



# **City of Grand Island**

**Tuesday, January 16, 2007**

**Study Session**

## **Item -1**

**Discussion Concerning Amendments to Chapter 34 of the Grand Island City Code Relative to Telecommunications Occupation Tax**

**Staff Contact: Paul Briseno**

# **Council Agenda Memo**

**From:** Gary D. Greer, City Administrator

**Meeting:** January 16, 2007

**Subject:** Revision to Chapter 23 of the City Code

**Item #'s:** 1

**Presenter:** Gary D. Greer, City Administrator  
David Springer, Finance Director  
Larry Smith, Interim Emergency Manager

## **Background**

According to the minutes of November 20, 1957 Council Meeting, the City of Grand Island Finance Committee recommended the council impose an occupation tax for telephone services to increase funding for the operation of the city. In 1958 the City of Grand Island adopted Ordinance number 3365 enacting the current 3% occupational tax on telephone landlines, appropriately named the Telegraph Companies Occupational Tax. Historically the revenue collected from this tax is allocated throughout the General Fund. According to the 1960 census Grand Island had a population of 25,742 with nearly all residents having a landline telephone.

Today Grand Island's population is well over 45,000. In this day of technology, mobile phones are rapidly taking the place of traditional landline phones. In 2002 the percentage of calls received in the 911 center from mobile phones was 14%. Since 2002 the percentage has drastically increased to over 50%. With the proliferation of cell phones it appears that this trend will continue in the future. Please see the attached graph detailing the percentage of landline vs. mobile phone calls received in the Grand Island/Hall County 911 call center. Collected telephone occupational tax dollars has decreased throughout the years confirming the number of landlines is decreasing.

According to the Nebraska Public Service Commission (NPSC) and the Hall County/Grand Island Emergency Management Department, there are 16,000 mobile lines and 25,692 landlines in Hall County. During the December 20, 2006 ice storm 57% of the calls received in 911 were from mobile phones.

In 1990 the Hall County Board passed a resolution which levied a monthly \$0.50 surcharge on all land lines in the county. Then they passed a resolution increasing the surcharge from \$0.50 to \$1 in 2002 to offset the declining revenues. This surcharge is utilized as a subsidy to offset expenses of the 911 call center. State Statutes 86-436, 420-441 allow for this surcharge by local governing bodies to fund the creation and operation of 911 emergency telephone communication systems throughout the state. As landline numbers decrease the collected dollars have been undependable. Currently the fund is fighting to stay in the black. When this surcharge was originally created, only landlines utilized the 911 service and telecommunication specialists received one or two calls per emergency incident. Today it is not uncommon to receive multiple phone calls per incident with the convenience of mobile phones. Although the more calls received creates greater knowledge and better response to an incident, it also creates duplication and a greater workload for 911 and first responders.

Nebraska revised State Statute 86-457 originally created in 2001, that allows for the collection of a \$0.50 surcharge on wireless access lines by the Nebraska Public Service Commission. This surcharge appears on a billing statement as “Enhanced Wireless 911 Surcharge” or a reasonable abbreviation. Once collected from a wireless provider these monies are transferred to the state. The Nebraska Public Service Commission allocates the collected surcharge to private wireless carriers and public safety answering points (911 centers) for costs related to enhanced wireless 911 services. It has been determined that this revenue is far short of the amount needed to bring the entire state up to acceptable technological levels. There is no guarantee that money will be available for our needs, when it would be available, or how we will stack up against the needs of private mobile companies and other 911 centers.

## **Discussion**

The 911 call center and Emergency Management Department are in need of extensive software and equipment upgrades to meet the current and changing demands of technology. The current equipment does not identify mobile phone location, which is a much needed service for Grand Island and Hall County rural areas. Additionally, Deputy Emergency Manager Larry Smith reported to the Civil Defense – Communication Center Joint City/County Committee that the department is requesting staff to keep up with demand. Please see the attached report concerning this issue.

Faced with the aforementioned expanding needs, City Administration has researched several revenue alternatives. Considerations were given to increasing taxes, grant funds, cutting programs and putting off the expenditures for the needed upgrades. After considerable research and debate it appeared that seeking grant funds and instituting the occupation tax would be the best approach to securing the revenue.

