



Thomas A. Golden, Jr.
City Manager

February 17th, 2026

Mayor Erik R. Gitschier
And
Members of the Lowell City Council

Dear Mayor Gitschier and Members of the Lowell City Council,

As part of the FY27 budget process, the Finance Team has been reviewing if additional changes to the Refuse trash fee are needed to be increased as well as the potential possibility of establishing a Solid Waste and Recycling Enterprise fund (SW&R). These measures are intended to create a sustainable financial model for the Solid Waste and Recycling program and reduce reliance on the general fund.

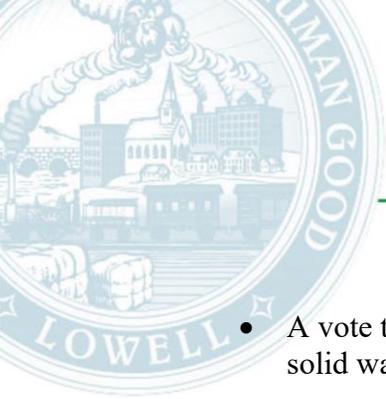
Background and Challenges

Two years ago, and for the first time since 2008, the City Council voted to increase the REFUSE fee. This increase was needed because, since 2007, the tax levy has provided a cumulative, total subsidy of \$49.37 million for the trash operation, which averages out to approximately \$2.9 million dollars a fiscal year. The single-year deficit has fluctuated from a low-point in FY2017 of **-\$1.9** million, to a high point of last year (FY2023) of **-\$4.3** million. However, with this additional increase, we are slowly getting back to where the user fees pay for the cost of the operation. The city staff has also looked at cost savings opportunities which include negotiations with major hauling and disposal vendors through a formal RFP process. Through this process we were able to reduce the overall spending by more than \$3 million. These include early contract renewals, reduced contamination rates, lower disposal rates, and program rightsizing. Collectively, these measures have saved the City millions of dollars while improving efficiency and sustainability. Under the current fee structure, revenue falls short of the actual cost of service, requiring a substantial subsidy from the general fund.

Looking Ahead

Despite these accomplishments, challenges remain. Hauling and disposal expenses are set to increase annually under existing contracts, and costs beyond the next three years remain uncertain. Additionally, the Massachusetts Department of Environmental Protection (DEP) requires all municipalities to implement curbside composting programs by 2030, which will introduce new costs that must be planned for. To prepare for these future obligations the City plans to bring forward two important measures:

- An amendment to the trash fee structure to move closer to cost recovery while maintaining a progressive structure that recognizes seniors and distinguishes between owner-occupied and non-owner-occupied properties.



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- A vote to establish a Refuse Enterprise Fund, creating a dedicated funding mechanism for solid waste operations.

Our Finance team is currently calculating the necessary adjustments for the FY27 budget, and we will share those figures as soon as they are finalized. We are proud of the progress made and remain dedicated to delivering sustainable, cost-effective waste management solutions for our city. Thank you for your continued support as we work toward a balanced and forward-looking approach.

Sincerely,

Thomas A. Golden, Jr.
City Manager

Cc: Conor Baldwin, Chief Financial Officer
Paul St. Cyr, DPW Commissioner
Kelly Oakes, City Auditor