



# 2026 Budget Overview

Justin Sykes, Budget and Management Office Director  
Department of Finance  
October 27, 2025

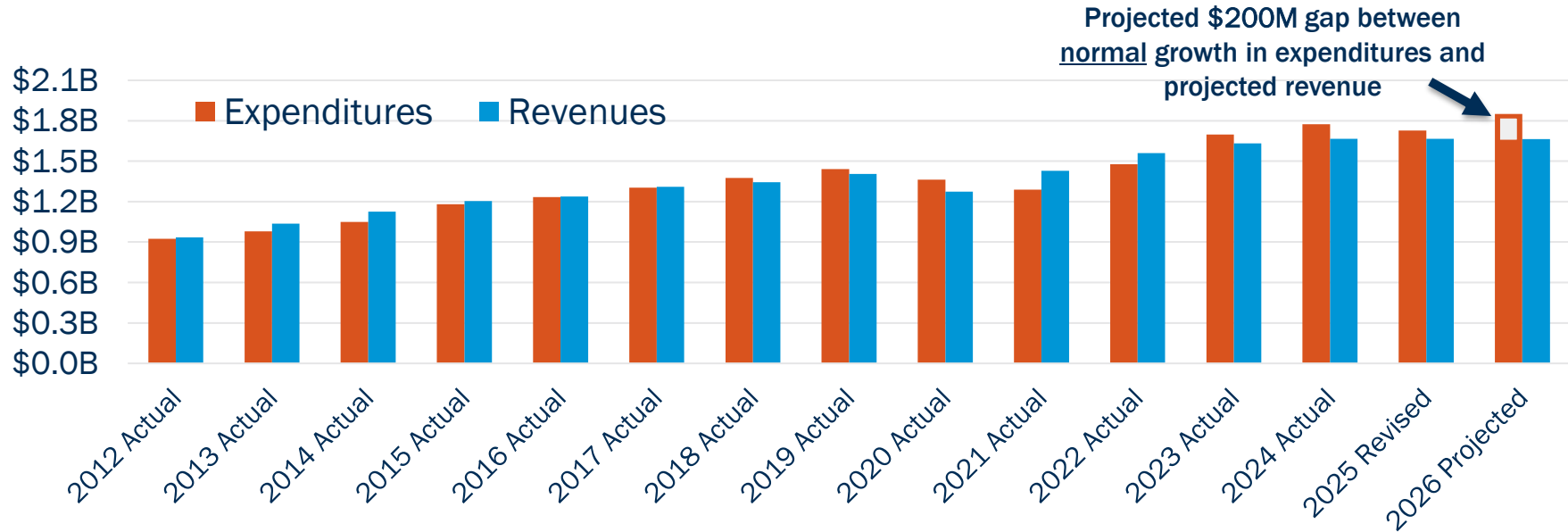
# “20 of the Nation’s 25 Largest Cities Must Close Budget Gaps” in 2026

August 2025 data from Pew Research Center

- **Colorado Springs, CO:** 7% budget cuts, 2026 layoffs and furloughs
- **Colorado State Budget:** \$1.2 billion budget gap
- **Los Angeles, CA:** \$1 billion shortfall
- **San Francisco, CA:** \$2 billion budget deficit
- **Chicago, IL:** \$1.15 billion shortfall
- **Houston, TX:** \$202 million budget deficit

# General Fund Expenditures and Revenues

Several years of softening revenues have collided with rising costs of personnel, contracts, and essential services.



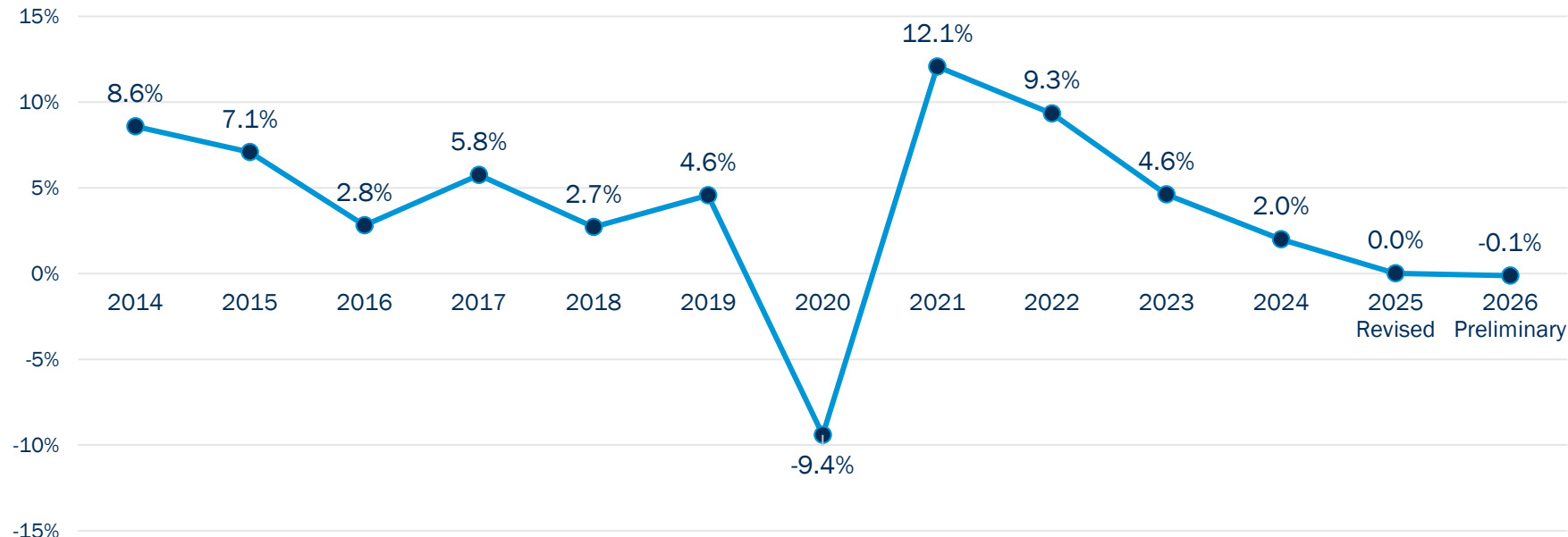
# Steps We Took in 2025 to Manage Costs

- Implemented a **hiring freeze** in May 2025\*
- Instituted a tiered **furlough** system of 2-7 days\*
- **Reduced spending** on items like travel, trainings, meals, and other discretionary supplies
- Reduced and restructured **contracts and services**

*\* Does not include uniform or 911 personnel*

# Revenues

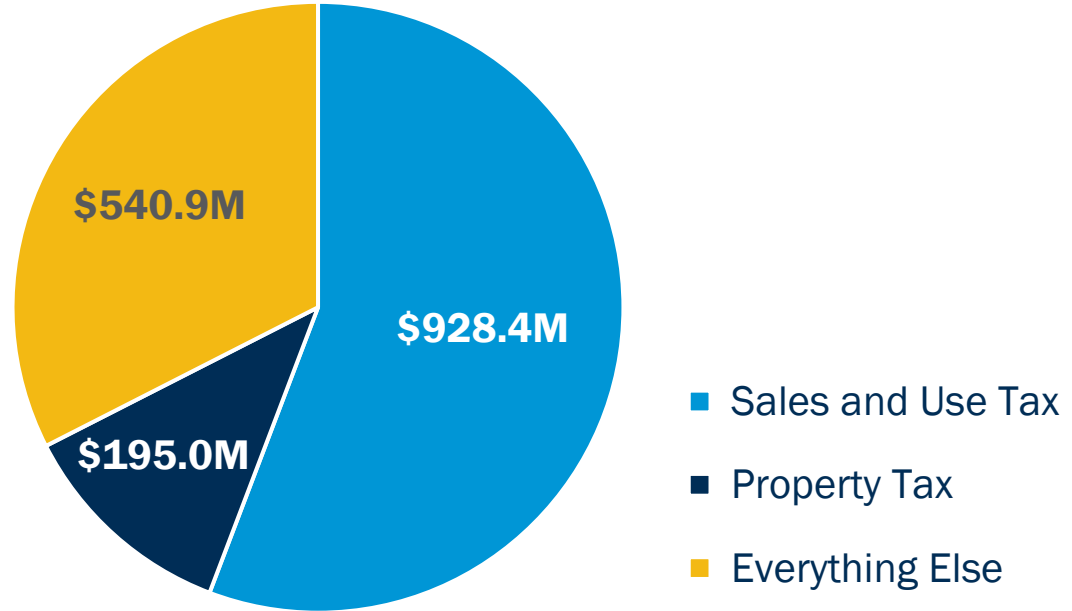
# General Fund Revenue Growth Rate



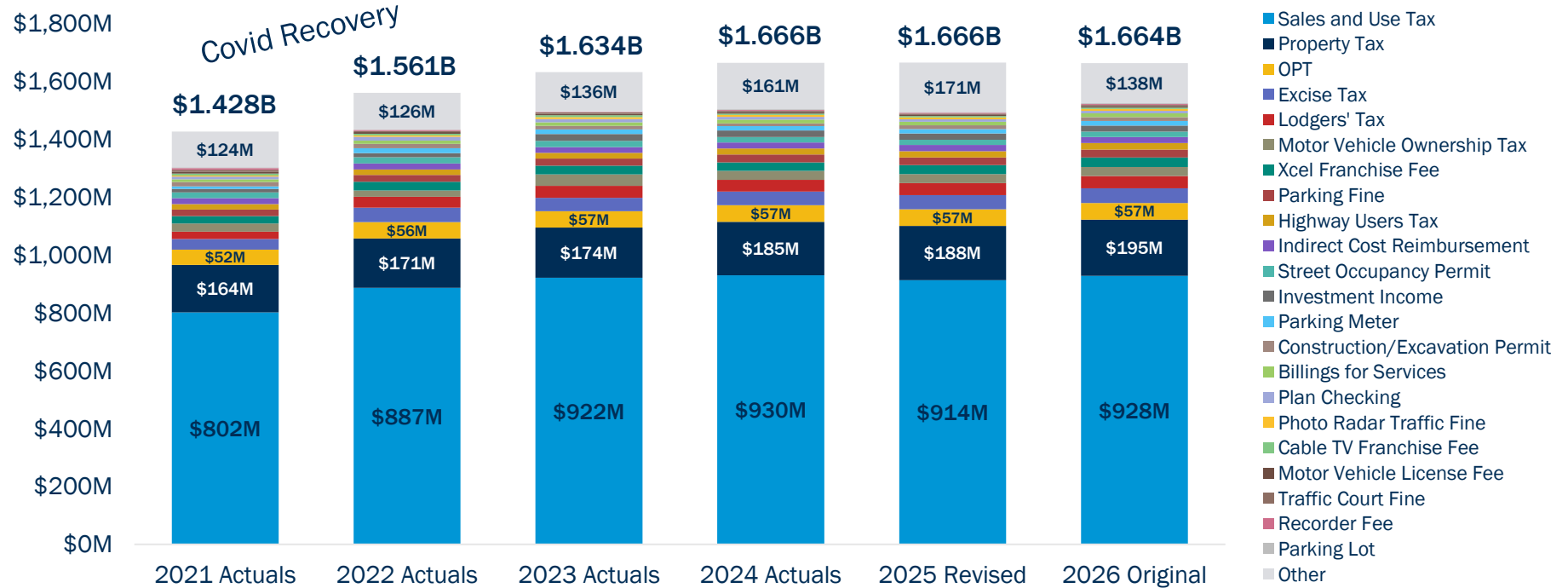
# Sales and Use Tax, Property Tax Account for Over 2/3 of 2026 General Fund Revenue

Projected 2026 Revenue

**\$1.664B**



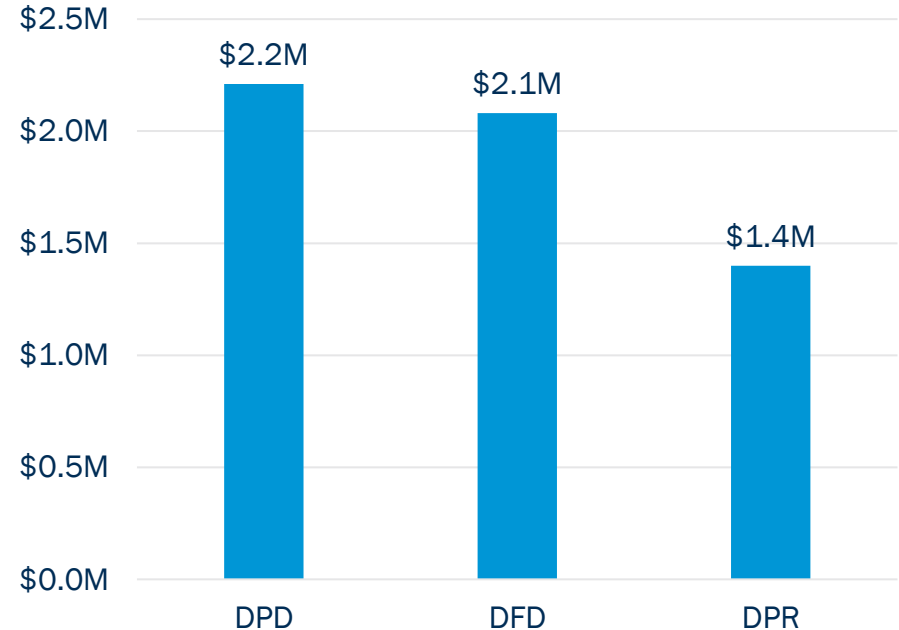
# Top 22 Sources of General Fund Revenue





# 2026 Revenue Additions

- **\$1.4M – Parks and Rec:** Decrease annual membership sale discount, increase in-house adult sports leagues, and offer new greenhouse rentals
- **\$2.1M – Fire:** New inspection services for conveyances and other changes
- **\$2.2M – Police:** Promote traffic safety on roads by increasing speeding and photo radar enforcement

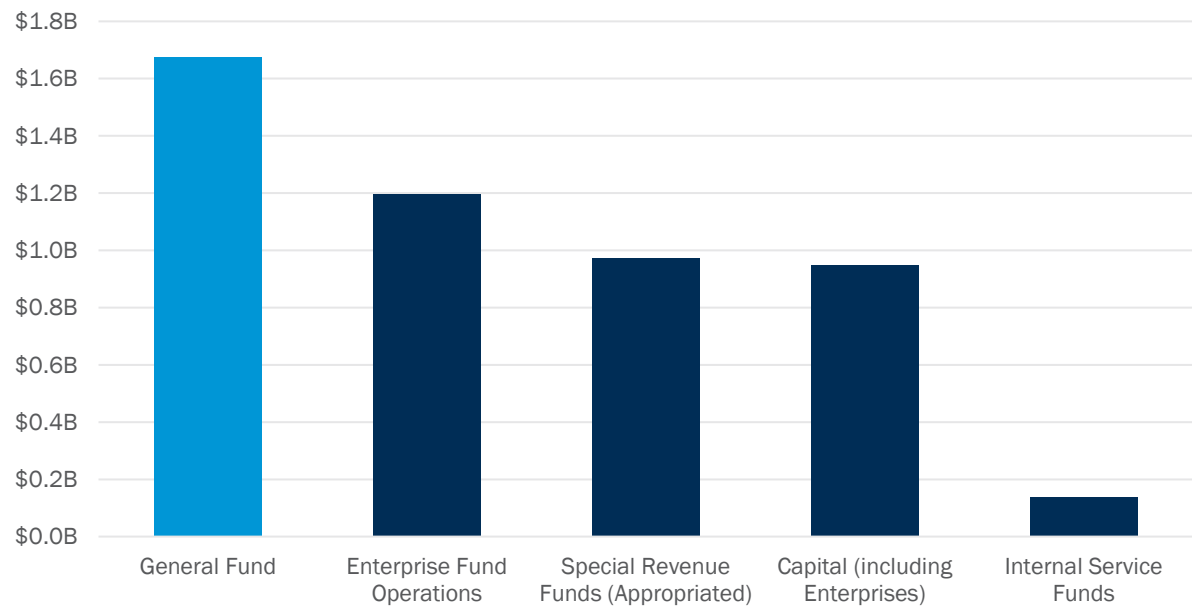


# Expenditures

# Overview of All Appropriated Funds

Total City Budget  
*Net of Duplications and Transfers*

**\$4.4B**



Note: Does not include debt funds, bonds, cash basis special revenue funds, or grants nor any adjustments for estimated unspent appropriation.

# Why the Emphasis on the General Fund?

The General Fund is the primary funding source for core government services and operations. It is mainly funded by revenues from taxes and fees.

- Most flexible fund
- Largest single fund

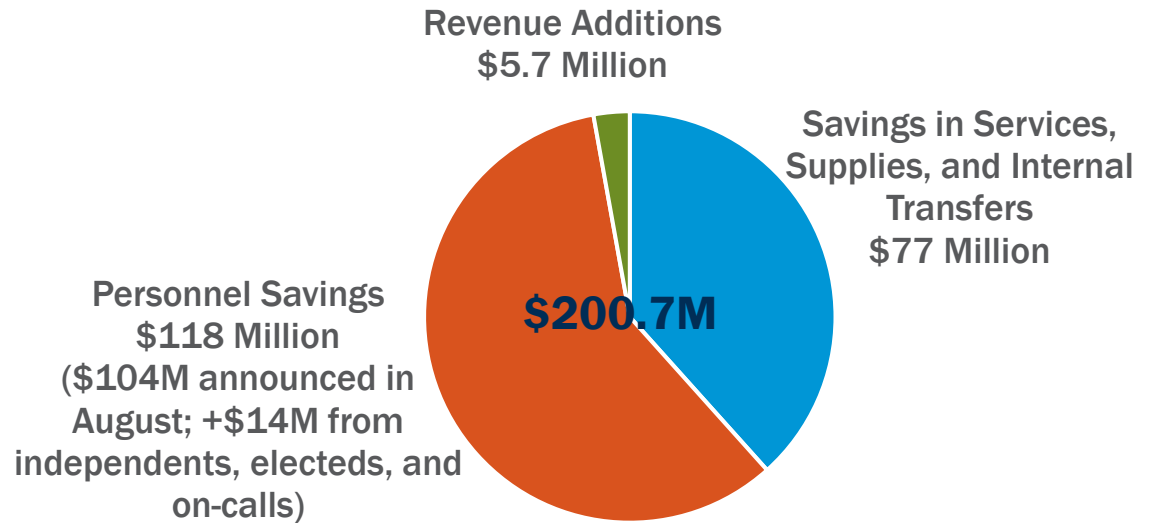
# Highlights of Proposed 2026 General Fund Budget

- Lean 2026 budget that lives within our means, without using reserves
  - **\$102M or 5.8% decrease** in budget compared to 2025
- Avoided major cuts to public services:
  - Preserved hours at rec centers, pools, permit and licensing counters, and similar facilities
  - No changes to trash
  - No change to 180-day time commitment for permit review
  - No reductions to police officers; Eliminated a fire class but DFD is at authorized strength
  - No cuts to employee health or retirement benefits
  - And more

# Summary of \$200.7 Million in Savings

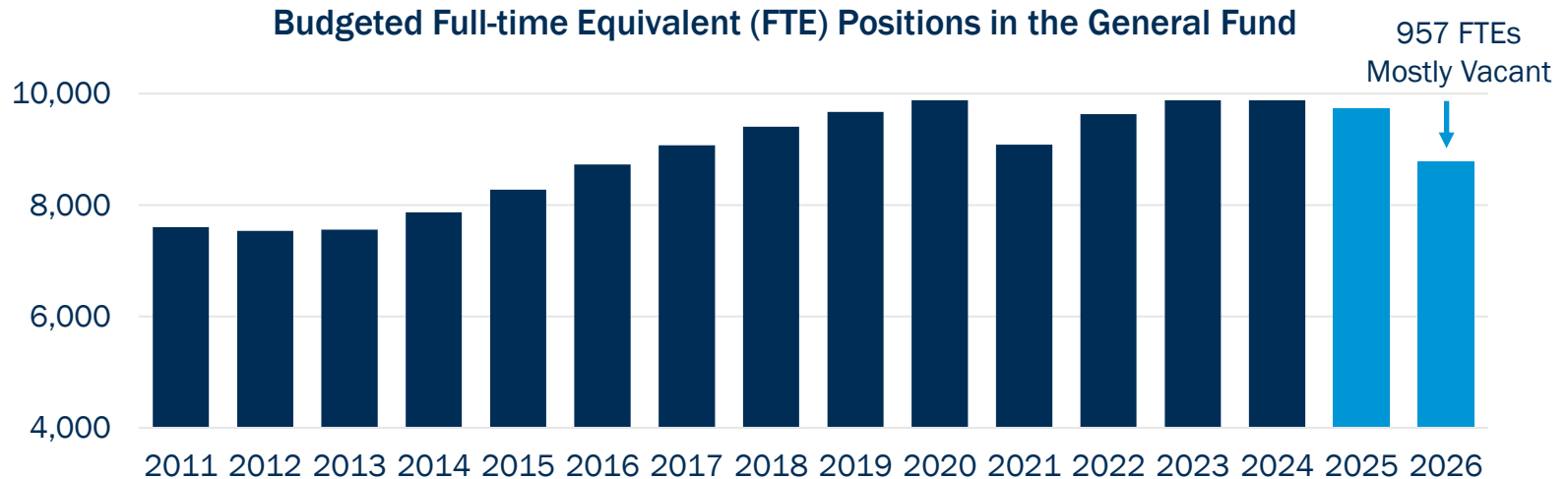
Restructured and consolidated multiple agencies

Personnel is only 59% of reductions but ~70% of our budget



# Personnel Changes

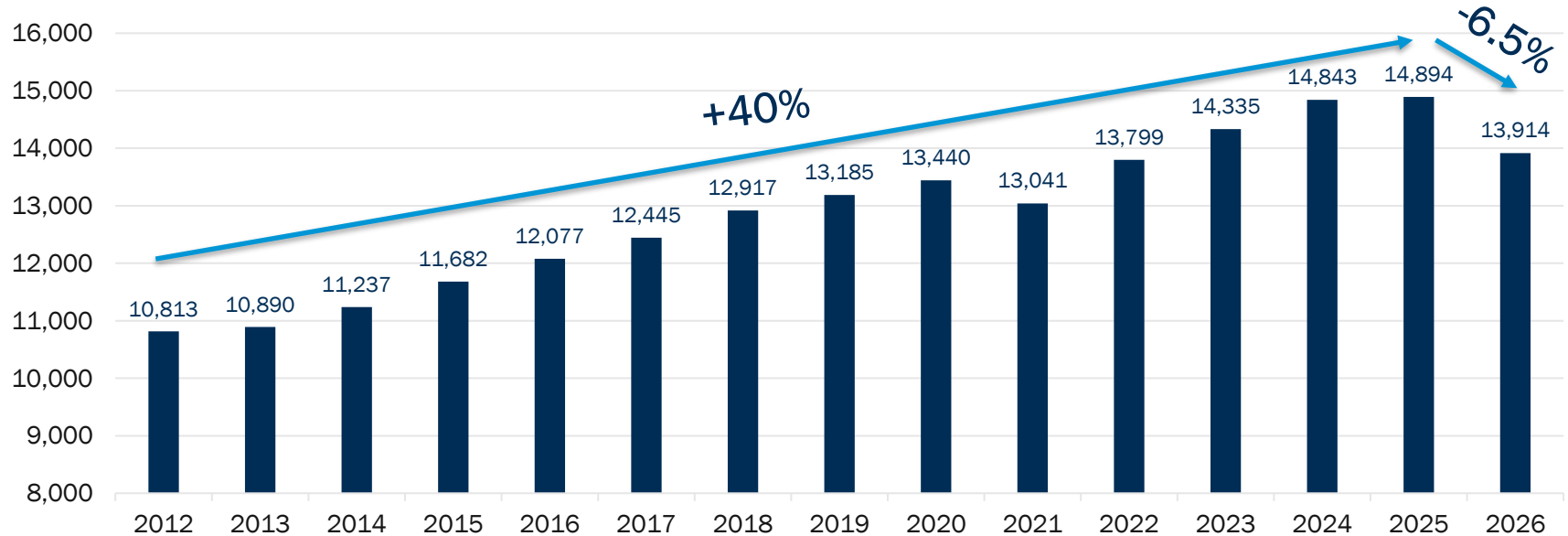
This is the second year in a row we have reduced personnel in the General Fund, mostly through eliminating vacant positions.



Note: Across all funds, city personnel also declined. Details on following slides.

# City Personnel Changes – All Funds

(since 2012)

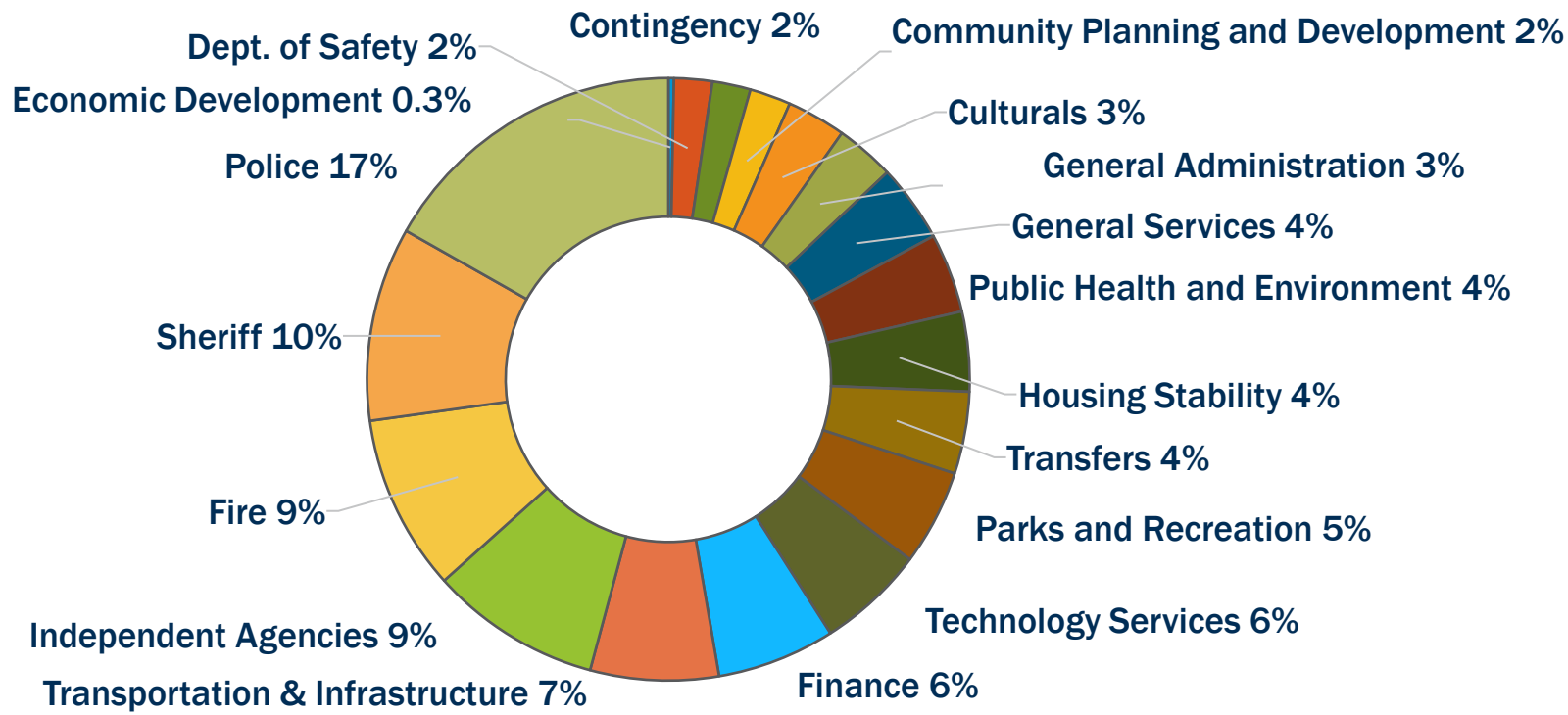




# \$77 Million Cut in Contracts, Services, Supplies

- Saving \$11 million eliminating leased hotel shelters and other non-congregate space
- Saving nearly \$10 million in tech upgrades, purchases, and subscriptions
- Negotiating a 2.5% reduction in our tech liability insurance premiums with no decrease in policy terms
- Switching to postcards instead of a letter for property tax statements
- Reducing multiple marketing campaigns
- Consolidating entry points at city facilities

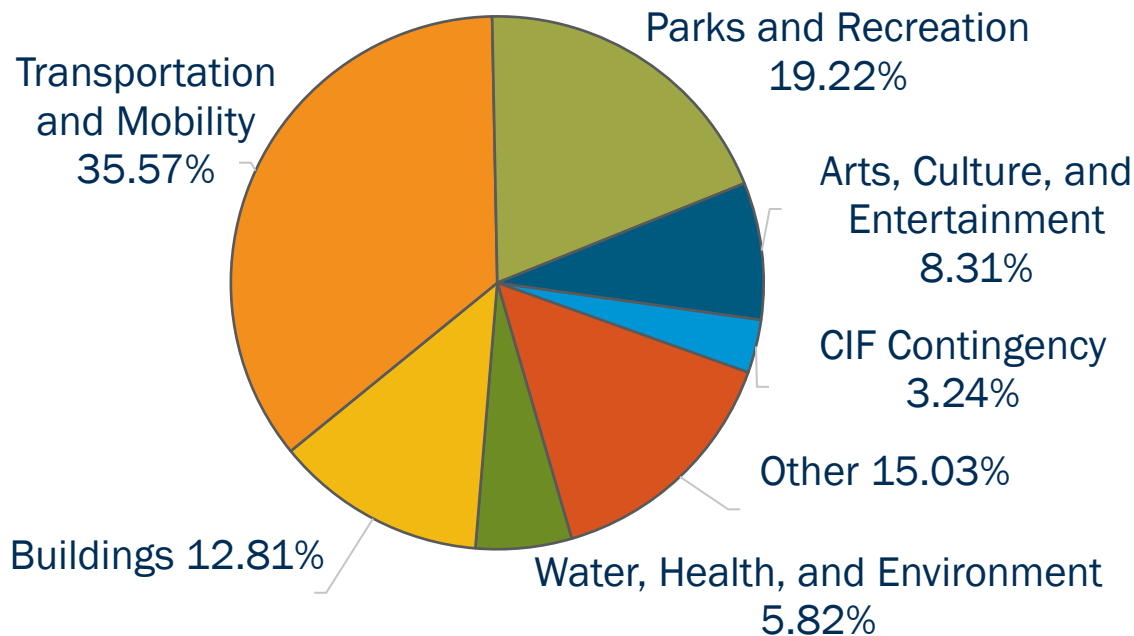
# Share of General Fund by Agency



# Summary of October Revisions

- **Addressed 11 of City Council's 16 additions:**
  - Increased TRUA to \$15.1 million for 2026
  - DOTI to develop an administrative parking ticket appeal program
  - Increased Immigrant Services Legal Fund to \$750,000 for 2026
  - Funded Denver Food System Summit
  - Funded Business License Hearing Fund
  - Increased budgets for Clerk & Recorder and Auditor
  - Moved Mayoral appointees to Mayor's Office budget
- **Already budgeted:**
  - FTE to lead anti-discrimination work in HRCP
  - Hire vacant crime lab positions
  - Invest in safer infrastructure near schools

# 2026 Capital Improvement Program Summary



Resources	
Projected CIF Revenue	\$146,162,364
Projected Winter Park Revenue	\$6,387,146
Projected SCFD Revenue	\$11,053,350
Projected Seat Tax Revenue	\$24,030,102
Transfer – Climate Protection Fund	\$13,063,000
Transfer – Denver Public Library	\$6,105,750
Transfer – Parks Legacy	\$27,995,000
Transfer – GF Technology Services	\$2,672,600
Total Revenues	\$237,469,312
Net Use of Fund Balance & Rescissions	\$39,464,048
Total Resources	\$276,933,360
Expenditures	
Arts, Culture, and Entertainment	\$23,021,046
Buildings	\$33,977,548
Libraries	\$1,500,000
Parks and Recreation	\$53,238,795
Transportation and Mobility	\$98,492,400
Water, Health, and Environment	\$16,120,000
Other	\$41,616,628
Contingency	\$8,966,942
Total Expenditures	\$276,933,360

# Reserves

# Reserves and Contingency

<b>General Fund Reserves</b>	\$183 million or 11% of expenditures
<b>General Fund Contingency</b>	\$34.4 million

We will strengthen reserves in 2026 using one-time savings from our Border Crisis Response Fund.

We are adding to reserves for the first time since 2022.

# Building Reserves Back to 15%



**\$66M**

increase needed  
with flat General  
Fund spend

Projected 2026 Year-  
end Fund Balance

**\$183M**

15% Fund Balance  
with Flat Spend

**\$249M**

- Pursue **\$24M** in Shelter & Services Program reimbursement from FEMA
- Preserve contingency budget
- Advance new capital investments to drive economic and sales tax growth
- Continue work on efficiencies and scaling back contracts, including limiting overhead
- Review citywide fleet and technology portfolios
- Establish new procedures to keep agencies from overspending

# Questions?

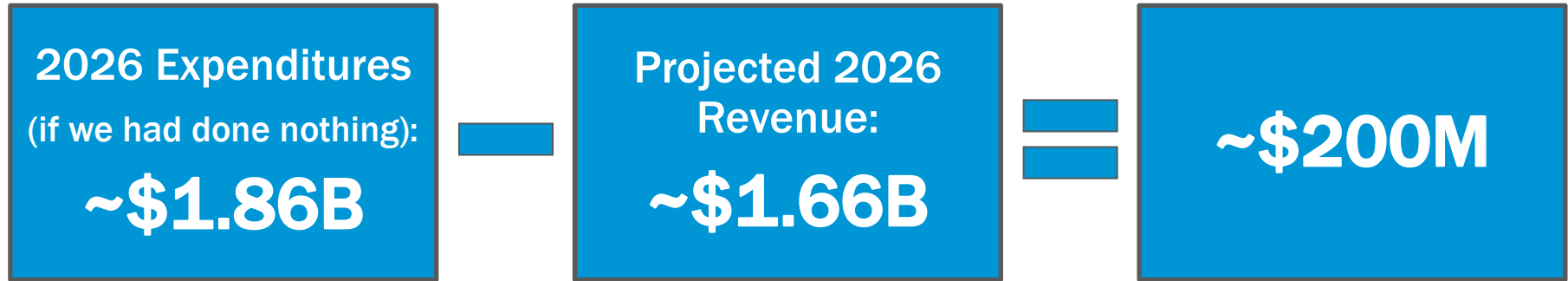
*Thank you!*





# APPENDIX

# In Denver: Solved for a \$200M Gap in 2026



- Spending more than we bring in would mean dipping further into fund balance
- Fund balance does not have ongoing capacity to address this gap
- For 2026, we've brought spending in line with revenue

# Revenue Analysis Framework – Details in Appendix

## Top 22

1. Sales and Use Tax
2. Property Tax
3. Occupational Privilege Tax
4. Excise Tax
5. Lodgers' Tax
6. Motor Vehicle Ownership Tax
7. Xcel Franchise Fee
8. Parking Fines
9. Highway Users Tax
10. Indirect Cost Reimbursement
11. Street Occupancy Permits
12. Investment Income
13. Parking Meters
14. Construction/Excav. Permits
15. Billings for Services
16. Plan Checking Fees
17. Photo Radar Traffic Fines
18. Cable TV Franchise Fees

