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MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager 
FROM: Conor Baldwin, Assistant City Manager for Fiscal Affairs 
CC: Kelly Oakes, City Auditor
Paul St. Cyr, DPW Commissioner
DATE: July 22, 2025

SUBJECT: MOTION RESPONSE(S) – 3/4/2025 – C. Robinson & C. Nuon - Req. City Mgr. provide an update on trash contract.

4/9/2024 – C. Robinson - Req. City Mgr. Explore Recombining Parks And Recreation And Further Explore The Creation Of An Enterprise Fund

6/11/2024 – C. Robinson - Req. City Mgr. And The Administration Explore The Feasibility Of Establishing A Solid Waste/Recycling Enterprise Fund In Comparison To Our Current Organizational Structure

I. INTRODUCTION & BACKGROUND

Due to the similar nature of the above-mentioned motions by the City Council, this memorandum is intended to provide a consolidated packet of information in response to each of the requests. First, it is important to note that the major cost for the solid waste & recycling operation can be separated into three distinct categories: (1) salaries & wages for staff in the Department of Public Works' ("DPW") Solid Waste & Recycling ("SW&R") Division, (2) contracted services for the collection of residential solid waste & recycling, and (3) the disposal cost of municipal solid waste ("MSW").

The City of Lowell has contracted with Waste Management for the collection of curbside trash and recycling under the current agreement since 2018. Most recently, after deliberation by the City Council, the Administration prepared and advertised a competitive bid for trash hauling services. The RFP was developed by DPW staff, in consultation with the finance department and Mass DEP and using best practices from the Commonwealth.

II. UPDATE ON TRASH HAULING CONTRACT

The public bid (RFP # 25-52) was published in the Central Register and in local newspapers, as well as on the city's website on November 13, 2024, and the bids were opened on January 15, 2025. A full copy of the RFP is available on the city's website, here: [RFP #25-52](#).



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The solicitation generated a much higher-than-expected level of competition and produced excellent results for the city. Five (5) proposals were received and were scored by an internal evaluation team.

The new contracts have been sent to the vendor for signature and are in the final stages of execution, ahead of the new contract year, starting on January 1, 2026. The City of Lowell has benefited from the complete bidding process and from a series of negotiations with the vendors for trash hauling, as well as the vendor for disposal of solid waste. According to the DPW's Solid Waste & Recycling Division, the savings achieved by issuing a competitive bid for collection was approximately \$1.2 million over the three year period. For collection, the city was able to achieve a savings of \$4.2 million over the contract period, as compared to the initial proposal made by Waste Management.

Additionally, with the new contracts the City will see service enhancements that improve the quality and reliability of the collection services, as well as introduce new technology. There will be additional trucks routed on two days each week. The vendor will be using new, natural gas (CNG) vehicles which are projected reduce emissions by 97%, the daily bulk collection will be increased from once every two weeks, to daily. Finally, the vendor will introduce 24/7 online bulk and "white good" pickup scheduling and will be equipped with a new, smart truck video platform.

III. ENTERPRISE FUND ACCOUNTING (MGL c. 44 s. 53F1/2)

The "enterprise fund statute" (G.L. c. 44, § 53F½) was initially enacted in Massachusetts in 1986. Before then, communities used special revenue funds authorized by various general laws or special acts to separately account for their business type services. These special revenue funds were limited, however, with regard to the services and costs covered. The funds were most commonly authorized for water, gas, and electric utility departments and used primarily to account for annual operating costs, not the indirect costs, capital improvements or capital assets of the service.

An enterprise fund gives communities the flexibility to account separately for all financial activities associated with a broad range of municipal services. It establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. Revenues and expenses of the service are segregated into a fund separate from all other governmental activities. Once adopted, an enterprise fund retains investment income and surplus and all investment earnings and any operating surplus (actual revenues more than estimates and appropriations in excess of expenses) are retained in the enterprise fund rather than closed to the general fund at fiscal year-end. Surplus certified by the Director of Accounts as available is called "retained earnings". Retained earnings require appropriation by the City Council. Conversely, a retained earnings deficit for the period ending



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June 30 in the enterprise fund must be funded and reported in the next fiscal year's Tax Rate Recap.

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A community may account for certain services in the general fund, special revenue or enterprise fund. There are several advantages of an enterprise fund, including: that it identifies a total service cost by consolidating direct operating, direct capital, and indirect costs (e.g., enterprise-related costs appropriated in the general fund operating budget); it also helps a community to readily identify a total service cost and determine funding sources. The total service cost may also include a subsidy from the general or other funds. Both trash and recycling services, and "recreational" purposes (a.k.a. Parks & Recreation) are eligible municipal charge for enterprise fund accounting.

