CITY OF SASKATOON
COUNCIL POLICY

NUMBER
C03-036

POLICY TITLE	ADOPTED BY:	EFFECTIVE DATE
Multi-Year Business Plan and Budget	*City Council*	*April 1, 2019* **REVISED** *June 24, 2026*
ORIGIN/AUTHORITY *Item 8.5.1 – Governance and Priorities Committee Report – Council Meeting – March 25, 2019;* *Item 8.5.1 – Governance and Priorities Committee Report – City Council Public Hearing – October 31, 2022;* *Item 8.5.1 – Governance and Priorities Committee Report – City Council Public Hearing – April 26, 2023; and* *Item 8.5.1 – Governance and Priorities Committee Report – Council Meeting – June 24, 2026.*	**CITY FILE NO.** *CK. 1700-0 x 430-72*	**PAGE NUMBER** *1 of 23*

1.0 PURPOSE

To establish the approach and other necessary requirements for planning and approving multi-year business plans and budgets.

2.0 SCOPE AND EXCEPTIONS

2.1 Scope

This Policy applies to all City of Saskatoon (City) Departments, Divisions and Offices.

This Policy is subject to any specific provisions of *The Cities Act*, or any other relevant legislation, city bylaw, or collective agreement, which, in cases of conflict, shall override this Policy.

2.2 Exceptions

Unless the applicable Board adopts this Policy, it does not apply to the Statutory Boards and Controlled Corporations.

3.0 GENERAL APPROACH

3.1 The City shall take a multi-year approach to business planning and budgeting for all operating and capital programs, unless otherwise directed by City Council.

3.2 The term of a Multi-Year Business Plan and Budget shall be for two years, unless a shorter or longer term is directed by City Council.

3.3 Each individual year of a Multi-Year Business Plan and Budget must be balanced with no negative or positive variances. Surpluses or deficits whether corporately, departmentally or program related cannot be rolled into subsequent years.

4.0 APPROVALS

4.1 City Council shall develop and approve the City's Strategic Plan and associated Strategic Priorities to inform the budget process with the goal of completing this work in the first full year of a Council term.

4.2 Prior to the budget deliberations meeting in the first year of the budget cycle, the Administration shall present a report forecasting budget requirements and an overview of economic conditions such as inflation and growth to City Council, at a public meeting. As part of this report, the Administration will seek City Council's input into the recommended budget process to be followed including the development of options, further information required or budget targets.

4.3 City Council shall approve a Multi-Year Business Plan and Budget in the year prior to the first year that the Business Plan and Budget comes into effect.

4.4 Subject to the limitations listed in subsection 5.3, City Council shall approve an operating and capital budget in each subsequent year of a Multi-Year Business Plan and Budget.

5.0 ADJUSTMENTS

5.1 In each year of an approved Multi-Year Business Plan and Budget, City Council may make adjustments to the current and future years of the Business Plan and Budget. Adjustments shall be made once per year, near the end of the current fiscal year during specified dates as listed in an approved meeting calendar.

5.2 Notwithstanding subsection 5.1, Capital Budget adjustments may be made throughout the year subject to City Council's approval.

5.3 Annual adjustments to the Operating and Capital Budgets in the second year of the Multi-Year Business Plan and Budget cycle shall be limited to the following circumstances:

a) City Council-directed changes to its Strategic Priorities or the City's Strategic Plan that have significant financial impacts on service delivery.

b) Significant changes to operating impacts resulting from Capital Budget adjustments.

c) Unanticipated external factors such as:

i) budgetary, legislative or regulatory changes made by federal and provincial governments;

ii) changes imposed on pension plan contributions, negotiated collective bargaining settlements and interest rates;

iii) changes to economic forecasts that impact budgetary expenditures or revenues, including assessment growth; or

iv) any other significant external factors as determined by the City Manager or Chief Financial Officer.

6.0 REPORTING

6.1 The Administration shall provide mid-year, third quarter and year-end reports to City Council, through a designated Standing Committee of City Council, on the performance of the Corporation in relation to achieving City Council's Strategic Priorities and approved business plans and budgets.

7.0 ENGAGEMENT

7.1 The City shall undertake an annual Civic Services Survey which shall be used to inform the Multi-Year Business Plan and Budget. The results of the Civic Services Survey will be included in the Budget Documents.

