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Oct. 13, 2023

Dear President Torres, President Pro-Tem Sandoval, and Honorable Members of the City Council,

Thank you for all the thoughtful work you put into your response to our proposed 2024 budget. We know you care deeply for this city and for our shared responsibility to deliver a balanced budget that supports an affordable, safe, and vibrant Denver.

Your funding proposals totaled \$81 million in proposed changes, that is a 450% increase in funding requests compared to the last fiscal year while the overall budget only increased 3.7%. Although the size of these proposed funding changes is a significant departure from past practice, we appreciate the passion of your advocacy and we have worked hard to expand investments in some of your most important priorities. While we have identified opportunities to support many of these efforts through existing department budgets and priorities, we have updated the budget to make significant expansions of temporary rental and utility assistance, participatory budgeting, Safe Routes to School, and mental health beds.

We are also mindful of our obligation to present a balanced budget without cutting critical public services. Since we first released the 2024 proposed budget in September, the fiscal outlook for next year has already shifted. Sales tax revenues are softening, and the scope of our migrant crisis has expanded dramatically. These changing conditions could place significant strain on our 2024 budget and weaken the availability of reserve funds. As we considered the below funding proposals in this light, we were extremely careful not to reduce the city's reserves below the required 15% threshold to ensure Denver is prepared for whatever challenges may come in 2024.

Thank you again for your passion and your partnership in this process. I look forward to continuing our work together to build a budget that lives up to our shared vision for Denver.

2024 Revised Budget: Up to \$10.6 Million in Funding for City Council Proposals

\$1 Million in 2024 and \$1 Million in 2025 for Cycle 3 of Participatory Budgeting

We agree with you that some of the best, most innovative ideas come from Denverites in every corner of our city. To ensure this innovative participatory budgeting program continues beyond the end of the current cycle, our revised 2024 budget will include \$1 million in 2024, with an additional \$1 million to follow in 2025, to create and implement a third cycle of this program for residents in Northwest and Southeast Denver. Administrative costs for the program will be addressed through existing budgets and the "limited" staff position that administers the program will be converted to an "unlimited" position.

\$3 Million for Increased Support for Denver Health

While our 2024 budget already included over \$73 million in funding for Denver Health under our operating agreement, which was a 6% increase over the 2023 budgeted amount, our revised 2024 budget will include up to an additional \$3 million increase in support for the hospital.

Rushing \$500,000 of Increased Support to Longstanding, Local Businesses

Through ARPA funding, the city's Business Impact Opportunity (BIO) Fund has served 435 businesses to date, investing \$5.58 million. The BIO Fund will continue to be made available to support small businesses that have been negatively impacted by the pandemic, including an additional \$500,000 from the BIO Fund to support small businesses challenged by the impacts of nearby encampments. In 2023 and 2024, we are also running the pilot of our Legacy Business program, which will support the longstanding, locally owned small businesses that make Denver vibrant through technical assistance and marketing support. We look forward to learning from our findings of the pilot and considering expansion for the program in the future.

\$3 Million for Increased Support for Denver Households Needing Emergency Rental Assistance

Over the last several years, the cost of housing has skyrocketed and continues to be a major crisis for Denverites, particularly those at the lowest income levels. Our revised 2024 budget will increase funding for temporary rental and utility assistance by \$3 million, making \$15.6 million available for these programs in 2024. This is a significant increase in city funding for rental assistance compared to 2023, despite a significant decrease in federal support.

\$2 Million for Continuing Support for the Basic Income Project

We have heard the outpouring of community support and advocacy for the Basic Income Project, and we have studied the six-month results of the pilot. While we await final data from the completed year-long project, we are pleased to share that we are funding an additional \$2 million to continue the city's commitment toward the Basic Income Project.

\$1 Million Increased Funding for Safe Routes to School, Vision Zero, and Speed Tables

We agree with City Council that safe, pedestrian-friendly infrastructure is critical, offering residents alternative ways to travel and reducing greenhouse gas emissions. Our revised 2024 budget will reflect a \$1 million increase in the capital funding available for Safe Routes to School (SRTS), bringing the total available in 2024 to \$2.3 million. An additional \$1.5 million in RISE General Obligation (GO) Bond funding is also currently funding multiple SRTS projects.