The Bureau of Accounts recommends that commencement begin at the start of the fiscal year. If a commencement date is absent, the Bureau recommends that the enterprise commence on the following July 1. However, the Bureau will allow an enterprise fund to commence after July 1 if adopted after July 1, but only prior to Bureau certification of the tax rate. After that time, commencement of an enterprise fund must be deferred to July 1 of the next fiscal year. Once adopted, the City Auditor would begin the process of establishing the separate fund on the city's chart of accounts and identifying the assets (capital items and infrastructure), liabilities and equity in other funds if voted by the legislative body to be transferred to the enterprise fund. The City must operate the enterprise fund for a minimum of three years before the provisions may be rescinded like any local adoption law. (G.L. c. 4, § 4B).

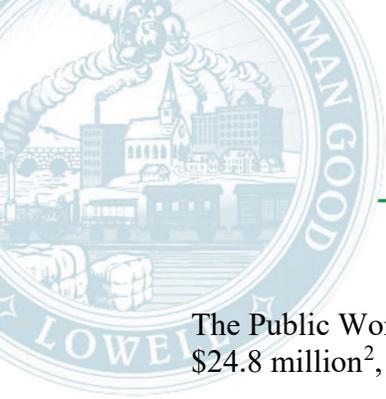
IV. PARKS & RECREATION ENTERPRISE FUND

Currently, the cost of the maintenance of the City's Parks and Cemeteries is funded by the annual appropriation for the Department of Public Works in the General Fund. The operational structure of the Division is codified in the City Ordinance (see: *Code of Ordinances, Article IV: Department of Parks & Recreation*¹).

The Parks Division oversees green spaces, rights of way, parks, and municipal cemeteries. The Division is responsible for maintaining and managing over 445 acres of the City's parks and playgrounds, road islands and squares, grass median strips, downtown litter control, and the City's tree planting program. A comprehensive feasibility study has been commissioned by the Administration and is in the final stages of editing on the draft report.

The Administration retained Matrix Consulting Group to evaluate the Parks and Streets Divisions within the DPW. The study focused on assessing each Divisions' organizational and operational practices, including structure, staffing levels, workflow processes, and technology systems. The Parks Division comprises 33 FTE positions.

¹ Click here to access the full text of the Code of Ordinances, §§20-19 to 20-27: <https://ecode360.com/8182808>



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The Public Works Department operates with an approximate annual general fund budget of \$24.8 million², as well as a CIP budget of about \$5.88 million.

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The Best Management Practices (BMPs) outlined in the report will serve as a roadmap for the future of the parks division’s operations and management. Furthermore, the report has included a discussion on rates and fees in the city’s parks that lends itself to consideration of using the enterprise fund accounting model to consider various cost-recovery options for parks maintenance and recreation programs operated by the City.

The three cost recovery models are:

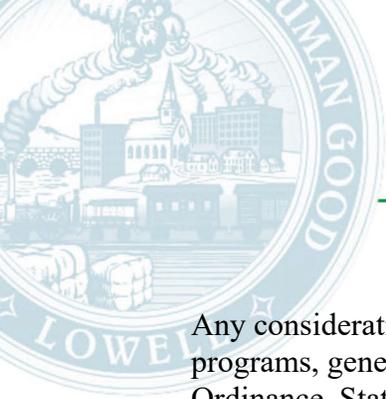
1. **Full-Cost Recovery:** the fee charged equals the total cost per participant;
2. **Percentage of Full-Cost Recovery:** the fee charged equals the target percentage of the total cost per participant;
3. **Direct Cost Recovery:** the fee charged equals only the total of the direct cost per participant. options for consideration: a model of full cost recovery.

An analysis of the cost and revenue currently generated from all parks fee rentals, in the aggregate, is presented in **Table 1**, below. The approximate subsidy by the tax levy and other available funds each year is \$4.1 million. While each year there are often other, supplemental funding sources for park improvements in the city from legislative “earmarks” secured by the State Delegation, the grant agreements with the Commonwealth typically require the funds to be used for the purchase of equipment only and often prohibit the City from supplanting current operational costs. Therefore, while they are an integral part of the city’s overall ability to maintain the parks, they are not considered as part of the analysis presented in this memorandum.

