



**WORK SESSION MEETING
OF THE
CITY COUNCIL
City of Maplewood, Missouri**

City Council Chambers, City Hall
7601 Manchester Road, Maplewood, MO 63143

Tuesday, April 22, 2025
6:00 PM

AGENDA

1. Call to Order
2. Roll Call
3. Discussion regarding Solid Waste Tax increase
4. Discussion regarding Sewer Lateral Program changes
5. Adjournment

Addressing the Council

Individuals wishing to speak during Public Hearings or Public Comment periods must sign in before the meeting and will be called to the podium when it is their turn. Each speaker has a three-minute time limit. Written comments may be emailed to cityclerk@maplewoodmo.gov by 12:00 PM (noon) on the meeting day. The Council will receive all emailed comments, but comments will not be read aloud during the meeting.

Accessibility Notice

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Virtual Access

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Posted on April 18, 2025, at Maplewood City Hall and maplewoodmo.gov

Memorandum



To: Mayor and City Council
From: Anthony Traxler, Assistant City Manager/Director of Public Works
Date: April 17, 2025
Re: **Solid Waste Account Projections and Tax Increase Recommendation**

Following staff’s September 16, 2024, memo regarding the proposed extension of the Republic Services contract, we have successfully executed the five-year contract extension with Republic Services, effective January 1, 2025, through December 31, 2029, as documented in the signed amendment dated September 23, 2024.

As you will recall, the new contract includes a monthly cost of \$20.37 per household for trash and recycling services, \$4.69 per yard waste tag, and \$17.89 per month for annual yard waste pick-up. All services will see a subsequent annual increase of 6% throughout the contract term.

Finance Director Lexie Miller has completed an analysis of how this new pricing structure impacts our Solid Waste Fund. We are pleased to report that the actual contract costs came in significantly lower than our original budget projections for 2025-2029, which had anticipated costs of \$28 per household for trash and recycling services beginning January 1, 2025.

The following chart reflects the most current financial projections from the Finance Department:

	Beginning Fund Balance	Projected Revenues	Projected Expenditures	Over/Under	Projected Ending Fund Balance
2024-2025	\$797,344.00	\$632,850.00	\$663,200.00	(\$30,350.00)	\$766,994.00
2025-2026	\$766,994.00	\$593,245.00	\$708,900.00	(\$115,655.00)	\$651,339.00
2026-2027	\$651,339.00	\$602,696.60	\$729,507.00	(\$126,810.40)	\$524,528.60
2027-2028	\$524,528.60	\$612,312.84	\$750,732.21	(\$138,419.37)	\$386,109.23
2028-2029	\$386,109.23	\$622,096.60	\$772,594.19	(\$150,497.59)	\$235,611.64
2029-2030	\$235,611.64	\$632,050.83	\$795,112.00	(\$163,061.17)	\$72,550.47
2030-2031	\$72,550.47	\$641,819.55	\$818,305.36	(\$176,485.81)	(\$103,935.34)

Based on these updated financial projections:

1. The Solid Waste Fund is already operating at a deficit in the current fiscal year 2024-2025 (\$30,350.00).
2. This deficit will increase in fiscal year 2025-2026 to \$115,655.00.
3. The deficit will continue to grow each year, reaching \$176,485.81 by FY 2030-2031.
4. Despite these operating deficits, the fund maintains a positive ending balance through FY 2029-2030 due to existing reserves.
5. Without a tax increase, fund reserves would be depleted during fiscal year 2030-2031, when the ending fund balance becomes negative (\$103,925.34).

Given these revised projections and after considering the anticipated increases in our sewer lateral program fees, staff recommends the Council consider placing a solid waste tax increase measure on the ballot in either April 2027 or April 2028 (FY27-28 or FY28-29). This timing provides several advantages:

1. It creates a buffer between this increase and the anticipated changes in our sewer lateral program, minimizing the cumulative financial impact on residents.
2. It provides sufficient time for implementation before the fund balance becomes negative in FY 2030-2031.
3. It provides ample time to develop appropriate tax increase amounts based on actual cost data from several years of the new contract.
4. It gives the City more flexibility to adjust the timing based on broader economic conditions.

The projected tax increase would likely be in the range of 15-20%, though we will provide more precise figures as we approach the selected election cycle. Delaying until 2027 or 2028 will allow us to gather multiple years of data on actual costs and usage patterns under the new contract, potentially enabling a more modest increase or more accurate sizing of the needed increase.

Staff will continue to monitor fund performance and provide Council with annual updates on the Solid Waste Fund balance projections. We recommend revisiting this discussion in early 2027 to finalize the timing of the ballot measure, considering:

1. The actual performance of the fund balance compared to projections
2. Implementation timeline of the sewer lateral program fee increases
3. General economic conditions affecting residents
4. Other potential ballot measures that may compete for voter attention

When the timing is finalized, we will prepare a comprehensive proposal for the tax increase measure, including public education materials explaining the need for the increase despite our having negotiated favorable rates relative to other municipalities in the region.

Please let me know if you have any questions or if you would like us to prepare alternative scenarios for your consideration.

AMENDMENT TO MUNICIPAL MATERIALS MANAGEMENT AGREEMENT

This Amendment to the Municipal Materials Management Agreement (the "Amendment") is entered into effective as of 1st day of January 2025 by and between Allied Services, LLC dba Republic Services of Bridgeton ("Company") and City of Maplewood ("City").

A. The parties entered into that certain Municipal Materials Management Agreement effective 8th day of November 2019 (hereinafter referred to as the "Agreement"), pursuant to which Company provides waste services to City.


B. The parties desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Agreement, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that the Agreement is amended as follows:


1. Section 6, Term, Page 2: The parties agree that the term of this Agreement is hereby extended for an additional period of five (5) years beginning 1st day of January 2025 and terminating on 31st day of December 2029. This Agreement may be extended upon mutual agreement of parties for the additional terms.
2. Exhibit A-1, Pricing, Page 11: The parties agree to revise the pricing as follows on next page.
3. Capitalized Terms. Capitalized terms used but not otherwise defined in this Amendment shall have the meanings assigned to them in the Agreement. In the case of a conflict in meaning between the Agreement and this Amendment, this Amendment shall prevail.
4. Continuing Effect. Except as expressly modified or amended by this Amendment, all terms and provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the second date set forth below.

City of Maplewood

By: 
Name: Amber Withycombe
Title: City Manager
Date: 9/25/2024

**Allied Services, LLC dba Republic Services of
Bridgeton**

By: 
Name: Joey Dunlop
Title: General Manager
Date: 9/23/2024



Sustainability in Action

EXHIBIT A-1

RESIDENTIAL SERVICES

Trash/Recycling Services

Year 1 Rate = \$20.37 with a 6% annual price increase

	Year 1	Year 2	Year 3	Year 4	Year 5
TR/REC	\$ 20.37	\$ 21.59	\$ 22.89	\$ 24.26	\$ 25.72

Optional Yard Waste Services

The sticker program is very costly from an operational view since we have to drive every street in the city to look for stickered yard waste. Unfortunately, the current sticker rate of \$2.52 does not cover our costs, and to continue this program we need to increase the sticker price to **\$4.69/each in Year 1**.

	Year 1	Year 2	Year 3	Year 4	Year 5
YW stickers	\$4.69	\$4.97	\$5.27	\$5.59	\$5.92

For the optional Subscription 12-month program, with Republic billing the resident quarterly, the proposed rate is:

Year 1 = \$17.89 per month with a 6% annual price increase

	Year 1	Year 2	Year 3	Year 4	Year 5
Yard Waste	\$ 17.89	\$ 18.96	\$ 20.10	\$ 21.31	\$ 22.59

There are currently 176 homes that use this Subscription service.

See Next Page



Sustainability in Action

SUTTON AND MARIETTA CONTAINERS

Current Monthly Rate Listed

TRASH: Serviced 6 days/week Mon thru Sat

(3) 4-yd \$638.04

(1) 6-yd \$319.24

RECYCLE: Serviced 5 days/week Mon thru Fri

(1) 6-yd \$100.75

(2) 8-yd \$447.73

Total: \$1,505.76

Proposed Price/Year 1 will be 6% increase: \$1,596.10/month and annually 6% on anniversary date.

PUBLIC WORKS - ROLLOFFS

For any rolloff hauls over your capped yearly amount, the Year 1 rate is:

Trash: \$175 per haul + \$55/ton.

Yard Waste: \$175 per haul + \$10/yard

Note: If additional rolloffs are required on site (more than 2 each), there will be a \$115 delivery and removal fee on the additional rolloffs. (This hasn't been needed in past, just covering our bases in event of storm/flood event)

The Annual PI will be 6%.

Memorandum



To: Mayor and City Council
From: Anthony Traxler, Assistant City Manager/Director of Public Works
Date: April 17, 2025 – **UPDATED APRIL 22, 2025**
Re: Sewer Lateral Fund Sustainability - Options for Consideration

BACKGROUND

The Council has met on prior occasions to explore long-term options to adequately fund our sewer lateral program. Based on the most recent discussion in February, it appears the Council preferred implementing an Offset Payment & Cap Combination for the sewer lateral program.

The sewer lateral account has maintained a negative fund balance since 2014, which has negatively impacted the city's audit findings and bond rating. It is critical that we implement a sustainable solution to address this long-standing issue.

The current conditions of the sewer lateral fund are as follows:

- Current sewer lateral fund deficit is -\$177,917. This updated balance reflects projected year-end actuals.
- Current repair volume is approximately 60 annually
- There are presently 30 homes on the wait list
- Anticipated annual revenue in FY26 for the sewer lateral fund is \$115,000, which allows for approximately \$1,917 per sewer lateral repair based on current costs
- The average sewer lateral repair costs \$3,232, creating a shortfall of approximately \$1,315 per repair or \$78,900 annually
- The most recent reconciled expenses for the sewer lateral fund in FY24 was \$193,920 for 60 lateral repairs

For the financial projections in this memo, a Municipal Cost Index (MCI) of 1.77% has been applied to both revenue and expenditure calculations annually. This approach provides a more realistic long-term projection by accounting for inflation in both income and costs.

CRITICAL FUNDING CONSTRAINT

An important consideration that affects our financial projections is that resident payments (initial offset and percentage contributions) can only be applied to new repairs, not to the existing backlog of 30 homes. The backlog will be funded through existing tax revenue and Capital Improvement allocations.

PROGRAM OPTIONS FOR CONSIDERATION

Below are four potential funding options that would stabilize the fund. Each option includes projections showing how the fund's negative balance would be eliminated over time.

Option #1: Moderate Initial Payment, Moderate Percentage

1. Initial offset payment of \$500 ($\$500 \times 60 = \$30,000$)
2. Resident contribution of 25% of project costs ($\$193,920 \times 0.25 = \$48,480$)

3. Total resident contribution revenue: \$78,480 annually
4. Resident responsibility for costs exceeding \$4,500
5. Capital Improvement allocation: \$30,000 annually
6. Backlog approach: 5 repairs per year (6 years)

Financial Projection:

- Reaches positive fund balance in Year 15
- Costs increase by 1.77% annually
- Backlog cleared by end of Year 6
- Fund balance gradually improves and stabilizes

Note that while Option #1 does achieve a positive fund balance in Year 15, the projections indicate this balance begins declining in Years 19-20, eventually returning to a negative balance in Year 21 if no adjustments are made. This occurs because the 1.77% annual increase in repair costs eventually outpaces the revenue growth, creating a long-term structural deficit that would require additional funding adjustments or resident contribution increases approximately every 5-7 years to maintain stability.

