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BGR MEDIA RELEASE

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BGR Urges Stronger Oversight of New Orleans' Sanitation Fee

NEW ORLEANS – The City of New Orleans' new cost-based sanitation fee model should help close a large deficit in the City's budget. But without regular oversight of trash contract costs, residents could end up paying more than they should, according to a [Bureau of Governmental Research \(BGR\) report](#) released today.

On October 1, the monthly sanitation fee on New Orleans water bills rose from \$24 to \$32.25 for residential customers. Starting January 1, 2028, the fee will be reset every year to cover the full cost of trash collection and disposal, with the first new fee due to be published by October 1, 2027. That should end a long-running shortfall, but it also means any unnecessary contract costs would pass directly to ratepayers. The new ordinance does not require the City to review whether those costs are reasonable.

"Households across New Orleans just saw their trash fee go up, and starting in 2028, it will change every year," said BGR President & CEO Rebecca Mowbray. "Residents should be able to see what they're paying for and trust that they are getting a fair price."

Before the increase, sanitation fees had not changed since 2011, while collection and disposal costs rose from \$35.7 million in 2021 to a projected \$61.2 million in 2026. The City has covered the difference with General Fund dollars, a total BGR estimates, based on current budget projections, will reach \$80.6 million from 2021 through 2027. Even with the new rates, BGR projects a \$22.4 million shortfall this year and about \$6.4 million in 2027. The cost-based fee will close the gap.

The report also identifies issues that could drive up costs under the new fee if not closely monitored:

- **Questionable addresses.** The City pays contractors based on the number of locations they serve, but it has not regularly reviewed their collection lists. A 2026 Louisiana Legislative Auditor report found nearly 13,000 potentially ineligible locations, such as vacant or duplicate properties. The City is verifying current collection lists, a process expected to be complete by spring 2027, and plans to establish guidelines for regular review before the cost-based fee takes effect. The initial verification could reduce the projected budget deficit.
- **Recycling costs shared by all.** Curbside recycling costs about \$11 million a year. Only 41% of households have signed up, but all ratepayers share the cost.

To protect ratepayers, BGR recommends that the City:

- **Follow through on checking the customer lists regularly.** BGR suggests reviewing contractors' collection lists monthly.
- **Require a full review of trash contract costs at least every five years,** with more frequent reviews in the initial years of the new cost-based fee.
- **Publish an annual public report** on trash and recycling performance, costs and affordability.
- **Analyze service options,** including twice-a-week pickup and alternatives to the current recycling program.

Important dates:

- **October 19, 2026:** City Council hearing on the Department of Sanitation's 2027 budget.
- **Spring 2027:** City expects to complete verification of curbside sanitation customer lists.
- **October 1, 2027:** The City must publish the first new fee and explain how it was calculated.
- **January 1, 2028:** The new fee takes effect.

The full report and summary are available at <https://go.bgr.org/more-cash-for-trash>.

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BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policymaking and the effective use of public resources in Greater New Orleans. For more information, visit BGR's website: www.bgr.org