The amendment of the telephone occupational tax ordinance to include mobile phones will generate revenue to offset the increased work created by mobile phones. It will also allow the Emergency Management Department to purchase equipment that will eliminate deficiencies and increase safety of Hall County citizens.

In addition, the amendment will level the playing field between landline phone companies and wireless companies. The ordinance simply adds mobile telecommunications services as subject to the occupational tax. In order to allow time for the implementation of this ordinance by wireless companies, the ordinance is drawn up to take effect March 1, 2007. The occupation fee would be charged to all wireless phones with billing addresses in the city limits.

Multiple communities throughout Nebraska have enacted a similar tax. These include Bellevue, Columbus, Lincoln, Omaha, South Sioux City, Norfolk, Seward and Elkhorn. Please refer to the attached chart concerning communities who have already enacted an occupation fee. Administration is recommending the same percentage for mobile phones as enacted in 1958 for landline phones, 3%.

Revenues from the occupational fee are expected to be approximately \$400,000. These funds will be placed in the general fund to offset costs concerning the 911 operation and other emergency related city costs.

## **Conclusion**

This item is presented to the City Council in a Study Session to allow for any questions to be answered and to create a greater understanding of the issue at hand.

## 911/Emergency Management Capital Needs

Description	Summary	Qty	Individual Cost	Total Cost
Warning Sirens	Replacement of 31 outdated sirens in Grand Island & Hall County. Parts are no longer available for these sirens	31	\$ 16,000	\$ 496,000
Warning Sirens	Cairo and Doniphan have requested additional sirens	2	\$ 16,000	\$ 32,000
Radio Channels	Backup Radio channels for GIPD, HCSO, GIFD & Rural Fire	3	\$ 30,000	\$ 90,000
Radio Control Stations	Replacement of existing GIFD, GIPD and HCSO radio control stations	3	\$ 10,000	\$ 30,000
Repeater	Replacement of GIFD and Administrative command repeater	2	\$ 10,000	\$ 20,000
Alternate EOC	Backup 911 Center	1	\$ 500,000	\$ 500,000
Dispatchers	2 additional FTE's are needed for 911 dispatching (annual cost)	2	\$ 41,622	\$ 83,244
Computers	Computer Hardware for City and County network	1	\$ 9,500	\$ 9,500
911 Mapping	Mapping of for 911 - beginning of phase II E911	1	\$ 29,000	\$0 (NPSC)
911 Radio Consoles	Replacement of 911 radio consoles	1	\$ 316,000	\$0 (HLSG)
Expansion and Renovation	Expansion and renovation needed for new consoles obtained from Homeland Security Grant dollars	1	\$ 60,000	\$ 60,000
Vehicle	4 wheel drive vehicle for 911	1	\$ 25,000	\$ 25,000
Generator	Replacement of 50 yr old generator for the radio tower	1	\$ 40,000	\$ 40,000
Radio Combiner	Equipment allows for the use of multiple radios on 1 antenna	1	\$ 30,000	\$ 30,000
			<b>Total</b>	<b>\$1,415,744</b>

Emergency Management  
Grand Island – Hall County  
911 Communications Division

October 14, 2006

TO: Emergency Management Inter Local Committee

FROM: Larry J. Smith, Deputy Director *LJS*

SUBJECT: 911 Center Dispatch Staffing Concerns

I have selected the recent month of August 2006 to provide you with information on a concern of staffing in the 911 Center. In short, we may be running shifts far too often with only two Dispatchers on duty and or having Dispatchers work too much over time to help cover a shift.

August was a rather difficult month for us with the first notable concern the loss of a Swing Shift Dispatcher on FMLA. She will remain off duty until the first week in November which is a result in a net loss of 40 employee hours per week. The second noticeable concern was the Selective Enforcement by the Sheriff's Office and Police Department from August 18<sup>th</sup> through September 4<sup>th</sup> which overloaded our Center with additional radio traffic.