Option #2: Accelerated Recovery (4-Year Plan)

1. Initial offset payment of \$800 ($\$800 \times 50 = \$40,000$)
2. Resident contribution of 40% of project costs ($\$161,600 \times 0.40 = \$64,640$)
3. Total resident contribution revenue: \$104,640 annually
4. Resident responsibility for costs exceeding \$5,000
5. Capital Improvement allocation: \$30,000 annually for Years 1-4, \$0 thereafter
6. Annual repair volume: 50 repairs (reduced from 60)
7. Backlog approach: 6 repairs per year (5 years)

Financial Projection:

- Achieves positive fund balance in Year 3
- Fund balance grows substantially over time
- Backlog cleared by end of Year 5
- No Capital allocation needed after Year 4
- Most financially robust long-term solution

Option #3: One-Time Fund Reset with Moderate Contributions

1. One-time transfer from Capital Improvement account: \$177,917 (Year 1)
2. Initial offset payment of \$500 ($\$500 \times 60 = \$30,000$)
3. Resident contribution of 25% of project costs ($\$193,920 \times 0.25 = \$48,480$)
4. Total resident contribution revenue: \$78,480 annually
5. No ongoing Capital Improvement allocation
6. Backlog approach: 5 repairs per year (6 years)

Financial Projection:

- Achieves positive fund balance immediately in Year 1
- Maintains positive balance in most projection years
- Fund balance fluctuates but gradually improves over time
- Requires no additional Capital Improvement funds after initial reset
- Backlog cleared by end of Year 6

Option #4: Fund Reset with Lower Initial Payment, Higher Percentage

1. One-time transfer from Capital Improvement account: \$177,917 (Year 1)
2. Initial offset payment of \$325 ($\$325 \times 60 = \$19,500$)
3. Resident contribution of 30% of project costs ($\$161,600 \times 0.30 = \$58,176$)
4. Total resident contribution revenue: \$77,676 annually
5. No ongoing Capital Improvement allocation
6. Annual repair volume: 60 repairs
7. Backlog approach: 6 repairs per year (5 years)

Financial Projection:

- Achieves positive fund balance immediately in Year 1
- Maintains positive balance throughout the projection period
- Backlog cleared by end of Year 5
- Requires no additional Capital Improvement funds after initial reset
- Lower initial offset payment makes program more accessible to residents

Option #5: Partial Fund Reset with Lower Initial Payment

1. One-time transfer from Capital Improvement account: \$100,000 (Year 1)
2. Initial offset payment of \$325 ($\$325 \times 60 = \$19,500$)
3. Resident contribution of 30% of project costs ($\$161,600 \times 0.30 = \$48,480$)
4. Total resident contribution revenue: \$77,676 annually
5. Capital Improvement allocation: \$25,000 in Years 2-3, \$0 thereafter
6. Annual repair volume: 50 repairs (reduced from 60)
7. Backlog approach: 6 repairs per year (5 years)

Financial Projection:

- Reduces negative fund balance to approximately -\$77,917 in Year 1
- Achieves positive fund balance by Year 3
- Fund balance grows steadily, reaching over \$318,000 by Year 20
- Requires only 6.3% of FY26 Capital Improvement budget for initial transfer
- Requires modest capital support for just two years after initial transfer

CAPITAL IMPROVEMENT ALLOCATION

The projected capital allocations vary significantly across the options:

- **Option #1:** Requires \$30,000 annually throughout the projection period
- **Option #2:** Requires \$30,000 annually for Years 1-4, \$0 thereafter
- **Option #3:** Requires one-time transfer of \$177,917 with no further allocations
- **Option #4:** Requires one-time transfer of \$177,917 with no further allocations
- **Option #5:** One-time transfer of \$100,000 with \$25,000 in allocations in years 2-3

For both Option #3 and Option #4, the one-time transfer of \$177,917 would require approximately 11% of the FY26 Capital Improvement budget to be eliminated or deferred. Option #5 would lower that to 6%.

COMPARISON OF KEY FINANCIAL MILESTONES

Parameter	Option #1	Option #2	Option #3	Option #4	Option #5
Initial Offset	\$500	\$800	\$500	\$325	\$325
Resident Contribution	25%	40%	25%	30%	30%
Annual Resident Revenue	\$78,480	\$104,640	\$78,480	\$77,676	\$77,676
Year Achieving Positive Balance	Year 15	Year 3	Year 1	Year 1	Year 3
Projected Fund Balance Year 20	\$16,090	\$827,744	\$177,965	\$346,381	\$318,464
Backlog Clearance	End of Year 6	End of Year 5	End of Year 6	End of Year 5	End of Year 5
One-Time Capital Transfer	\$0	\$0	\$177,917	\$177,917	\$100,000
Annual Capital Allocation	\$30,000	\$30,000 (Years 1-4)	\$0	\$0	\$25,000 (Years 2-3)
Total Capital Investment (20 years)	\$600,000	\$120,000	\$177,917	\$177,917	\$150,000
Annual Repair Volume	60	50	60	60	60

ADDITIONAL CONSIDERATIONS

As an outcome of Council's decision, staff will expand the materials regarding policies and procedures for the sewer lateral program, including parameters for eligible projects and a listing of factors that will determine whether city staff perform the repair or it is outsourced to a contracted vendor. The updated information will also include a step-by-step overview of the repair process and an application form. These materials will be provided to Council before a vote to adopt the selected option.

Staff will work with legal counsel to determine the feasibility of developing a hardship process for residents who may be unable to afford repairs under the new program. We are aware that cities such as Manchester waive application fees to low-income households through an income verification process.

I will attend the April 22, 2025, City Council work session to answer any questions the Council may have on this matter. In the interim, if you have any questions, comments, or concerns regarding this matter or if you need any additional information, please do not hesitate to contact me at 314-646-3635.

