



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Pete Routledge, Director of Information Technology Services

DATE: August 26, 2024

REPORT NO.: CS-2024-016

SUBJECT: Transfer to Capital Project 2300-04-0101 from Technology Replacement Reserve

RECOMMENDATION:

THAT Report No. CS-2024-016, dated August 26, 2024 regarding the Transfer of Capital Project 2300-04-0101 from Technology Replacement Reserve be received;

AND FURTHER THAT Council authorize the transfer of \$103,139 Technology Replacement Reserve to the Technology Refresh capital project 2300-04-0101.

KEY POINTS:

The following are key points for consideration with respect to this report:

- **Project Overview:**
 - Technology Refresh capital project (2300-04-0101) supports annual end-user device hardware replacement lifecycle.
 - \$150,000 allocated as part of the 2024 Capital Budget to address the town's equipment needs.
 - The project balance is approximately \$130,461 as of August 2nd, 2024.
- **2024 Replacement Plan:**
 - 146 laptops remaining to be replaced, scheduled for early fall.
 - Estimated cost per laptop: \$1,600 (including non-recoverable HST of 1.76%), totaling approximately \$233,600.
 - Resulting shortfall: \$103,139.

- **Warranty and Lifecycle Alignment:**
 - Cost includes a 4-year warranty instead of the previous 3-year warranty.
- **Historical Context and Future Planning:**
 - Hardware replacement generally done equally over the lifecycle.
 - Current spike due to early purchases during the COVID era for remote work.
 - Future savings expected as less equipment will be needed due to early replacements in 2020.
- **Impact of Fund Transfer Approval:**
 - If funds are not approved, approximately 80 laptops can be replaced.
 - Remaining replacements pushed to 2025, risking operational impact due to lack of warranty.

BACKGROUND AND DISCUSSION:

The Technology Refresh capital project (2300-04-0101) is allocated funds to support the annual end-user device hardware replacement lifecycle requirements. This hardware lifecycle is crucial as it ensures our equipment remains supported, mitigating security risks, and maintains high-quality standards for users. For 2024, \$150,000 was allocated to address the town's equipment needs. As of August 2nd, 2024, the account balance is approximately \$130,461, with some replacements already made and new staff equipment accounting for the difference.

In 2024, there are 135 laptops remaining that need to be replaced, with this work scheduled for early fall. Additionally, there is a plan to provide council with laptops, bringing the total to 146 laptops. With an estimated cost of \$1,600 per laptop (including non-recoverable HST at 1.76%), the total comes to approximately \$233,600, resulting in a shortfall of \$103,139.

The cost of each laptop includes a 4-year warranty instead of the previous 3-year warranty. Previously, we had been purchasing laptops with only a 3-year warranty within a 4-year hardware cycle. The reason for this decision is unclear; however, to avoid staff working with suboptimal equipment and to prevent shifting towards a repair-focused approach, we are aligning the 4-year lifecycle with a 4-year warranty to follow best practices.

Generally, hardware replacement is done equally over the lifecycle, which was the case in the town. The spike occurring this year is a residual effect of the COVID era and the shift to a more mobile workforce in 2020, where equipment was purchased early to enable remote work. We will need to gradually shift replacement dates to even out yearly costs and operational impact over the next few years. We should also see

savings in future years, as less equipment will be needed due to early replacements in 2020, balancing out this cost.

If this transfer of funds is not approved, we will be able to replace approximately 80 laptops, with the remaining replacements pushed to 2025. Most of these will not have a warranty, risking operational impact.

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan. (if choosing statement below, remove this line)

This report identifies infrastructure and asset management as one of the Town's Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Discussions have occurred with the Commissioner of Corporate Services, ITS staff, and Finance staff were also consulted on this report with respect to the funding requirements.

FINANCIAL IMPLICATIONS:

This report has an immediate financial impact and requires a funding source.

Through the 2024 capital budget, Council approved \$150,000 for project 2300-04-0101.

As presented in the table below, project 2300-04-0101 has a remaining capital budget of \$130,461 after previous commitments. The project costs will include replacement laptop purchases totaling \$229,560 plus \$4,040 non-recoverable HST at 1.76%. The total estimated project deficit of \$103,139 is recommended to be funded through the Technology Replacement Reserve.

Description	Amount
2024 Approved Budget (2300-04-0101)	150,000
Remaining balance from previous Approved Budget	15,869
Previously committed expenses	(35,408)
Balance Available	130,461
Estimated Expenses	
Replacement Laptops	229,560
Non-recoverable HST (1.76%)	4,040
Total estimated expenses	233,600
Remaining Budget	(103,139)

Reviewed and approved by,

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer