City of Key West, FL

City Hall
1300 White Street
Key West FL 33040

Action Minutes - Final

City Commission Workshop

Monday, July 20, 2026	9:00 AM	City Hall

Budget Workshop - 1

ADA Assistance: It is the policy of the City of Key West to comply with all requirements of the Americans with Disabilities Act (ADA). Please call the TTY number 1-800-955-8771 or for voice 1-800-955-8770 or the ADA Coordinator at 305-809-3811 at least five business days in advance for sign language interpreters, assistive listening devices, or materials in accessible format.

FOR VISUAL PRESENTATIONS: For City Commission meetings the City Clerk's Office will need a copy of the presentation for the agenda at least 7 days before the meeting.

CALL MEETING TO ORDER - 9:00 A.M.

ROLL CALL

Present 7 - Commissioner Carey, Commissioner Castillo, Commissioner Haskell, Commissioner Kaufman, Vice Mayor Lee, Commissioner Veliz and Mayor Henriquez

PLEDGE OF ALLEGIANCE TO THE FLAG

APPROVAL OF AGENDA

The agenda was unanimously approved as presented

PRESENTATIONS

1 City of Key West Budget Workshop for Fiscal Year 2026/2027

Sponsors: City Manager Barroso

Attachments: FY2026/2027 City of Key West Proposed Budget
FY2026/2027 City of Key West Proposed Capital Projects - All Funds

Received and Filed

Meeting went into Recess - 12:07 P.M.

Meeting Reconvened - 1:32 P.M.

Commissioner Haskell returned at 1:33 P.M.

Commissioner Castillo returned at 1:45 P.M.

ADJOURNMENT - 2:31 P.M.

City of Key West Budget Workshop Fiscal Year 2026-2027

Monday, July 20, 2026

Brian L. Barroso, City Manager

Christina Bervaldi, Finance Director

Alexandra Quinn, Comptroller

Margarita Pedroza, Budget Specialist

FY2027 BUDGET PROCESS KEY DATES

- July 20th & 21st – City Commission Budget Workshops
  - City Commission sets Tentative Millage to be Placed on Initial Property Tax Bills (TRIM)

- September 10th – First Public Hearing
  - City Commission Adopts Tentative Budget & Millage Rate at 5:05 pm

- September 23rd – Second & Final Public Hearing
  - City Commission Adopts Final Budget & Millage Rate at 5:05 pm

FY2027 BUDGET DEVELOPMENT GOALS

- Strategic Plan Tie-In
  - ➢ Infrastructure
  - ➢ Financial Stability
  - ➢ Climate Adaptation & Environmental Protection
  - ➢ Housing
- Net Expenditure Decrease – Zero-Based Budget
- Departmental Re-Organizations and Efficiency
- Purposeful Rolling Stock Requests and Inventory Management
- Targeted Infrastructure Investments
- Transparent Financial Management

FY2027 BUDGET SUMMARY

Revenue	FY2027 Proposed	% of Total
Ad Valorem Taxes	$ 22,641,890	7.53%
Delinquent Taxes	20,000	0.01%
Local Option, Use, & Fuel Taxes	14,616,764	4.86%
Franchise Fees	871,000	0.29%
Licenses & Permits	8,682,217	2.89%
Intergovernmental Revenue	40,039,586	13.32%
Charges for Services	66,338,604	22.07%
Fines & Forfeitures	1,734,700	0.58%
Miscellaneous	19,019,690	6.33%
Interfund Transfers	23,354,124	7.77%
Carry Forward Reserves	103,320,002	34.37%
Total Revenue	**300,638,577**	**100.00%**

Expenditures	FY2027 Proposed	% of Total
Personnel Services	$ 76,813,904	25.55%
Operating Expenditures	54,094,704	17.99%
Capital Outlay	80,232,869	26.69%
Debt Service	2,461,585	0.82%
Grants & Aid	760,321	0.25%
Transfers	22,603,470	7.52%
Reserves	63,671,724	21.18%
Total Expenditures	**300,638,577**	**100.00%**

FY2027 BUDGET ALLOCATIONS

Fund	FY2027 Proposed	% of Total
General Fund	$ 105,079,906	34.95%
Infrastructure Fund	56,275,399	18.72%
Internal Improvements Fund	13,122,845	4.36%
Fort Taylor Fund	3,824,176	1.27%
Affordable Housing Fund	550,367	0.18%
Truman Waterfront Fund	1,116,701	0.37%
Adaptation & Sustainability Fund	684,754	0.23%
Higgs Beach Fund	949,161	0.32%
Community Fund	178,289	0.06%
Transportation Alternative Fund	1,863,072	0.62%
Community Development Office	914,675	0.30%
Law Enforcement Trust Fund	249,696	0.08%
Capital Projects Fund	183,312	0.06%
Sewer Fund	24,936,104	8.29%
Stormwater Utility Fund	9,990,169	3.32%
Solid Waste Fund	29,672,120	9.87%
Key West Bight Fund	30,743,845	10.23%
Transit Fund	6,912,454	2.30%
Garrison Bight Fund	5,158,092	1.72%
Bahama Village TIF Fund	3,855,555	1.28%
Caroline Street TIF Fund	4,377,854	1.46%
Total Budget Allocations	**300,638,546**	**100.00%**

FY2027 COST OF LIVING AND BENEFITS

- COLA
  - Teamsters 4.00%
  - Police 5.00%
  - Fire 4.00%
  - General Employees 4.00%

Contractual Obligations

- Step Increases for Police/Fire 2.50% - 5.00%
- Merit Increases for Teamsters 3.00%
- Merit Increases for General Employees 3.00%

- Police/Fire Pension Allocation 32.00%
- General Employee Pension Allocation 12.00%

- Health Insurance Allocation Per Full-Time Employee $18,534

FY2027 PROPOSED WORKFORCE

	FY2026 Budget	FY2027 Proposed
General Fund		
Authorized FTE	448.60	438.60
Authorized Positions	462	452
Full-Time Employees	437	427
Part-Time Employees	25	25
All Other Funds		
Authorized FTE	103.25	96.25
Authorized Positions	106	99
Full-Time Employees	102	95
Part-Time Employees	4	4
Total Employees	**568 Positions / 551.85 FTE**	**551 Positions / 534.85 FTE**

3% Reduction in Workforce

FY2027 New Positions Requested (7) – Recommend No New Positions

Firefighter (6)
Captain – Emergency Management

FY2027 Recommended Position Deletions (17)

Administrative Assistant – Parking
Growth Management Administrative Specialist
Planning Project Coordinator
Administrative Coordinator – Public Works
Maintenance Worker I – Public Works (2)
KWFD Quartermaster
City Project Manager
Maintenance Worker I – Parks & Recreation

Maintenance Worker I – Roads (2)
Security / Maintenance Worker I – Truman Waterfront
Adaptation / Energy Coordinator
Port Project Manager
Ferry Terminal Port Janitor I
Bus Driver (2)

FY2027 REVENUE COMPARISON

	FY2026 Budget	FY2027 Proposed	Amount Change	% Change
General Fund				
Ad Valorem Taxes	$ 22,852,487	$ 22,661,890	$ (190,597)	-0.83%
Local Option, Use, & Fuel Taxes	1,317,699	1,317,699	-	0.00%
Franchise Fees	835,000	871,000	36,000	4.31%
Licenses & Permits	6,923,782	7,629,100	705,318	10.19%
Intergovernmental Revenue	11,786,717	12,183,410	396,693	3.37%
Charges for Services	12,976,226	14,639,609	1,663,383	12.82%
Fines & Forfeitures	1,132,200	1,408,200	276,000	24.38%
Miscellaneous	4,061,445	4,049,703	(11,742)	-0.29%
Interfund Transfers	16,304,698	17,667,033	1,362,335	8.36%
Reserves	23,227,277	22,652,262	(575,015)	-2.48%
	$101,417,531	**$105,079,906**	**$ 3,662,375**	**3.61%**
All Other Funds				
Ad Valorem Taxes	$ -	$ -	-	-
Local Option, Use, & Fuel Taxes	13,532,188	13,299,065	(233,123)	-1.72%
Franchise Fees	-	-	-	-
Licenses & Permits	501,500	1,053,117	551,617	109.99%
Intergovernmental Revenue	10,281,517	27,856,176	17,574,659	170.93%
Charges for Services	50,850,071	51,698,995	848,924	1.67%
Fines & Forfeitures	344,250	326,500	(17,750)	-5.16%
Miscellaneous	7,610,821	14,969,987	7,359,166	-
Interfund Transfers	6,227,311	5,687,091	(540,220)	-8.68%
Other	25,000,000	35,000,000		
Reserves	50,017,826	45,667,740	(4,350,086)	-8.70%
	$164,365,484	**$195,558,671**	**$ 21,193,187**	**18.98%**
	$265,783,015	**$300,638,577**	**$ 24,855,562**	**13.11%**