APPENDIX: SEWER LATERAL FUND FINANCIAL PROJECTIONS

Option #1: Moderate Initial Payment, Moderate Percentage

Year	Beginning Balance	Base Revenue (1.77% growth)	Capital	Offset Revenue	New Repair Costs (1.77% Growth)	Backlog Costs (1.77% Growth)	Annual Balance	Ending Balance
1	(\$177,917)	\$115,000	\$30,000	\$78,480	\$193,920	\$16,160	\$13,400	(\$164,517)
2	(\$164,517)	\$117,036	\$30,000	\$78,480	\$197,352	\$16,446	\$11,717	(\$152,800)
3	(\$152,800)	\$119,107	\$30,000	\$78,480	\$200,846	\$16,737	\$10,004	(\$142,796)
4	(\$142,796)	\$121,215	\$30,000	\$78,480	\$204,400	\$17,033	\$8,261	(\$134,534)
5	(\$134,534)	\$123,361	\$30,000	\$78,480	\$208,018	\$17,335	\$6,487	(\$128,047)
6	(\$128,047)	\$125,544	\$30,000	\$78,480	\$211,700	\$17,642	\$4,682	(\$123,364)
7	(\$123,364)	\$127,766	\$30,000	\$78,480	\$215,447	\$0	\$20,799	(\$102,566)
8	(\$102,566)	\$130,028	\$30,000	\$78,480	\$219,261	\$0	\$19,247	(\$83,319)
9	(\$83,319)	\$132,329	\$30,000	\$78,480	\$223,142	\$0	\$17,668	(\$65,651)
10	(\$65,651)	\$134,672	\$30,000	\$78,480	\$227,091	\$0	\$16,060	(\$49,591)
11	(\$49,591)	\$137,055	\$30,000	\$78,480	\$231,111	\$0	\$14,424	(\$35,166)
12	(\$35,166)	\$139,481	\$30,000	\$78,480	\$235,202	\$0	\$12,760	(\$22,407)
13	(\$22,407)	\$141,950	\$30,000	\$78,480	\$239,365	\$0	\$11,065	(\$11,341)
14	(\$11,341)	\$144,462	\$30,000	\$78,480	\$243,601	\$0	\$9,341	(\$2,000)
15	(\$2,000)	\$147,019	\$30,000	\$78,480	\$247,913	\$0	\$7,586	\$5,586
16	\$5,586	\$149,622	\$30,000	\$78,480	\$252,301	\$0	\$5,801	\$11,386
17	\$11,386	\$152,270	\$30,000	\$78,480	\$256,767	\$0	\$3,983	\$15,370
18	\$15,370	\$154,965	\$30,000	\$78,480	\$261,312	\$0	\$2,133	\$17,503
19	\$17,503	\$157,708	\$30,000	\$78,480	\$265,937	\$0	\$251	\$17,754
20	\$17,754	\$160,499	\$30,000	\$78,480	\$270,644	\$0	(\$1,664)	\$16,090

Option #2: Accelerated Recovery (4-Year Plan)

Year	Beginning Balance	Base Revenue (1.77% growth)	Capital	Offset Revenue	New Repair Costs (1.77% Growth)	Backlog Costs (1.77% Growth)	Annual Balance	Ending Balance
1	(\$177,917)	\$115,000	\$30,000	\$104,640	\$161,600	\$19,392	\$68,648	(\$109,269)
2	(\$109,269)	\$117,036	\$30,000	\$104,640	\$164,460	\$19,735	\$67,480	(\$41,789)
3	(\$41,789)	\$119,107	\$30,000	\$104,640	\$167,371	\$20,085	\$66,291	\$24,502
4	\$24,502	\$121,215	\$30,000	\$104,640	\$170,334	\$20,440	\$65,081	\$89,584
5	\$89,584	\$123,361	\$0	\$104,640	\$173,349	\$20,802	\$33,850	\$123,434
6	\$123,434	\$125,544	\$0	\$104,640	\$176,417	\$0	\$53,767	\$177,201
7	\$177,201	\$127,766	\$0	\$104,640	\$179,539	\$0	\$52,867	\$230,068
8	\$230,068	\$130,028	\$0	\$104,640	\$182,717	\$0	\$51,950	\$282,018
9	\$282,018	\$132,329	\$0	\$104,640	\$185,951	\$0	\$51,018	\$333,036
10	\$333,036	\$134,672	\$0	\$104,640	\$189,243	\$0	\$50,069	\$383,105
11	\$383,105	\$137,055	\$0	\$104,640	\$192,592	\$0	\$49,103	\$432,208
12	\$432,208	\$139,481	\$0	\$104,640	\$196,001	\$0	\$48,120	\$480,328
13	\$480,328	\$141,950	\$0	\$104,640	\$199,470	\$0	\$47,119	\$527,447
14	\$527,447	\$144,462	\$0	\$104,640	\$203,001	\$0	\$46,101	\$573,548
15	\$573,548	\$147,019	\$0	\$104,640	\$206,594	\$0	\$45,065	\$618,614
16	\$618,614	\$149,622	\$0	\$104,640	\$210,251	\$0	\$44,011	\$662,624
17	\$662,624	\$152,270	\$0	\$104,640	\$213,972	\$0	\$42,938	\$705,562
18	\$705,562	\$154,965	\$0	\$104,640	\$217,760	\$0	\$41,845	\$747,407
19	\$747,407	\$157,708	\$0	\$104,640	\$221,614	\$0	\$40,734	\$788,141
20	\$788,141	\$160,499	\$0	\$104,640	\$225,537	\$0	\$39,603	\$827,744

Option #3: One-Time Fund Reset with Moderate Contributions

Year	Beginning Balance	Base Revenue (1.77% growth)	Capital	Offset Revenue	New Repair Costs (1.77% Growth)	Backlog Costs (1.77% Growth)	Annual Balance	Ending Balance
1	\$0*	\$115,000	\$0	\$78,480	\$193,920	\$16,160	(\$16,600)	\$8,400
2	\$8,400	\$117,036	\$0	\$78,480	\$197,352	\$16,446	(\$18,283)	(\$9,883)
3	(\$9,883)	\$119,107	\$0	\$78,480	\$200,846	\$16,737	\$10,436	\$553
4	\$553	\$121,215	\$0	\$78,480	\$204,400	\$17,033	\$10,436	\$10,989
5	\$10,989	\$123,361	\$0	\$78,480	\$208,018	\$17,335	\$10,436	\$21,425
6	\$21,425	\$125,544	\$0	\$78,480	\$211,700	\$17,642	\$10,436	\$31,861
7	\$31,861	\$127,766	\$0	\$78,480	\$215,447	\$0	\$10,436	\$42,297
8	\$42,297	\$130,028	\$0	\$78,480	\$219,261	\$0	\$10,436	\$52,733
9	\$52,733	\$132,329	\$0	\$78,480	\$223,142	\$0	\$10,436	\$63,169
10	\$63,169	\$134,672	\$0	\$78,480	\$227,091	\$0	\$10,436	\$73,605
11	\$73,605	\$137,055	\$0	\$78,480	\$231,111	\$0	\$10,436	\$84,041
12	\$84,041	\$139,481	\$0	\$78,480	\$235,202	\$0	\$10,436	\$94,477
13	\$94,477	\$141,950	\$0	\$78,480	\$239,365	\$0	\$10,436	\$104,913
14	\$104,913	\$144,462	\$0	\$78,480	\$243,601	\$0	\$10,436	\$115,349
15	\$115,349	\$147,019	\$0	\$78,480	\$247,913	\$0	\$10,436	\$125,785
16	\$125,785	\$149,622	\$0	\$78,480	\$252,301	\$0	\$10,436	\$136,221
17	\$136,221	\$152,270	\$0	\$78,480	\$256,767	\$0	\$10,436	\$146,657
18	\$146,657	\$154,965	\$0	\$78,480	\$261,312	\$0	\$10,436	\$157,093
19	\$157,093	\$157,708	\$0	\$78,480	\$265,937	\$0	\$10,436	\$167,529
20	\$167,529	\$160,499	\$0	\$78,480	\$270,644	\$0	\$10,436	\$177,965