8.0 PROCEDURES

8.1 This Policy delegates authority to the City Manager or Chief Financial Officer to adjust any necessary procedures as outlined in Appendix A or Appendix B of this document to ensure compliance with this Policy, except for the variance thresholds and processes identified in subsections 3.7 and 4.5 of Appendix A to this Policy.

9.0 RESPONSIBILITIES

9.1 City Council is responsible for:

a) approving the final budget and the corresponding allocation of funds among programs;

b) reviewing performance in relation to approved budget; and

c) approval of this Policy and any updates.

9.2 Governance and Priorities Committee is responsible for:

a) Recommending approval of this Policy and any updates to City Council.

9.3 City Manager is responsible for:

a) approving over-expenditures as per subsections 3.7 and 4.5 of the Multi-Year Business Plan and Budget procedures outlined in Appendix A;

b) providing a corporate review of all budget proposals before submission to City Council; and

c) reviewing expenditures, revenues, and forecasts in relation to approved budgets and taking appropriate action.

9.4 Chief Financial Officer is responsible for:

a) providing a corporate review of all budget proposals before submission to City Council; and

b) reviewing expenditures, revenues, and forecasts in relation to approved budgets and taking appropriate action.

9.5 Director of Finance is responsible for:

a) coordinating the preparation of annual budget documents for City Council's approval;

b) ensuring budget proposals comply with the *Multi-Year Business Plan and Budget* Policy C03-036 and Procedures; and

c) providing objective commentary on budget submissions.

9.6 Civic Departments are responsible for:

a) preparation of annual departmental budgets within the corporate guidelines prescribed by the *Multi-Year Business Plan and Budget* Policy C03-036 and Procedures;

b) preparation and submission of monthly forecasts of expenditures and revenues;

c) preparation and inclusion of initiative details meeting City Council approved parameters in the Climate Budget; including cost estimates, funding sources for reduction initiatives and Greenhouse Gas (GHG) estimates; and

d) reporting anticipated over-expenditures or revenue shortfalls.

RELATED REFERENCES AND RESOURCES

The Cities Act
The Cities Regulations
Bylaw No. 6774, *The Capital Reserve Bylaw, 1993*
Council Policy No. C03-003, *Reserve for Future Expenditures*

REVISION HISTORY

Revision Date	Description
October 31, 2022	Updated to change term from 4-year to 2-year term, clarify engagement and add responsibilities
April 26, 2023	Updated for addition of Climate Budget
June 24, 2026	Updated to remove the 10% limit on budget contingency for capital projects, change to FTE process in Appendix A section 3.4, and update for administrative changes.

APPENDIX A – MULTI-YEAR BUSINESS PLAN AND BUDGET PROCEDURES

1. PURPOSE

The Multi-Year Business Plan and Budget procedure is intended to provide guidance to operationalize the *Multi-Year Business Plan and Budget* Policy C03-036.

2. DEFINITIONS

2.1 Budget Documents – The primary budget documents shall include:

a) Multi-Year Operating Business Plan and Budget;

b) Capital Budget and Five-Year Capital Plan; and

c) Climate Budget.

2.2 Climate Budget – A governance system that establishes all actions that the City needs to take in the short-term to achieve long-term targets as set out in the Climate Action Strategy.

2.3 Linear Growth – Cost increases that correlate to an increase in infrastructure. Usually, these costs occur gradually as the infrastructure network grows (i.e.: Increase in roadway expenditures as more kilometres of roadway are added or parks maintenance expenditures as more hectares of park space are added).

2.4 Non-recurring Revenues – Portion of the City's revenue that is one-time revenue and is not expected to continue year-to-year.

2.5 Operating Impact – Future costs that are required as a result of a capital project. This impact shall include all operating costs including, but not limited to, maintenance requirements, anticipated utility charges, programming costs or other life cycle costs. An annual allocation for future replacement shall be included as required in *The Capital Reserve Bylaw,* *1993* (Bylaw No. 6774) or at the discretion of the City Manager or Chief Financial Officer.

2.6 Recurring Revenues – Portion of the City’s revenue that can reasonably be expected to continue year-to-year, with some degree of predictability that is used to maintain current service levels.

2.7 Step Growth – Cost increases that do not directly correlate to incremental increases in infrastructure but instead become required at a point in time as the City’s overall population and infrastructure networks reach a certain size (i.e.: transit service introduction into a new neighbourhood or introduction of a new fire hall or leisure centre).

