the proposed 911 surcharge increase, which is approximately \$3,667,000.

6. The money generated by the new fee or increase in the existing fee will be used by the local government, as authorized by NRS 244A.7645, as amended by NV SB 176, to:

Body Cameras & Vehicle Cameras:

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Pay costs associated with the acquisition, maintenance, storage of data, upgrade and replacement of equipment and software necessary for the operation of portable event recording devices and vehicular event recording devices or systems that consist of both portable event recording devices (body worn cameras) and vehicular event recording devices.

911 Telephone System:

Purchase equipment and pay for services to enhance the 911 telephone system for reporting an emergency, including only:

- Paying recurring and nonrecurring charges for telecommunication services necessary for the operation of the enhanced 911 telephone system;
- Paying costs for personnel and training associated with the routine maintenance and updating of the database for the system;
- Purchasing, leasing or renting the equipment and software necessary to operate the enhanced 911 telephone system, including, without limitation, equipment and software that identify the number or location from which a call is made; and
- Paying costs associated with any maintenance, upgrade and replacement of equipment and software necessary for the operation of the enhanced telephone system.

7. If the proposed rule includes provisions that duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary:

The proposed increase in the 911 surcharge does not duplicate, nor is it more stringent, than federal, state or local standards. NRS 244A.7643, as amended by NV SB 176, authorizes a county government to impose the proposed surcharge amount, which is to be collected and remitted by telecommunications providers operating within the county.

CONCLUSION & STATEMENT OF IMPACT

Washoe County staff have made a concerted effort to determine if an increase of the 911 surcharge will have an impact in the formation, operation or expansion of businesses in Washoe County. As part of the effort, staff conducted the following activities: notified stakeholders and advertised the increase through a variety of methods; requested comments, arguments and data through the notification process; analyzed information and data related to businesses in the county including telecommunications services and technologies; and analyzed future needs of the 911 telephone system for reporting emergencies and of the future needs of portable event recording device (body-worn and in-vehicle cameras) programs at each of the law enforcement agencies impacted by this change. The major findings of this process are listed below:

- No comments, responses, written data or arguments as requested through the business impact statement process were received from telecommunications providers or other businesses. While it should not be assumed that the lack of comment by businesses in

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Washoe County signifies a lack of opposition, the lack of comment by businesses in the county may signal that businesses are willing to operationalize the increased 911 surcharge if it results in a more robust 911 telephone system and the implementation of body-camera programs at law enforcement agencies in Reno, Sparks and Washoe County.

- An increase of the 911 surcharge from \$0.25 to \$0.85 will impact every business in the county. The magnitude of the impact is dependent on how many land, mobile or trunk lines each business utilizes. Additionally, the impact is applied equally by line (land, mobile or trunk) across all businesses and does not single out any type of business. While the surcharge increase will have an impact, it is likely a minimal percentage of businesses' gross revenue and each business will be able to budget the increase into its operational costs.

Therefore, after thorough review of the 911 surcharge increase, including an increase of \$0.60 for individual land and mobile telephone lines and an increase of \$6.00 for trunk lines, and the potential impacts of the surcharge increase to businesses in Washoe County, it is determined that the surcharge increase will not impose a direct significant economic burden upon a business; nor will it restrict the formation, operation or expansion of businesses in Washoe County.

CONTACT INFORMATION

Washoe County Technology Services
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775-328-2348

CERTIFICATION

I certify that, to the best of my knowledge or belief, the information contained in this Business Impact Statement was prepared properly and is accurate.

John Slaughter, Washoe County Manager

Date

End of Business Impact Statement