

**COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION**

DATE : June 10, 2014

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller

SUBJECT : **Reimbursement Resolution for Project WO614014 Build Out Ten Sites to Digital**

**REQUEST**

The Office of the Comptroller is requesting the approval of the attached reimbursement resolution to express the County's intent to reimburse itself for expenditures relating to capital project WO614014 Build Out Ten Sites to Digital.

**BACKGROUND**

Milwaukee County operates an analog 800MHz trunked radio system that provides support to the Milwaukee County Sheriff's Department, Milwaukee County Transit System, Department of Public Works, Zoo, Parks and first responder agencies (police/fire/EMS) of seventeen municipalities throughout the region. The system began as a single site, 8-channel, analog trunked system. Between 1993 and 2000, the system ultimately grew to its current state, which includes nine sites, and a 14-channel system with over 4,200 subscriber radios. Due to the fact that many system components of the current trunked radio system are no longer manufactured nor supported, Milwaukee County is at a critical point requiring that the radio system, dispatch consoles and radios be replaced.

Approximately \$11 million has been budgeted for the multi-phase, Build Out Ten Sites to Digital project, including \$7.1 million in the 2014 Adopted Budget (2014 Budget). The scope of the project involves the replacement of the analog, public safety 800MHz trunk radio system, consoles and radios to newer digital technology. The vendor for the purchase of the equipment, selected through a request for proposal, is Motorola.

In May 2014, the County Board and County Executive approved an appropriation transfer that increased expenditure authority and revenue budget by \$3,000,000. The increased funding for 2014 will allow the County to take advantage of lower unit costs for the hand-held radios. By accelerating financing of the project, the County was able to reduce project costs by \$538,665. The source of financing identified in the appropriation transfer was general obligation bonds/notes.

The maximum amount of the reimbursement resolution (\$3,065,000) is greater than the total bond amount included in the appropriation transfer (\$3,000,000) because the reimbursement resolution amount includes the estimated cost of issuance and rounding.

The Office of the Comptroller plans to submit authorizing and parameter resolutions that will increase the size of the 2014 corporate purpose issuance by \$3 million in order to finance the project. The Office of the Comptroller is currently in the process of analyzing unspent bonds in ongoing capital projects to determine how much could be used to reduce the size of the 2014 issuance.

### **U.S. Treasury Regulation Compliance**

U.S. Treasury Regulation Section 1.150-2 describes the conditions under which the County may expend County funds on a project currently and later reimburse itself with bond proceeds. The first step in providing for such reimbursement to occur is an expression of intent by the County to reimburse itself for expenditures incurred prior to issuing the bonds. Therefore, the attached resolution expresses that intent.

Expressing this intent will allow the County to reimburse itself for expenditures incurred as far back as 60 days prior to the approval of the attached reimbursement resolution. Any work on the project that is done earlier than 60 days prior to the approval date would not be eligible for reimbursement (other than architectural and engineering fees and similar costs).

The Bonds must be issued within eighteen months of the placed-in-service dates or dates of the financed facilities and, in any event, within three years of first reimbursed expenditures.

In summary, the following tax rules need to be observed in connection with the reimbursement approved by the attached reimbursement resolution:

- No expenditure made 60 days prior to the date of the adoption of the reimbursement resolution can be made (other than architectural and engineering fees and similar costs)
- Bonds must be issued within 18 months of the later of:
  - The first date that a reimbursed expenditure is made
  - The placed-in-service date of the project for which the reimbursed expenditure was made (or the date of abandonment of the project for which the reimbursed expenditure was made)
- Bonds must be issued within three years of the date of the first reimbursed expenditure in any event

## RECOMMENDATION

The Office of the Comptroller requests that the Finance, Personnel, and Audit Committee recommend approval of the attached reimbursement resolution. This passage of the resolution will result in a reduction of the 2015 bonding cap by \$3 million.



Scott B. Manske  
Comptroller

### Attachment

pc: Chris Abele, County Executive  
Supervisor Willie Johnson, Co-Chairman, Finance and Audit Committee  
Supervisor David Cullen, Co-Chairman, Finance and Audit Committee  
Pamela Bryant, Capital Finance Manager  
Don Tyler, Director, Department of Administrative Services  
Raisa Koltun, Deputy Chief of Staff  
Kelly Bablitch, Chief of Staff, County Board  
Josh Fudge, Fiscal and Budget Administrator  
Stephen Cady, Research Director  
Joseph Czamecki, County Clerk  
Justin Rodriguez, Budget and Management Coordinator  
Janelle Jensen, Finance, Personnel, and Audit Committee Clerk