On Wednesday August 23<sup>rd</sup> there was a group of individuals selling door-to-door that forged transient sales forms. An Officer made a traffic stop related to this incident which resulted in an on going incident that created a high amount of radio traffic involving 3 more Officers for 3 hours. During this time additional Officers were working selective enforcement also creating additional radio traffic. During all of this the 911 center received a report of shots fired out in the county which was followed by a pursuit north of Grand Island ending in Grand Island creating yet more radio traffic. Along with this the calls for service during this 8 hour shift added up to 120. This was handled with only two dispatchers on duty taking no breaks.

Friday August 25<sup>th</sup> we were also hit hard in the evening but this time with three dispatchers on duty. Again selective enforcement was out in full but also a Warrant Bash was also conducted with about 25 to 30 stops to attempt to serve warrants. One of our dispatchers who speaks Spanish was required to assist an Officer with an interview in an assault case for 1 ½ hours leaving only two dispatchers to handle the rest. Again our call volume was right at 120 other calls for service that evening.

Tuesday August 29<sup>th</sup> with only two dispatchers working again we receive a total of 125 calls for service with Officers working selective enforcement.

Dispatchers are moved around in the hours they work in an effort to have enough on duty to handle the call volume however there are times we run into situations where there just aren't enough Dispatchers available to work. These are the times we are running with just two Dispatchers and might be at risk of not being able to handle the work load which may or may not occur on that shift.

We have 13 full time Dispatchers and if we are at full staff we can cover the 21 shifts per week 17 times with three Dispatchers on duty which leaves four shifts per week with only two on duty. Again that's if we are at full staff and no one is gone on vacation, sick leave, personal leave, FMLA or gone for training or meetings.

We attempt to limit the number of Dispatchers to one per day that is allowed to take off on vacation however this is very difficult. At this time with one on FMLA for 12 weeks that would mean that no one else could take any leave which would not be fair. So we allow one additional to take leave which then leaves us two Dispatchers short. If a third calls in sick we are then short three Dispatchers for that day and more than likely end up assigning other Dispatchers to work a 12 hour shift to help cover but will most likely be running with only two on duty for the entire day.

I feel guilty when I leave the 911 Center to go home and there are only two Dispatchers working. I hear all the radio traffic on my radio as I drive home and hear Officers/Deputies EMS & Fire Personnel having to call more than once to get answered. I also hear the telephones ringing in the back ground of the radio traffic that are not getting answered on the first couple of rings.

As I drive I look around and see all the vehicle traffic and all the people and estimate that my two Dispatchers are responsible for 50,000 plus people that might have the need to dial 911 for immediate help.

Our Dispatchers have become very efficient in prioritizing their work and the calls they receive. They work very hard at keeping themselves available for that next call that might be an emergency. But in doing this they are short and to the point with the citizens that call 911, SO, PD, Humane Society etc. which I'm sure at times the citizen thinks we are rude and the service they are receiving is inadequate and that we don't care.

I realize this FY Budget is final but ask for your consideration in approving two additional Dispatchers to work the 911 Center in the FY 07-08 Budget. You are invited to come down to the 911 Center at any time to sit and observe the operations to get a better feel of what the Dispatchers do.

Thanks you.