*After one-time transfer of \$177,917 from Capital Improvement account

Option #4: Fund Reset with Lower Initial Payment, Higher Percentage

Year	Beginning Balance	Base Revenue (1.77% growth)	Capital	Offset Revenue	New Repair Costs (1.77% Growth)	Backlog Costs (1.77% Growth)	Annual Balance	Ending Balance
1	\$0*	\$115,000	\$0	\$77,676	\$161,600	\$19,392	\$11,684	\$11,684
2	\$11,684	\$117,036	\$0	\$77,676	\$164,460	\$19,735	\$10,516	\$22,200
3	\$22,200	\$119,107	\$0	\$77,676	\$167,371	\$20,085	\$9,327	\$31,527
4	\$31,527	\$121,215	\$0	\$77,676	\$170,334	\$20,440	\$8,117	\$39,645
5	\$39,645	\$123,361	\$0	\$77,676	\$173,349	\$20,802	\$6,886	\$46,531
6	\$46,531	\$125,544	\$0	\$77,676	\$176,417	\$0	\$26,803	\$73,334
7	\$73,334	\$127,766	\$0	\$77,676	\$179,539	\$0	\$25,903	\$99,237
8	\$99,237	\$130,028	\$0	\$77,676	\$182,717	\$0	\$24,986	\$124,223
9	\$124,223	\$132,329	\$0	\$77,676	\$185,951	\$0	\$24,054	\$148,277
10	\$148,277	\$134,672	\$0	\$77,676	\$189,243	\$0	\$23,105	\$171,382
11	\$171,382	\$137,055	\$0	\$77,676	\$192,592	\$0	\$22,139	\$193,521
12	\$193,521	\$139,481	\$0	\$77,676	\$196,001	\$0	\$21,156	\$214,677
13	\$214,677	\$141,950	\$0	\$77,676	\$199,470	\$0	\$20,155	\$234,832
14	\$234,832	\$144,462	\$0	\$77,676	\$203,001	\$0	\$19,137	\$253,969
15	\$253,969	\$147,019	\$0	\$77,676	\$206,594	\$0	\$18,101	\$272,071
16	\$272,071	\$149,622	\$0	\$77,676	\$210,251	\$0	\$17,047	\$289,117
17	\$289,117	\$152,270	\$0	\$77,676	\$213,972	\$0	\$15,974	\$305,091
18	\$305,091	\$154,965	\$0	\$77,676	\$217,760	\$0	\$14,881	\$319,972
19	\$319,972	\$157,708	\$0	\$77,676	\$221,614	\$0	\$13,770	\$333,742
20	\$333,742	\$160,499	\$0	\$77,676	\$225,537	\$0	\$12,639	\$346,381

*After one-time transfer of \$177,917 from Capital Improvement account

Option #5: Partial Fund Reset with Lower Initial Payment

Year	Beginning Balance	Base Revenue (1.77% growth)	Capital	Offset Revenue	New Repair Costs (1.77% Growth)	Backlog Costs (1.77% Growth)	Annual Balance	Ending Balance
1	(\$77,917)*	\$115,000	\$0	\$77,676	\$161,600	\$19,392	\$11,684	(\$66,233)
2	(\$66,233)	\$117,036	\$25,000	\$77,676	\$164,460	\$19,735	\$35,516	(\$30,717)
3	(\$30,717)	\$119,107	\$25,000	\$77,676	\$167,371	\$20,085	\$34,327	\$3,610
4	\$3,610	\$121,215	\$0	\$77,676	\$170,334	\$20,440	\$8,117	\$11,728
5	\$11,728	\$123,361	\$0	\$77,676	\$173,349	\$20,802	\$6,886	\$18,614
6	\$18,614	\$125,544	\$0	\$77,676	\$176,417	\$0	\$26,803	\$45,417
7	\$45,417	\$127,766	\$0	\$77,676	\$179,539	\$0	\$25,903	\$71,320
8	\$71,320	\$130,028	\$0	\$77,676	\$182,717	\$0	\$24,986	\$96,306
9	\$96,306	\$132,329	\$0	\$77,676	\$185,951	\$0	\$24,054	\$120,360
10	\$120,360	\$134,672	\$0	\$77,676	\$189,243	\$0	\$23,105	\$143,465
11	\$143,465	\$137,055	\$0	\$77,676	\$192,592	\$0	\$22,139	\$165,604
12	\$165,604	\$139,481	\$0	\$77,676	\$196,001	\$0	\$21,156	\$186,760
13	\$186,760	\$141,950	\$0	\$77,676	\$199,470	\$0	\$20,155	\$206,915
14	\$206,915	\$144,462	\$0	\$77,676	\$203,001	\$0	\$19,137	\$226,052
15	\$226,052	\$147,019	\$0	\$77,676	\$206,594	\$0	\$18,101	\$244,154
16	\$244,154	\$149,622	\$0	\$77,676	\$210,251	\$0	\$17,047	\$261,200
17	\$261,200	\$152,270	\$0	\$77,676	\$213,972	\$0	\$15,974	\$277,174
18	\$277,174	\$154,965	\$0	\$77,676	\$217,760	\$0	\$14,881	\$292,055
19	\$292,055	\$157,708	\$0	\$77,676	\$221,614	\$0	\$13,770	\$305,825
20	\$305,825	\$160,499	\$0	\$77,676	\$225,537	\$0	\$12,639	\$318,464

*After one-time transfer of \$100,000 from Capital Improvement account

Memorandum



To: Mayor and City Council
From: Anthony Traxler, Assistant City Manager/Director of Public Works
Date: February 20, 2025
Re: Sewer Lateral Fund Sustainability - Options for Consideration

BACKGROUND

The City of Maplewood's Sewer Lateral Fund has required periodic borrowing from the General and Capital funds for over a decade to cover repair costs. The fund is sustained by an annual \$50 tax assessment on approximately 2,300 residential properties (single-family to six-family units), generating approximately \$115,000 per year. However, with an average of 60 repairs annually, this equates to only \$1,917 per repair—well below actual costs.