2.8 Structurally Balanced Budget – A financially sustainable budget that supports operations for multiple years into the future.

3. OPERATING BUDGET

The City's Operating Business Plan and Budget process will be Business and Service Line oriented with emphasis placed on the approval and delivery of prescribed service levels within annual expenditure limits set by City Council.

The City will utilize a modified cash basis of accounting for the Operating Budget which includes the following:

a) Operating revenues and expenditures to be budgeted for in the year that the revenue or expense relates to, not necessarily when the cash is received or paid;

b) Amortization expense will not be included in the Operating Budget, and future capital requirements will be funded based on the actual estimated future requirements, timing and ability to pay;

c) Transfers to reserves will be identified as an expense in the Operating Budget.

3.1 First Year Operating Budget Process – Overview

The Multi-Year Business Plan and Budget process involves the following steps in the first year of the process:

a) The estimating of revenues and expenditures and revenues in order to maintain the existing service level. The following process will be utilized:

i) corporate assumptions will be provided by the Finance Department regarding common assumptions such as fuel and utility rates, salary and benefit changes based on collective bargaining agreements, or any other relevant corporate estimates as deemed necessary by the Director of Finance;

ii) divisional budgets for revenue and expenses will be calculated based on provided corporate assumptions, Division-specific revenue rate and volume impacts, as well as expenditure growth, legislative, committed costs, regulatory and inflation impacts;

iii) calculated budget requests will be reviewed and refined by the City Manager, Chief Financial Officer and other appropriate senior management; and

iv) estimates including an overview of economic conditions will then be presented to the appropriate Standing Policy Committee early in the year.

b) In addition, the Administration will develop corporate Business Plan options aimed at achieving Administration's and City Council's Strategic Priorities beyond maintaining existing services for eventual consideration at budget deliberations. The following process will be utilized:

i) Business Plan options will be developed by departments;

ii) Business Plan options will be reviewed and refined by the City Manager, Chief Financial Officer and other appropriate senior management; and

iii) options will be presented to the Governance and Priorities Committee prior to budget deliberations for information. This will allow for an opportunity for questions or additional reporting prior to budget deliberations where final decisions will be made on whether to proceed with any of the options.

c) The preparation and approval of official Budget Documents.

3.2 Subsequent Year Operating Budget Process – Overview

Subsequent years of the City's Multi-Year Business Plan and Budget will follow an abbreviated process which will include:

a) An administrative review of the proposed Multi-Year Business Plan and Budget which will consider any required adjustments related to the circumstances outlined in subsection 5.3 of the *Multi-Year Business Plan and Budget* Policy C03-036:

b) Any significant identified changes will be brought forward to City Council's Business Plan and Budget reviews as part of a proposed adjustments document for consideration.

c) The originally approved Multi-Year Business Plan and Budget Document will not be updated based on changes made in subsequent years but will instead be supplemented with the City Council approved adjustments document, which will provide an overview of adjustments to the property tax, operating expenditures, operating revenues and capital projects.

3.3 Estimating Operating Expenditures Guidance

For the first year of the budget process, the preliminary estimating of operating expenditures will occur within the first half of the year as directed by the Chief Financial Officer or designate. These will be based on estimates to maintain existing service levels and will consider all cost aspects, including salaries, equipment, transfers to reserve and other operating costs. These operating expenditure estimates will consider the following factors:

a) Defined Key Service Levels – All applicable Divisions and associated Business and Service Lines will define their existing key service levels which will be approved in the first year of a Multi-Year Business Plan and Budget cycle as included in the Business Plan and Budget Document.

b) Impact of Inflation – Identification of increases or decreases in prices and costs that have an impact on operating expenditures, including required reserve impacts. These impacts are required to be specifically defined and justified. For example, specific inflation drivers need to be identified such as contractual increases for snow and ice removal, wage increases as a result of collective bargaining agreements, and utility rate changes instead of a blanket inflation assumption (For example, 2% CPI inflation to all operating expenditures).

c) Consumption – Historical results and future estimates of consumption as part of the estimating of operating expenditures. Examples of common changes to consumption include fuel, utilities, employee training and special/contracted services.