19. Motor Vehicle License Fees
20. Traffic Court Fines
21. Recorder Fees
22. Parking Lots

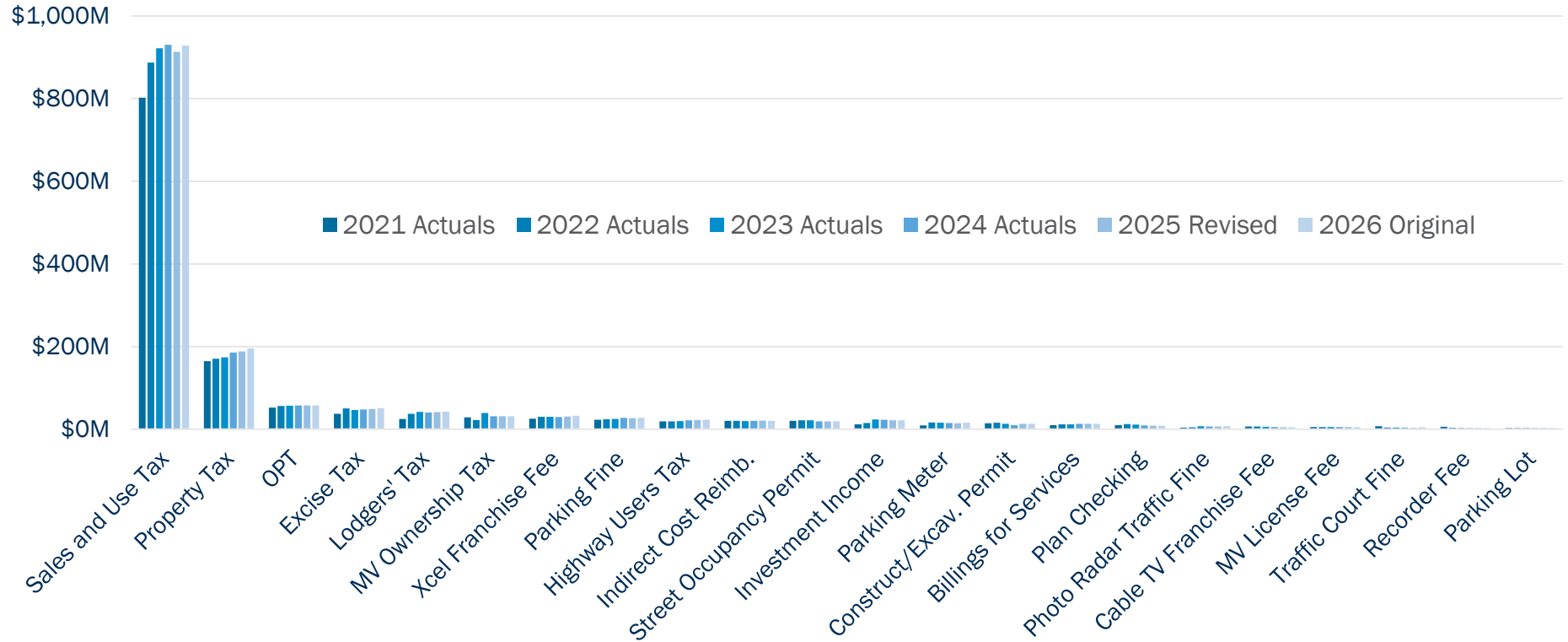
## Next 13

23. External Service Charges
24. Membership Fees
25. State Retail MJ Shareback
26. Property Tax Collection Fees
27. Auction Revenue – Auto
28. Electrical Permits
29. Parking Meter Sacking
30. Building Permit Reimb.
31. Fire Permit Fees
32. Fire Annual Inspections Fees
33. Elevator Inspection Fees
34. Misc. Motor Vehicle Fees
35. Marijuana Licensing Fees

## Other 300+ – EXAMPLES

- State Cigarette Tax
- Telephone Company Tax
- Repair/Maintenance Charges
- Street Cut Fees
- Probation Fees
- Storage Charges
- Administrative Penalties
- Facility Lease Rentals
- Restaurant Licenses
- Cabaret/Night Club Licenses
- Fire Alarm Permit
- Boiler/AC Permits
- Criminal Traffic DUI Fines
- Fitness Class Fees
- Reservation Fees
- Ice Cream Vendor Licenses
- Animal Licenses
- Civil Union License Fees

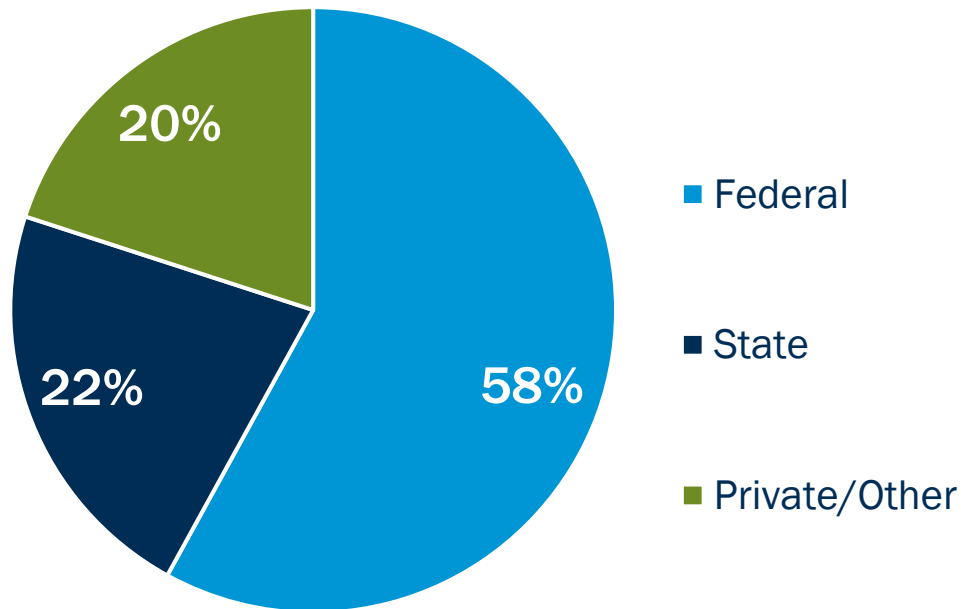
# Top 22 Sources of General Fund Revenue



# 2026 Grant Awards

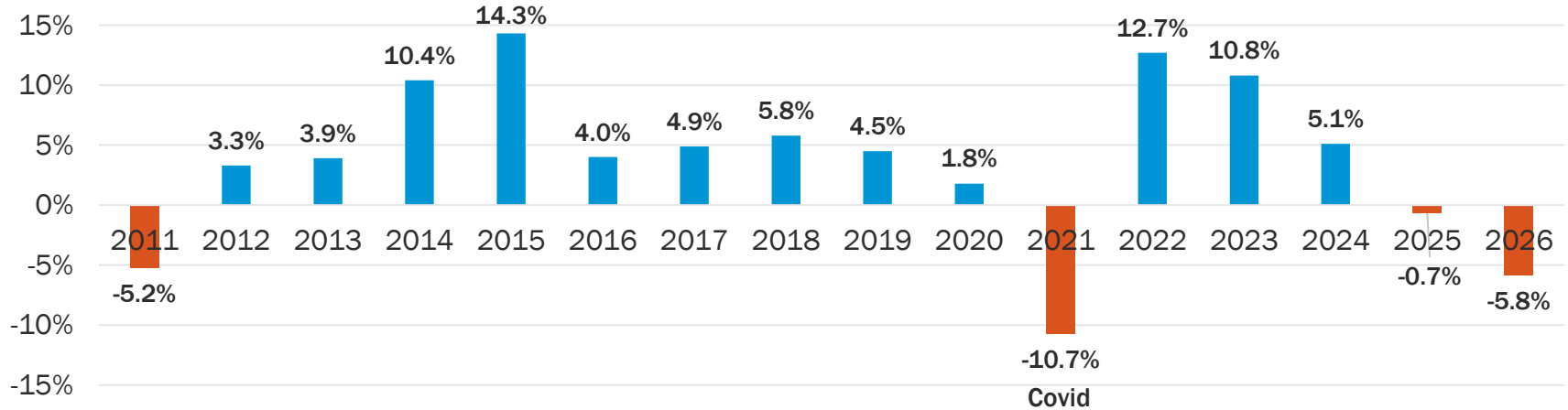
Estimated 2026 Grant Expenditures

## \$230M



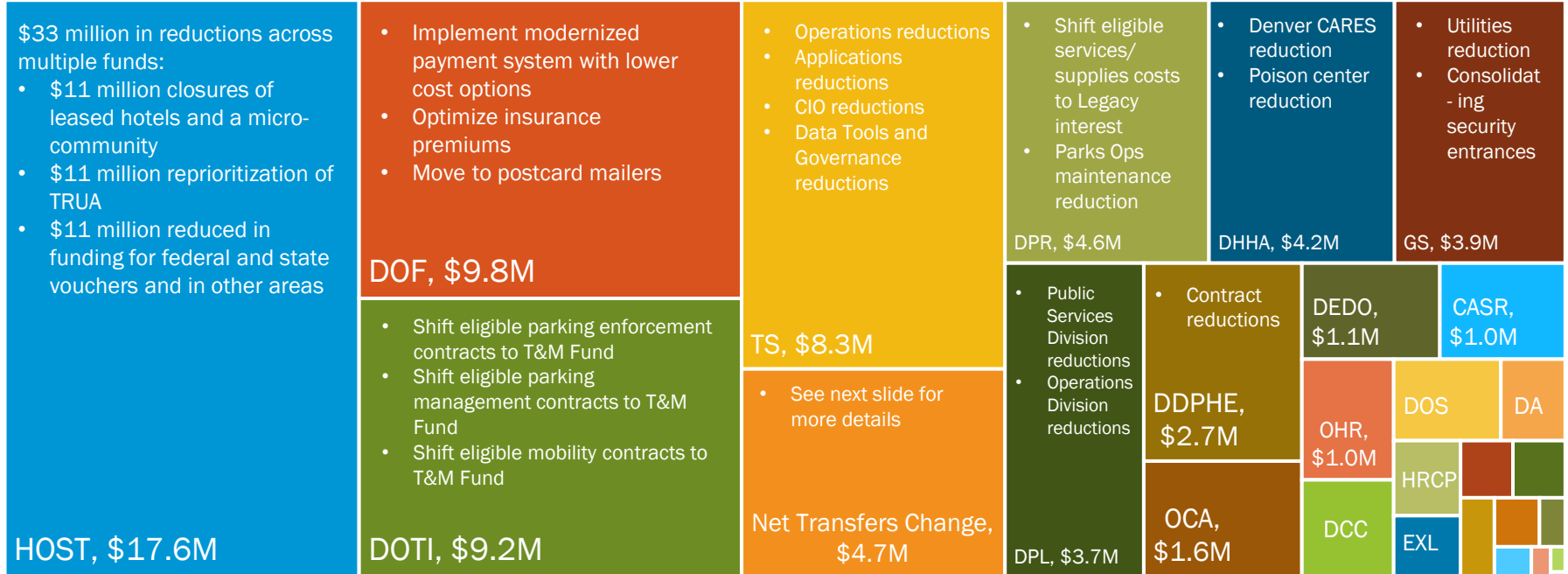
Denver's grant strategy will focus on maximizing stability, ensuring compliance, and protecting funding for critical services for residents – even in the face of federal uncertainty.

# 2026 General Fund Expenditures



- Our 2025 budget was the first in over a decade to intentionally reduce the growth and size of government.
- In 2026, our operating budget will decrease by almost 6%.

# Contracts, Supplies, and Transfers Cuts



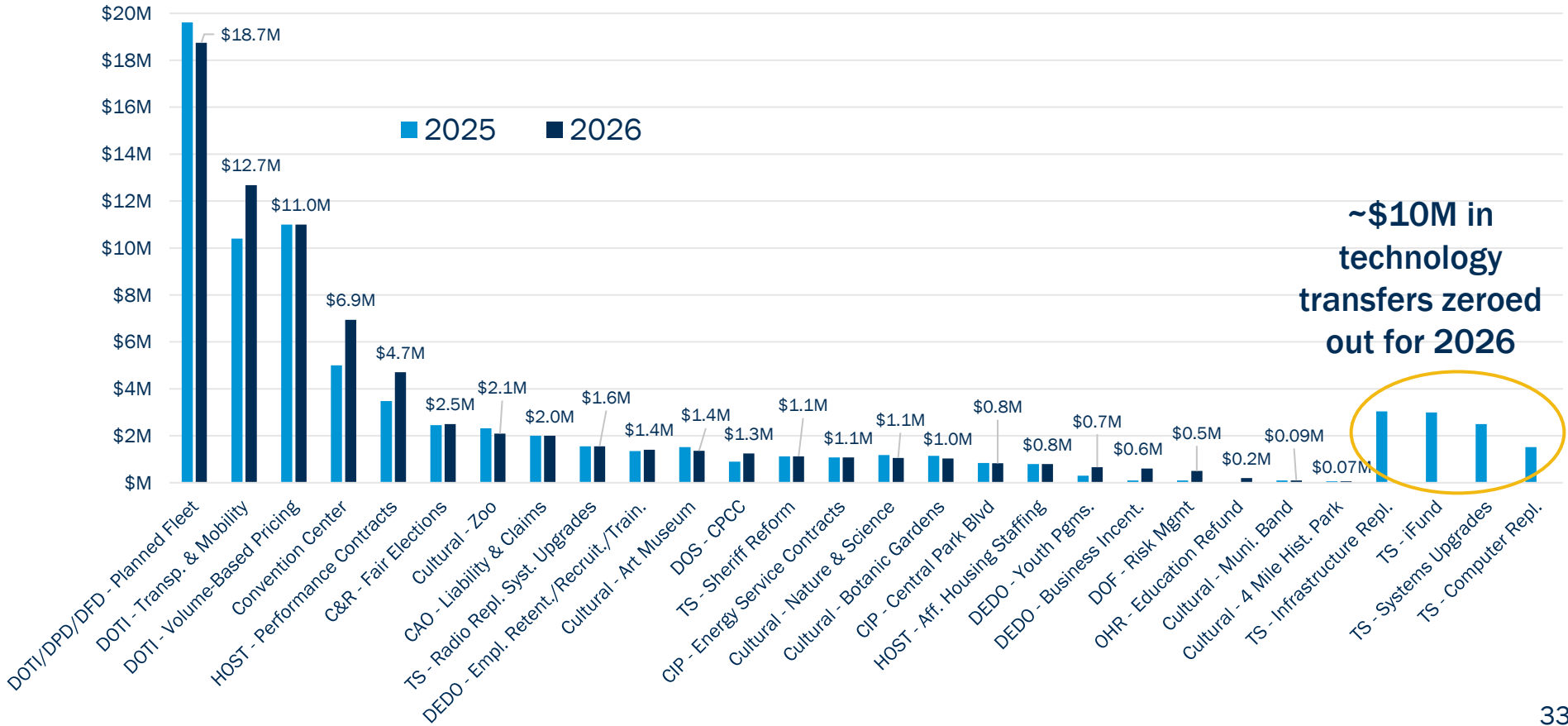
# General Fund Transfers (\$4.7M Net Decrease)

- Most are flat or decreasing
- Largest decreases in transfers for technology equipment and upgrades
- Some transfers are increasing slightly (Fair Elections Fund, Transportation & Mobility SRF)

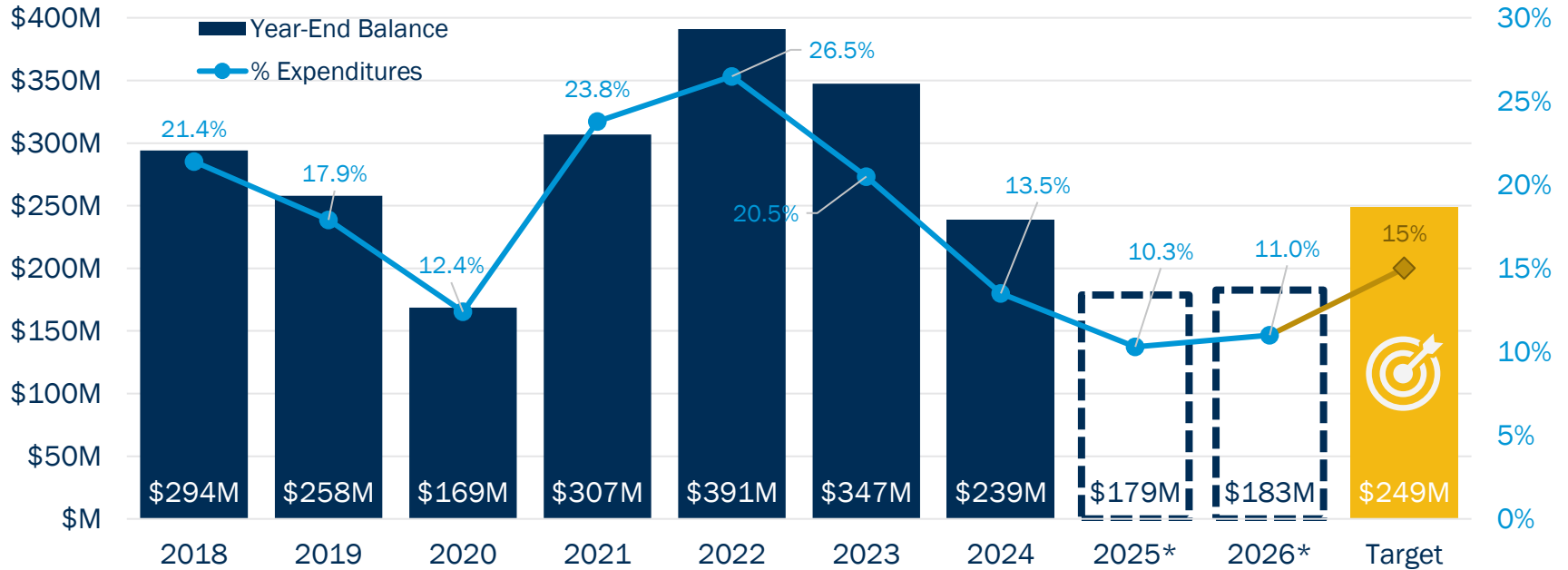
2025 Total:	<u>\$78.5M</u>
2026 Total:	<u>\$73.7M</u>



# Transfer Comparison



# Historical Reserves



# Economic Overview

# Labor Market

(not seasonally adjusted)

## Unemployment Rates

National: 4.5%

Colorado: 3.7%

Denver MSA: 3.7%

Denver: 3.8%

Data Represents:



August 2025

Denver Unemployment Rate

3.80

(+0.30)

Employment Count

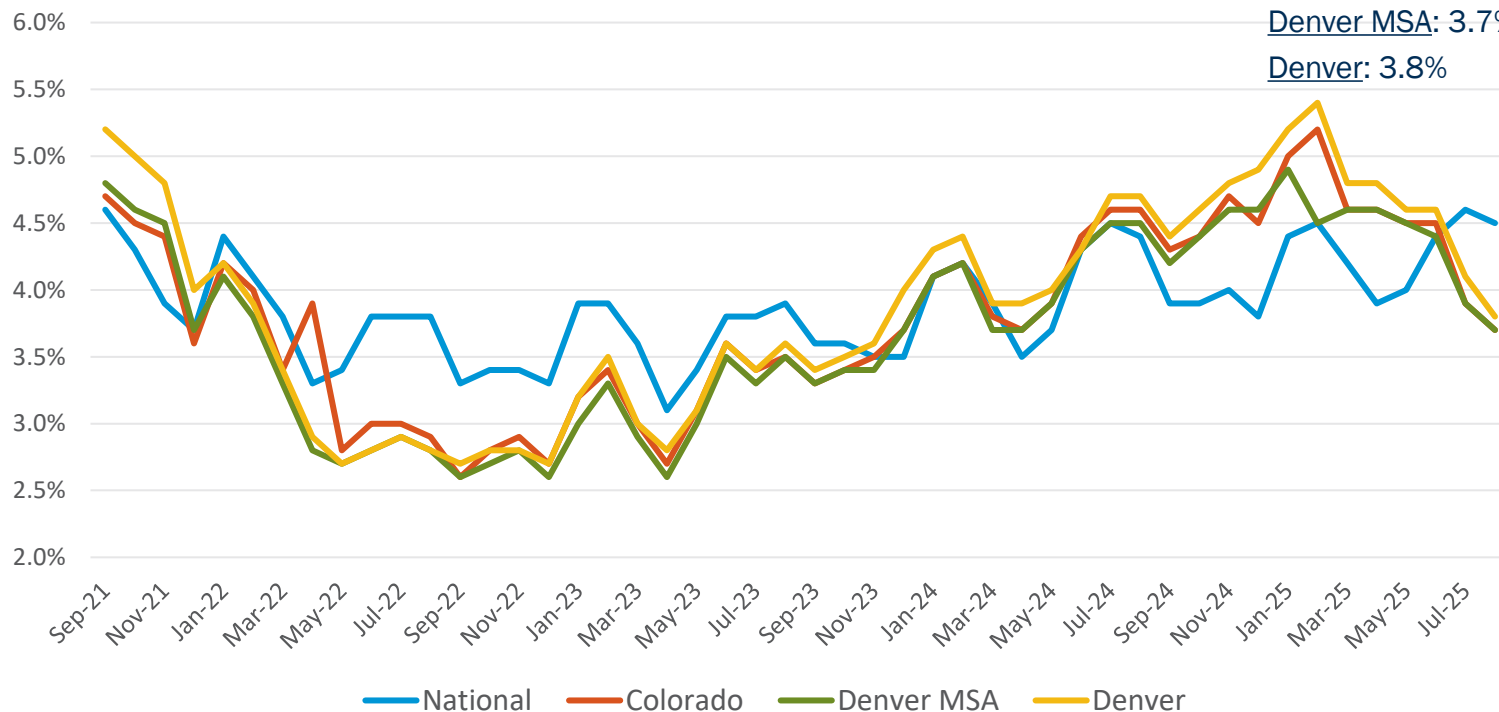
435,913

(-147)