In 2014, voters approved an increase from \$28 to \$50, which temporarily stabilized the fund. However, rising material costs and an increase in real estate transactions have driven up repair demand. Real estate agents frequently recommend sewer lateral inspections as part of home sales, increasing the number of repairs requested. Repair volumes have grown from 37 in 2014 to an average of 64 between 2022 and 2024. Current projections estimate 60 repairs for this fiscal year.

The annual revenue can fluctuate from year to year due to several factors affecting the tax base. The approximate count of properties cited is derived from dividing our expected Sewer Lateral Fund revenue by the \$50 assessment rate, as precise property counts from St. Louis County are not included in the City's fund revenue statements. Tax appeals, assessment adjustments, and the timing of delinquent collections contribute to revenue variations. These factors explain why actual annual collections have ranged from \$105,000 to nearly \$117,000 in recent years, despite the consistent \$50 assessment rate.

Prior to 2019-20, when a waitlist was maintained to limit expenditures, residents often waited several years for repairs. The City Council addressed this issue by directing City staff to utilize Capital Improvement Fund resources to reduce and eventually eliminate a backlog of approximately 40 homes. This concerted effort was successful in eliminating the waitlist. However, the city's auditor and bond ratings agency have expressed disapproval of continued transfers from the Capital Improvement Fund into the sewer lateral account, leading to restrictions on such transfers.

Despite previous success in eliminating the waitlist, financial constraints have led to its return. Currently, 26 property owners are on the waitlist for sewer lateral repairs. While average wait times previously were only 30 days, since June 2024 delays have extended significantly as staff implemented stricter financial controls during the Prop S bond sale and S&P ratings process. Repairs involving serious health or safety concerns continue to be addressed within 4-5 calendar days. The combination of rising repair costs, increased demand, and financial constraints has further strained available funds, necessitating a sustainable solution.

Property owners seeking sewer lateral repairs must:

- Present documentation from a plumbing or sewer cabling company indicating a broken, collapsed, or severely shifted pipe, or demonstrating inability to open the line
- Have the line cabled and videotaped
- Provide the video recording to the Public Works Department

CURRENT REPAIR COSTS & FINANCIAL IMPACT

Annual repair costs fluctuate based on variables such as repair depth, location (e.g., under streets, driveways), and whether city staff or contractors perform the work. The tables below provide an overview of repair costs.

Sewer lateral repair costs have increased due to inflation, labor expenses, and rising material costs—such as pipe lining costs nearly doubling from \$120 per foot to \$228 per foot under the city’s most recent contract. The figures above reflect both direct repair costs and city labor/equipment expenses, providing a comprehensive financial picture.

Yearly Summary (Materials, Supplies, and Contractor Costs Only)

Year	Total Repairs	Average Cost per Repair	Total Repair Cost
2023-24	60	\$3,232	\$193,894

Yearly Summary (All Costs Including Personnel & Equipment)

Year	Total Repairs	Total Repair Cost	Equipment Costs	Personnel Costs	Average Cost per Repair	Total Program Cost
2019-20	49	\$149,522	\$3,920	\$44,688	\$4,043	\$198,130
2020-21	50	\$136,981	\$4,000	\$37,855	\$3,577	\$178,836
2021-22	62	\$120,469	\$4,960	\$48,608	\$2,807	\$174,037
2022-23	69	\$187,929	\$5,520	\$55,959	\$3,615	\$249,408
2023-24	60	\$193,894	\$4,800	\$50,340	\$4,151	\$249,034

“Total Repair Cost” and “Total Program Costs” are not directly reflected in the Sewer Lateral Fund performance and projections (below) because of two key factors: total repair costs have historically been drawn from multiple sources, including the General Fund and the Capital Improvement Fund. Total program costs include equipment and personnel costs that are accounted for in the Public Works budget.

FUND PERFORMANCE AND PROJECTIONS

The Sewer Lateral Fund has experienced persistent negative fund balances for several years. Historical fund performance and future projections are detailed below.

Historical Performance

Fiscal Year	Revenues	Expenses	Over/Under	Ending Fund Balance	Balance as % of Expenses
FY 18/19	\$116,187	\$102,620	\$13,567	(\$17,474)	-17%

FY 19/20	\$154,300*	\$149,522	\$4,778	(\$12,696)	-8%
FY 20/21	\$116,955	\$174,836	(\$57,881)	(\$70,577)	-40%
FY 21/22	\$107,176	\$120,469	(\$13,293)	(\$83,870)	-70%
FY 22/23	\$116,812	\$187,929	(\$71,117)	(\$154,987)	-82%
FY 23/24	\$105,000	\$63,000	\$42,000	(\$112,987)	-179%
FY 24/25	\$190,000*	\$77,000	\$113,000	\$13	0%

Current and Projected Performance

Fiscal Year	Revenues	Expenses	Over/Under	Ending Fund Balance	Balance as % of Expenses
FY 25/26	\$117,875	\$81,100	\$36,775	\$36,788	45%
FY 26/27	\$120,822	\$84,300	\$36,522	\$73,310	87%
FY 27/28	\$123,842	\$86,400	\$37,442	\$110,752	128%
FY 28/29	\$126,938	\$89,500	\$37,438	\$148,191	166%

**Includes transfers in from other accounts*

Key Financial Observations:

1. Critical Deficit Period (FY18-23): The fund operated with persistent deficits, reaching a negative balance of nearly \$155,000 by FY22/23, requiring transfers from other funds to continue operations.
2. Recovery Strategy (FY23-24): We implemented two key changes:
 - o Significantly reduced the number of repairs performed
 - o Transferred \$75,000 from the Capital Improvement Fund (one-time transfer)
3. FY24/25 Budget Structure:
 - o Revenue of \$190,000 includes:
 - Regular property tax assessment
 - Transfers from Capital Improvement Fund
 - o Limited repair expenditures to \$77,000
 - o Projected to finally achieve a positive fund balance by year-end
4. Future Sustainability Concerns (FY26-29):
 - o Projections show gradually building reserves if we maintain limited repair volumes
 - o Revenue consists primarily of the \$50 per property assessment plus interest
 - o No additional capital transfers are planned or recommended
 - o Projected expenses remain significantly below historical averages, indicating continued service limitations
5. Long-term Sustainability Challenges:
 - o The current financial model is achievable only by restricting service levels
 - o Current waitlist of 26 properties will continue to grow under the restricted service model
 - o Long-term sustainability requires structural changes to either funding sources or program design

This financial analysis underscores the need for Council to consider the funding options presented in this memo. The current recovery strategy, while effective at addressing the immediate financial deficit, is not sustainable if we wish to restore historical service levels. Without program modifications or additional revenue, we must continue to significantly limit

repairs, resulting in extended waitlists and potential infrastructure deterioration.