d) Linear Growth Impacts – Identification of specific growth impacts that will result in additional costs in order to maintain the existing service levels. These estimates will be based on relevant specific growth drivers such as: kilometres of roadway added for road maintenance costs, *The Capital Reserve Bylaw, 1993* and policy requirements, new hectares of park/green space for parks maintenance costs, population increases for grants tied to per capita ratios or impacts of previously approved and constructed capital projects, as outlined in clause 4.3(c) of this Appendix. These impacts will be verified annually to reaffirm the underlying assumptions.

e) Step Growth Impacts – Phased-in amounts for Step Growth that will either be used in the budget for the Step Growth expenditures that are expected, or will be used as contributions to appropriate reserves; asset management plans or funding plans until the year the Step Growth is required. These impacts will be verified annually to reaffirm the underlying assumptions.

f) Continuous Improvement – Identification of cost decreases as a result of efficiencies or continuous improvement initiatives anticipated by the appropriate Division.

3.4 Estimating Operating Budget Full-Time Equivalents

As part of the estimating of operating expenditures, any new full-time equivalents (FTEs) will be identified as part of this process. The City Manager has the ability to implement permanent new FTEs during the year to address urgent or emerging needs; however, these must be included for consideration in the following years' Business Plan and Budget approval process.

In addition to permanent FTEs, the City will utilize temporary positions that have a start and an end date to address time-limited work or projects. While appropriate funding through capital projects or operating budgets must be in place to support temporary positions, they are not included in the City's budgeted FTE count as these counts reflect permanent positions only, consistent with Municipal Government common practice.

Administration will provide an FTE report at the Budget Deliberations meeting that details all newly requested permanent operating FTEs.

3.5 Estimating Operating Revenues

The preliminary estimating of operating revenues will occur within the first half of the year as directed by the Chief Financial Officer or designate. These estimates will consider all aspects impacting revenues including:

a) Impact of Rates – The Administration will analyze current rates and include the impact of any proposed rate changes as part of the estimating of operating revenues.

b) Impact of Volumes – The Administration will consider the impact of volumes/admissions as part of the estimating of operating revenues.

c) New Types of Revenue – The Administration will identify and include any proposed new revenue sources as part of estimating operating revenues.

d) Non-Recurring Revenue or Funding – The Administration will identify to City Council the amount of Non-Recurring Revenue or funding, if any, that is being used to balance the operating budget. To ensure a Structurally Balanced Budget, if Non-Recurring Revenue or funding is required to balance the budget in any Multi-Year Business Plan and Budget; appropriate adjustments to expenditures or Recurring Revenue must be made in the following Multi-Year Business Plan and Budget to remediate the gap in funding for future years and ensure a financially sustainable budget.

3.6 Operating Budget Accountability

The appropriate Director will be responsible for implementing and delivering programs and is accountable for achieving approved service levels within the approved budget.

The Administration will provide the Standing Policy Committee on Finance forecasts as at June 30 and September 30, as well as a comprehensive year-end report outlining the final operating surplus/deficit forecast and associated recommendations.

3.7 Exceptions to the Approved Operating Budget

As part of the budget monitoring process undertaken by Administration, any Service Line that is projected to exceed its budget within the following thresholds will require a remediation plan:

a) for net operating budgets greater than $1,000,000 any variance greater than the lesser of $250,000 or 5% of the net operating budget; or

b) for net operating budgets less than $1,000,000 any variance greater than $50,000.

This remediation plan shall include options such as, but not limited to, the deferral of hiring as well as the deferral or elimination of major expenses or reserve transfers. The remediation plan requires approval of the appropriate General Managers or Chiefs and the Chief Financial Officer.

If a remediation plan cannot be offset within the Service Line, the City Manager and Chief Financial Officer will work with the General Managers and Chiefs to put into place organizational strategy and direction to mitigate any potential negative variances within the overall operating budget. The Standing Policy Committee on Finance will be informed of any overall projected variances that cannot be offset within the overall budget as part of the mid-year and Q3 variance reporting and may require additional direction such as adjustment of service levels or reliance on the Fiscal Stabilization Reserve.

4. CAPITAL BUDGET

The Capital Budget outlines all the City's proposed capital funding projects, the costs and funding sources. In general, the Capital Budget shall capture the full cost of an entire component of the project in the approval year and not presented on a cash flow basis. Exceptions may be made by the Director of Finance in relation to significant multi-year capital projects. A decision to undertake a capital project will be made objectively, with full knowledge of all relevant facts, including operating impact considerations in the request as outlined in clause 4.3(d).

