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Denver City Council, city team members, and residents of Denver:

Every budget is a moral document, it is an affirmation of our values and a roadmap to deliver a city that lives up to its greatest potential. Denverites have made clear we want a city that is vibrant, affordable and safe, for everyone. This budget represents the first step in our journey to deliver that dream of Denver.

This budget focuses on five top priorities, affordable Denver, safe neighborhoods, a vibrant and revitalized downtown, greener Denver and housing for all.

Budget Highlights

Complete details are available in the budget book at denvergov.org/budget.

Affordable Denver

Over the last several years, the cost of housing has skyrocketed and continues to be a major crisis for Denverites at every income level. Many of the teachers, nurses, wait staff, and retail workers who serve this city can no longer afford to live in this city. That's why expanding affordable housing for hard working Denverites is one of our top priorities.

Building, Converting, or Preserving 3,000 Affordable Units

We are focused on adding 25,000 units of permanently affordable housing over the next eight years, making sure that those who work in Denver can afford to live here without fear that constant increases in rent will push them out of the city they love and serve. We have set an ambitious goal to create and preserve up to 3,000 units of affordable housing in 2024. We will leverage city, state, and federal funding up to \$100 million to help make Denver affordable for all.

Reforming Denver's Permitting Process

To meet these ambitious targets we must also reform our permitting process to make sure units can get built more quickly. To that end, we are investing half a million dollars to redesign our permitting process to ensure we can approve all permits much faster, but especially to meet our goal of turning around new affordable housing permits in 90 days. We will allocate \$200,000 to study, gather feedback from the community and implement reforms to accelerate the permitting and zoning process. We will also add three full-time inspection positions to our dedicated Affordable Housing Review Team. This will help reduce the time from design to doors-open for these critical affordable projects.

Maintaining our Commitment Despite Federal Funding Cliffs

While the city continues to leverage the one-time federal stimulus dollars awarded in 2021, we are no longer receiving new funding under the ARPA program. Despite this, our 2024 budget will still invest \$242 million to help Denverites get out of homelessness and into transitional housing and support services. We will do this while continuing to invest in affordable home rental and homeownership opportunities for residents across Denver.

Safe Neighborhoods for All

Every Denverite deserves to feel safe and protected in our community. That's why our 2024 budget will ensure Denver has the officers we need, while also expanding our mental health services so we have the right responder for the right incident at the right time.

Rebuilding Denver's Police Force

We know Denver has seen historic increases in crime and residents are frustrated that law enforcement doesn't have the capacity to respond to the volume of 911 calls. That is why we are making an \$8.2 million investment to add 167 new police recruits to our force in 2024. This will finally put us on the path to meet the full authorized strength of the police department and improve our ability to respond to 911 calls and follow up on investigations across the city.

Expanding Non-Criminal Co-Responder Programs

We will also invest \$7.2 million into our Support Team Assisted Response (STAR) and co-responder programs, which empower behavioral and mental health clinicians, paramedics, and EMTs to respond compassionately and skillfully to people in mental health or substance misuse crises. This will allow us to grow our STAR program by expanding the number of team members and vans, increasing operating hours, and building out leadership support for clinical and paramedic teams. Additionally, we will put \$1.8 million to add a second Wellness Winnie, doubling our capacity to provide mobile mental and behavioral care services directly to those in need.

Commitment to Treatment Alternatives

Our 2024 budget will also make an expanded commitment to seeking treatment alternatives to traditional incarceration. That will include adding 90 beds available for treatment alternatives by investing \$3 million into our local community corrections facilities. An investment of \$4.2 million will help further establish our Behavioral Health Solutions Center, a 24/7 treatment resource for members of our community who are having a behavioral health crisis.

A Vibrant Downtown and a Revitalized City

A strong city requires a thriving city center. That's why we're committed to ensuring that downtown is a thriving, welcoming, and safe community where Denverites can live, work, and play. Fulfilling this promise requires us to confront several challenges with our budget.

Our downtown faces among the highest commercial vacancy rates of any city in the nation. Reversing this trend will require a coordinated effort to revitalize not only the central business district but create a central neighborhood district where people of all income levels gather year-round. That vision requires aggressive steps to reactivate our downtown business corridor to make downtown the best place to live, work and play in all of the Rocky Mountain West.

A significant part of this reactivation starts with our plan on homelessness. We know the first step to revitalizing downtown is helping people experiencing homelessness get access to housing and then permanently closing encampments, while simultaneously working shoulder-to-shoulder with businesses and neighborhoods to reactivate these spaces and make downtown a vibrant neighborhood that is the economic, residential, and cultural center of our city. To meet that goal, our budget invests \$58 million toward downtown revitalization.

Revitalizing Public Spaces

Turning downtown Denver into a vibrant neighborhood means investing in joyful public spaces where Denverites can build community. That's why we will invest in completing the 16th Street Mall with an expanded tree canopy while creating new pedestrian-friendly public spaces in upper downtown; stabilizing local uniquely Denver businesses on the mall; completing our newly expanded Convention Center; attracting new businesses along and near our rejuvenated 16th Street; and increasing our investments into a safe downtown. We will also leverage \$136 million in Federal Transit Authority funding to help connect city neighborhoods with a fast, reliable, and safe bus rapid transit (BRT) option along the Colfax Avenue corridor.

We will launch our first effort to convert downtown commercial buildings to residential units as part of our effort to create a more dynamic, thriving downtown neighborhood with a more sustainable balance of commercial and residential activity.

A Thriving Economy in Every Neighborhood

For Denver to succeed, we must secure economic opportunity in every neighborhood. That's why we will expand support for small and locally owned businesses that face rising rents and historic inflation in some of Denver's historic, fastest-changing neighborhoods. This follows our successful launch in August of Denver's first "Legacy Business" program to protect and strengthen these long-standing local businesses, many of which are minority- and women-owned. In 2024, we will also work to streamline the building and permitting processes to make it even easier for Denver entrepreneurs to open new businesses.