FUNDING OPTIONS

To ensure long-term sustainability, Council must determine whether to fund only materials, supplies, and contractor costs or fully cover staff and equipment costs. Below are six potential funding approaches:

1. Resident Offset Payment

Utilizing the most recent year's reconciled account (2023-24) and assuming we will have 60 annual repairs, charging each lateral repair an off-set payment of \$1,250 per sewer lateral should cover all costs for the near future. This approach would provide immediate financial stability but places higher direct costs on residents.

2. Cap Amount the City Pays for Lateral Repairs

Most municipalities we surveyed limit their contribution to lateral repairs. For example:

- Richmond Heights caps city payment at \$5,000
- Brentwood caps city payment at \$3,500
- Glendale caps city payment at \$3,000

If Maplewood were to implement a \$2,000 cap per repair, the program could remain sustainable given that the current average repair cost is \$1,917. Under this structure, many residents would likely incur minimal out-of-pocket expenses.

However, this option presents several challenges. Residents requiring extensive repairs could face significant out-of-pocket costs for extensive repairs. Cost variations exist between repairs performed by city staff versus contractors, creating inequitable resident expenses based solely on staff availability.

Additionally, program administration becomes more complex due to the differential between city staff and contractor costs for similar repairs.

3. Offset Payment & Cap Combination

Maplewood could implement a combined approach similar to Rock Hill's program, which uses multiple cost-sharing elements:

- Initial offset payment of \$275
- Resident contribution of 10% of project costs
- Resident responsibility for costs exceeding \$4,500

By adopting this multi-tiered structure, Maplewood could set a higher overall cap than proposed in Option #2, reducing the risk of residents facing unmanageable costs for extensive repairs.

4. Property Tax Increase

[NOTE THAT THE FOLLOWING AMOUNTS ARE PRELIMINARY ESTIMATES BASED ON 2024 RATES]

A property tax increase of \$0.0297 per \$100 of assessed valuation would generate approximately \$75,000 annually in additional revenue to cover materials, supplies, and contractor costs. To fully fund the program, including staff and equipment costs (\$130,000), a rate of \$0.0515 per \$100 would be required.

Maplewood’s current tax rates per \$100 of assessed value are:

- Residential: \$0.8840 (Total 2024 assessed valuation: \$137,241,980)
- Commercial: \$1.4510 (Total 2024 assessed valuation: \$83,784,680)
- Personal Property: \$1.6100 (Total 2024 assessed valuation: \$32,060,610)

Adding the proposed increase would result in total tax rates of:

- For \$75,000 funding level (\$0.0297 increase):
 - Residential: \$0.9137
 - Commercial: \$1.4807
 - Personal Property: \$1.6397
- For full funding level (\$0.0515 increase):
 - Residential: \$0.9355
 - Commercial: \$1.5025
 - Personal Property: \$1.6615

For example, on a residential property valued at \$200,000 (assessed at 19% or \$38,000), the annual increase would be:

- \$11.29 for the \$75,000 funding level (\$0.94 monthly)
- \$19.57 for the full funding level (\$1.63 monthly)

5. Perform Repairs Only when Revenue is Available

Under this option, repairs would be performed only when sufficient funds are available in the program. This approach would create significant administrative challenges and likely result in extensive waiting periods, with non-emergency repairs potentially delayed for years. This option would effectively create a first-come, first-served system that could negatively impact property values and resident satisfaction while potentially leading to more costly emergency repairs in the future.

6. Third-Party Service Line Warranty Program

The National League of Cities (NLC) Service Line Warranty Program offers an alternative approach through partnership with HomeServe. This program operates at no cost to the city and provides voluntary coverage for homeowners. Coverage includes restoration of ground surfaces after repairs. The program uses licensed, local contractors and typically completes repairs within 24 hours. There are no service fees or deductibles for covered repairs.

However, this approach would likely cost residents more than the current municipal program or proposed modifications, as private insurance programs typically charge \$150-300 annually per household compared to our current \$50 assessment.

REGIONAL PROGRAM COMPARISON

City	Annual Fee	Coverage Limit	Program Structure
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Ballwin	\$28	Up to \$4,500	Application fee \$150; designed for non-functioning laterals, not home sales; normal root maintenance not covered
Brentwood	\$50	Up to \$3,500	City manages repair; owner obtains three quotes; owner pays excess
Clayton	\$28	Up to \$2,000	100% reimbursement; video and plumber certification required
Creve Coeur	Included in taxes	70% up to \$7,500	Owner must attempt cleaning first; video inspection required; owner obtains 3 bids; city reimburses 70% after completion; owner must pay in full first and provide lien waiver and paid tax receipt; requires city pre-approval
Florissant	\$50	Full cost of repair*	\$300 deposit (refunded if approved); video inspection; emergency repairs prioritized (*Excludes 5' from house)
Glendale	\$50	Up to \$3,000	City manages repair; owner pays costs above cap
Kirkwood	\$28	75% of lowest bid	\$400 deposit; city contractor video inspection; owner obtains 3 bids; city pays contractor directly 75% of invoice
Manchester	\$50	Up to \$10,000	\$400 application fee (refunded if denied); city manages repair; owner pays excess
Maplewood	\$50	No cap	Full coverage; no resident contribution
Olivette	\$50	Up to \$3,500	Owner pays 20%; owner obtains 3 bids; 80% reimbursement up to \$3,500
Richmond Heights	\$28	Up to \$5,000	City manages repair; owner pays excess
Rock Hill	\$50	Up to \$4,500	\$275 application fee; owner pays 10% of project costs and any amount over cap
University City	\$28	Up to \$2,500	City pays first \$2,500; includes excavation, repair, backfill, pavement, seeding/straw; excludes landscaping
Valley Park	\$30	Up to \$3,500	\$250 video inspection deposit; city performs video inspection; city repairs or owner obtains 3 bids if city unable
Webster Groves	Included in real estate taxes	Up to \$3,500 (\$8,000 if repair is in the street)	Homeowner must first attempt cabling. If unresolved, submit an application with a cabling receipt. The city conducts an inspection. If a break is found, the homeowner obtains 3 bids. The city pays 80% of the lowest bid. Homeowners cover remaining costs and anything above the limit. Minor defects and blockages are not covered.