Denver Labor Force Count

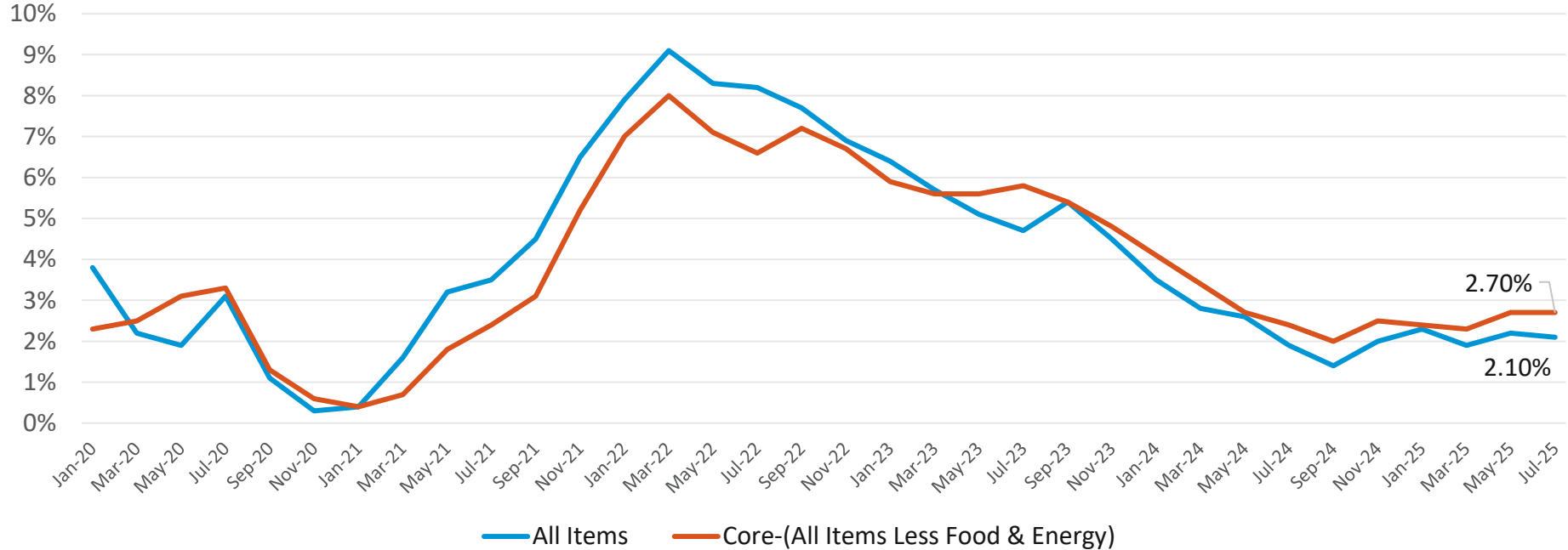
453,195

(-1,469)



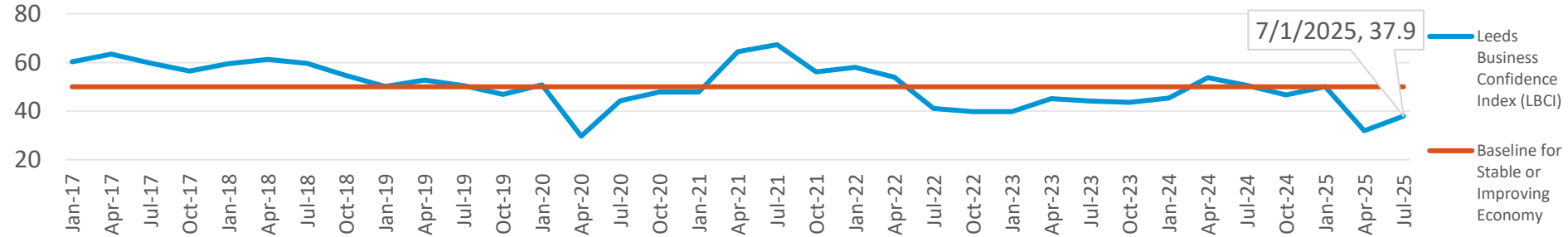
# Inflation

CPI-U Year Over Year Comparison, Denver-Lakewood-Aurora MSA, not seasonally adjusted



# Business and Consumer Sentiment

## Leeds Business Confidence Index

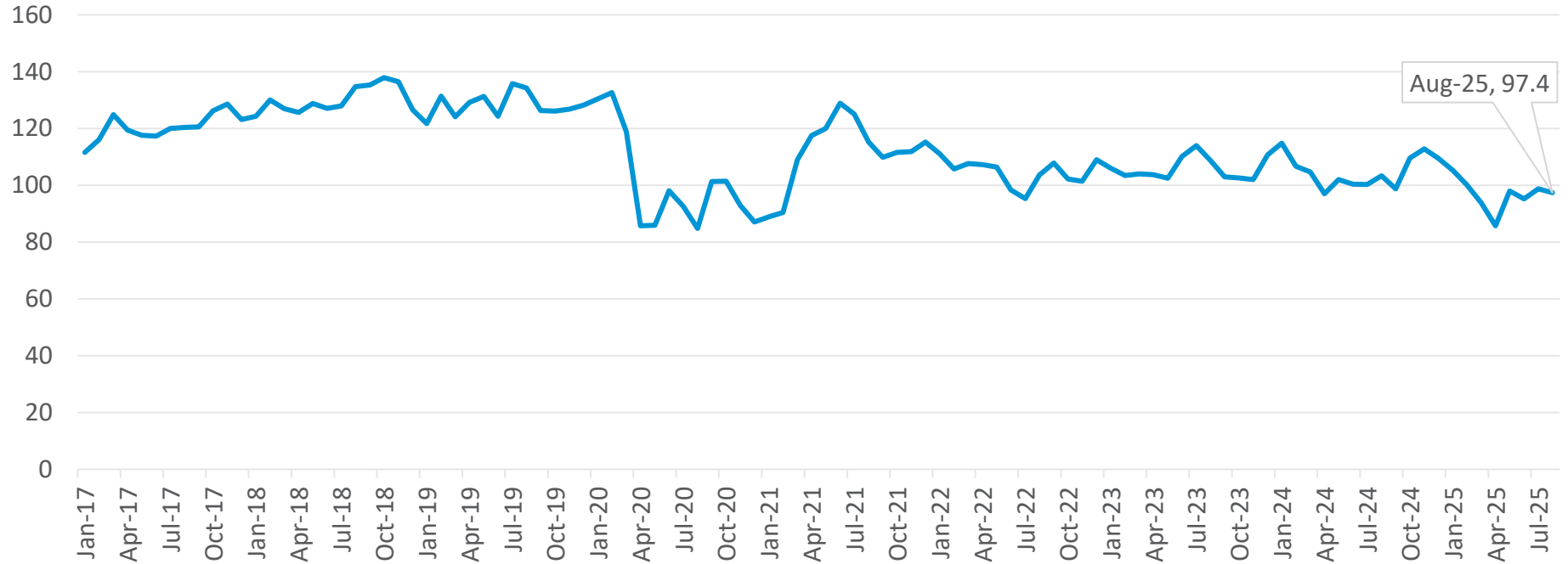


## University of Michigan Consumer Sentiment Index



# Consumer Confidence

## Conference Board Consumer Confidence Index



# Housing Prices

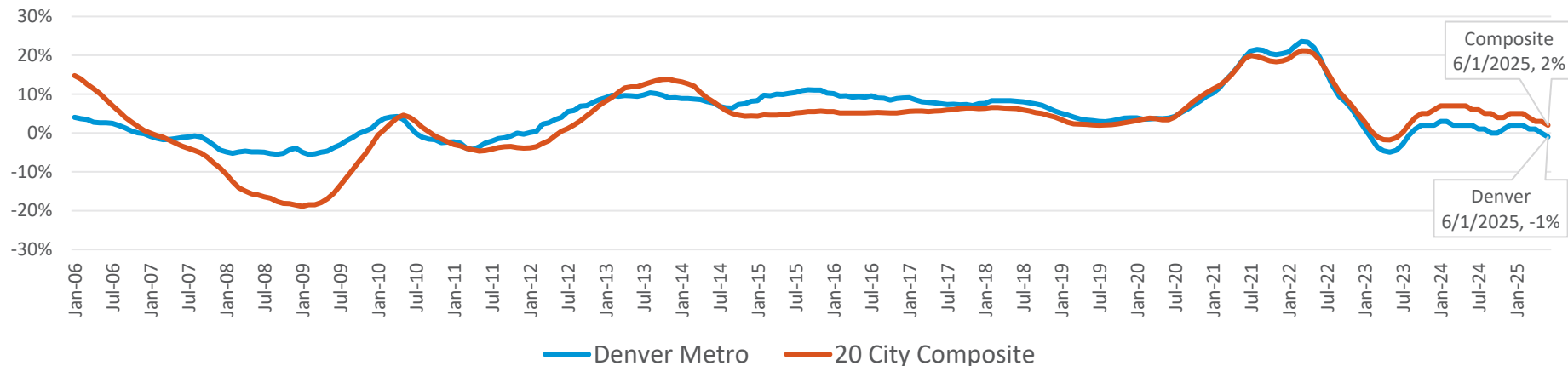
Assessor's Office Valuation Statistics  
May 2025

Single-Family Change: -5% to +5%

Multi-Family Change: -15% to +5%

General Commercial Change: 0% to +5%

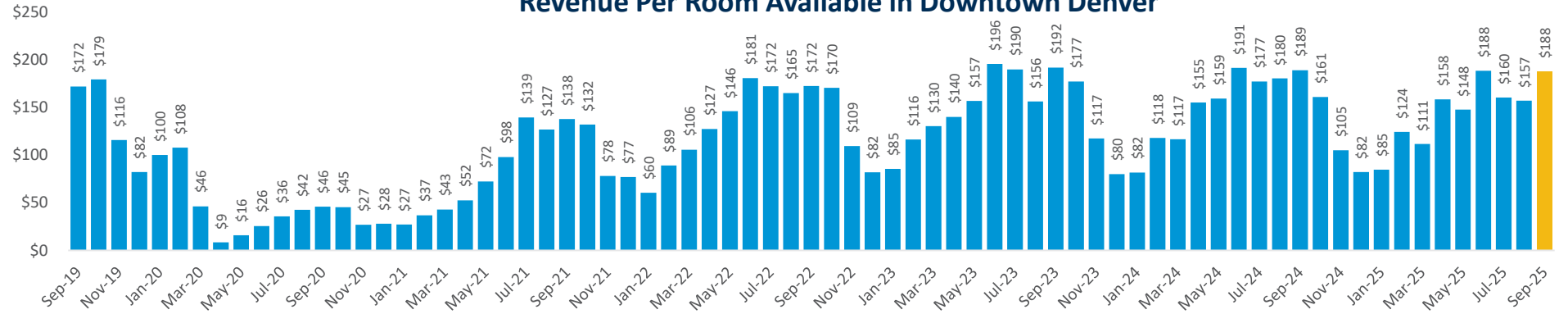
## Year-Over-Year Percent Change in S&P/Case-Shiller Home Price Indices



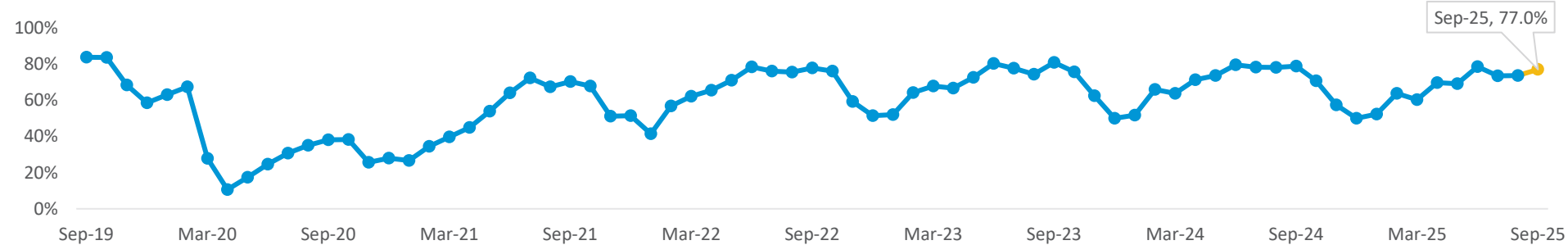


# Lodging Activity

## Revenue Per Room Available in Downtown Denver



## Percent of Rooms Occupied



# Additional Factors To Watch

- **Federal Jobs Report:** Largest revision in U.S. history to federal jobs report shows stalled job growth, nearly 1 million fewer jobs than expected, and the highest unemployment rate since 2021
- **Federal and State Funding:** Less ability to depend on federal and state support in 2026

# Economic Outlook

Sales and Use tax revenues have shown Denver consumers being more cautious

Expectations for tariffs and broader economic uncertainty as material headwind to growth

Lagged rebound for various downtown retail / restaurant sectors and tourism related spending

Pockets of resilience remain, such as household finances (wage growth)

Most recent economic indicators largely reinforced our near-term outlook which anticipates:

- Markedly slower growth
- Heightened uncertainty driven by trade tensions and inflation
- Remain increasingly vulnerable to shocks, with risks tilted to the downside

# Longer Term Outlook

**Positive, but next several months will be very uncomfortable**

- Some industries/individuals will feel like a recession
- Any additional strain on economy could be tipping point

**Begin to find footing through 2026 as uncertainty declines:**

- Fading effects of tariffs
- Deregulation
- Changes in fiscal policy

# 2026 Capital Improvement Program (CIP) Overview

# Six-Year CIP Implementation

Six-Year  
CIP



Funding Vehicles

Grants

Special  
Districts

Bond  
Programs

2026 Capital Improvement Program



# Funding Source Detail

## Annual Capital Improvement Fund

- Annual maintenance program (e.g., paving, curb & gutter, bridges)
- Ongoing / periodic programs that need funding each year (e.g., building/facility renovations, buildout of warranted signals)
- Can help "initiate" larger projects by funding design or pre-scoping
- Capital programs with smaller scopes (est. \$1M-\$10M)

## Dedicated Capital Funds

- Restricted to specific uses
  - Seat Tax
  - Winter Park Fund
  - State Conservation Trust Fund
  - Parks Legacy Fund
  - Climate Protection Fund
  - Library 2i Fund
  - Transportation & Mobility Capital Fund
  - iFund (GF Transfer)

## Grants

- Typically state and federal programs
- Competitive or formula programs, often require local match from other funding sources
- Ex. Federal Small Starts Grant for Colfax BRT (competitive)
- Ex. DRCOG TIP Funds (formula)

## Special Districts

- Geographically constrained. Supports public infrastructure in specific areas
- Ex. DDDA, Ballpark GID, Lowry TIF

## Bond Programs

- Transformative infrastructure improvements (generally > \$10M)
- "Catching up" on deferred maintenance
- CIP or other sources may "match" bond funding, opportunity to leverage major federal grants
- Ex. Carla Madison Rec Center, 16th Street Mall, Corky Gonzalez Library

# Capital Portfolios



**Transportation  
& Mobility**



**Parks &  
Recreation**



**Buildings**



**Water, Health  
& Environment**



**Housing**



**Arts, Culture &  
Entertainment**



# 2026 CIP Goals

- Address the highest needs of the city's infrastructure
- Grow reinvestment to support a state of good repair across the city
- Advance key safety and reinvestment projects
- Invest in city facilities to support community and employee wellbeing
- Invest in capital improvements that address community needs:
  - Local-level parks and transportation improvements
  - Community energy efficiency and solar projects

**CIP allocations are delivery-focused and prioritize acting on previous planning efforts and projects in an existing development pipeline**

# Transportation & Mobility Portfolio Highlights

- \$74.7M for Transportation and Mobility Annual Maintenance Programs, including \$35M in the paving program to support the city's Pavement Condition Index
- \$9.2M for multi-modal transportation improvements, such as pedestrian crossings, traffic calming, and bike infrastructure
- \$7.5M to begin Smith / Sandown and Quebec / Airlawn bridge replacement projects
- \$2.85M for electric vehicle charging and maintenance for City Fleet and public charging stations



**Transportation  
& Mobility**

# Parks and Recreation Portfolio Highlights

- \$29.7M for Parks and Recreation reinvestment programs, including Aspgren, Cheesman, Southmoor, and Washington Parks
- \$6.7M for park expansion projects
- \$9.5M to complete the Mestizo Curtis Park Pool
- \$2.45M to support a TAP grant match for trail improvements along Sanderson Gulch



# Buildings Portfolio Highlights

- \$21.4M for deferred maintenance, repairs, facility condition analysis, and energy efficiency improvements to libraries, DOTI campuses, cultural facilities, etc.
- \$4.75M to support long-term needs at safety facilities, including part of the capital stack for the Safety Evidence Relocation project
- \$5M for the acquisition of an existing community corrections facility to preserve the city's current bed capacity in the program



**Buildings**

# Other Capital Highlights

- \$14.4M to support improvements at the Denver Performing Arts Complex
- \$6.5M in Arts and Venues reinvestment programs
- \$2.27M in community solar improvements and ongoing maintenance
- \$1.3M to support Cycle 4 of the Participatory Budgeting
- \$300K to fund lighting and other improvements to support DPD's Place Network Investigation (PNI) program



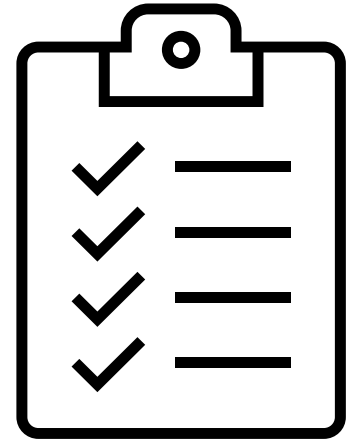
**Arts, Culture &  
Entertainment**



**Water, Health &  
Environment**

# City Council Micro-priorities

- 2026 CIP includes local-level transportation and parks improvements, notably aimed at advancing priorities in the City Council budget letter and micro-priorities
- City staff has reviewed all micro priorities and will provide a document highlighting status of all submitted capital items



Status	Status Definition
<b>Proposed Vibrant Bond</b>	If approved by voters, the project would be addressed in the Vibrant Denver Bond package
<b>Partial – Vibrant Bond</b>	If approved by voters, some components would be addressed in the Vibrant Denver Bond
<b>Completed</b>	Project has been completed
<b>Recommended for 2026 CIP</b>	Staff has recommended funding this project in 2026
<b>Under Construction</b>	Project is in progress and is in its construction phase
<b>Planning &amp; Design</b>	Project is being developed and has city staff assigned to work on components of the project. Some engagement with community partners is in progress and / or design phase has begun
<b>Identified</b>	Currently identified in an agency workplan, long term plan, or Citywide 6 Year Capital Improvement Plan. Funding has not yet been assigned to further develop the project, but may be done in the future
<b>Added to Agency Workplan</b>	Project has been added to queue of projects for consideration in future budget years
<b>Not in Queue</b>	Not currently identified as a project on an agency workplan and does not have staff assigned to work on project development. The project may be operating in nature or has been reviewed by City staff and determined to be not warranted or feasible to implement with resourcing constraints of the CIP. May be eligible for other funding.
<b>Referred to Ops for Repair</b>	Item can be addressed via existing operating resources.

