



MEMORANDUM

Date: September 17, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton
Interim City Manager

From: Christina Bervaldi
Finance Director

Subject: **Resolution Adopting the Final Budget for FY 2024-2025**

Each year, the City Manager and staff develop a budget guided by the City Commission and staff's key priorities and initiatives as determined through planning and strategic plan developments along with operational departmental needs.

Beginning in March 2024, City departments began to compile their operational and capital needs for Fiscal Year 2024-2025 in order to submit to the City Manager and Finance Director for consideration for the proposed budget. Numerous department and inter-departmental meetings occurred during the months of April, May, and June to present a proposed budget to the City Commission and citizens of Key West in July of 2024.

On July 16th and 17th, City staff held budget workshops which presented a proposed \$260M operating and capital budget to the City Commission and citizens of Key West. The proposed budget addressed departmental needs including increased personnel and operational costs. In addition to addressing the operational funding commitments outlined in the July budget workshops, the FY 2025 budget will allow for several new positions, increased funding dedicated to the City's affordable housing efforts, as well as investments in our Infrastructure and capital needs. The proposed budget was presented with an ad valorem millage set to 2.0822 mills, which is 8.59% above the roll-back rate of 1.9175 mills.

At the end of the July workshops, a tentative millage of 2.1452 was set, which was 11.87% over the roll-back millage of 1.9175 mills. This tentative rate was set in efforts to account for any unforeseen challenges that the City may have experienced between the July workshops and the September budget hearings with the understanding that City staff would continue to make changes to the proposed budget in efforts to lower the ad-valorem millage rate.

Staff took the direction received from the City's July workshops and further refined the budget which resulted in increasing the overall proposed budget from \$260M to \$261M and lowering the ad-valorem millage to 2.0326, which is 6% over the roll-back millage rate of 1.9175. These changes reflected the City Commission's input and direction as well as City staff's commitment to sound financial and operational practices, which continue to provide for our community's needs and expectations of exceptional services.

On September 5, 2024, the Mayor and City Commissioners heard the tentative budget and gave some additional direction for City staff to once again continue to refine the proposed budget in order to further lower the ad-valorem millage rate to 2.0134, which is 5% over the roll-back millage rate of 1.9175 mills.

As requested, the proposed final budget for Fiscal Year 2024-2025 which is presented this evening is in the amount of \$262.5M. This proposed final budget reflects an ad-valorem millage rate of 2.0134, which is 5% over the roll-back millage rate of 1.9175 mills.

Recommendation

Approve the resolution for the adoption of the final budget in the amount of \$262,523,168 for the City of Key West's Fiscal Year beginning October 1, 2024 and ending September 30, 2025 presented herein.