2026 Cost To Continue Instructions

April 1, 2025

Key Dates for 2026 Budget Development

	Capital	Operating
Agency Request Period	March 18 – April 18	June 16 – July 18
Agency Requests and Service Level Priorities Available on Webpage	Week of May 5	Week of August 4
Executive Budget introduced to Common Council (CC)	Tuesday, September 2	Tuesday, October 7
Finance Committee (FC) Briefings	September 8 & 9	October 13 & 14
FC Amendment Meeting	Monday, September 29	Monday, October 27
CC Amendment Week	October 27 – November 5	
CC Budget Adoption Meetings	November 11 – 13	

Detailed Overview of Operating Budget Phases

Cost to Continue (C2C)	Agency Request	Executive Budget	Council Adoption
April - May	June - July	August - September	October - November

Cost to Continue (C2C)
- **April 1– 15:** Agency staff and budget analysts independently complete C2C files
- **April 16 – 25:** Agency staff and budget analysts meet to discuss and finalize C2C
- **April 28 – May 9:** Budget team compiles agency-level files, develops a citywide C2C, and begins planning for Agency Request phase

Agency Request
- **June 16:** Operating Budget Kickoff
  - Mayor provides guidance for agency submissions
  - Finance provides forms & instructions for requests
- Agencies review current & planned projects to prioritize against Mayor's guidance
- Agencies develop proposals for all items within their Operating services
- **July 18:** Agency requests submitted

Executive Budget
- **August 13 – 21:** Agency briefings with Mayor's office and Management Review Team
- **Mid August – Early September:**
  - Finance analyzes requests & develops initial recommendations to balance budget
  - Mayor & review team meet to develop the executive budget
- **September:** Executive Budget finalized

Council Adoption
- **October 7:** Executive Budget introduced at CC & referred to Finance Committee (FC)
- **Oct. 13 & 14:** FC hearings
- **Oct. 15 – 22:** FC amendment Week
- **Oct. 27:** FC votes on amendments; refers back to CC as amended
- **Oct. 28 – Nov. 5:** CC amendments
- **November 11 – 13:** CC Budget Adoption

Purpose of Cost to Continue (C2C)

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What is Cost to Continue?	• Cost to Continue (C2C) is the first step of developing the city's operating budget. It is a baseline estimate of how much it will cost the City to provide the same level of service in the upcoming year. • Agencies develop their C2C estimate by completing an Excel workbook provided by the Finance Department.
Why do we do it?	• **Agency-level:** C2C is a way of systematically identifying projected changes in the budget. It allows agencies to account for unavoidable changes to their base budget. • **Citywide:** The City has a structural deficit, meaning projected expenses are greater than projected revenues, that is not driven by external economic conditions. C2C is used to estimate the budget gap (the amount that expenses exceed revenues), which is necessary for planning.
Who is responsible for completing C2C?	• **Agency Staff:** Department/ Division heads and budget contacts are responsible for completing the agency C2C Excel Worksheet. • **Budget Staff:** Analysts complete an independent analysis of agency budgets and meet with agency staff to review estimates. In addition, analysts account for citywide adjustments (e.g. salary and benefits adjustments).
When is the deadline?	• **April 1 – 15**: Agencies and Budget Analysts complete C2C worksheets • **April 16 – 25:** Agencies and Budget Analysts meet to discuss and finalize C2C • **April 28 – May 9**: Budget team compiles agency-level files, develops a citywide C2C, and begins planning for Agency Request phase

C2C Methodology Overview

Agencies and Budget Team complete the C2C workbook (Excel file) to identify changes in agency budgets that are **planned** and **unavoidable**.

- **Agencies only need to identify changes specific to their department.** Citywide changes, like salary increases due to step & longevity, benefits costs, and changes in interdepartmental billing, will be handled centrally by the budget team.

- **C2C is based a snapshot in time.** If there are any changes to your base budget after C2C is completed, we can make technical adjustments in a later phase of budget development.

- **Including an expense in C2C does not guarantee it will be included in your base budget.** The Budget Team will evaluate all agency C2C items to determine whether it is cost to continue or if it should be part of the agency request.
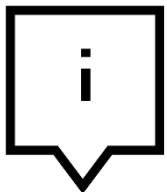
- The C2C workbook has a tab with a basic Munis cube included. A cube is a tool that connects Munis data to Excel.
- You can use the cube to compare budget to actuals for the prior year.
- The workbook has basic instructions for updating the cube filters. If you need assistance, with cubes, contact your budget analyst.

Tips for Completing C2C

☑ DO

- Review your [2025 adopted budget](#). Does your budget include one-time expenses you don't anticipate in 2026? One-time reductions you anticipate adding back in 2026? Partial year commitments that will be annualized?

- Review how you ended 2024. Were you over/under on specific items? Do you expect these trends to continue? Pay special attention to revenues, supplies, and purchased services.

- Provide supporting documentation to justify changes to C2C, especially if you are requesting inflation adjustments.

☒ DON'T

- Factor in standard personnel costs, like step and longevity increases or health care costs.

- Adjust centrally budgeted items like Fleet Billing, Insurance, and Workers Comp. Contact your analyst if you're not sure what's centrally budgeted.

- Add in ongoing costs that were fully funded in the 2025 Budget; these expenses will be included in C2C.