# Timeline and Next Steps



# Budget Hearings Schedule

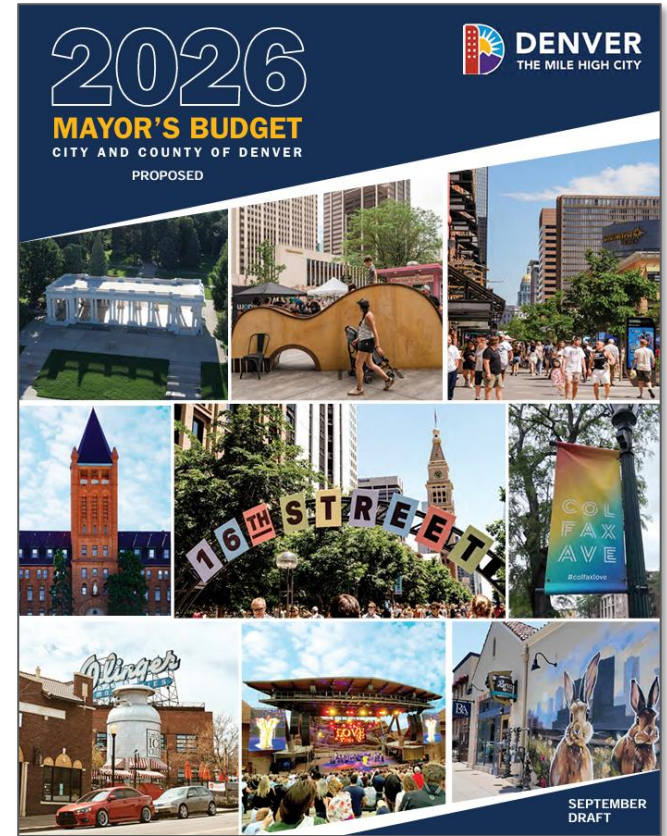
Date	Meeting	Time
Monday, September 22	Budget Overview	9:00AM–11:00 AM
Monday, September 22	Economic Development	11:15 PM–12:15 PM
Monday, September 22	HRCP	1:00 PM–2:00 PM
Tuesday, September 23	Safety	9:00 AM–10:00 AM
Tuesday, September 23	Police	10:15 AM–11:45 AM
Tuesday, September 23	Fire	12:45 PM–1:45 PM
Tuesday, September 23	Sheriff	2:00 PM–3:00 PM
Tuesday, September 23	Public Health & Environment	3:15 PM–4:15 PM
Wednesday, September 24	General Services	9:00 AM–10:00 AM
Wednesday, September 24	Community Planning and Development	10:15 AM–11:45 AM
Wednesday, September 24	Housing Stability	12:45 PM–2:15 PM
Wednesday, September 24	Denver Health	2:30 PM–3:30 PM
Thursday, September 25	Parks and Recreation	9:00 AM–10:30 AM
Thursday, September 25	Technology Services	10:45 AM–11:45 AM
Thursday, September 25	Office of Children’s Affairs	12:45 PM–2:00 PM
Thursday, September 25	Human Services	2:30 PM–4:00 PM
Friday, September 26	Transportation and Infrastructure	9:00 AM–10:30 AM
Friday, September 26	Climate & Sustainability	10:45 AM–12:00 PM
Friday, September 26	Excise & Licenses	1:00 PM–2:00 PM
Friday, September 26	Multi-agency – Street Engagement	2:15 PM–3:00 PM

# Versions of the Budget Book

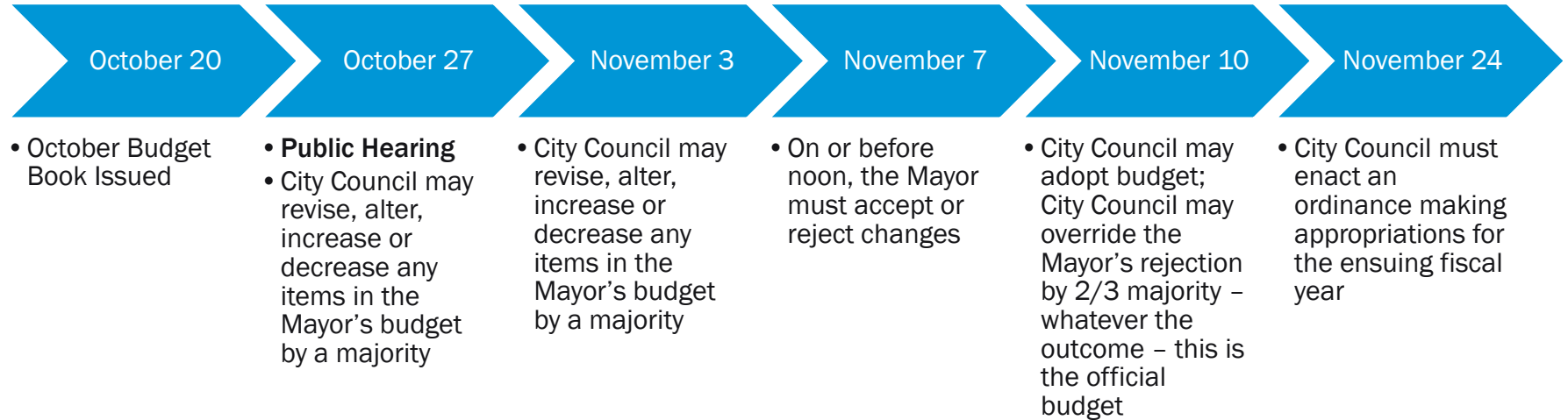
September Book – delivered September 15

October Book – on or before October 20

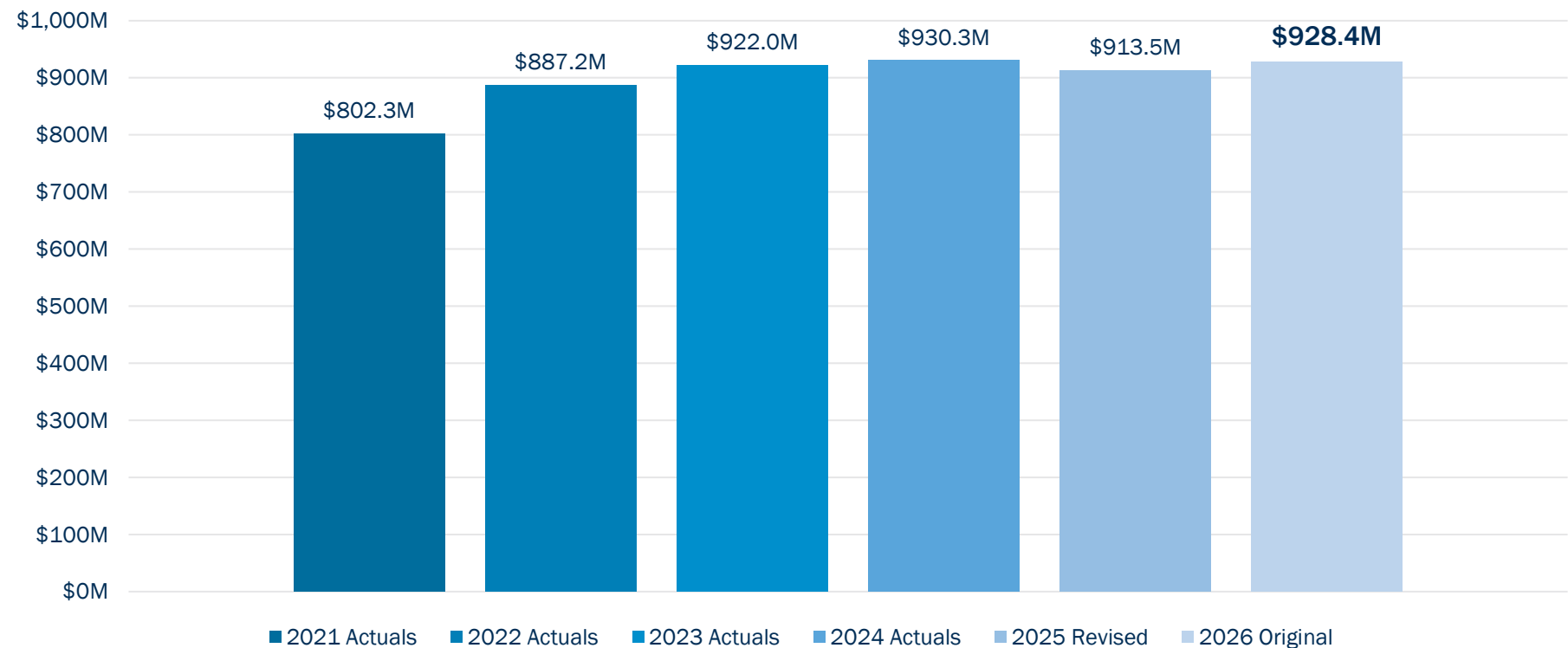
Final Book – adopted budget  
on or before November 10



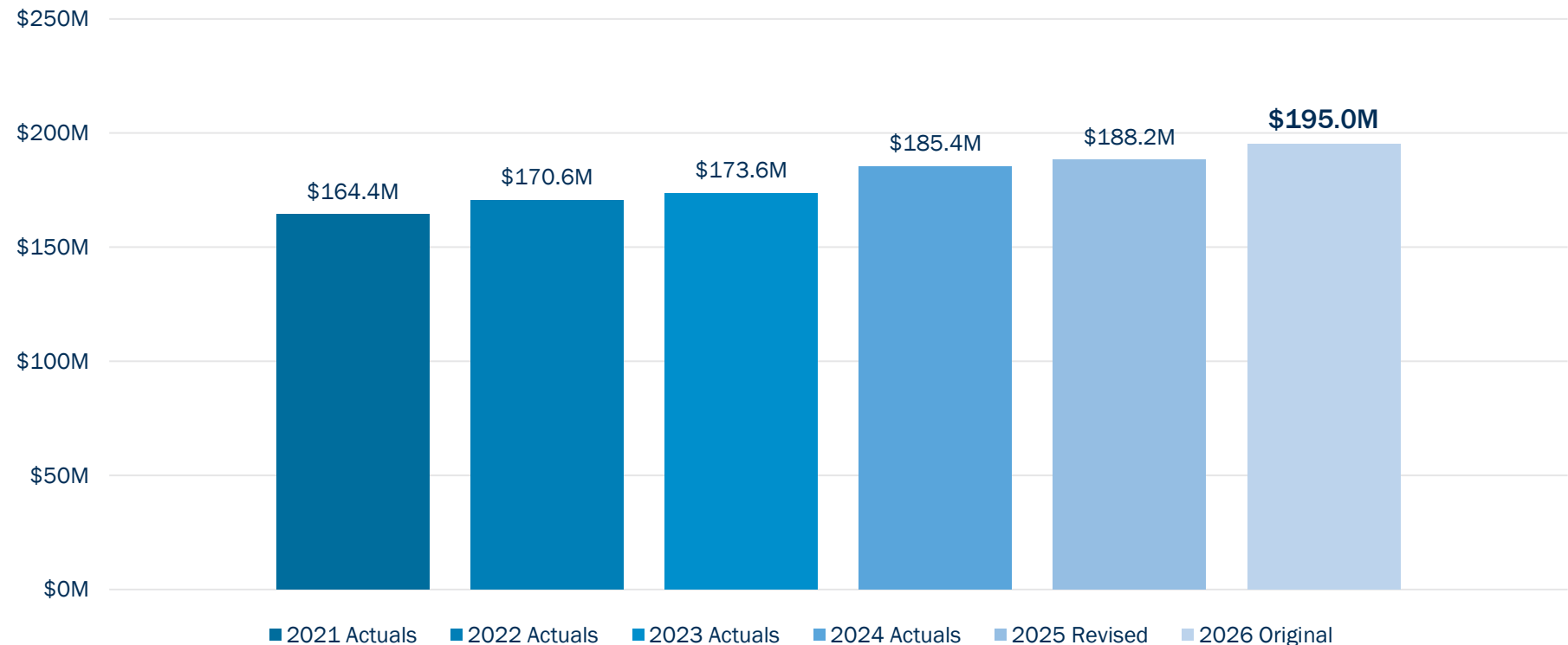
# October-November Budget Timeline



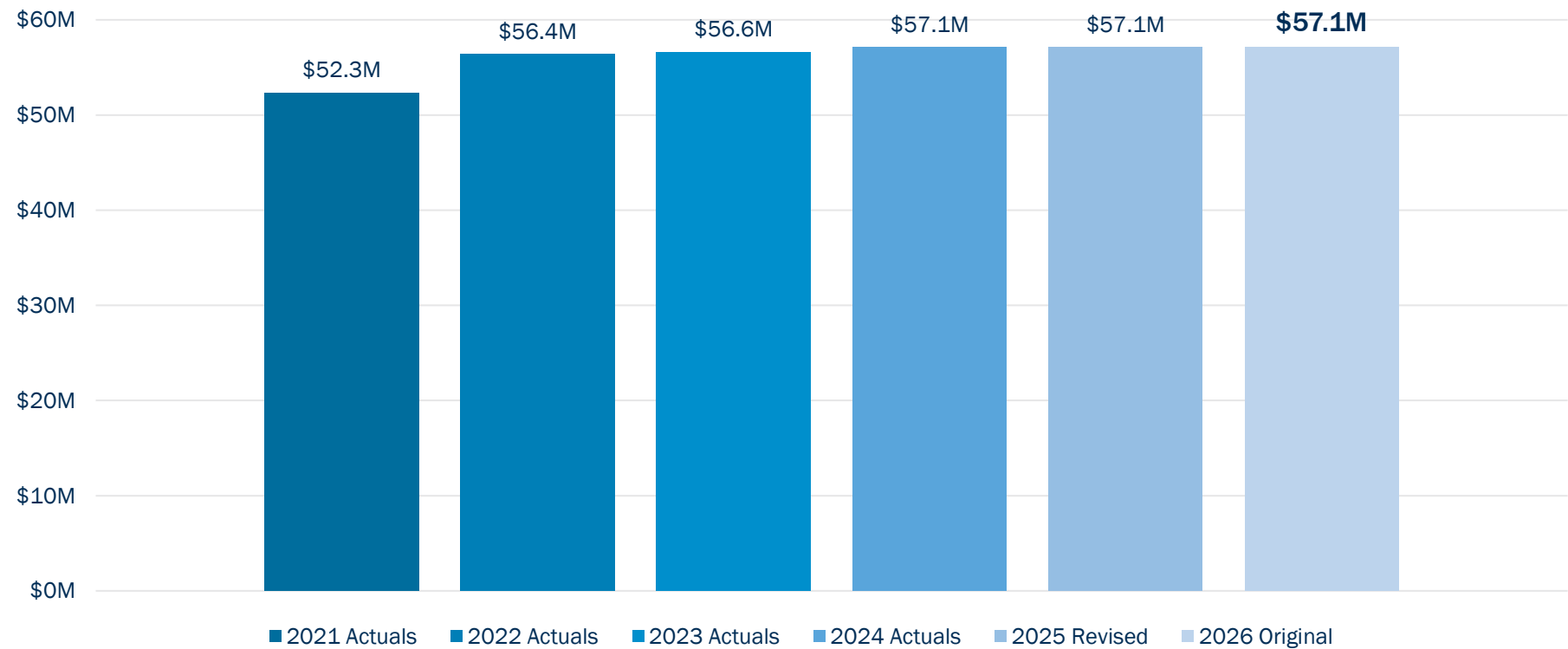
# General Fund Revenue by Source: Sales and Use Tax