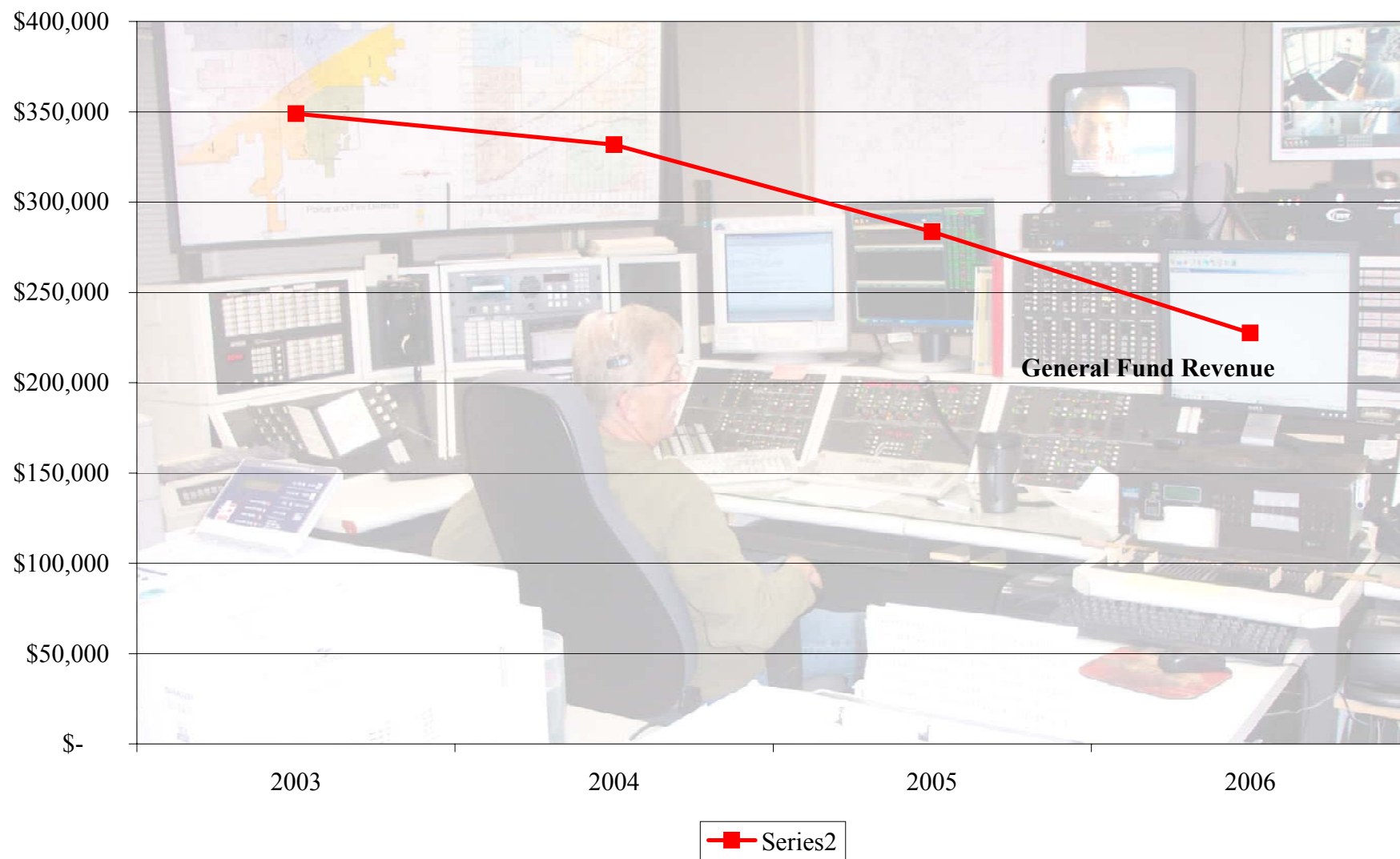
LJS/ljs

Nebraska Cities With a Mobile Occupational Tax						
Municipality	Rate	Annual Occ Tax Revenue	Revenue @ 3%	2005 pop	3% Tax per Capita	Monthly
Bellevue	5.00%	\$ 911,671.00	\$ 547,003.00	45,955	\$ 11.90	\$ 0.99
Columbus	3.00%	\$ 268,000.00	\$ 268,000.00	20,998	\$ 12.76	\$ 1.06
Lincoln	5.50%	\$ 6,437,000.00	\$ 3,511,091.00	226,081	\$ 15.53	\$ 1.29
Omaha	6.25%	\$ 13,700,000.00	\$ 6,576,000.00	392,127	\$ 16.77	\$ 1.40
Norfolk	3.00%	Cell rate enacted this year				
South Sioux	\$1 Per bill					
Seward	4.00%					
Elkhorn	5.00%					