GENERAL FUND OPERATING BUDGET COMPARISON

	FY2026 Budget	FY2027 Proposed	Amount Change	% Change
City Commission	$ 592,963	$ 542,114	$ (50,849)	-8.58%
City Manager	1,731,181	1,883,670	152,489	8.81%
City Clerk	488,956	521,738	32,782	6.70%
Citizens Review Board	109,403	109,191	(212)	-0.19%
Parking	2,025,082	1,979,058	(46,024)	-2.27%
Finance	1,768,085	1,878,871	110,786	6.27%
Human Resources	724,368	710,475	(13,893)	-1.92%
Information Technology	2,106,747	2,086,312	(20,435)	-0.97%
Key TV	30,945	25,685	(5,260)	-17.00%
City Attorney	1,418,221	1,508,304	90,083	6.35%
City Planner/HARC/Tree	1,443,914	2,108,105	664,191	46.00%
Non-Departmental	2,489,224	2,318,527	(170,697)	-6.86%
Fleet Services	1,603,715	1,668,469	64,754	4.04%
Public Works	5,856,989	5,636,497	(220,492)	-3.76%
Engineering	383,254	403,879	20,625	5.38%
Facilities Maintenance	1,990,857	2,038,233	47,376	2.38%
Key West Police Department	22,628,617	24,428,782	1,800,165	7.96%
Law Enforcement Grants	75,000	75,000	-	-
Fire Department	15,020,678	15,940,498	919,820	6.12%
Building Services	1,858,863	1,277,635	(581,228)	-31.27%
Code Enforcement	1,507,722	1,036,248	(471,474)	-31.27%
Licensing & Permitting	-	896,294	896,294	-
Emergency Management	133,372	237,793	104,421	78.29%
EMS	4,283,472	4,624,424	340,952	7.96%
Tree Commission	144,602	205,877	61,275	42.37%
Port Operations	469,761	285,026	(184,735)	-39.33%
Homeless Services	943,753	973,704	29,951	3.17%
Parks and Recreation	4,772,001	4,375,598	(396,403)	-8.31%
	$ 76,601,745	**$ 79,776,007**	**$ 3,174,262**	**4.14%**

ALL FUNDS OPERATING BUDGET COMPARISONS

	FY2026 Budget	FY2027 Proposed	Amount Change	% Change
Infrastructure Fund	$ 435,959	$ 471,594	$ 35,635	8.17%
Internal Improvements	1,313,759	1,172,565	(141,194)	-10.75%
Fort Taylor	151,870	805,800	653,930	430.59%
Affordable Housing	136,397	125,427	(10,970)	-8.04%
Truman Waterfront	971,471	898,779	(72,692)	-7.48%
Adaptation & Sustainability	1,763,190	585,633	(1,177,557)	-66.79%
Higgs Beach Fund	-	659,617	659,617	-
Community Fund	41,146	39,164	(1,982)	-4.82%
Transportation Alternative	1,039,489	502,462	(537,027)	-51.66%
Community Development Office	692,565	687,697	(4,868)	-0.70%
Law Enforcement Trust	27,175	37,847	10,672	39.27%
Capital Projects Fund	298	118	(180)	-60.40%
Sewer Fund	10,581,205	11,163,183	581,978	5.50%
Stormwater Fund	2,432,253	2,448,400	16,147	0.66%
Solid Waste Fund	11,546,775	15,913,437	4,366,662	37.82%
Key West Bight Fund	8,905,741	8,496,864	(408,877)	-4.59%
Transit System Fund	5,363,090	5,071,229	(291,861)	-5.44%
Garrison Bight Fund	2,748,620	2,643,143	(105,477)	-3.84%
Bahama Village TIF Fund	533,571	360,568	(173,003)	-32.42%
Caroline Street TIF Fund	232,339	84,396	(147,943)	-63.68%
	$ 48,916,913	**$52,167,923**	**$ 3,251,010**	**6.65%**