C2C Worksheet: Items to Remove from the 2026 Budget

| List all items that should be REMOVED from your 2026 Cost to Continue budget.	
• Does the 2025 budget include one-time expenses that will not continue in 2026?	
Include	**Do Not Include**
• Funding for one-time projects or studies that will be completed in 2025 • Other one-time expenses you do not plan to continue in 2026	• Biennial expenses – these will be captured in "Other Adjustments"

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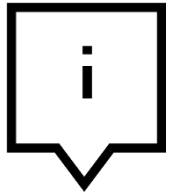
- Review the "2025 Budget Highlights" section of your agency's adopted operating budget. This section notes major changes and one-time expenses that should be removed in 2025.
- Review operating budget amendments adopted by Finance Committee and Common Council. Funding added through amendments is noted as one-time or recurring.

C2C Worksheet & Allowable Adjustments: Confirmed Personnel Changes

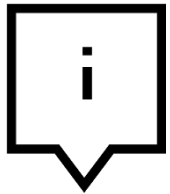**Personnel – Confirmed Position Changes**

- Does the 2025 budget include partial year positions that will be annualized in 2026?
- Are there any new positions or reclassifications that were authorized *after* the budget was adopted?

| Include	Do Not Include
• Permanent positions approved to start mid-2025 • Position changes administratively approved or authorized through Council resolutions (only include position changes that have been adopted or will be adopted by May 1)	• Standard personnel costs, like step and longevity increases or GME cost of living (COLA) increases • Fully funded positions that will be delayed to meet salary savings targets

> **i**
> - The 2025 Adopted Budget included minimal personnel changes and new positions.
> - For positions reclassified through resolutions, check Legistar to confirm the status of the resolution and reach out to your HR Analyst.

C2C Worksheet & Allowable Adjustments: Proposed Personnel Changes

Personnel – Proposed Position Changes	
• Do you have any proposed position studies/ classification changes that are currently being studied by HR or that you plan to submit in 2025?	
• Are you planning to propose position studies as part of your 2026 budget request?	
Include	**Do Not Include**
• Positions studies that are in process but have not yet been approved • Position studies that you are planning to submit by year end or include in your budget request • Career ladders *if* the position change results in a higher level than authorized in the budget	• Standard personnel costs, like step and longevity increases or GME cost of living (COLA) increases • Career ladder changes where an employee is underfilling a position (for example, position is approved as an Accountant 2 but underfilled as an Accountant 1)
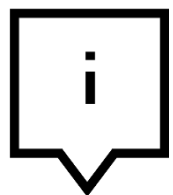
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- Check your adopted budget **position page** to see how positions are budgeted.
- **Contact your HR Analyst** early in the planning process.
- Including proposed reclassifications in your C2C **does not guarantee** the change will be approved, but is important for planning purposes.

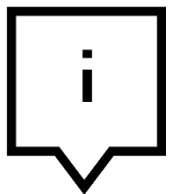# C2C Worksheet & Allowable Adjustments: Contracts

Contractual Items	
• Does the 2025 budget include partial year contracts that will be annualized in 2026?	
• Are there multiyear contracts for ongoing services that have required cost increases?	
• Are there contracts that will expire and are anticipated to go back out to bid in 2026? If yes, what cost assumptions should be used for the new contract?	
Include	**Do Not Include**
• Contractually required increases to multi-year contracts	• Contracts to provide new or expanded services

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- Review purchase order and the contract database to compile a list of all current contracts
- Consider compiling a list of contracts as a supplemental file with Cost to Continue

C2C Worksheet & Allowable Adjustments: Other Non-Personnel Adjustments

Other Adjustments

- Review your actual 2024 expenditures for supplies and purchased services compared to budget. Based on the budget to actuals comparison, do you anticipate any other adjustments for non-personnel costs?
- Does your 2025 budget include partial-year commitments that need to be annualized?
- Do you have biennial costs (e.g. elections, aerial photography) that need to be built in or taken out of the budget?
- Are you anticipating significant inflation increases for mission-critical supplies or equipment?

Include	Do Not Include
- Adjustments for costs other than personnel and contractual items - If you budget for fuel, include the # of gallons you anticipate for 2026. This will allow the budget team to make a central adjustment if prices change significantly later in the year - If you request other inflation adjustments, you must provide justification for your estimates	- Across the board increase on supplies/ equipment/ other expenses

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C2C Worksheet & Allowable Adjustments: Capital & Grants

Capital Items	
• Are there capital projects with an operating impact that will come online in 2026?	
Include	**Do Not Include**
• Your best estimate of operating costs for 2026 • Ex. software licenses, maintenance costs	

Grant Matches	
• Does the agency's budget include any matching funds for grants?	
Include	**Do Not Include**
• Changes to grant revenues/ expenses for current services • Matching funds for multi-year grants where funding is known	• Anticipated grant funding for new services/ programs, or competitive grants where funding is unknown

# C2C Worksheet & Allowable Adjustments: Revenues

Revenue

- How does the agency's 2024 actual revenues compare to budgeted revenues? If actuals are lower/ higher than budgeted, why?
- Are agency's actual revenues consistent with prior year trends? Are agency's revenue amounts consistent with current rate structures?
- Is there a fee schedule or background assumptions for all budgeted revenue?
- Charges for Service/Licenses & Permits: When was the last time the fees were modified?
- Does your 2025 budget include one-time or partial year revenues that need to be adjusted for 2026?

Include	Do Not Include
- Adjust revenues (up or down) based on recent trends - Annualize revenues budgeted for a partial year	- Adjust interdepartmental billings
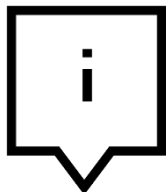
- Use Munis Cubes to analyze your 2024 year-end revenues
- The C2C Worksheet has a tab with a basic cube included. You can select your agency and filter for revenues to view actuals.
- If you need assistance with cubes, contact your budget analyst.