September 10, 2026

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

Today, I am submitting our proposed 2027 city budget.

Over the past three years, we have made hard choices to control costs while continuing to invest in the things that make Denver safer, more affordable, and more vibrant. We've driven economic recovery through a clear, three-step plan: resolve unsheltered homelessness, bring down crime, and reinvest in downtown—an economic engine for all of Denver. That strategy is paying off. More people are coming downtown, businesses are growing, and our economy is gaining momentum. Sales tax revenue citywide is projected to be 5% higher in 2027 than in 2025. And on 16th Street, our iconic downtown corridor that finally reopened, sales tax revenue is up 18% compared with the same time last year.

For the first time after several years of slowing revenues and difficult budget decisions, Denver's revenues are growing again. We project General Fund revenue will grow 1.1% in 2027. That turnaround reflects the hard work of city employees and Denverites and the investments we have made in our city's future. We have helped thousands of people move off the streets and into shelter and housing. We have driven substantial drops in homicides, auto theft, and property crime. We have reopened and reinvested in downtown and made major investments in neighborhoods across our city. Together, that work is helping put Denver on stronger economic and financial footing.

That stronger footing allows us to invest again in some of our highest priorities. Our proposed 2027 budget invests more in parks and recreation centers, provides critical new support for Denver families experiencing homelessness, increases funding for safe routes to schools, trains new firefighters and deputies, and reinvests in our hard-working employees, all while strengthening the city's reserves.

2026 Revised Revenue Outlook

Nine months into the year, our 2026 revenue projection remains steady and within 0.1% of our original estimate. In 2026, revenue to the city's General Fund is expected to total $1.666 billion, $1.8 million above our original estimate and up $2.9 million from actual revenue in 2025.

2027 Outlook

General Fund revenue in 2027 is projected to total $1.684 billion, an increase of $17.5 million or 1.1% over 2026. This increase is driven by continued growth in sales and use tax revenue, offset by reductions in other revenue sources including property taxes, state marijuana share back revenue,

and one-time revenue that will not continue in 2027. Our proposed 2027 budget keeps General Fund expenditures to $1.680 billion to match revenue, representing a 1% increase in expenditures from 2026 to 2027.

We will also strengthen the city's reserves in 2027. Our General Fund reserves ensure Denver is prepared to weather any economic challenge. Two years ago, when faced with an increasingly volatile national economy, new tariffs, uncertainty in federal funding, and slowing revenue, we took immediate steps to slow the growth of city government. Like many cities across the country, when revenues slowed further and costs continued to rise, we made deeper and more difficult cuts in 2025. Throughout that time, our reserves served as a critical backstop, allowing us to protect the core services Denverites rely on.

Heading into 2027, our disciplined decisions to manage costs and our drive to stimulate economic activity have put us on stronger financial footing. As a result, our proposed 2027 budget protects core city services, increases reserves from 11.4% as of the end of 2025 to 12% in 2027, and allows us to expand investments in several key areas.

Key Investments

In 2027, most city agencies will manage to a budget that is similar to 2026. Notable investments include:

- **$140 million for Denver Parks and Recreation,** a 1.82% increase over 2026, allowing us to open the new, all-electric Westwood Recreation Center in summer 2027, reopen Civic Center Park and Skyline Park in the fall of next year, and implement multiple drought-tolerant Landscape Transformations projects citywide.

- **$4.4 million to invest in Safe Routes to School** – double our 2026 budget proposal – to create safer pedestrian and bicycling paths along high-volume school routes.

- **$84.5 million to ensure every family and individual experiencing homelessness has an opportunity for shelter**, composed of $42.7 million from the General Fund and $41.8 million from the voter-approved Homelessness Resolution Fund. This includes funding to pilot the new Columbine Family Shelter, a family shelter where parents and children can stay together and regain stability.

- **$51 million to support the development of new affordable housing** for individuals and families.

- **$12.8 million for behavioral health programs**, with a focus on bringing clinicians in the city's successful STAR program in-house. Through work to integrate STAR, the Denver Police's co-responder program, and the Roads to Recovery program, we can make accessing care much easier for people in crisis and allow for a holistic approach to addressing individuals who are experiencing addiction or acute mental health concerns.

- **$3 million for new Denver Sheriff and Denver Fire recruit classes and to support the Denver Police Department's data-driven Place Network Investigation strategy to combat crime.** These investments will help maintain staffing in Fire and Sheriff, while Denver Police staffing remains at 96% of authorized strength.

- **$161.5 million for independent agencies** that receive funding from the city's General Fund, including the Denver Clerk and Recorder, City Auditor, District Attorney, County Court, and others, representing an average increase of 3.25%.

- **$10.4 million to invest in our city employees**, providing a 2% merit increase for eligible employees in 2027. The city will also cover increases in employee retirement costs so those costs aren't passed on to employees.

Budgets are ultimately about choices. They show what we value and what kind of city we want to build. Over the last three years, Denver has made hard choices when we needed to. We protected the services residents count on. We kept investing in our future. And we worked to get our economy growing again.

There is more work ahead. But we enter 2027 in a stronger position—with crime and homelessness down, downtown coming back, revenues growing again, and new investments going into neighborhoods across Denver.

I am incredibly proud of the city employees who made that progress possible and who show up every day to serve the people of Denver.

Signed,

Mayor Mike Johnston

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