Table 1 - Current Fee/ Subsidy for Parks Operation

SCENARIO 1 - CURRENT FEES/ SUBSIDY		
<u>REVENUE</u>		
Park Permit Revenue	\$	65,550
TOTAL REVENUE	\$	65,550
<u>Expenses</u>		
PARKS Salaries & Wages	\$	2,187,189
RECREATION Salaries & Wages	\$	946,151
PARKS Ordinary Expenses	\$	631,981
RECREATION Ordinary Expenses	\$	92,550
Indirect Costs	\$	-
Debt	\$	323,992
TOTAL COST	\$	4,181,863
Surplus/ (Deficit)	\$	(4,116,313)

² FY2026 Approved Appropriation for all DPW Divisions



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Any consideration of an enterprise fund for the maintenance of city parks and recreation programs, generally, would require a significant increase to the fee structure in the City Ordinance. State law also requires any amendments to parks fees to be approved by the Board of Parks. The finance department recommends the City Council consider a more specific scope of city services for a recreational enterprise fund. Further detail and an analysis of an enterprise fund for Cawley Stadium are included in a later section of this memorandum.

V. SOLID WASTE & RECYCLING ENTERPRISE FUND FEASIBILITY

Table 2, below, summarizes a hypothetical enterprise fund budget for Solid Waste & Recycling, based on the current fees and including all incidental expenses—both direct and indirect—associated with the service delivery operation. The expense assumptions used for the costs are from the approved FY2026 budget in the DPW Solid Waste & Recycling Division. The revenue assumptions use the current fee structure, which was most recently updated by the City Council on June 25, 2024, with a rate of \$225 per household for residential collection properties and multi-family properties which are owner-occupied, and \$425 per household for multi-family properties receiving city collection which are non-owner occupied.

While the rate amendments have greatly reduced the amount of the subsidy by the General Fund; the annual difference in the cost of the solid waste & recycling operation and the revenue collected by the city from the trash fee is approximately \$3.3 million, annually.

Table 2 - Trash Enterprise - Scenario 1 (Existing - GF Subsidy)

TRASH ENTERPRISE - CURRENT FEES/ GF SUBSIDY		
<u>REVENUE</u>		
Residential Trash Fee (<i>Current Fee \$225/ \$425</i>)	\$	5,078,097
Dumpster Fees	\$	3,925
TOTAL REVENUE		\$ 5,082,022
<u>Expenses</u>		
Salaries & Wages - Direct	\$	311,862
<i>Waste Management Collection</i>	\$	4,785,622
<i>WinWaste Disposal</i>	\$	3,195,319
Other Supplies & Expenses	\$	91,000
Indirect Costs	\$	39,940
Debt	\$	-
TOTAL COST		\$ 8,423,743
Surplus/ Deficit		\$ (3,341,721)



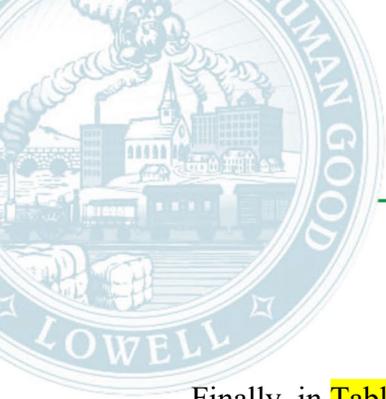
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Table 3, below, summarizes an enterprise fund budget for Solid Waste & Recycling and presents a surplus budget model, including an amount budgeted for capital investments in the departmental equipment and operation, including purchase of new trash and recycling carts for residents. The purpose of the surplus model is to consider additional services, which may be possible in DPW to advance the City Manager’s goals of improving the quality of life for Lowell residents and taxpayers. For example, with additional revenue generated from the trash fee, the DPW could invest in additional drop-off locations for recycling or for hazardous materials or drop-off centers for mattresses or other “difficult to dispose” of materials. Additionally, surplus revenue could be allocated towards the city’s sustainability efforts or other initiatives.

Table 3 - Trash Enterprise - Scenario 2 (Increased Fee - Budgeted Surplus)

TRASH ENTERPRISE – INCREASED FEE TO \$425 PER HOUSEHOLD BUDGETED SURPLUS		
<u>REVENUE</u>		
User Fees @ \$425/hh	\$	10,625,000
Grants	\$	68,000
Purple Bag Revenue/ Overflow > 64 Gal.	\$	20,000
Interest Earned	\$	30,000
TOTAL REVENUE	\$	10,743,000
<u>EXPENSES</u>		
Salaries & Wages - Direct	\$	311,862
Waste Management Collection	\$	4,785,622
Wheelabrator Disposal	\$	3,195,319
Excess Contamination - Recycling	\$	91,000
Equipment & Supplies	\$	100,000
Indirect Costs	\$	39,940
Debt Service	\$	109,000
Hazardous Waste Day Collection	\$	30,000
TOTAL COST	\$	8,662,743
Surplus/ Deficit	\$	2,080,257



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Finally, in **Table 4**, presented for consideration is an enterprise fund budget model calculated to be self sufficient, with some assumptions made for indirect costs and debt service on potential future capital costs, such as capital equipment such as additional trash trucks for the parks barrel operation, or other capital needs. At a rate of \$342 per household, the hypothetical fund would break-even.