4.1 First Year Capital Budget Process

The Multi-Year Business Plan and Budget process for the Capital Budget involves the following steps in the first year of the process:

a) The divisional preparation of an internal 10-year Capital Budget in order to align with approved service levels (rehabilitation and maintenance for example) and provide insight into the City's long-term capital requirements. Five years of this Capital Plan will be included in the Budget Document, in alignment with City Council's Strategic Priorities.

b) The Administration will review all proposals and recommend programs and capital projects to City Council through the Multi-Year Business Plan and Budget Document.

c) The preparation and approval of official Budget Documents.

4.2 Subsequent Year Capital Budget Process

Subsequent years of the City's Multi-Year Business Plan and Budget will include an abbreviated process which will include:

a) An administrative review of the proposed Capital Multi-Year Business Plan and Budget which will consider any required adjustments related to the following circumstances:

i) City Council-directed changes to its Strategic Priorities or the City's Strategic Plan that have impacts on the prioritization of capital projects; or

ii) unanticipated external factors such as new or adjusted Federal or Provincial funding programs, or any other significant factor as determined by the City Manager and Chief Financial Officer.

b) Any identified changes will be brought forward to City Council's Business Plan and Budget Reviews as part of a proposed adjustments document for consideration.

c) The originally approved Capital Multi-Year Business Plan and Budget document will not be updated based on changes made in subsequent years, but will instead be supplemented with the City Council approved adjustments document.

4.3 Estimating Project Costs

Capital projects proposals are to be accompanied by complete, reliable and realistically attainable estimates and include:

a) Each estimate will be based on the most current information available. The Project Manager is responsible and accountable for providing City Council with accurate project estimates.

   i) Where Capital Budgets extend out further than 1 year in the overall Capital Plan, the Project Manager will estimate the future cost considering expected inflation rates.

b) Proposals will identify appropriate source(s) of funding.

   i) All Capital Projects that have identified external or internal borrowing require approval of the Chief Financial Officer, or designate, prior to inclusion in the Capital Budget review process.

c) GHG reduction estimates resulting from capital work associated with projects that meet the parameters as approved by City Council, are required.

d) Each proposal should indicate what the life cycle costs are of the project and the impact on future operating budgets (i.e.: cost to operate and maintain the capital asset) to be known as Operating Impacts. The Operating Impact shall identify how these costs will be funded.

i) The first year of an Operating Impact shall be identified to be required in the year following completion of construction or implementation and account for appropriate projected inflation.

ii) Operating Impacts are to be considered as a planning tool and will need to be re-justified during the year the budget ask is requested. Although Operating Impacts are identified, they may not be included in future budgets as they may be offset due to construction timing, continuous improvement, changes in market conditions or other efficiency gains.

iii) An Operating Impact statement will be required in the Budget Document even if there is no Operating Impact. For example, roadway rehabilitation projects may have no Operating Impact as existing operating funds already exist for future maintenance.

iv) The Operating Impact shall include all operating requirements including, but not limited to, maintenance requirements, anticipated utility charges, programming costs, or other contracted costs. An annual allocation for future replacement shall be included as required in *The Capital Reserve Bylaw, 1993* (Bylaw No. 6774) or at the discretion of the City Manager or Chief Financial Officer.

v) Operational GHG reduction estimates for projects that meet approved parameters are required.

e) Each capital construction project shall include, where necessary, reasonable provision for contingencies.

i) The amount set aside for contingencies shall correspond with industry standards.

ii) The contingency fund may, unless otherwise directed by City Council, be used only to compensate for unforeseen circumstances that arise requiring additional funds to complete the project according to the approved project scope and approved identified needs.

4.4 Estimating Capital Full-Time Equivalents

As part of the estimating of capital projects, any new FTEs will be identified as part of this process. The City Manager has the ability to implement new FTEs during the year; however, these must be included in the following years' Business Plan and Budget approval process. The following definitions and guidance will apply:

a) Capital FTEs are typically temporary in nature and tied to specific projects which have a defined start and end date. These temporary positions do not require identification in the Business Plan and Budget Document.

b) Capital positions that are permanent in nature and relate to ongoing/annual capital rehabilitation/maintenance or are deemed to be a permanent requirement for other reasons, shall be included in the Business Plan and Budget Document, including justification and rationale for the position.