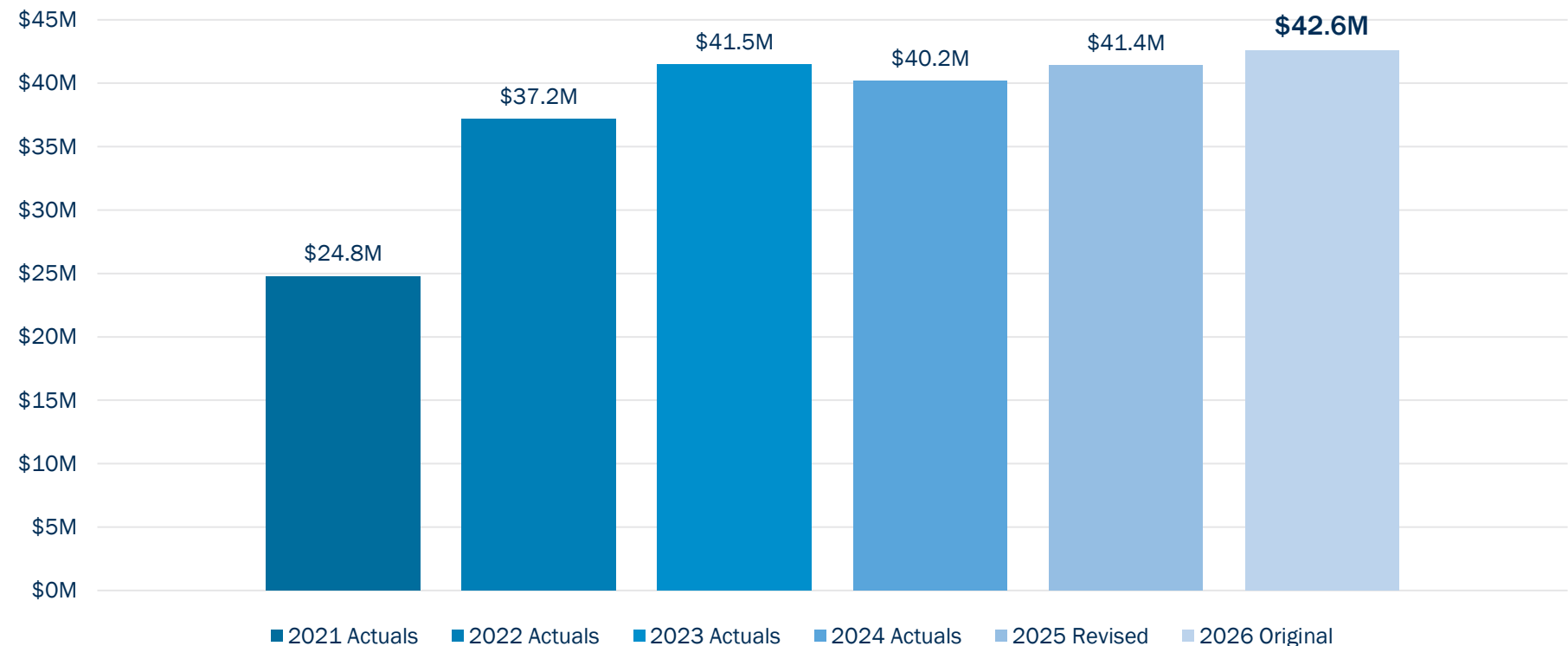
# General Fund Revenue by Source: *Property Tax*



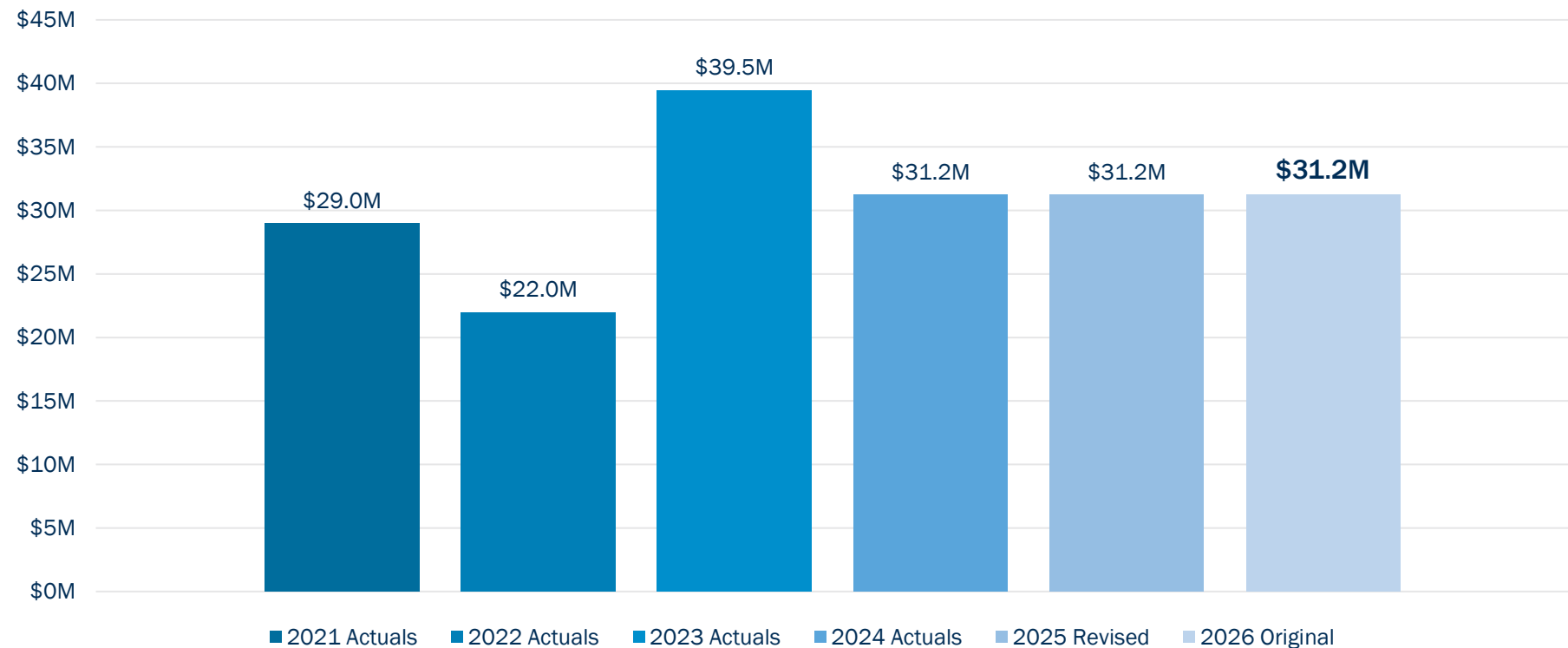
# General Fund Revenue by Source: *OPT*



# General Fund Revenue by Source: *Lodgers' Tax*

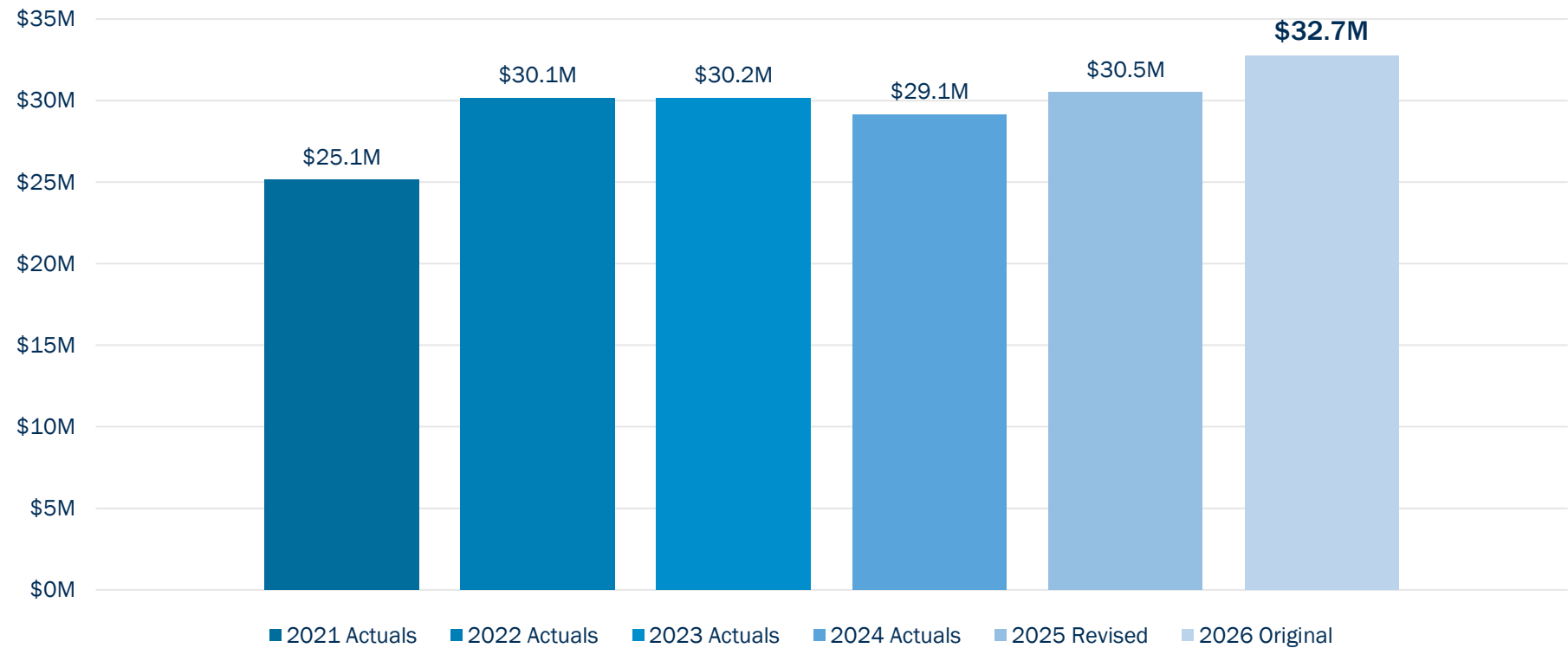


# General Fund Revenue by Source: *MV Ownership Tax*

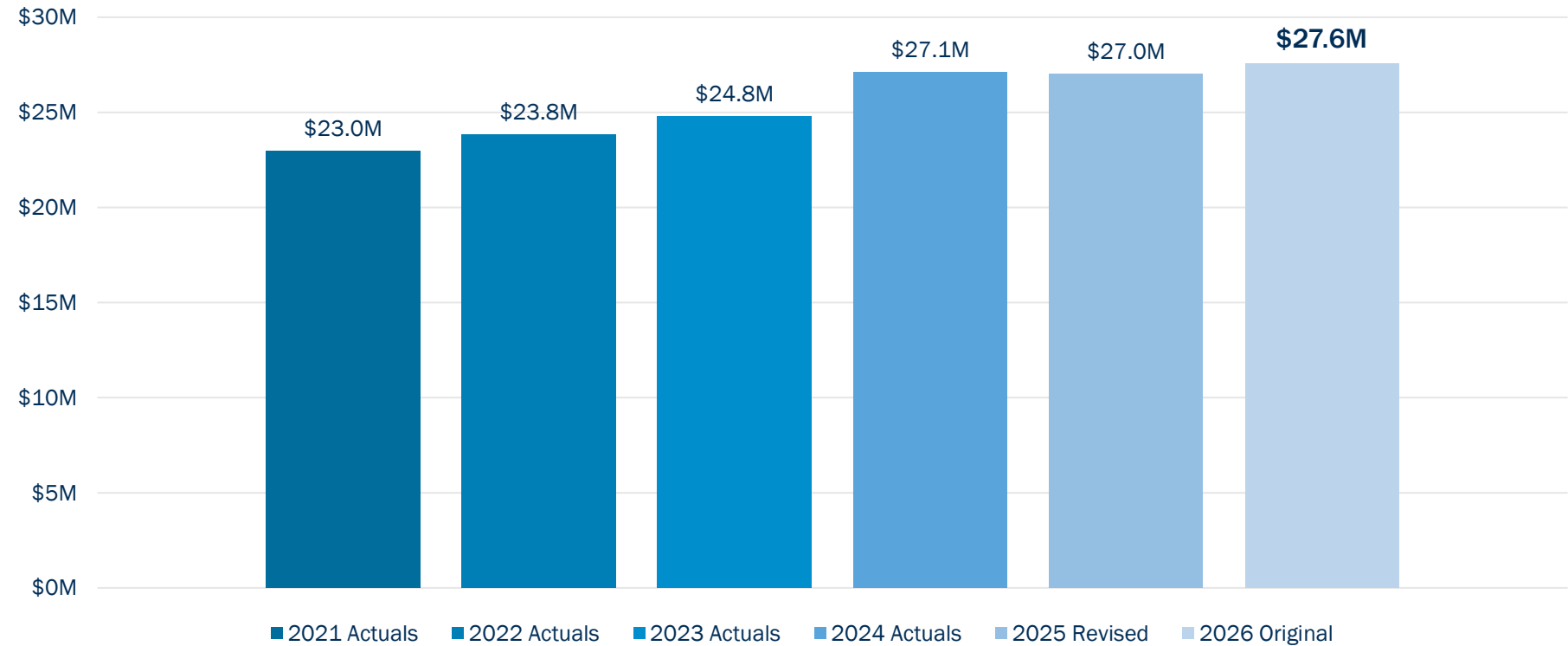




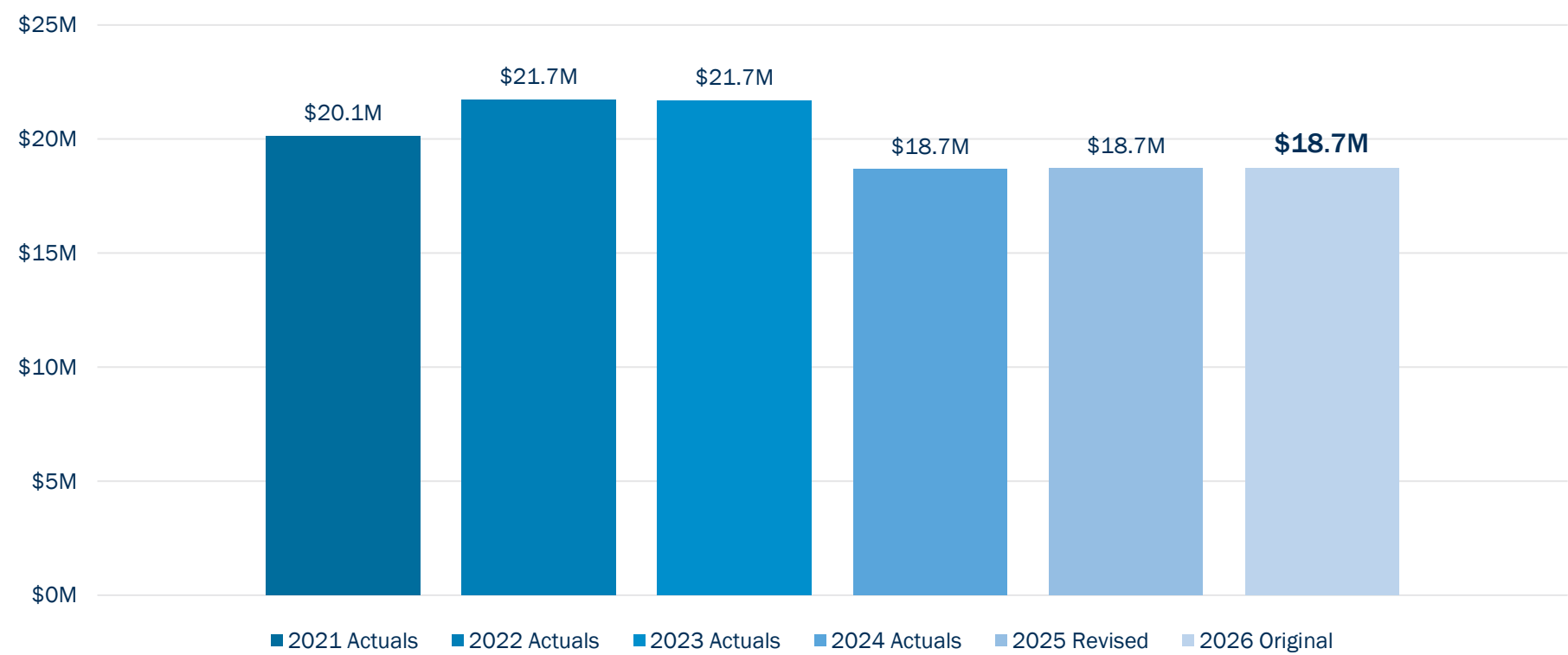
# General Fund Revenue by Source: *Xcel Franchise Fee*



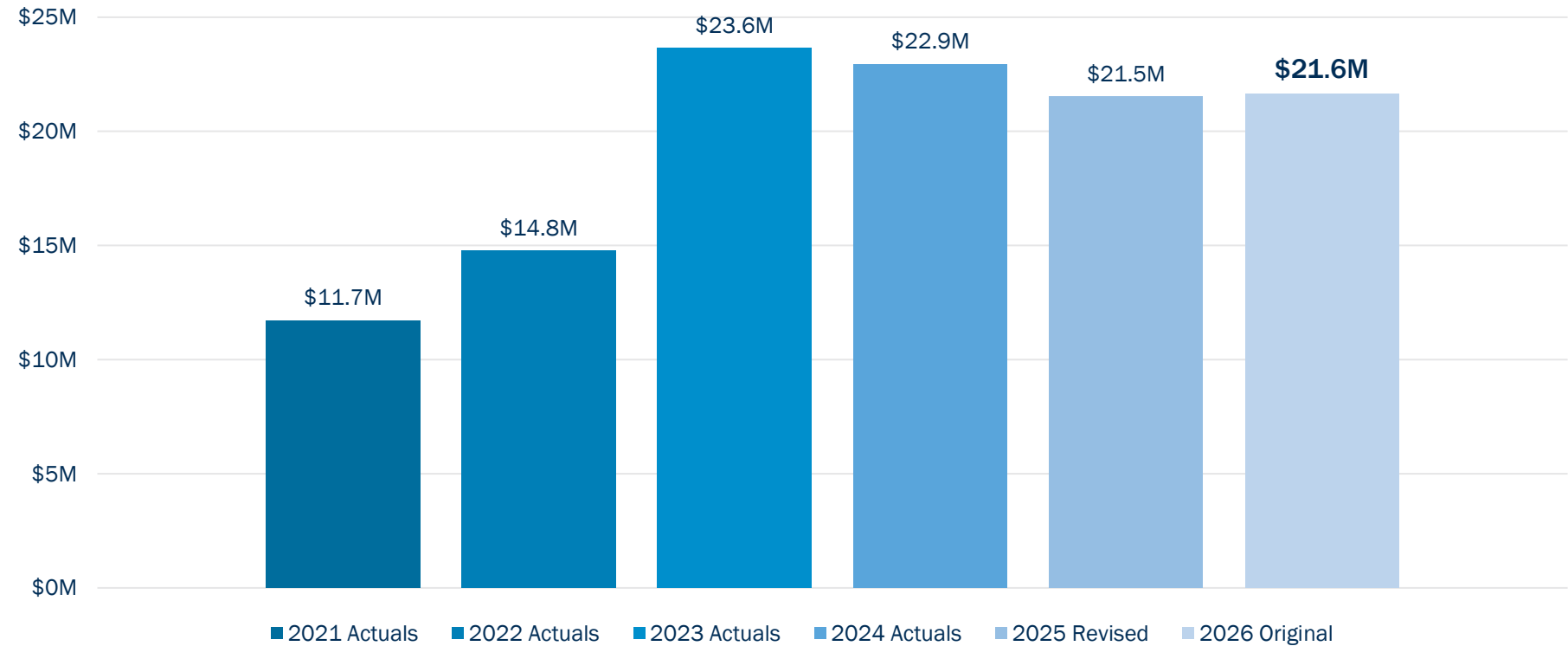
# General Fund Revenue by Source: *Parking Fines*



