



MEMORANDUM

Date: September 25, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

From: Christina Bervaldi
Finance Director

Subject: **Resolution Adopting the Final Budget for FY 2025-2026**

The FY 2025-2026 budget was developed through a collaborative and strategic process involving City departments, the City Manager, Finance Director, and guidance from the City Commission. The process prioritized the City's core operational needs, capital investments, public safety enhancements, and infrastructure improvements—ensuring that resources align with both current demands and long-term community priorities.

Beginning in March 2025, City departments began compiling their operational and capital needs for Fiscal Year 2025-2026. These needs were submitted to the City Manager and Finance Director for consideration in the development of the proposed budget. Throughout April, May, and June, numerous departmental and interdepartmental meetings were held to evaluate and refine budget requests in preparation for a public presentation to the City Commission and the citizens of Key West in July 2025.

On July 22nd and 23rd, City staff held budget workshops which presented proposed operating and capital budgetary needs to the City Commission and citizens of Key West. The proposed budget reflected departmental funding requests submitted to the City Manager and addressed key operational needs across the organization. In addition to fulfilling these operational funding commitments, the FY 2025-2026 budget also included increased investments in public safety, infrastructure, and critical capital needs. The proposed budget was presented with an ad valorem millage set to 1.9551 mills, which is 4.00% above the roll-back rate of 1.8799 mills.

At the end of the July workshops, a tentative millage of 2.0134 was set, which was 7.10% over the roll-back millage of 1.8799 mills. This tentative rate was established to provide a buffer for any unforeseen challenges or financial adjustments that might arise between the July workshops and the September budget hearings. It was set with the clear understanding that City staff would continue refining the proposed budget with the goal of further reducing the ad valorem millage rate before the final adoption.

Following the direction provided by the City Commission during the workshops, City staff worked diligently to revise the budget, adding funding to several initiatives as requested, resulting in a tentative budget of \$262M and an ad valorem millage of 1.9739, which is 5% over the roll-back millage rate of 1.8799. This updated proposal reflected both the City Commission's input and the City staff's ongoing commitment to responsible financial management and the delivery of exceptional services that meet the evolving needs and expectations of the Key West community.

On September 11, 2025, the Mayor and City Commissioners heard the tentative budget and provided additional direction for City staff to continue refining the proposed budget, with a specific focus on further reducing the ad valorem millage rate. In response, staff worked to incorporate these final adjustments, resulting in a revised millage rate to 1.9551, which is 4% over the roll-back millage rate of 1.8799 mills.

As requested, the proposed final budget for Fiscal Year 2025-2026, presented this evening, totals \$286.6M. This final budget reflects both the City Commission's direction and the City's commitment to fiscal responsibility, while maintaining high-quality services and continuing to invest in key priorities.

Recommendation

Approve the resolution for the adoption of the final budget in the amount of \$286,615,419 for the City of Key West's Fiscal Year beginning October 1, 2025 and ending September 30, 2026 presented herein.