Administration will provide an FTE report at the budget deliberations meeting that details all newly requested permanent capital FTEs.

4.5 Exception to Approved Capital Budgets

Each change in the approved Capital Budget requires the appropriate prior authorization. The following authorizations shall apply:

a) Scope Changes – City Council's approval is required for all changes in capital project scope. Examples of scope changes include changes of purpose or objectives, and these changes are significant enough to affect the service level of the associated program(s) from that approved in the capital estimates.

Changes which do not affect the capital project scope require the appropriate General Managers or Chiefs approval.

b) Over-Expenditures – Prior City Council approval is required to over-expend previously approved capital projects where the anticipated over-expenditure is equal to or greater than $100,000 and cannot be balanced by other components within the same capital project, except for additional work completed because of unexpected funding received as cost recovery from external sources (i.e.: additional insurance funds for damage to City assets, or customer funding for work on capital assets). Such budgeted expenditures and corresponding increases in funding can be made to the capital project with City Manager's approval. Over-expenditures under $100,000 require City Manager's approval.

All over-expenditure requests should be accompanied by a summary of all previous changes to the approved budget.

c) Under-Expenditures – Under-expenditures of capital funds resulting from projects completed below budget shall be returned to the source in the same ratio as the original contribution.

d) Transferring Between Like-Projects – Like projects that have a similar scope of work but were established as separate projects for administrative or system purposes (e.g., periodic SAP project set-up), may be combined by moving remaining funding between the projects with City Manager approval.

Any movement request must include how the projects are considered to be of the same general scope of work. All over-expenditures or under-expenditures of the combined projects are approved as outlined in clauses 4.5(b) and 4.5 (c).

4.6 Capital Budget Accountability

The Administration shall provide City Council, at a minimum annually, with a Capital Project status report that provides information on all outstanding capital projects, including project expenditure projections, expenditures-to-date, variance-to-approved budget and projected expenditures and any other relevant notes.

An annual review shall be completed of all open capital projects by the Director of Finance and applicable project managers. This review shall be presented to senior leadership including the potential to close capital projects and return funding to source where projects have been completed and not closed or not substantially started after a reasonable amount of time has passed.

APPENDIX B – MULTI-YEAR BUSINESS PLAN AND BUDGET PROCEDURES

The City has committed to acting on climate change through its membership in the Global Covenant of Mayors for Climate and Energy, its GHG reduction targets, the Climate Action Strategy and numerous other plans and strategies that relate to environmental performance. The Climate Budget will establish the short-term funding requirements for the City to meet these long-term actions and targets.

1. Climate Budget Principles

a. In alignment with the Climate Action Strategy, the Climate Budget prescribes funding needed for the key actions identified in the Climate Action Strategy.

b. The Climate Budget is embedded within the Multi-Year Business Plan and Budget Documents, outlining the total emission reductions required for that budget cycle and the key projects requesting funding to achieve those reductions.

c. Any initiative that meets the parameters set by City Council shall have GHG reduction projections estimated for it and identify how the initiative is expected to reduce emissions.

d. Implementation plans based on the Climate Action Strategy and supplementary implementation plans will determine which actions should be submitted for funding for each budget cycle.

2. Climate Budget Process

The following steps are to be followed to complete the Climate Budget each budget cycle:

a. The Climate Action Strategy is used to identify initiatives with GHG reductions and timing for their implementation. Status of the actions is known through annual or regular reporting. This information is included in the Climate Budget section and tables. Initiatives with GHG reductions that are not identified in the Climate Action Strategy are also eligible.

b. Cost and GHG emission estimates are completed for each reduction initiative, within approved parameters, and included as capital in the Multi-Year Business Plan and Budget. GHG emissions reduction estimates relating to operating requests (including programs) are optional.

c. Climate Budget tables with quantifiable measures, non-quantifiable measures, measures that build resilience to the impacts of a changing climate and measures that lay the foundation for future GHG emissions are completed indicating the measure, estimated GHG emissions (if quantifiable), estimated cost, and responsible department.

d. Background narrative, summation calculations, and projections are completed to estimate the gap between projected emissions and target emissions for at least the 2-year budget period and included in the Climate Budget section.