Adding Staff in the Office of Special Events to Implement "Waste No More" Ordinance

Our revised 2024 budget will reflect the addition of a position within the Office of Special Events to manage "Waste No More" compliance for permitted events hosted within Denver.

Strategies for Addressing Other Items

Implementation of the Neighborhood Planning Initiative (NPI)

Our 2024 budget has already dedicated \$200,000 to a comprehensive effort to reform our permitting process, and Community Planning and Development is on track to begin the foundational work of moving Denver into one zoning code in 2024 to ensure we can implement NPI policies in an equitable way.

Botanic Gardens Fresh Food Contract

This contract ended as expected when the COVID-era Community Services Block Grant (CSBG) funding expired in 2022. To continue this work despite a lack of federal funding, the city is currently preparing an RFP to be released in November 2023.

Continuing the Plaza Program

We are working closely with Denver Public Library administration to propose to their Library Commission to use their dedicated revenue stream to fund to continue this vital program.

Increasing Support for People Experiencing Homelessness

We know that Denver is facing a crisis in homelessness, which is why our 2024 budget dedicates \$247 million through the Department of Housing Stability to ensuring everyone has access to stable, dignified housing with the services they need to get back on their feet, while simultaneously closing encampments to create access to shared, safe sidewalks, parks, and public spaces. This includes \$2.3 million for encampment services, like trash pick-up, temporary toilet facilities, transportation, and more, which already exceeds the \$1.7 million proposed by City Council.

Expanding the Support Team Assisted Response (STAR) Program

Denver's STAR program has made our city a national leader in providing compassionate and effective care to those in crisis. The total proposed budget for STAR in 2024 is \$6.2 million, which is an increase over 2023 and was determined based on discussions with the Department of Public Health and Environment on how much funding the city could use effectively in its work to expand the STAR program.

A Contract to Eliminate Medical Debt

Developing a program to eliminate debt burdens is a significant undertaking that must be done strategically to ensure we achieve the desired outcome of directly and equitably benefitting Denver residents and not debt collectors or other outside parties.

Increased Funding for Programs in the Office of Children's Affairs

Youth violence prevention is currently included in the work of multiple city agencies. We are excited to pilot the My Spark program this year that offers up to 4,000 Denver kids access to after-school programming. We will evaluate the success of the program in its first year to pursue opportunities to scale the program in the future. We have already added a position to directly support the Bronco Fund.

A Study of the Climate Benefits of Social Housing

We appreciate that this study would be worthwhile, and we will work with council members through both the Climate Action, Sustainability, and Resiliency (CASR) and Housing Stability (HOST) departments to determine the best approach for exploring this idea.

Additional Staff in the Office of the Municipal Public Defender

Our practice is not to fund staff positions in response to new legislation until after that legislation has passed so that we have certainty of the position's responsibilities and requirements.

Creating an Office of Community Empowerment

We have been working with Council President Torres and Councilman Kashman on this proposal and will continue working to create an Office of Community Engagement that can live within one of our city agencies to supplement the outreach work that we do directly from the Mayor's Office. We agree with the City Council's belief of the importance of true community engagement, which is why I have created an office of outreach within the Mayor's Office. This group has already hosted dozens of town halls and met with thousands of residents since July. We look forward to partnering with the City Council to develop this office over the coming year with a goal of leveraging existing resources and identifying the right structures, services, and staffing to deliver on our shared goal of serving our community.

Proposals That Did Not Receive a Supermajority of Council Members

Creation of an Office of Neighborhood Safety

Addressing public safety is a priority of this administration. We are actively looking at options for how to structure our safety services across the city including the option to create an office of neighborhood safety and we look forward to continuing our work on this with City Council.

Gap funding for the Second Chance Center

This project in Denver is the type of affordable housing project eligible for support through our Department of Housing Stability's (HOST) existing budget. Their application is still under review by HOST, and we will continue to let it move through the application process.

Funding for a Sidewalk Study

The development of a sidewalk program master plan, which includes a sidewalk needs assessment and guidance on implementation, is on track to start in July 2024, when fee collection to fund this work begins as specified by the City Council ordinance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Johnston". The signature is fluid and cursive, with the first name "Mike" being particularly prominent.

Mike Johnston
Mayor