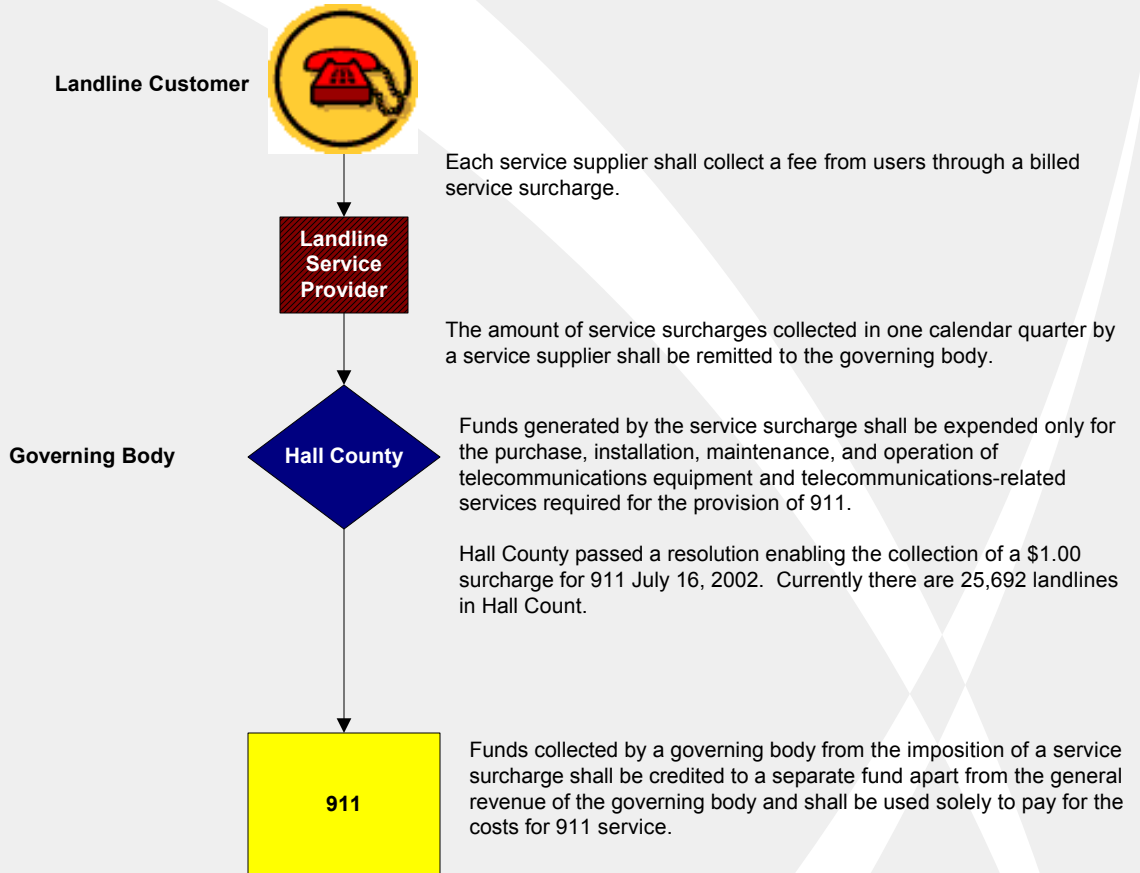
Cell Bill Tax @ 3%		
Monthly Bill	Occ Tax	Tax Charged
\$ 30.00	3%	\$ 0.90
\$ 50.00	3%	\$ 1.50
\$ 75.00	3%	\$ 2.25
\$ 100.00	3%	\$ 3.00



