

COUNCIL POLICY			
Subject:	Policy Number	Effective Date	Number of Pages
CONTINGENCY RESERVE OF THE INFORMATION TECHNOLOGY INTERNAL SERVICE FUND	000-55	03/01/2011	1 of 1

## I. BACKGROUND

There is a need for the City of Santa Rosa's Information Technology Internal Service Fund to have a contingency reserve. Based on an analysis of potential un-planned expenses, a ten percent (10%) contingency reserve of operating (non-project) expenditures is necessary to meet these expenses without causing instability in user rates.

Examples of costs that were analyzed include un-planned major software purchases and/or license extensions; significant hardware purchases due to equipment failure or network related problems, including potential security threats; and unplanned labor or material purchases due to a natural disaster.

### I. Purpose

To establish a policy which will provide an adequate contingency reserve for the City's Information Technology Internal Service Fund. This reserve will provide funds for Rate Stabilization and large, unplanned expenditures.

## II. Policy

A. A contingency reserve for the Information Technology Internal Service Fund will be ten percent (10%) of annual operating expenditures.

B. If reserves are used, they will be replenished in conjunction with future budget cycles.