FY2027 PROPOSED BUDGET KEY POINTS

General Fund

- Fund Balance/Operating Reserve
  - Policy - 72 to 92 Days
  - FYE 2027 Estimated Fund Balance — 92 Days
  - FY26-27 Reserve Day — $ 227,739
- Ad Valorem Taxes - Property Taxes
  - Proposed Tentative Millage Rate — 1.8660
    - FY26-27 Millage Rate Amount per Mil — $ 227,557
    - 1% Under Roll-Back Rate of 1.8848
- Transfer In From Key West Bight — $ 6,000,000
- State Shared Revenues
  - All Budgeted without Growth
- Charges for Service
  - Budgeted with Increases Based on Fee Structure Changes
- Expenditures

Personnel	$65,356,618	78.62% of Expenditures	5.74% Increase
Operating	$14,200,388	17.08% of Expenditures	2.03% Decrease
Grants & Aid	$ 219,000	0.26% of Expenditures	17.05% Decrease
Transfers	$ 2,468,779	2.97% of Expenditures	4.03% Increase
Capital	$ 879,946	1.06% of Expenditures	26.89% Decrease

FY2027 PROPOSED BUDGET KEY POINTS

<u>Infrastructure Fund</u>

- Intergovernmental Revenue Increase
  - TDC Funding and Applications
  - Monroe County BOCC Funding
  - FSTED for Mallory Pier
  - Fire Station 3 Bond

• Capital Projects New Funding Requests	$48,283,420
• Machinery & Equipment New Funding Requests	$ 2,874,022
• Miscellaneous City Building Improvements	$ 2,395,000

<u>Internal Improvements (Gas Tax) Fund</u>

- Bond Issuance for $10M in FY27
  - Atlantic Blvd - Year 1
  - Various Street Defined by PCI Index - Years 2 & 3

• ADA Sidewalks	$ 500,000
• Traffic Signalization	$ 500,000
• Shoulder Restoration	$ 500,000

FY2027 GENERAL FUND AD VALOREM

- Growth in Taxable Value – 2025 to 2026
  - 2025 Final Total Taxable Value (VAB) $12,042,273,555
  - 2026 (July Estimate) $12,446,653,047
- Increase of 3.36% in Total Taxable Value $ 404,379,492
  - New Construction – 0.10% $ 11,756,196
  - Value Growth - 3.26% $ 392,623,296
- Shows that Most Growth is From Existing Property Appreciations and not New Developments in 2026
- Property Values Have Experienced Their Lowest Property Value Increase Since 2022
- Property Value Increases, As Predicted, Have Returned to A More Gradual Value Increase

FY2027 GENERAL FUND AD VALOREM

Fiscal Year	Roll-Back Millage	Adopted Millage	% Change
16/17	2.4896	2.4896	0.00%
17/18	2.3466	2.3466	0.00%
18/19	2.2074	2.2074	0.00%
19/20	2.0807	2.1535	3.50%
20/21	2.0858	2.0858	0.00%
21/22	2.0246	2.1360	5.50%
22/23	1.8929	2.0822	10.00%
23/24	1.8936	2.0822	9.96%
24/25	1.9175	2.0134	5.00%
25/26	1.8799	1.9551	4.00%
26/27	**1.8848**	**1.8660**	**-1.00%**

- **City of Key West's FY2025/2026 Millage Rate is in the Bottom 10% for a Municipality in the State of Florida**
- **With Proposed FY2026/2027 Millage Rate Proposed, the City Will Likely Remain in the Bottom 10%**

