



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #745

### Public Safety Radios (Transportation -- State Patrol)

[LFB 2019-21 Budget Summary: Page 434, #2]

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#### CURRENT LAW

The Division of State Patrol's primary duty is the enforcement of traffic laws and commercial motor vehicle laws by conducting highway patrols and truck inspections. The statutes authorize 399 officer positions (troopers and motor carrier inspectors). In addition, State Patrol employs officers in supervisory positions (including the ranks of sergeant, lieutenant, captain, major, and colonel), and the State Patrol superintendent.

State Patrol provides various types of standard equipment to each trooper and inspector to enable officers to perform their duties. Part of this standard equipment is a mobile radio communications system that enables officers to communicate with dispatchers and each other in the field.

#### GOVERNOR

Increase funding by \$121,000 in 2019-20 and \$1,810,900 in 2020-21 to the Department of Transportation (DOT) appropriation that funds State Patrol operations for the purpose of replacing officers' mobile radio communication systems. This would establish ongoing base funding of \$1,810,900 for this purpose.

#### DISCUSSION POINTS

##### Background

1. State Patrol provides each trooper and inspector with a mobile radio communications system comprised of four primary components: (a) a portable radio worn by the officer; (b) a Bluetooth wireless microphone worn by the officer; (c) an in-vehicle radio; and (d) an in-vehicle

signal repeater. The portable components of this system were purchased in 2012, while the in-vehicle components were purchased in 2016.

2. Due to wear from use and changing technology, DOT indicates that officers are experiencing compatibility and age-related reliability issues with this equipment in the field. State Patrol notes that this equipment has an expected useful life of five years. The Department also reports that these issues have led to serious safety concerns for responding officers and for the citizens relying on their assistance. For example, using the current equipment, officers have experienced lost contact with the dispatch center during pursuits and other emergencies.

3. To address these issues, State Patrol intends to purchase a complete, new mobile radio communications system from a sole supplier, using a five-year purchasing agreement. This agreement allows for the up-front purchase of equipment, financed at an annualized cost. Under this purchase agreement, State Patrol would own the equipment and the supplier would not be responsible for any service or maintenance of the equipment. Providing ongoing base funding would allow State Patrol to continue purchasing communications equipment from a single supplier, on a consistent replacement cycle, over time. This financing mechanism would also match the replacement cycle with the expected useful life of the equipment and spread out the purchase costs over time.

### **Funding Level**

4. The recommendation of \$121,000 in 2019-20 and \$1,810,900 in 2020-21 was intended to provide State Patrol with the funding to use a five-year purchasing agreement to acquire updated equipment from a sole supplier. [Alternative 1] Subsequently, DOT indicated that the purchase agreement would instead require annual funding of only \$115,300 in 2019-20 and \$1,725,400 in 2020-21. This would reduce the amount required to fund these items under the bill by \$5,700 in 2018-19 and by \$85,500 in 2019-20. [Alternative 2]

5. The following table reflects the estimated cost of the mobile radio communications system if the system were purchased outright and under the anticipated five-year, purchasing agreement.

### **Estimated Costs for Mobile Radio Communications System Components**

	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>
<b>Purchase Outright</b>			
Vehicle Repeater	520	\$4,462.50	\$2,320,500
Dual-band Portable Two-way Radio	520	4,780.00	2,485,600
Dual-band In-Vehicle Two-way Radio*	540	4,550.00	2,457,000
Firmware	520	100.00	52,000
Interface Cable	520	85.00	44,200
Extended Warranty	520	212.50	<u>110,500</u>
Total Cost to Purchase Outright			\$7,469,800
<b>Purchasing Agreement</b>			
Annual Cost Financed at 5%			\$1,725,400
Five-Year Cost Financed at 5%			8,627,000

\*Includes 20 radios for academy training and back-up purposes.

6. As shown in the table, the total, estimated cost of the radios is \$7,469,800. Under the expected terms of the purchase agreement (five years at 5%), the estimated, annual payment due would be \$1,725,400, with a total cost over the period of \$8,627,000. Therefore, the difference in cost associated with using this financing mechanism would be \$1,157,200 (\$8,627,000 in financed costs - \$7,469,800 in outright costs).

7. State Patrol currently has existing base funding of \$593,700 to cover the annual payment on existing mobile radio communications equipment purchase agreement, which extends through April, 2021. However, after that date, this base funding could be used to help offset the cost of the new purchase agreement that would be funded under the Governor's recommendations. Therefore, in approving funding for new mobile radio communications equipment in 2020-21, the Committee could provide ongoing supplies and services funding of \$1,131,700 and onetime funding of \$593,700. [Alternative 2] As compared to the bill, this onetime funding would not be included in the base funding for the subsequent biennium. However, the base funding of \$593,700 for the existing contract would remain available to DOT in subsequent biennia to fully fund the \$1,725,400 annual ongoing cost of the new purchase agreement.

8. Given the higher interest cost associated with the purchase agreement, it may be desirable to provide State Patrol with sufficient funds (\$7,469,800 in 2020-21) to instead purchase the equipment outright. In providing this funding, the Committee could provide the 2020-21 funding associated with this equipment on a onetime basis. [Alternative 4]. This alternative would provide onetime funding \$7,469,800 in 2020-21 compared to base funding (or \$5,537,900 as compared to the bill). Given the equipment's expected useful life of five years, this alternative would require State Patrol to submit a future request for funding the replacement of its mobile communications radio equipment. Although this alternative would save the state money over time, its feasibility would depend on the sufficiency of transportation fund revenues in the biennium, given the other anticipated demands on the fund.

**ALTERNATIVES**

1. Approve the Governor's recommendation and increase funding by \$121,000 in 2019-20 and \$1,810,900 in 2020-21 to the appropriation that funds State Patrol operations for the purpose of replacing officers' mobile radio communication systems. This would establish ongoing base funding of \$1,810,900 for this purpose (in addition to the \$593,700 for this purpose under current law).

ALT 1	Change to	
	Base	Bill
SEG	\$1,931,900	\$0

2. Provide \$115,300 in 2019-20 and \$1,725,400 in 2020-21, which would reflect the amounts that DOT has subsequently indicated would fund the purchase of new mobile radio equipment. This would reduce the amounts under the bill by \$5,700 in 2018-19 and by \$85,500 in 2019-20. This would establish ongoing base funding of \$1,725,400 for this purpose (in addition to

the existing base funding of \$593,700 annually).

<b>ALT 2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$1,840,700	- \$91,200

3. Provide \$115,300 in 2019-20 and \$1,725,400 in 2020-21. Specify that of the funding amount provided in 2020-21, \$1,131,700 would be provided on an ongoing basis and \$593,700 would be provided on a onetime basis. This alternative would provide the \$1,725,400 annual ongoing amount DOT has indicated would be required to purchase the equipment under a new purchasing agreement, but would account for the existing base funding \$593,700 annually that would no longer be needed to fund the existing mobile communications radio equipment purchase agreement.

<b>ALT 3</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$1,840,700	- \$91,200

4. Provide onetime funding of \$7,469,800 in 2020-21 to fund the outright purchase of the mobile communications radio equipment. This alternative would save an estimated \$1,157,200 in interest costs over five years associated with financing these costs through a purchasing agreement. Specify that the existing base funding of \$593,700 for the existing mobile communications radio equipment purchase agreement be transferred to onetime funding in 2020-21. This would remove current ongoing base funding of \$593,700 for the existing mobile communications radio equipment purchase agreement prior to the next biennium.

<b>ALT 4</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$7,469,800	\$5,537,900

5. Take no action.

<b>ALT 5</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$1,931,200

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