City of Dellwood Report

MnDOT Proposed Transfer of Trunk Highway 244

A Guide to the Process, Funding, and Negotiation of MnDOT Road Turnback's for the City of Dellwood

Prepared for Dellwood Residents' Consideration

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1. Executive Summary

About This Report

This white paper was prepared by Council Member Melissa Peltier. The information and financial analysis it contains were compiled by her to the best of her knowledge, using what was available to her as of October 29, 2026. The goal is to give residents a clear and honest account of the proposed TH 244 turnback. As new information becomes available, some figures and details may change.

This document does not represent an official position of the Dellwood City Council or the City of Dellwood. It is an informational resource, not a recommendation or a decision.

Legal review is ongoing. The City's legal counsel is still reviewing the legal questions discussed here, including the terms of any turnback agreement and the funding and assessment options described. Nothing in this paper should be read as a final legal conclusion or as legal advice. Readers should keep this in mind when considering the options and figures presented.

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This report is intended to help the residents of Dellwood understand one of the most significant transportation decisions the city has faced in decades.

Minnesota's roads are divided among three levels of government — the state, counties, and cities/townships — and roughly once a generation, individual roads outgrow the level of government that owns them. The State Highway Jurisdictional Transfer Program, commonly called a "turnback," is the formal process the Minnesota Department of Transportation (MnDOT) uses to move a road's ownership and maintenance responsibility to the jurisdiction best suited to run it — usually from the state down to a county or city.

The proposed transfer of Trunk Highway 244 (aka. Dellwood Avenue) from the Minnesota Department of Transportation (MnDOT) to the City of Dellwood is one of the most significant public infrastructure decisions before the City Council. The decision will influence how one of Dellwood's primary transportation corridors is maintained, improved, and managed for generations. It also raises understandable questions regarding cost, taxes, liability, safety, local control and long-term financial responsibility.

Why a turnback? MnDOT continually evaluates whether each state highway still serves a statewide purpose. Highways that no longer do are offered back to local governments, with funding — a process called a jurisdictional transfer, or "turnback." TH 244 is one of those highways (Section 3).

This report has been prepared to help residents understand the proposal before the City Council by presenting the facts, explaining the legal and financial framework, evaluating potential benefits and risks, and describing the options available to the City of Dellwood. Rather than advocating a particular

outcome from the outset, the report is intended to provide residents with the information necessary to evaluate the proposal on its merits.

This report walks through that process in the order a local official actually encounters it: how Minnesota's road network is divided today, why MnDOT flags a specific highway for transfer, how the state funds the restoration work that comes with a turnback, why the funding path differs sharply for cities above and below 5,000 residents, what local governments can negotiate before signing, and what a city inherits — for better and worse — once the deed is transferred.

Residents, understandably, want to know:

Why MnDOT is proposing a transfer of TH 244 to the City of Dellwood?

What financial resources could accompany an accepted turnback of TH 244?

What responsibilities the City would assume if the turnback of TH 244 is accepted?

What happens if the City declines the proposed turnback?

Where useful, this paper uses the City of Dellwood's pending transfer of Trunk Highway 244 as a working example, since it illustrates the small-city path — population under 5,000 — that most Minnesota cities actually face.

A note on scope: TH 244 is a 3.4-mile trunk highway that runs through three cities — White Bear Lake, Mahtomedi, and Dellwood — between CSAH 12 in Mahtomedi and MN 96 in Dellwood. Only the segment within Dellwood's city limits, roughly 1.8 miles and locally known as Dellwood Avenue, is the subject of the turnback being negotiated with MnDOT and discussed throughout this paper. Unless otherwise noted, references to "TH 244," "the road," or "the turnback" in this document mean that Dellwood segment specifically, not the full multi-city corridor.

Key Points

- MnDOT directly maintains only 8–10% of Minnesota's roughly 135,000 miles of road, but that share carries close to 60% of all vehicle traffic.
- A road is flagged for turnback based on four recurring criteria: its functional classification, the presence of a newer bypass, a fiscally-constrained risk analysis under MnSHIP, and gaps in regional route continuity.
- Local governments are not required to accept a turnback and hold real negotiating leverage over reconstruction scope, utility bundling, and long-term maintenance costs before signing.
- MnDOT is required to adopt an updated Cost Participation Policy by March 1, 2026, that may reduce or eliminate Dellwood's local cost share on TH 244 based on the City's ability to pay — council should confirm the finalized terms before agreeing to any cost split (Section 4.2).