Greener Denver

It wouldn't be Denver without our blue skies and beautiful mountain vistas. The city has taken strong steps to protect our public spaces and reduce our carbon footprint, but we know there's still more to do. With 45% of our greenhouse gas emissions coming from transportation, our 2024 budget invests in moving Denver toward cleaner air with an electric future.

Electric Vehicle Infrastructure

We will build out a citywide electric vehicle (EV) charging infrastructure so we can help every Denverite access charging stations and build the infrastructure we need to convert our city fleet to electric. Our 2024 budget will accelerate our transition toward EVs, starting with the city's own fleet. The budget allocates over \$7 million for electric transportation options, including \$2 million for EV replacements of city vehicles that are at the end of their useful life; and \$1.5 million for EV charging infrastructure that will expand public access to charging at city facilities that serve under-resourced neighborhoods and support Denver's municipal fleets.

Expanding Micro-Mobility Options

Our 2024 budget invests over \$15 million in expanding infrastructure for bike lanes, transit enhancements for West Colfax, transit-oriented development, and Safe Routes to School and pedestrian crossings, among other multi-modal projects. To make personal micro-mobility options more accessible for every Denverite, we will put \$2.8 million toward continuing Denver's popular e-bike voucher program and \$1.3 million for additional community-facing rebates, incentive programs, and electrified micro-transit services that encourage a transition to electric transportation options.

EcoPass Partnerships

This budget will also continue the city's commitment to supporting public transit by providing RTD EcoPasses for city employees to make it easier and more cost-effective to use public transportation to get to work. In addition to continuing this program for city employees, we will actively partner with local businesses to help them provide free EcoPasses for their employees, reducing traffic congestion, reducing climate impact, and bringing more Denverites back downtown to work and play.

Housing For All

We know the city faces a crisis of homelessness. In the last five years, the number of people experiencing homelessness in our city has nearly tripled, and almost 1,000 Denverites have died on the streets of our city. We are mutually committed to two values: we believe that we have a moral obligation to ensure everyone has access to stable, dignified housing with the services they need to get back on their feet, and we also believe that every resident of

Denver deserves to feel safe where they live, work, and play while having shared, safe access to all of our sidewalks, parks, and public spaces.

House 1,000

The urgency of those two values inspired us to declare a State of Emergency on day one. We are committed to moving 1,000 people out of unsheltered homelessness and into housing this year. And, once housing is made available, we are committed to closing the encampments and keeping those neighborhoods closed to new encampments. As of today, we are on track to accomplish this historic effort to house 1,000.

Sustained Services

Even after successfully housing 1,000 people, we know the work will not be over. With a point in time count of nearly 1,500 people experiencing unsheltered homelessness, and ongoing increases in the amount of people entering homelessness, 2023 is a start to our work, not an end. Our 2024 budget will sustain the transitional housing we launched in 2023, enforce permanent closure of encampments, and allocate an additional \$39.2 million toward bringing another 1,000 people out of unsheltered homelessness in 2024. This commitment will provide funding to bring on more hotels, micro-communities, and rapid rehousing.

Preventing Homelessness Through Rental Support

While supporting people who are currently unhoused is an urgent, immediate need, we remain focused on stopping the pipeline of people entering homelessness in the first place. That is why this budget makes \$12.6 million available in rental assistance programs to prevent homelessness and over \$2 million in free legal services for households facing eviction, in addition to a focused, citywide drive to create more affordable housing options, both to rent and to buy, throughout Denver. This represents a significant increase in the city's support for this intervention. But we know that as federal rental assistance expires, we risk more Denverites losing housing, and we are committed to working with state, federal and philanthropic partners to increase funding to meet the total need.

Revenue Outlook

Denver has been fortunate to have experienced a relatively robust post-pandemic recovery with several years of double-digit revenue growth. While 2024 revenue is projected to continue to grow, the rate of growth has begun moderating as we have normalized from the disruptions of the pandemic. As in 2023, high inflation and interest rates are likely to place limits on growth and continue to drive down consumers' refinancing, borrowing, and spending activity in 2024. In 2024, our General Fund revenue is forecasted at just over \$1.7 billion, representing a 4% natural growth rate over 2023's revised revenue projections of \$1.63 billion. The growth in 2024 is primarily driven by projected increases in tax revenues, mainly from sales, use, and property taxes. The city's investment income also continues to perform well due in part to higher yields as well as strong cash balances.

Looking Forward

Heading into 2024, Denver continues to be in a strong financial position, with 15% held in reserves for any unforeseen economic challenges. This vital financial safeguard served the city well as recently as 2020 and 2021. In addition to reserves, the annual General Fund contingency is budgeted at \$34.2 million to address unbudgeted expenditures, and the Capital Improvement Program will hold \$6.4 million for unexpected needs in 2024. And as we will likely continue to receive arrivals of new migrants from Central and South America into 2024, we will start the year with approximately \$20 million to support migrant sheltering services and will continue to monitor funding needs throughout the year. With the details outlined in this budget, I am confident that we continue to be prepared to serve our residents through whatever may come in 2024.

In my first budget as your Mayor, we are positioning our city to respond quickly and decisively to our toughest challenges and take advantage of our greatest opportunities. I deeply believe the challenges we face as a city are solvable, and we will be the ones to solve them. On this budget and all our work ahead, I look forward to working shoulder-to-shoulder with each of you to deliver on our dream of Denver.

Sincerely,

A handwritten signature in black ink that reads "Mike Johnston". The signature is written in a cursive, flowing style.

Mayor Mike Johnston