CITY OF KEY WEST AD VALOREM EXAMPLES

- **FY2026-2027 Calculated Millage Rate** **1.8660**
  - Millage Rate is Proposed at a Decrease of 0.0703
  - Millage Rate is Proposed at 1% Under Roll Back Rate of 1.8848
  - Example: Residential Homesteaded Property - 1% Under RollBack
    - $836,913 in Taxable Value
    - Based on Save Our Homes 2.70% Capped Value Increase
    - $1,612.06 City Portion or <u>Decrease of $32.57 Per Year</u>
  - Example: Residential Homesteaded Property - 1% Under RollBack
    - $1,056,029 in Taxable Value
    - $1,970.55 City Portion or <u>Decrease of $26.98 Per Year</u>
  - Example: Commercial Property - 1% Under RollBack
    - $1,627,920 in Taxable Value
    - $3,037.70 City Portion or <u>Decrease of $41.58 Per Year</u>

Property Type	Number of Parcels	Average Taxable Value	Total Taxable Value	% of Taxable Value
Residential (Homestead)	3,417	638,913	2,183,166,498	17.93%
Residential (Non-Homestead)	4,628	1,056,038	4,887,343,928	40.15%
Commercial	3,078	1,629,828	5,016,611,150	41.21%
Vacant Land	167	520,325	86,894,252	0.71%
Total	**11,290**	**3,845,104**	**12,174,015,828**	**100.00%**

FY2027 Capital Projects

- Grant Funded Capital Projects
  - Infrastructure
    - Southernmost Point Plaza
    - Mallory T-Pier Extension
    - Mallory Square Restrooms
    - Mallory Square Wharf Rehabilitation
    - Higgs Beach Seawall
    - Higgs Beach Pavilions
    - Mallory Square Landscaping
    - Mallory Square Sun Shades
    - Higgs Beach Pickleball & Tennis Court Improvements
    - Reynolds Street Pier Rehabilitation
  - Other Funds

College Road Outfalls, Tide Valves, Harris & 10th, Fogarty & 3rd	Stormwater
Fleming Key Bore, I & I Manhole Repair, Solids Dewatering	Sewer
Douglass Gym Renovations, Land Acquisition	Bahama Village
Public Service Bldgs Wind Hardening, FS1 Wind Hardening	Adaptation
Charterboat Row Seawall	Garrison Bight
Ferry Terminal Revitalization	Key West Bight
Park N Ride Facility Improvements	Transit
Art that Moves You Bus Shelters, SS4A Grant	TAF

FY2027 Capital Projects

- City Funded Capital Projects
  - Infrastructure
    - Duval Street Revitalization
    - Truman Waterfront Venue Enhancements
    - Bayview Park Renovations
    - White Street Pier Rehabilitation
    - TWF Splashpad Renovations
    - Clinton Place
    - Sod/Irrigation Upgrades – Truman Waterfront
    - Fire Station 3
  - Other Funds

• Traffic Signalization, Atlantic Blvd, Von Phister	Gas Tax
• Higgs, South, and Simonton Beach Renourishment	Fort Taylor
• Wicker's Bicycle Trail Realignment	TAF
• Pump Station R Upgrades, Sanitary Sewer Master Plan, Pump Station A Upgrades, Asset Management Plan, Pump Station J Upgrades, WWTP Facility Plan, WWTP New Effluent Pump, AB2 Joint Repair, RAS/WAS Replacement, WWTP Switchgear, Reverse Osmosis, Pump Station D Upgrades, Drain Valves Disinfections	Sewer

FY2027 Capital Projects

- Other Funds

• Angela/Simonton Drainage Upgrades, 2nd Stormwater Well at SW1, Thompson Drain Line Extension, Government Road Culvert	Stormwater
• 907 Caroline St, Seawall Repairs, 631 Greene St Development, CRSC Roof & Structural Repairs, Schooner Wharf Floating Dock, Restore Turtle Pens, H2 Dock Replacement, Piling Replacement, D Dock IPE Installation, Electrical Pedestal Replacement, Fuel Storage Upgrades, Common Area Enhancements, Parking Lot Landscaping, 201 William St Roof, A-Dock Replacement	Key West Bight
• Angelfish Seawall, Liveaboard Seawall, Wahoo Docks Replacement, Dinghy Dock/Parking Lot, Dinghy Docks Replacement	Garrison Bight
• Deisel Plant	Bahama Village
• Caroline St. Road Improvements, Land Acquisition	Caroline St

Total of $74,547,852

QUESTIONS?