- MnDOT has indicated that turnback funding for TH 244 is available now but could be reallocated when it reviews the Trunk Highway Turnback Account in the second half of state Fiscal Year 2027. If the City declines, MnDOT would keep the road in preservation-only mode, with a pavement overlay scheduled for 2030, and expects future turnback funds to be committed to other projects for years (Section 5.10).
- The City's engineer modeled two 40-year approaches, and both fit within the $11,569,172 payment in 2026 dollars: a low-cost preservation approach (about $5.1 million over 40 years, leaving about $6.5 million for other road needs) and a reconstruction-focused approach (about $11.5 million over 40 years, with initial construction capped near $9.5 million). (Section 5.7).
- Stress-testing the three spending paths and the option of declining under best, expected, and conservative assumptions shows that preserving the road and investing the balance (Path C) stays funded in every case, a capped rebuild (Path B) works in the expected case but runs short in the conservative one, and a full rebuild (Path A) requires trimming scope and leaves upkeep to taxpayers (Section 6.5).
- TH 244's own MnDOT maintenance record shows no full-depth reconstruction since the original pre-1949 pavement was placed — direct, state-sourced evidence supporting a full-reconstruction request rather than a surface-only fix (Section 7.3).
- Accepting a turnback also means accepting the right-of-way — which brings both new maintenance liabilities (drainage, stormwater, retaining walls) and new revenue tools (utility franchise fees, surplus land sales).

1.1 The Decision Before Dellwood City Council

The proposed transfer of TH 244/Dellwood Ave is not simply about who owns a roadway. It is about determining which level of government is best positioned to make the decision regarding a corridor that runs through the City of Dellwood. Today, TH 244 is owned and managed by the State of Minnesota. Major decisions regarding reconstruction, roadway design, timing of improvements, maintenance, and investment priorities are made within MnDOT's statewide transportation planning process. If the roadway is transferred, those decisions would largely become the responsibility of the City of Dellwood. Local ownership would provide greater flexibility to establish priorities reflecting community needs, while also transferring responsibility for future maintenance and capital improvements.

1.2 The Financial Question

One of the primary considerations is financial. MnDOT has proposed providing the City of Dellwood with approximately $11.6 million as part of the transfer. The purpose of these funds is to compensate the receiving road authority (in this case, the City of Dellwood) for long-term ownership responsibilities and to support future transportation investments associated with the corridor. Professional engineering analyses prepared for the City indicate that, under reasonable planning assumptions, these funds may be sufficient to address anticipated long-term roadway needs. However, all long-term cost estimates

are subject to uncertainty; including inflation, evolving design standards, regulatory requirements, and future construction costs. This report reviews those assumptions, explains how they were developed, and discusses the range of possible outcomes.

1.3 Local Control and Community Priorities

Ownership of Dellwood Avenue could provide the City with greater flexibility to pursue improvements that reflect community priorities, including: safety enhancements (i.e. lower speed limits, narrower lanes), pedestrian accommodations, drainage improvements (which have not been dealt with since the 1940's), and other corridor enhancements. Local officials would be able to establish investment priorities based upon community input rather than statewide transportation objectives. At the same time, local ownership also means accepting long-term responsibility for maintaining the roadway and managing future infrastructure investments. This report evaluates both perspectives.

1.4 The Alternative

Declining the transfer would leave Dellwood Avenue under MnDOT's jurisdiction. This option avoids direct ownership responsibilities for the City, but it also leaves future investment decisions largely within the State's transportation planning process; where TH 244 competes with thousands of miles of higher-volume state highways for limited transportation funding. MnDOT has made it clear that ongoing upkeep on this section of the road through Dellwood will be minimal. With the City of Mahtomedi accepting the turnback of their portion of TH 244 and Washington County accepting the turnback of Highway 96E[1]; this section of TH 244 through Dellwood (approx. 1.8 miles) will become an outlier for MnDOT. Without connecting routes the city's section, both repairs and snowplow will undoubtedly be affected going forward. This report aims to consider the implications of both alternatives.

1.5 A Decision About Stewardship

Although discussions surrounding TH 244 often focus on pavement conditions and financial estimates, the broader question concerns stewardship. Dellwood Avenue is more than a transportation corridor. It is a gateway through the City of Dellwood; a connection between neighborhoods, and an important component of the City's identity and quality of life. The decision before the City Council is not simply whether to accept ownership of a roadway. It is whether Dellwood wishes to assume greater responsibility for shaping the future of one of its most visible public assets or continue relying on statewide priorities to determine that future. Reasonable people may reach different conclusions after reviewing the evidence. The goal of this report is not to tell residents what to think, but to provide the information needed to make an informed judgement.