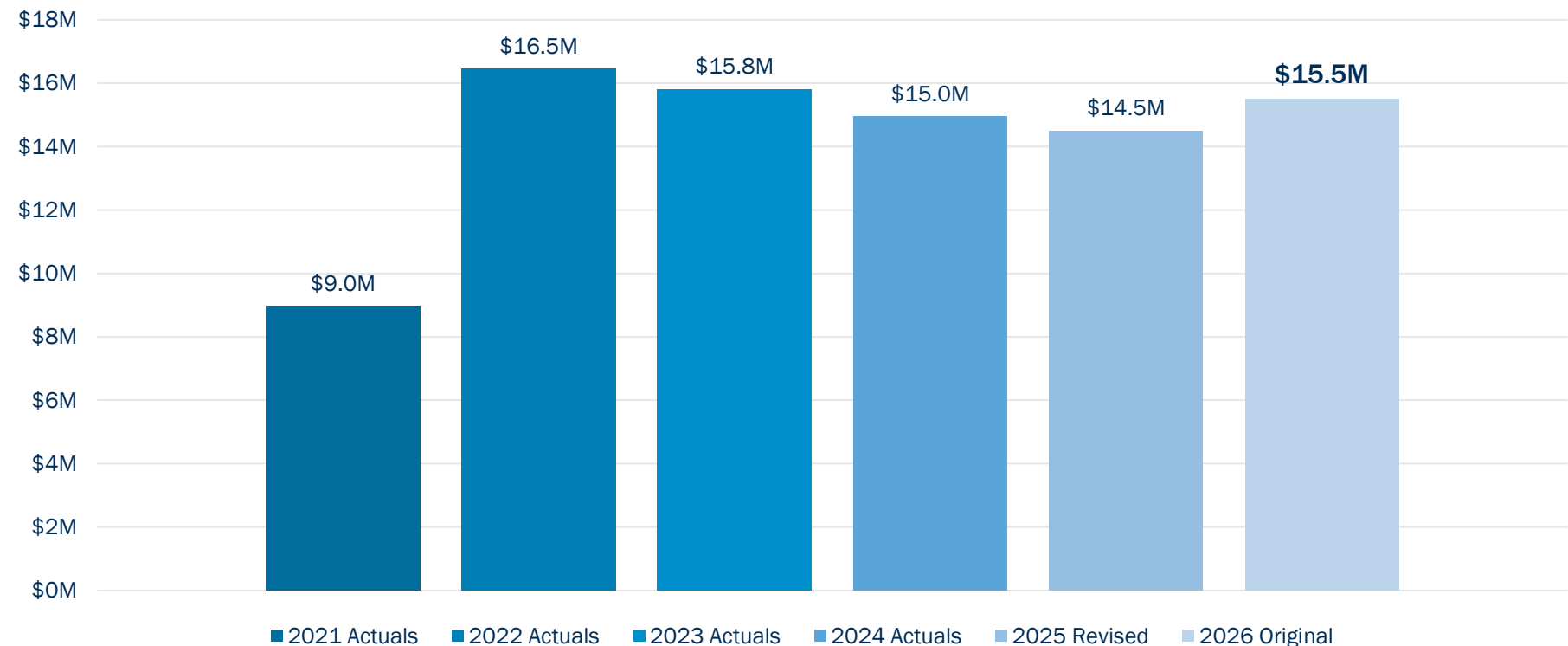
# General Fund Revenue by Source: *Street Occupancy Permits*



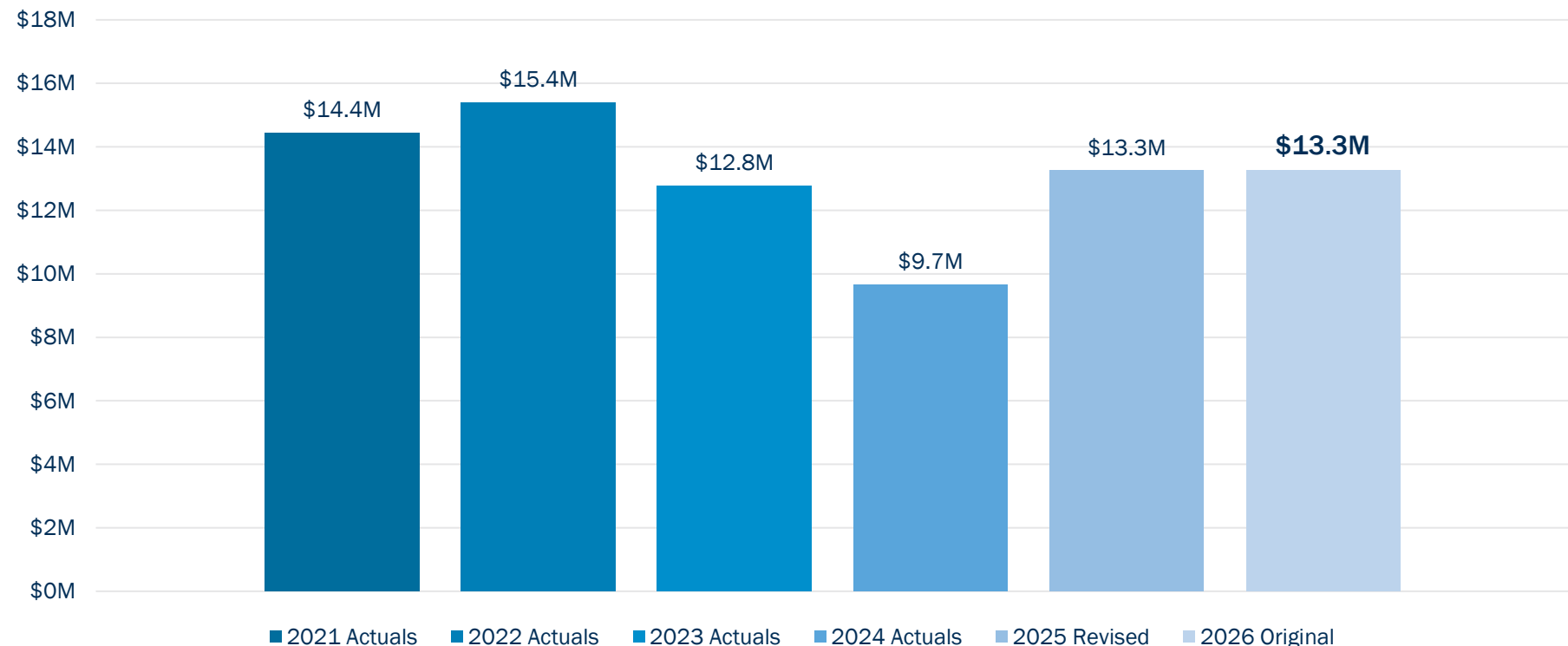
# General Fund Revenue by Source: *Investment Income*



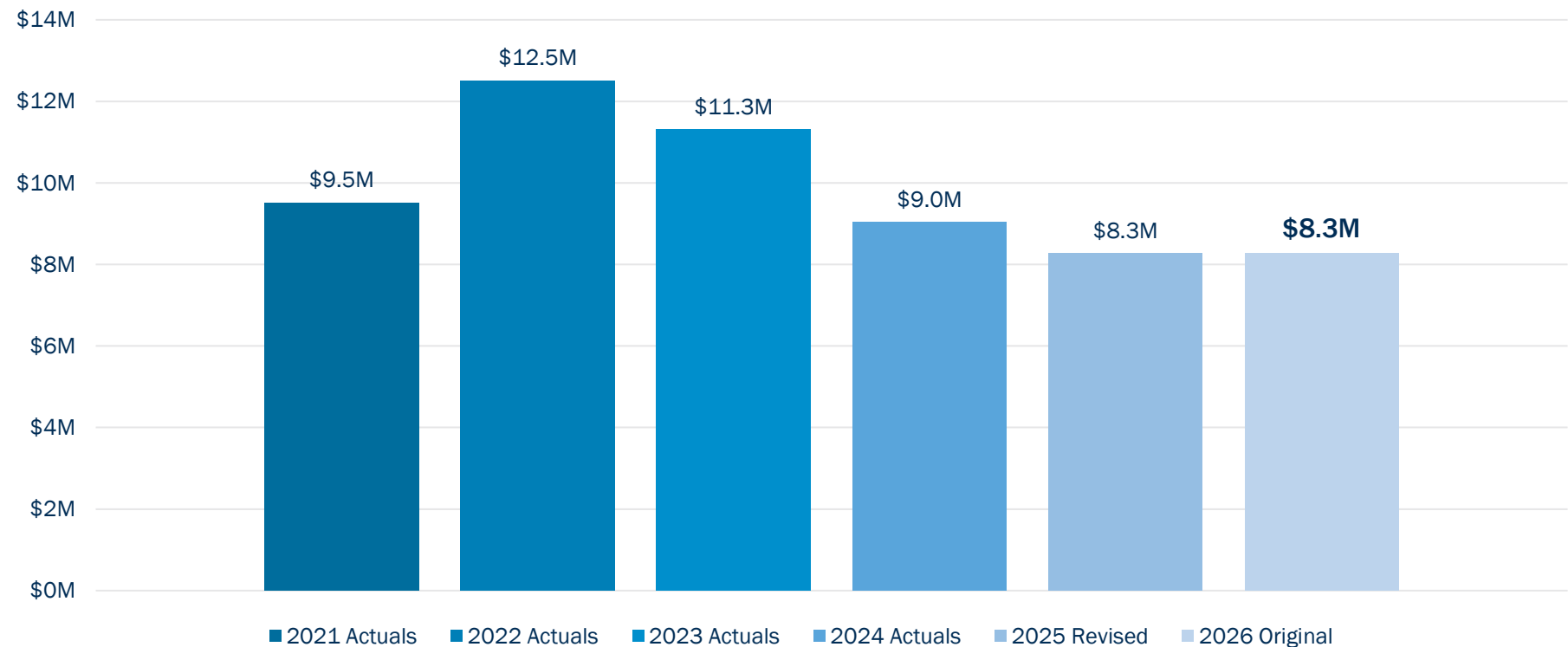
# General Fund Revenue by Source: *Parking Meters*



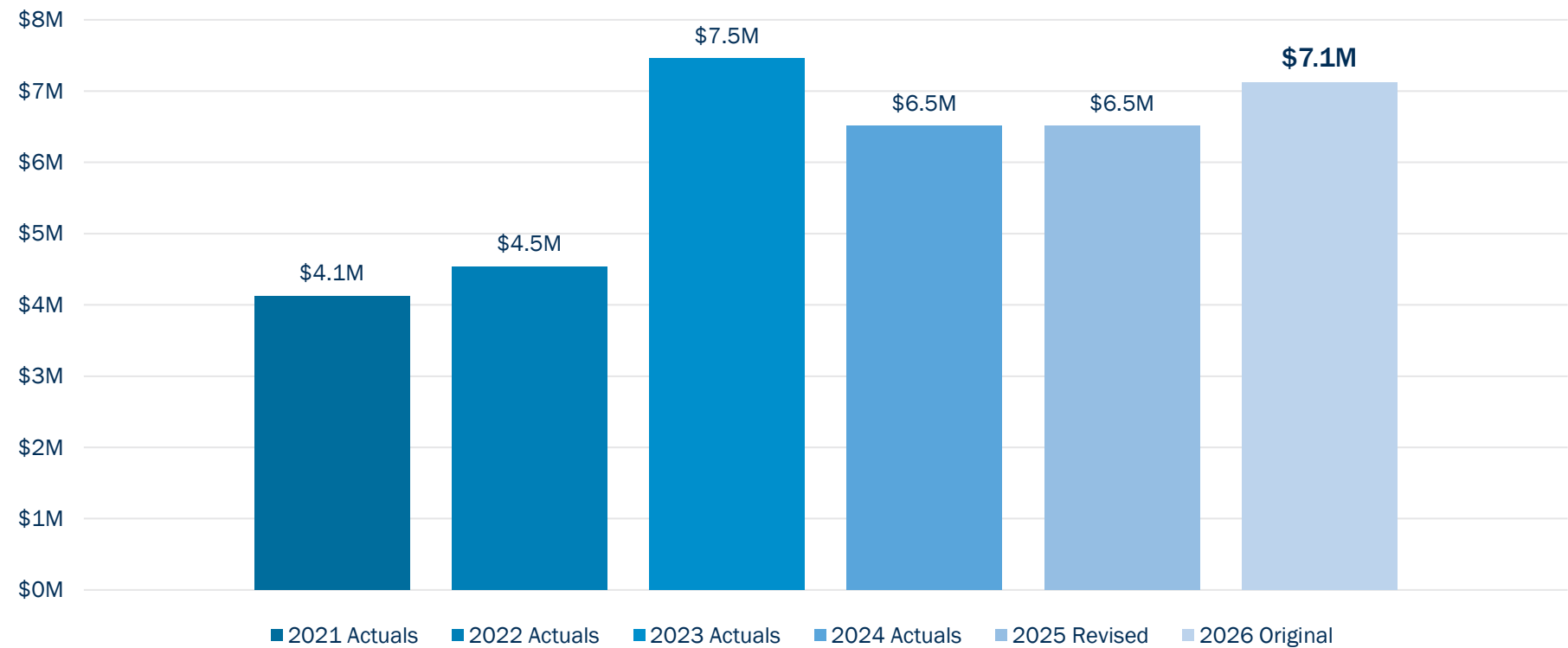
# General Fund Revenue by Source: *Construction Permits*