Table 4 - Trash Enterprise - Scenario 3 (Increased Fee - Budgeted Self Sufficient)

TRASH ENTERPRISE – INCREASED FEE TO \$342 PER HOUSEHOLD BUDGETED SELF-SUFFICIENT		
<u>REVENUE</u>		
User Fees @ \$342/hh	\$	8,550,000
Grants	\$	68,000
Purple Bag Revenue/ Overflow > 64 Gal.	\$	20,000
Interest Earned	\$	30,000
TOTAL REVENUE	\$	8,668,000
<u>Expenses</u>		
Salaries & Wages - Direct	\$	311,862
Waste Management Collection	\$	4,785,622
Wheelabrator Disposal	\$	3,195,319
Excess Contamination - Recycling	\$	91,000
Equipment & Supplies	\$	100,000
Indirect Costs	\$	39,940
Debt Service	\$	109,000
Hazardous Waste Day Collection	\$	35,257
TOTAL COST	\$	8,668,000
Surplus/ Deficit	\$	0



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VI. CONCLUSION & RECOMMENDATION RE: CAWLEY STADIUM ENTERPRISE

A copy of the enterprise fund manual is enclosed, for reference. After at least three years, the City Council, upon recommendation by the City Manager, may terminate the enterprise fund. In Lowell, this has occurred in recent history with the LMA Enterprise Fund and the Auditorium Enterprise Funds, which are now defunct.

As an alternative recommendation, also included herein, is a proforma for an enterprise fund for Cawley Stadium. The model is presented in The cost associated with Cawley may be best suited for an enterprise fund, but only after a thorough examination of the associated permit fees and expenditures associated with operating the stadium itself, and the surrounding fields, amenities, and acreage. The City Council has made an historic investment in the stadium and the surrounding fields recently, and the debt service for the approximately \$5.07 million training facility, the bid for which has been advertised and will be opened on August 12th in the Purchasing Department at City Hall.

Based on the design estimated cost of \$5,067,026; the approximate debt service annually to be paid by the general fund would be \$295,520 per year. If the city were to create an enterprise fund for Cawley, the debt service for the building construction, as well as the existing debt for other improvements made in recent history such as the replacement of the running track or other capital improvements, as well as future capital improvements to Cawley, could be included in the enterprise fund budget. In order to finance the annual total cost, however, the fee charges must be examined and set commensurate with the annual expense. In researching this topic, the finance department reviewed

Table 5 - Cawley Stadium Enterprise Fund Model

CAWLEY STADIUM/ MARTIN COMPLEX - ENTERPRISE FUND EXPENSE BUDGET	
PERSONAL SERVICES (S&W) DETAIL³	
Permanent Salaries (Parks)	\$170,691
Permanent Salaries (Other DPW Divisions)	\$44,236
SUBTOTAL S&W	\$214,927

³ Salaries pro-rated for work related only to Cawley, detail on file in the Finance Department



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INTERECT EXPENSES DETAIL ⁴	
Indirect Cost (Paid by General Fund)	\$156,925
SUBTOTAL INDIRECT	\$156,925
DIRECT EXPENSES DETAIL ⁵	
Direct Costs (Parks Ordinary Expenses)	\$69,658
SUBTOTAL DIRECT EXPENSES	\$69,658
DEBT SERVICE COST - CAWLEY STADIUM & FIELDS	
Existing Debt Service	\$ 54,402
Future Debt Service for Cawley Training Facility	\$ 295,520
SUBTOTAL DEBT SERVICE	\$ 349,922
GRAND TOTAL	\$791,433

Any consideration of establishing an enterprise fund for the Parks & Recreation operation, or for the Solid Waste & Recycling division of DPW, should include further deliberation by the City Council and/ or the Finance Subcommittee. It is the recommendation of the finance department that this matter be referred to the finance subcommittee for further deliberation. In the meantime, the finance team will work with the Law Department to prepare the proper vote.

Please let me know if you have any questions.

⁴ Indirect costs include overhead (health insurance, pension, etc.) paid by general fund; detail on file with the Finance Department.

⁵ Direct expenses include electricity, heating, other professional services paid by Parks Department and DPW budgets, detail on file with the Finance Department.



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REFERENCES (3):

1. Enterprise Fund Manual (DOR) – IGR 22-16 (December 2022); Link: [igr2022-16.pdf](#)
2. Lowell Fee Schedule for Parks & Trash, Lowell Code of Ordinance, Chapter 150; Link: [LO1990-150a Sch of Fees and Penalties.pdf](#)
3. Worcester Fee Schedule, Link: [Berkshire Bank Field at Foley Stadium | Worcester Public Schools](#)