SUMMARY & CONSIDERATIONS

Analysis of regional programs demonstrates that Maplewood's current structure providing full coverage with no resident contribution is unique among communities with similar home values (\$250,000-\$300,000). Most peer communities have adopted sustainable funding models that include some form of cost sharing. For example, Creve Coeur covers 70% up to \$7,500, Webster Groves pays 80% up to \$3,500 (or \$8,000 for street repairs), and Kirkwood covers 75% of costs. These percentage-based approaches help programs automatically adjust for inflation in repair costs.

Other communities like Rock Hill and Manchester use hybrid models combining fixed fees with coverage caps, typically requiring residents to pay a base fee (\$275-400) plus a percentage of repair costs. Under these various models, resident costs for an average Maplewood repair (\$4,151 including staff time and equipment costs) would range from \$690 to \$1,245, compared to no cost under our current program.

Staff has not historically tracked certain data points that could help inform long-term program decisions, including what proportion of repair requests originate from real estate transactions versus existing homeowner-identified issues. The Public Works Department plans to enhance data collection moving forward to better inform future program adjustments.

I will attend the February 25, 2025, City Council work session to answer any questions the council may have on this matter. In the interim, if you have any questions, comments or concerns regarding this matter or if you need any additional information, please do not hesitate to contact me at 314-646-3635.



SEWER LATERAL REPAIR PROGRAM

The City of Maplewood repairs broken residential sewer lateral pipes. Presented here are the answers to common questions regarding the program.

1. **WHEN WAS THE PROGRAM ESTABLISHED?**
Voters approved a sewer lateral repair tax increase to \$50 on April 8, 2014.
2. **WHAT PROPERTIES ARE ELIGIBLE FOR THE PROGRAM?**
Residential properties of six units or less are eligible.
3. **HOW AND WHEN WILL THE CITY COLLECT THE TAX?**
The City of Maplewood contracts with the St. Louis County Department of Revenue to collect the tax. The tax levy appears on the St. Louis County real estate tax bill sent to property owners every year in the fall.
4. **WHO OWNS THE SEWER PIPES THAT SERVE MY HOME?**
The sewer pipe, located underneath the basement floor of the home, which runs through the house foundation, through the yard, and connects to the sewer main pipe in the street (or alley), is property of the homeowner. The sewer main pipe is property of the Metropolitan St. Louis Sewer District.
5. **WHAT REPAIRS ARE COVERED UNDER THE PROGRAM?**
The program covers replacing defective pipe from the sewer main line in the street or alley to two feet (2') **outside** the building structure (which includes front porches and steps). The program does not include lost, buried or improperly installed cleanout access, pipe replacement in the foundation wall or pipe replacement underneath the basement floor. The program also does not cover the cost of cleaning by cabling, removal of tree roots or debris or hydroflushing. The program does not cover excavation work under porches.

6. **DOES THE PROPERTY OWNER PAY A PORTION OF THE COST OF THE REPAIR?**
There is no charge to the property owner for a sewer lateral repair under the program.
7. **HOW DOES THE PROPERTY OWNER PARTICIPATE IN THE PROGRAM?**
The property owner contacts the Maplewood Public Works Department (645-3600) when he or she has a sewer line that is defective. The property owner must present a bill or letter from a plumbing or sewer cabling company that indicates the pipe is broken, collapsed or severely shifted, or that the company was unable to open the sewer line. The property owner is responsible for having the line cabled and videotaped. Additionally, the homeowner must provide a copy of the tape to the Public Works Department. The property owner is not required to complete an application. After this confirmation is received, the location is added to the program list. Referrals are also received from the Metropolitan St. Louis Sewer District.
8. **WHO REPAIRS THE BROKEN LINE?**
The Maplewood Public Works Department excavates, removes the defective pipe, backfills the excavation, restores the pavement and sidewalk, and reseeds of the lawn. Drain layers, licensed by St. Louis County, replace the sewer pipe. Firms are awarded the pipe replacement work by competitive bidding on an annual basis.
9. **WHAT IF THE BROKEN PIPE IS UNDERNEATH THE DRIVEWAY?**
The Maplewood Public Works Department will replace the driveway at no charge to the property owner. Sometimes, it is not necessary to replace the entire driveway. The amount of driveway to be replaced is dependent on the amount of the defective sewer pipe found.
10. **WHAT IS THE AVERAGE WAITING TIME FOR THE REPAIR OF THE SEWER LINE AFTER IT IS REPORTED TO THE CITY?**
The average waiting time is thirty days if there is no immediate health or public safety hazards. If there is serious health or safety problem, the average wait is four calendar days.
11. **HOW IS THE PROPERTY OWNER CONTACTED BEFORE THE REPAIR WORK IS STARTED?**
The Public Works Department will deliver a letter to the house notifying the occupant one to two days before beginning the job. Then the city's sewer video inspection contractor will contact the property owner by telephone to set a time to cable and video inspect the sewer line prior to digging.
12. **DO I HAVE TO BE HOME WHILE THE WORK IS DONE?**
You are asked to be home when the sewer cabling and video inspection are done because it is sometimes necessary to begin cable operations from the basement drain. Once excavation is begun, it is not necessary to be home. You can use your toilet, sinks, shower, and washer while work is underway.

13. **HOW LONG DOES IT TAKE TO COMPLETE A SEWER LATERAL REPAIR?**

Normally, it takes two days to excavate and replace the broken pipe. After the repair is made, the repair is inspected by a St. Louis County plumbing inspector, usually the following day. On the following day, the excavation is backfilled, and the lawn is seeded and strawed. No sodding is done. Final street paving is usually done four to six weeks later in order to ensure that no settlement occurs.

Revised 3/21