# General Fund Revenue by Source: *Plan Checking Fees*

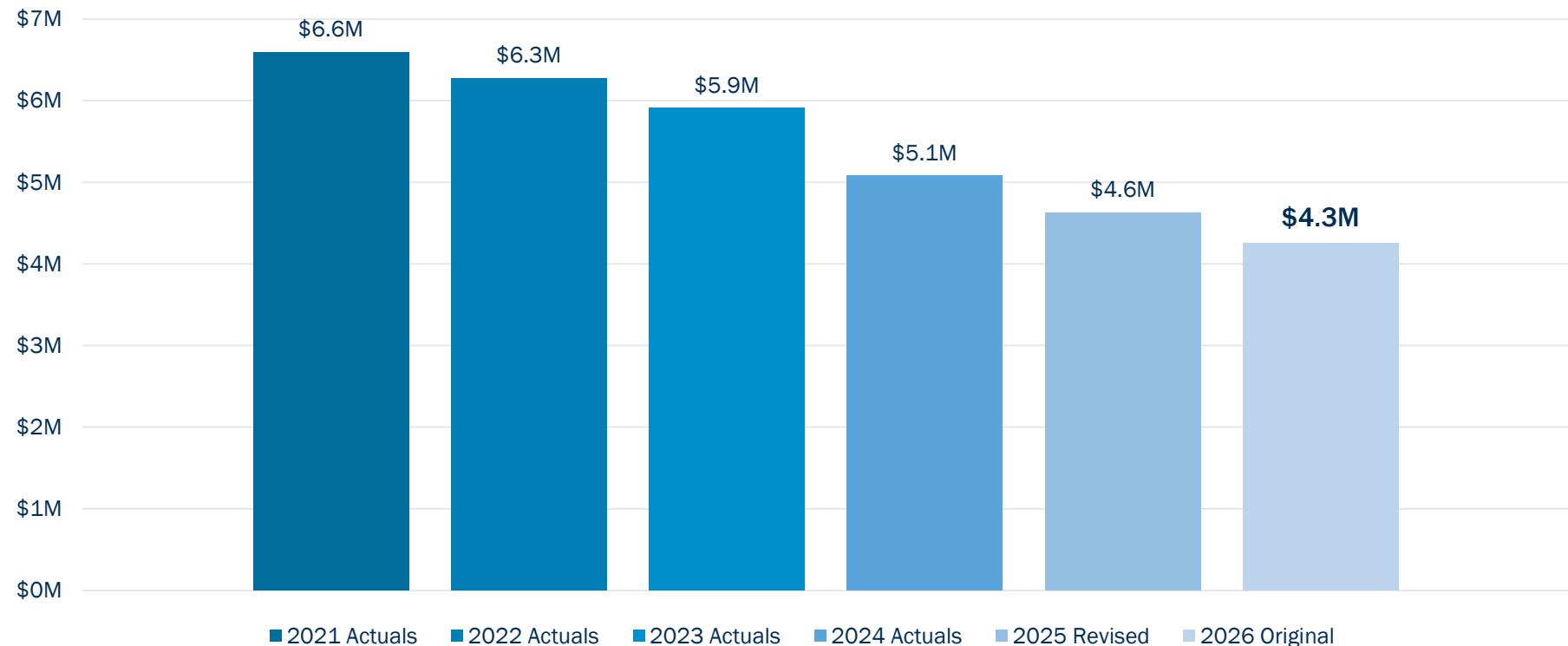


# General Fund Revenue by Source: *Photo Radar Fines*

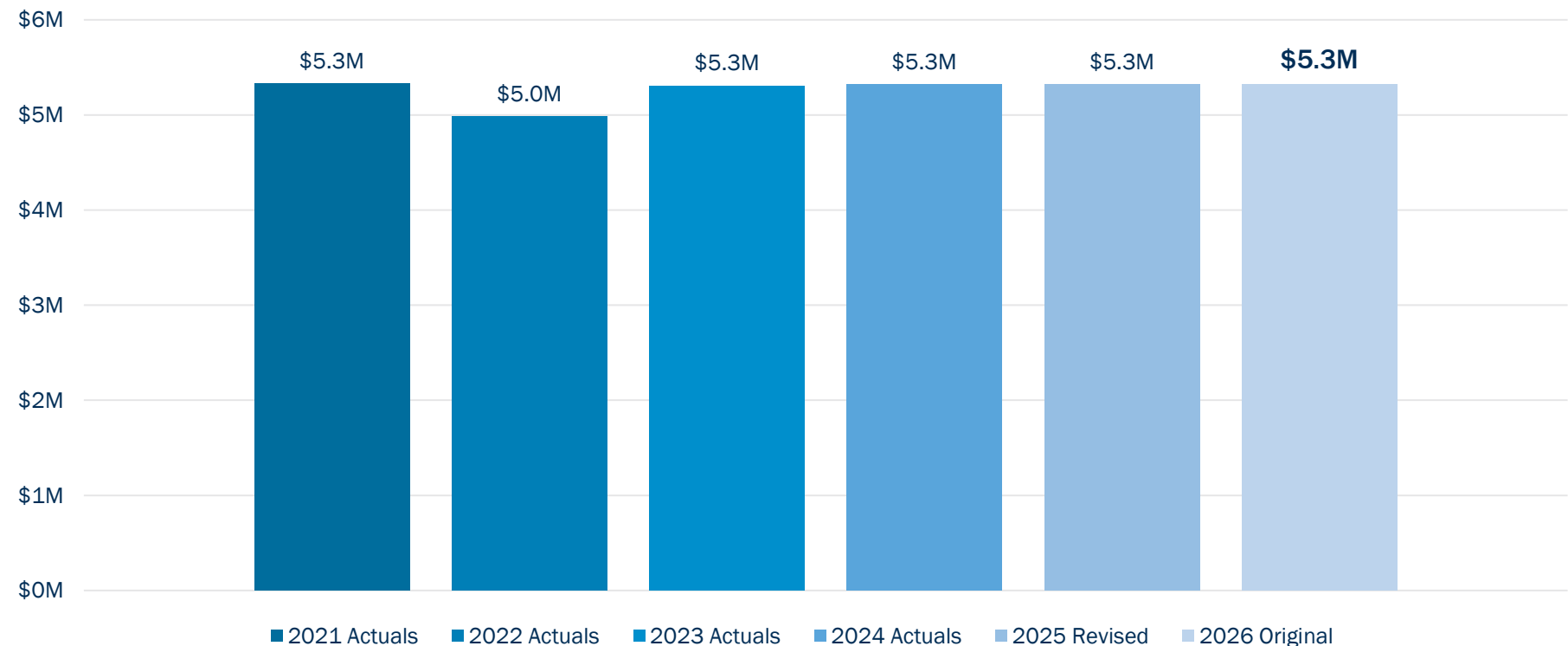




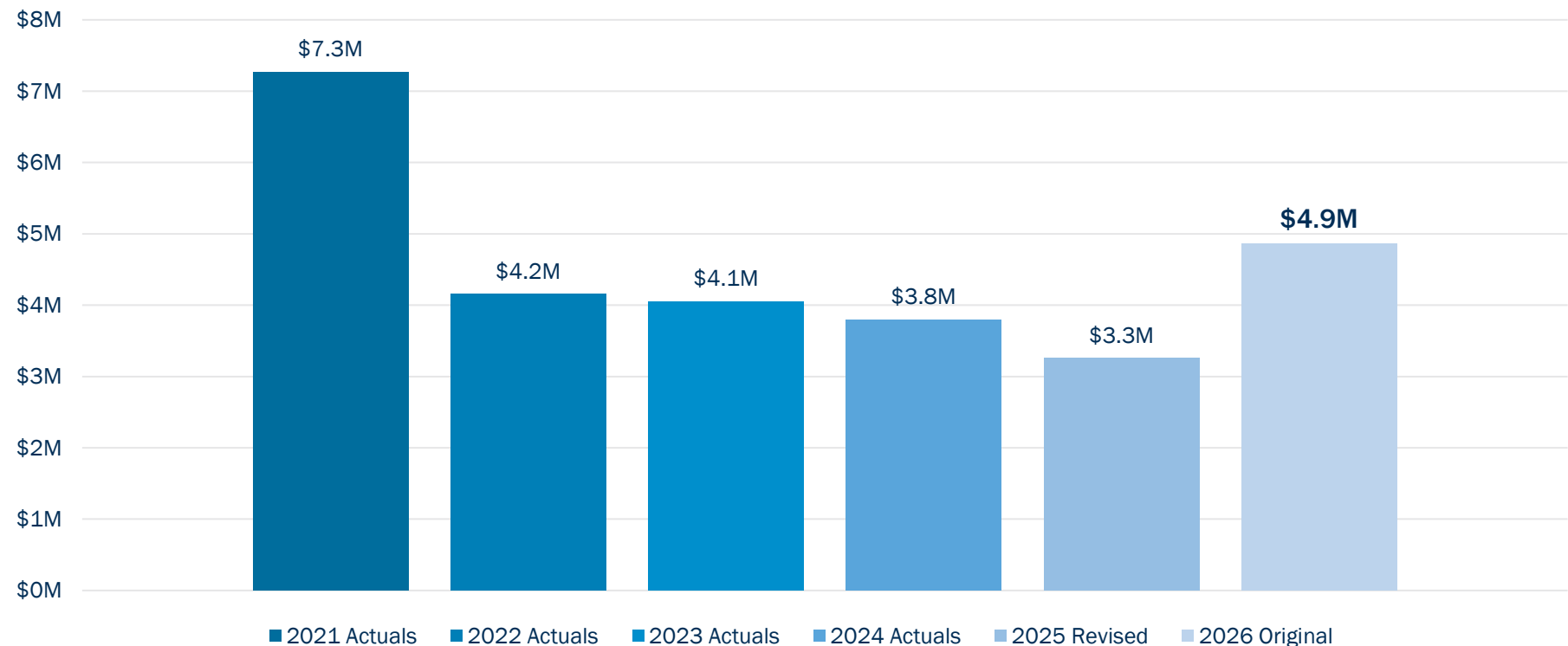
# General Fund Revenue by Source: *Cable TV Franchise*



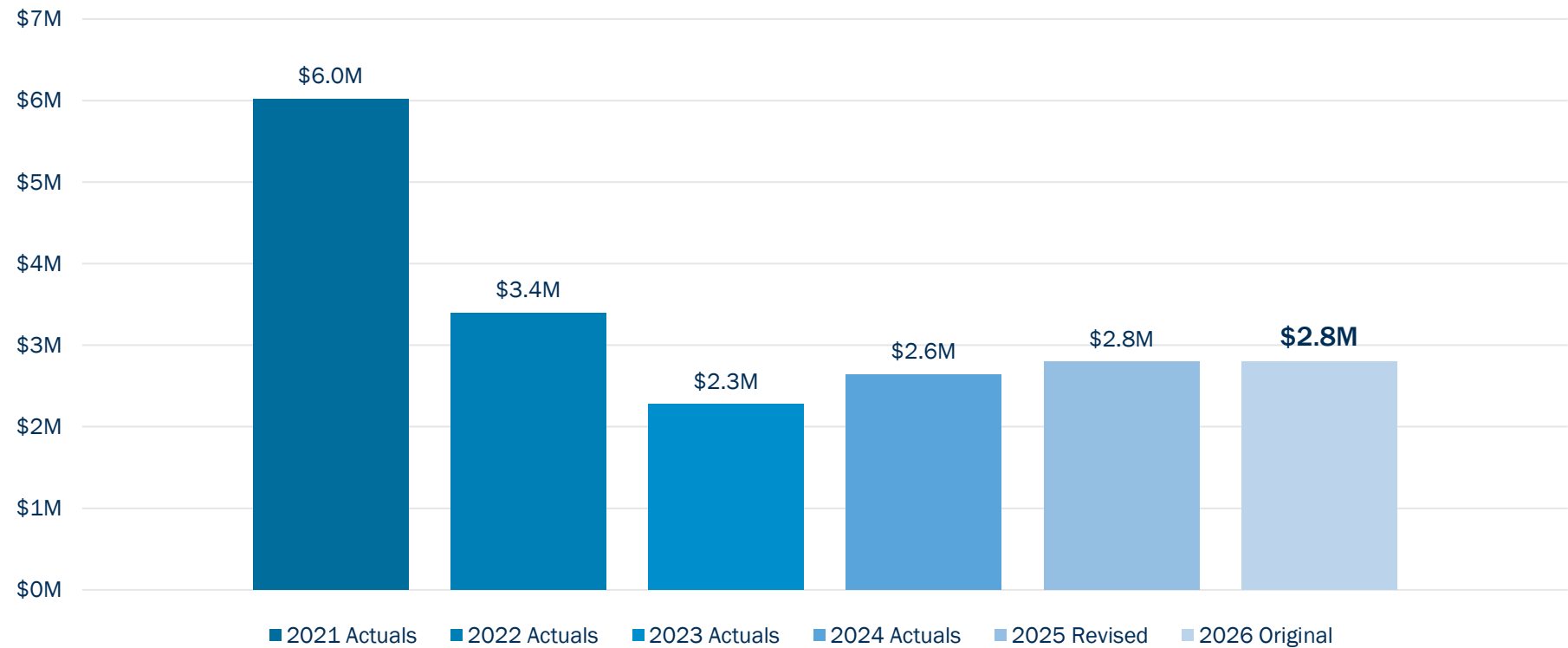
# General Fund Revenue by Source: *MV License Fees*



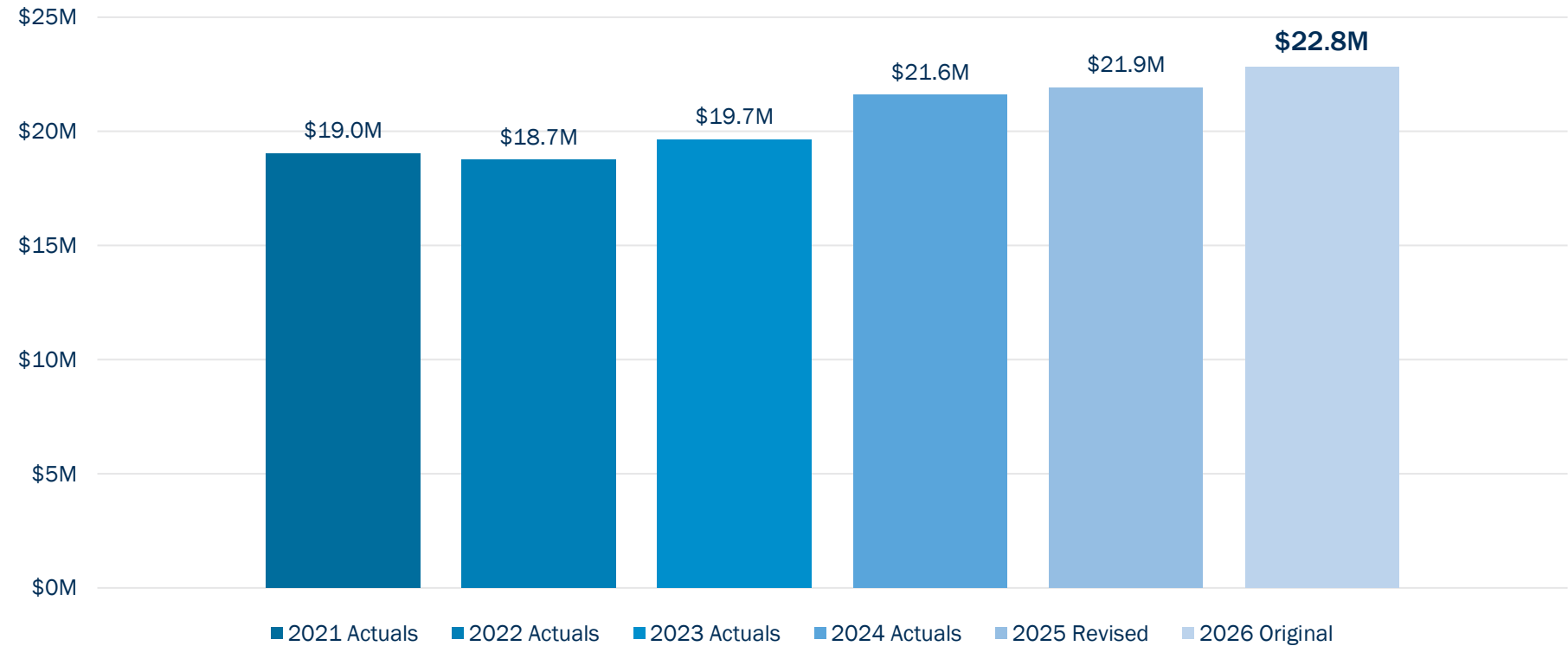
# General Fund Revenue by Source: *Traffic Fines*



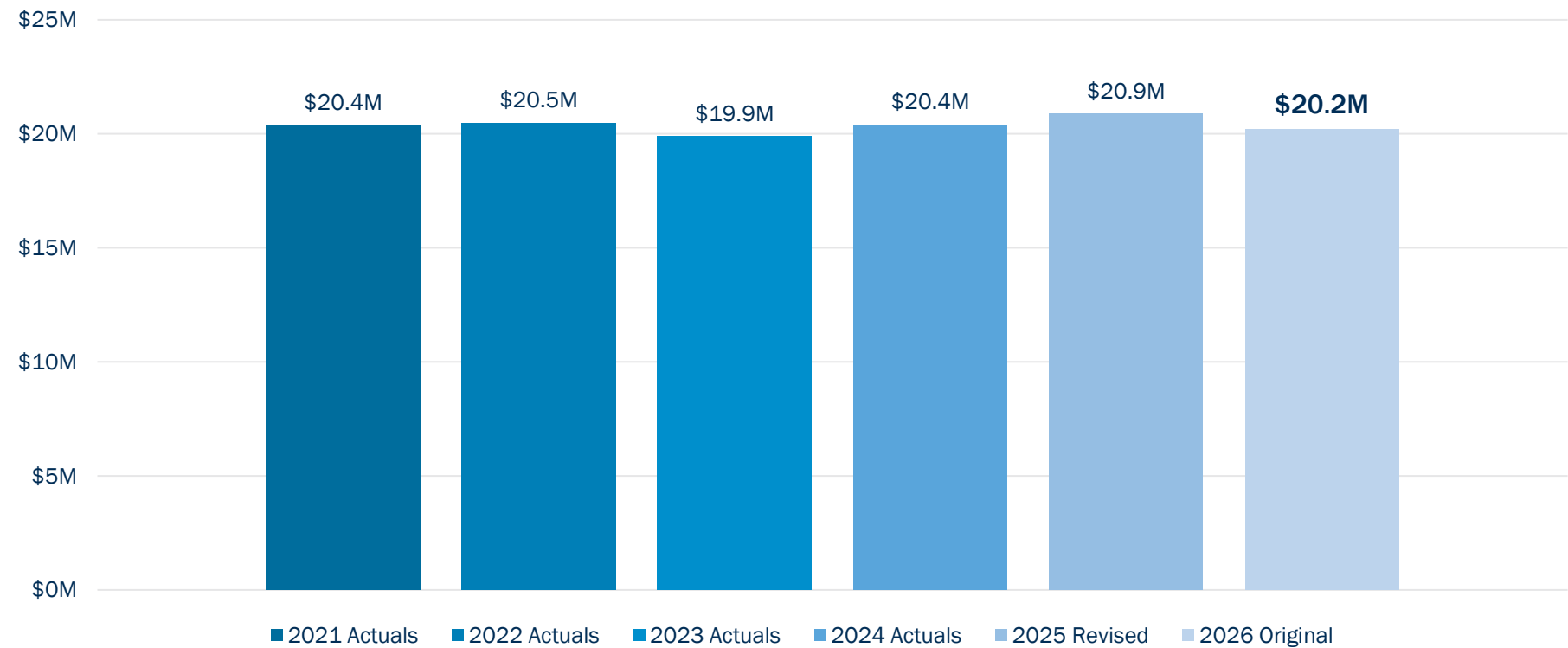
# General Fund Revenue by Source: *Recorder Fees*



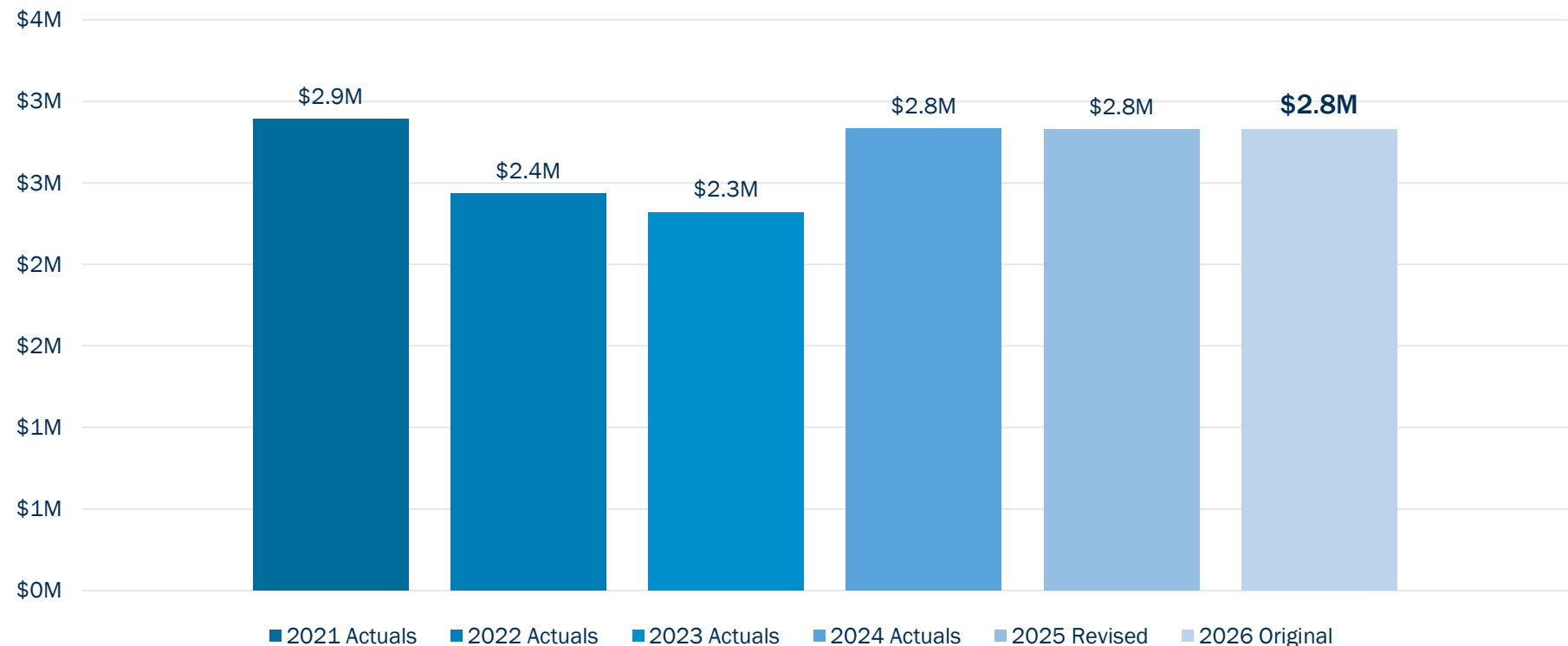
# General Fund Revenue by Source: *Highway Users Tax*



# General Fund Revenue by Source: *Indirect Cost Reimb.*



# General Fund Revenue by Source: *Parking Lots*



# City Council Micro-priorities: District Multimodal Transportation Package

DOF and DOTI staff worked to develop a \$9.2M package of project options for local-level improvements like pedestrian crossings, traffic calming, bike infrastructure, and Safe Routes to School programs.

Options identified were prioritized based on:

- Alignment with Denver Moves Everyone
- Ability to deliver in a reasonable timeline (planning process and/or design completed)
- Can be delivered within current staffing levels
- Where possible, aligns with City Council micro priorities