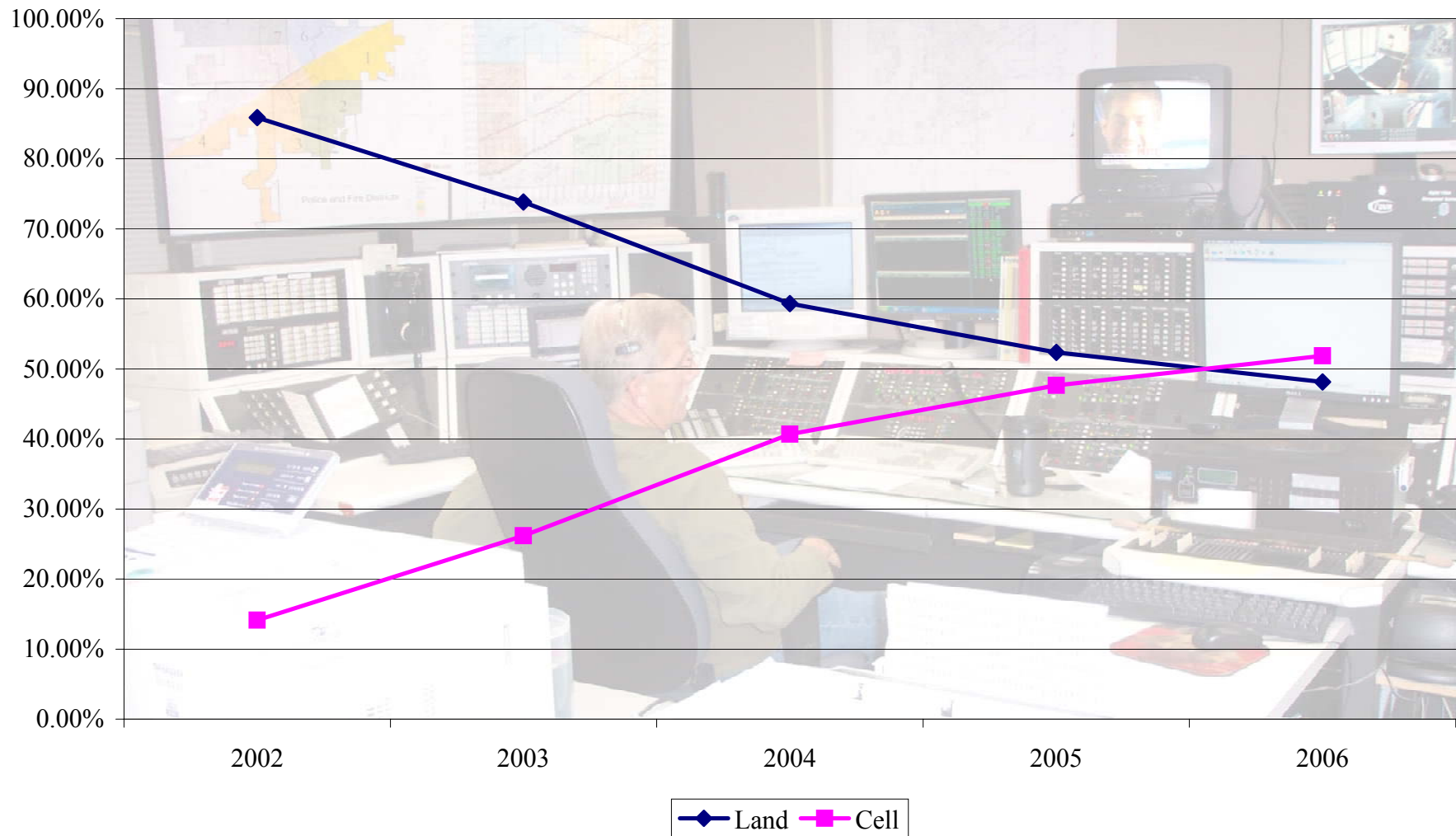
## Landline Telephone Occupational Tax Collected



# Landline Enhanced 911 Surcharge Process *(State Statutes 86-420 - 86-441.01)*



## Percentage of Landline vs Mobile Phone Calls Received in the 911 Call Center



### **Article III. Telephone Companies**

#### **§23-21. Occupation Tax; Exemption**

All telephone companies doing business in the City are required to pay an occupation tax to the City in an amount equal to three percent of the gross receipts from the legally established basic monthly charges collected for local exchange telephone service to subscribers within the City. There shall be excepted from the provisions of this article all receipts for telephone service to the United States government or any of its departments, and all receipts from the state or any of its departments, and no part or portion of the tax provided for in this article shall be levied upon or assessed against or taken from the United States government, the government of the state, or any of either of their departments.

#### **§23-22. Payment Period and Due Date**

The payment of the occupation tax levied pursuant to this article shall be in quarterly payments, using the calendar quarter year as a basis for determining and computing the amount of tax payable. Each quarterly payment shall be due forty-five days after the termination of each calendar quarter year.

#### **§23-23. To Whom Payable; Receipt; Disposition**

The occupation tax levied pursuant to this article shall be paid to the city treasurer at the time provided by this article who shall issue and deliver receipt therefor upon the payment thereof, and the amount of payment shall be credited by the city treasurer to the general fund.

#### **§23-24. Interest and Penalty**

All payments of the occupation tax levied pursuant to this article which are made after the due date thereof shall draw interest at the rate of one percent per month and, after payment thereof has been in default for six months, a penalty of five percent shall be added thereto in addition to such interest charges, which shall be paid by any company subject to this occupation tax.

