



To: General Purposes Committee **Date:** November 21, 2001
From: Jim Bruce **File:** 0620-01
General Manager, Finance and Corporate Services
Re: Employee Personal Computer Purchase Plan

Staff Recommendation

That Council approve an Employee Personal Computer Purchase Plan that would have the City finance the purchase of computer hardware, computer software and communication equipment with the following restrictions.

1. The City will assist the employee by providing the necessary funds to accommodate the purchase.
2. The employee is allowed to upgrade existing computer and communications equipment or to purchase computer and communications hardware configuration and related software.
3. The employee using City funding must sign an interest bearing promissory note with the City. The applicable interest rate to be set, at time of purchase, is to reflect the City's prior 12-month average short-term investment return rate.
4. The employee once signing the promissory note is committed to the full debt repayment through payroll deduction.
5. The payroll deduction repayment will commence with the first pay period immediately following proof of purchase, and be completed no longer than 52 pay periods later. Any subsequent purchases made prior to the final repayment of the first purchase must be paid for in full no later than the final repayment date of the first purchase. Any debt outstanding may be paid in full by an employee prior to the last payment date without penalty.

Jim Bruce
General Manager, Finance and Corporate Services

Staff Report

Origin

In December 2000, Council again approved an Employee Computer Purchase Plan. Council believed that it would be advantageous for staff to have home computers, as home usage would offer staff the chance to improve their computer literacy and that the spin off effect would be positive in the workplace.

Council has realized that the cost of purchasing computer equipment was somewhat restrictive as it required substantial capital outlays at one time. Because of these restrictive financial burdens Council initiated an Employee Computer Purchase Plan in 1989 and continued with the plan in 1993, 1995, 1998 and 2000 as a means to help staff finance the necessary capital expenditures. The plan allowed employees to purchase computer hardware and software from various computer suppliers. The City controlled purchase plan had the City fund the purchases with the employee signing a promissory note with the City to refund the purchase price over a maximum of two years, with a carrying charge equating to the city's average interest investment rate. The repayment program was based on automatic payroll deductions over 2 years and the balance of the debt outstanding could be retired by the employee at any time during the repayment schedule without an early repayment penalty.

The final repayments for the 2000 plan will be completed in December of 2001. Several staff have approached both myself and the Director of Information Technology, with a request to again offer another Computer Purchase Plan. The plan for 2000 was accessed by 137 staff members.

Since our last Computer Purchase Plan, computer hardware has again experienced what is known as "generation changes". In fact, computers have operating systems that are now much faster, have more memory storage, and software has become more sophisticated and complex in its design. Along with all of these improvements has come price reductions. However, even with these reductions, pricing is still a major consideration when it comes time for an individual to review the opportunity to upgrade or purchase a system. With the City's continual move to enhance office automation, which leads to continual software improvements and program complexities, it makes sound business sense to have staff remain as computer literate as possible. If staff are to remain effective in the workplace, they must keep abreast of changing technology and advancements in the operation of personal computers. Having home computers that are the most modern in relation to hardware configuring and software adaptability will afford staff the opportunities to gain user knowledge at home and undoubtedly this increase in knowledge will carry over into the workplace.

To encourage staff to continue with their own advancement in the use of computers, both myself and the Director of Information Technology believe that offering another computer purchase plan would be a good option for the City. This program would not have the City seeking Tenders for the supply of computers. We have researched pricing options through Tender and private pricing, and find with the competitive nature of the market place today, tendering has no pricing advantage over private price dealing. We do believe that the cost of upgrading or

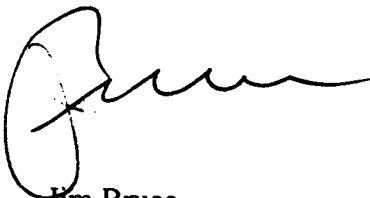
purchasing new hardware and software is still somewhat restrictive as a major capital outlay all at one time. We therefore believe that an employer assisted Computer Purchase Plan would be beneficial to help encourage staff to upgrade their existing configurations or to purchase new systems. We believe the City should again offer a program similar to that which was undertaken in 2000 through the front end financing by the City and the repayment of the debt through payroll deduction.

Financial Impact

The purchase cost of upgrades or new computers would be funded by the City through it's Accounts Receivable system. Advances would be refunded to the City through payroll deduction. The employees would be required to sign a promissory note bearing an interest charge equal to the City's prior 12 months average short term interest return rate and the payroll deduction system would be used to recover the funds over a two year time frame. This interest rate is reflective of what the City presently earns on it's short to medium term investments. Thus using such a rate should not have any negative impact on the City's earning potential for funds used for the program. The first repayment would commence with the first pay period immediately following the proof of purchase, and the last payment would be no longer than 52 pay periods later. Any debt incurred as a result of a subsequent purchase made prior to the retirement of the debt incurred with the first purchase must be retired no later than the retirement date of the original purchase. With the use of the Accounts Receivable system as the funding source there is no budgetary impact.

Conclusion

The introduction of a revised Employee Computer Purchase Plan would be beneficial to both staff and the City. The plan would offer staff the ability to upgrade existing computer and communications hardware and software, or to allow staff to purchase new equipment. This program will enhance staff's ability to become computer literate and will have a positive effect on our computer literacy in the workplace.



Jim Bruce
General Manager, Finance and Corporate Services

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