[1] In 2021, MnDOT enters into a turnback agreement with Washington County for a portion of State Highway 96 (96E). The County accepts the section of Hwy 96 from the Dellwood City line (where TH 244 intersects with 96E) east towards Stillwater, effective May 15, 2023. The County begins discussions of adding a bike trail along this road, to connect to the Gateway Trail among other regional bike trails. Ramsey County also accepts the turnback of Hwy 96 from Shoreview to White Bear Lake. At this point neither Ramsey nor Washington County's own the 1 mile section of Hwy 96 from Highway 61 to Dellwood Avenue (TH 244). MnDOT retains ownership and maintenance of this section.

2. Minnesota's Road Jurisdiction Framework

Before evaluating a specific turnback, it helps to see where that road sits in the state's overall system. Minnesota's public road network totals roughly 135,000 miles, divided among three levels of government.

2.1 Who Owns What

Jurisdiction	Share of Miles	System
MnDOT (State)	8% of centerline miles / 10% of lane miles	~11,700 centerline miles of Interstate, U.S., and MN Highways
Counties	31–33%	County Roads and County State-Aid Highways (CSAH)
Cities & Townships	55–60%	Municipal streets, township roads, and gravel roads

Measured in lane miles rather than centerline miles, MnDOT's share rises slightly to about 10% — over 30,300 lane miles — because state highways are more likely to carry multiple lanes than local streets.

2.2 The Maintenance Disproportion

Although MnDOT physically maintains only about a tenth of Minnesota's roads, those routes are the most heavily traveled in the state: the trunk highway system carries nearly 60% of all annual vehicle traffic and the large majority of commercial freight. To keep that network clear during winter storms, MnDOT operates a fleet of more than 800 snowplows staffed by over 1,700 operators. This gap between share-of-miles and share-of-traffic is part of what motivates the turnback program — it lets MnDOT concentrate its resources on the highest-volume regional and interstate routes, while handing lower-volume, locally-oriented roads to the governments already positioned to serve the neighborhoods around them.

3. What Is a Turnback and Why are they Initiated

3.1 Legal and Constitutional Foundation

The purpose of the State Highway Jurisdictional Transfer (Turnback) Program is to better serve the public by assigning roads to the jurisdiction best suited to operate them efficiently. Minnesota's State Constitution, Article XIV, established a state (trunk) highway route system that may not exceed 12,200 miles in extent; those routes are authorized by general description in the constitution and by additional statutes, with all routes described in Minnesota Statutes §§161.114 through 161.12.

Over the nearly 100-year history of the state highway system, it has been necessary to continually revise the state and local highway systems to meet the state's changing transportation needs. The commissioner of transportation has the duty and authority to select suitable roads for the state system, to transfer roads between state and local units of government, and to enter into agreements with local government — powers the commissioner uses when local elected officials approve of a proposed transfer.

Minnesota's constitution also established the Highway User Tax Distribution Fund (HUTDF), made up in part of the fuel tax, license fees, and motor vehicle sales tax revenue that ultimately funds turnback restoration work (see Section 4).

3.2 A Brief History: How TH 244 Became a State Highway

TH 244 was not originally a state road. Before 1949, it belonged to Washington County.[2] That year, the Minnesota Legislature passed a sweeping expansion of the trunk highway system (Laws 1949, Chapter 663), adding roughly 70 new numbered routes statewide in a single session — only the second such mass expansion in the system's history, the first having come in 1933.[3] Route 244 was one of them, established July 1, 1949, running from a point near White Bear Lake through Mahtomedi to a junction with Route 96 in Dellwood.[4]

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[2] Debra Neutkens, "Trail association's goal: 'A grander sidewalk,'" *White Bear Press*, March 22, 2017, https://www.presspubs.com/white_bear/news/trail-association-s-goal-a-grander-sidewalk/article_af23de8e-0f0e-11e7-ae7e-ab239bbc4f32.html (quoting local right-of-way researcher on TH 244's prior status as a Washington County road and the statutory vesting of title/right-of-way in the state upon a county road's conversion to a trunk highway).

[3] Monte Castleman, "A History of Minnesota's Highways Part Five," *streets.mn*, June 27, 2018, https://streets.mn/2018/06/27/a-history-of-minnesotas-highways-part-five/ (describing the 1949 legislative expansion of the trunk highway system and characterizing many of the era's additions as driven by local political interest).