#### **§23-25. Quarterly Report of Gross Receipts**

All telephone companies shall, at the time they make their quarterly payments of the occupation tax levied pursuant to this article, file with the city clerk a full, complete and detailed statement of the gross receipts subject to such occupation tax, which statement shall be duly verified and sworn to by the manager in charge of the business of the particular company in the city or by a higher managerial employee of such company.

#### **§23-26. Adjustments**

Each succeeding quarterly payment of the occupation tax levied pursuant to this article may include any adjustment which is shown on the report provided for by §23-25 which may be necessary for the consideration of uncollectibles or any other matters which may have resulted in either an excess or a deficiency in the amount of tax paid in any previous quarter.

#### **§23-27. Right of City to Inspect Records**

The City shall have the right at any time to inspect, through its officers, agents or representatives, the books and records of any telephone company, for the purpose of verifying any report submitted pursuant to the requirements of §23-25.

**§23-28. When Tax Report Not Filed**

In case any telephone company shall refuse, fail or neglect to furnish or file any report required by §23-25 at the time required for such filing, or shall fail or refuse to permit the City to inspect the books and records of such company for the purpose of verifying such report, then the occupation tax for the preceding quarter shall be the sum of five thousand dollars, and such amount shall be paid within forty-five days following the end of the calendar quarter as required by §23-22 and such amount shall draw interest and be subject to penalties as provided by §23-24.

**§23-29. Right of City to Sue**

In case any telephone company shall fail to make payment of the occupation tax provided for by this article at the time specified for such payment, the City shall have the right to sue any such company in any court of competent jurisdiction for the amount of such occupation tax due and payable under the terms and provisions of this article and may recover judgment against any such company for such amount so due, together with interest and penalties, and may have execution thereon.

**§23-30. Other Fees and Taxes**

The occupation tax provided for by this article shall be in lieu of any other occupation, license, permit or franchise fee or tax assessed against telephone companies under the provisions of this Code or other ordinances of the City.

ORDINANCE NO. 9098

An ordinance to calculate an occupation tax for telephone and telecommunications companies and creating an enforcement and reporting system for telephone company and telecommunications company occupation taxes and rates; provide for an effective date; and to repeal any ordinance or parts of ordinances in conflict herewith; and to provide for publication and the effective date of this ordinance, said effective date is March 1, 2007.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. That Chapter 23, Article III, Section 23-21 of the Grand Island City Code shall be added to read as follows:

**Article III. Telecommunication Tax**

**§23-21. Occupation Tax; Exemption**

(A) All telephone companies and mobile telecommunications services doing business in the City are required to pay an occupation tax to the City in an amount equal to three percent of the gross receipts from the legally established basic monthly charges collected for local exchange telephone service to subscribers within the City, intrastate message toll telephone service and mobile telecommunications services for revenue in the City. There shall be excepted from the provisions of this article all receipts for telephone service to the United States government or any of its departments, and all receipts from the state or any of its departments, and no part or portion of the tax provided for in this article shall be levied upon or assessed against or taken from the United States government, the government of the state, or any of either of their departments.

(B) As used in this section, mobile telecommunications services shall mean a wireless communication service carried on between mobile stations or receivers and land stations, and by mobile stations communicating among themselves, and includes:

- (i) Both one-way and two-way wireless communications services;
- (ii) A mobile service which provides a regularly interacting group of base, mobile, portable and associated control and relay stations, whether on an individual, cooperative, or multiple basis for private one-way or two-way land mobile radio communications by eligible users over designated areas of operation; and
- (iii) Any personal communications service.

SECTION 2. Any ordinances or parts of ordinances in conflict herewith be, and hereby are, repealed.

SECTION 3. This ordinance shall be in force and take effect from and after its passage and publication, on March 1, 2007.

ORDINANCE NO. 9098 (Cont.)

Enacted: December 19, 2006.

\_\_\_\_\_  
Margaret Hornady, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

**Ordinance No. 9098 was referred to the January 16, 2007 Study Session by the City Council at their December 19, 2006 Regular Meeting.**