



MEMORANDUM

Date: April 1, 2026

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso
City Manager

From: Christina Bervaldi
Director of Finance

Subject: **FILE ID 25-3696 Adoption of City of Key West Debt Management Policy**

Introduction

The purpose of this memorandum is to introduce for your consideration the City of Key West's formal Debt Management Policy. The development of this policy represents an important step in strengthening the City's financial management framework and ensuring that the issuance and administration of debt are conducted in a prudent, transparent, and consistent manner.

Background

Historically, the City of Key West has managed its debt obligations in accordance with applicable laws, professional guidance, and sound financial practices. However, the City has not previously adopted a comprehensive written policy to guide the issuance, management, and repayment of debt. The proposed Debt Management Policy establishes a formal framework outlining the objectives, parameters, and procedures for the responsible use of debt.

Specifically, the policy is intended to:

- Promote prudent and responsible use of debt to finance capital improvements and other long-term investments.
- Establish clear guidelines for the issuance, structure, and management of municipal debt.
- Support the City's long-term financial stability and creditworthiness.
- Enhance transparency and accountability in the City's financial operations.
- Provide guidance for staff and elected officials when evaluating potential borrowing.

Adopting a formal debt management policy aligns the City with best practices recommended by the Government Finance Officers Association (GFOA) and other municipal finance organizations. The GFOA recommends that governmental agencies adopt a formal policy for managing debt. Debt management policies serve as written guidelines that govern the evaluation and issuance of debt, the management of a government's debt portfolio, compliance with applicable laws and regulations, federal tax requirements, and post-issuance continuing disclosure obligations.

A well-designed debt management policy improves the quality and consistency of financial decision-making, clearly articulates policy goals, and establishes parameters for the structure and issuance of debt. It also demonstrates a government's commitment to long-term capital planning and sound financial management. Adherence to such a policy signals to rating agencies, lenders, and investors that the City is well managed and committed to meeting its debt obligations in a timely manner.

City staff is proposing the Debt Management Policy to:

- Ensure fiscal sustainability.
- Provide a framework for evaluating debt affordability.
- Promote transparency, accountability, and reporting compliance.
- Establish guidelines for structuring debt efficiently.
- Ensure the use of appropriate debt instruments.
- Preserve and enhance the City's creditworthiness and investor confidence.
- Support the financing of capital improvement projects.
- Ensure compliance with applicable legal and regulatory requirements.

The proposed policy was developed using best practices recommended by the Government Finance Officers Association and was modeled in part after policies adopted by other successful municipalities. The City's Municipal Advisor and Bond Counsel also provided input during the development of this policy.

Procurement

The adoption of the City of Key West Debt Management Policy will not have a fiscal impact.

Recommendation

The adoption of this policy will formalize the City's commitment to sound fiscal management and responsible stewardship of public resources. Staff respectfully requests that the City Commission review and consider adoption of the proposed City of Key West Debt Management Policy.

Exhibits:

Exhibit A – City of Key West Debt Management Policy