[4] Minnesota Statutes §161.115, subdivision 175 (Route No. 244), https://www.revisor.mn.gov/statutes/cite/161.115 (current codification of the route's legal description, unchanged in substance since 1949); *see also* Minnesota State Highway 244, Wikipedia, https://en.wikipedia.org/wiki/Minnesota_State_Highway_244 (July 1, 1949 effective date, sourced to Session Laws of Minnesota for 1949, Chapter 663).

Unlike today's turnback process — which, as described in Section 3.3, evaluates a road against functional classification, traffic volume, and regional significance — the 1949 additions were not vetted against those kinds of criteria. Transportation historians who study the era have characterized many of that session's new routes as driven more by local political interest than by demonstrated statewide transportation need. Minnesota law provides that when a county road becomes a trunk highway, all title, right-of-way, and easements associated with that road transfer to the state — which is how the state came to hold the underlying right-of-way along what is now Dellwood Avenue.

Understanding why this proposal exists requires understanding the history of the roadway itself. TH 244 became a part of Minnesota's Trunk Highway System during a period when state highways were designed primarily to connect communities and move regional traffic efficiently throughout Minnesota. In the mid-20th century, highways like TH 244 served an important statewide purpose. During that time metropolitan development was far smaller, regional highway networks were less extensive, Interstate-694 had not yet become the dominant east-west corridor, and Washington County looked very different than it does today. The State assumed responsibility in 1949 because these roads connected communities in ways that local governments could not easily support.

Transportation networks have since evolved. Roads that once connected regions, have in some cases, become neighborhood streets. Others have become major freight corridors, as is the case for Highway's 36 and 61. Still others serve primarily local traffic, rather than statewide travel. Thus is the case with TH 244. Over the past several decades since MnDOT took ownership of this road, there have been several developments that have changed how people travel through the northeast Twin Cities metropolitan area – including:

- Construction and expansion of Interstate 694
- Improvements to Highway 36
- Growth of Washington County's county highway system (including the recent turnback of 96E from the western county line at TH 244 to Stillwater)
- Increased local development around White Bear Lake
- Changes in commuting patterns
- Regional population growth.

Today, many trips on TH 244 either begin or end within nearby communities rather than serving longer distance statewide travel. Recent traffic counts show approximately 3,700 vehicles per day on the Dellwood segment of TH 244, a level more typical of an important local connector than a major trunk highway. This change does not diminish the road's importance, rather, it changes who is best positioned to manage it.

3.3 The Four Criteria MnDOT Uses to Flag a Road for Turnback

The criteria MnDOT uses to flag a highway for turnback are grounded in structural frameworks delivered to the Minnesota Legislature, including the Turnback Task Force Directive, the Minnesota Jurisdictional Realignment Project, and the statutorily-mandated Report on the Jurisdictional Transfer Program. Four recurring criteria emerge from these studies that help define ***Minor Arterials*** for the State.

The primary baseline indicator MnDOT uses to flag a highway is its ***Functional Classification***. State legislative studies and the Federal Highway Administration (FFHHA) together define a statewide vision for ***how a trunk highway should be defined*** for MnDOT based on the following function of a road:

1. It should be located inside urbanized areas
2. It should consist exclusively of Principal Arterials[5]
    a. The emphasis being on moving large volumes of traffic over long distances (rather than provide direct access to land)
    b. Connect the region to the rest of the state and beyond
    c. Carry the major portion of trips entering and leaving an activity center
        i. This includes: Interstate, Other Freeways & Expressways
3. Consist of high-volume roads meant for long-distance regional or interstate travel.

The next tier in roads is defined as ***Minor Arterials (A-Minor)*** sub-types include:

1. **Relievers**: provide direct relief for metro highway traffic
    a. These roads include the closest routes parallel to the congested principal arterials within the urban and transitional areas
    b. Accommodate medium length trips (less than 8 miles) and provide relief to congested principal arterials.
2. **Expanders**: routes which provide a way to make connection between developing areas outside the interstate ring or beltway
    a. Accommodate medium to long suburb to suburb trips[6]
3. **Connectors**: provide good, safe connections among town centers in the urban reserve and rural areas within and near the seven counties
    a. Safe adequate connections between smaller town centers rather than moving high volumes of through traffic

[5] As defined by the Federal Highway Administration's (FFHA) national framework (FHWA's Highway Functional Classification: Concepts, Criteria and Procedures, currently 2023 edition)
[6] https://councilmeetings.metc.state.mn.us/TranspAdvBd/2011/04202011/2011Appendices.pdf

4. **Augmentors**: augment principal arterials within the interstate ring or beltway or within Freestanding Growth Centers.
    a. Fill in gaps where the existing principal arterial grid is already built out but isn't dense enough for the surrounding development
    b. Pick up the overflow of longer-range trips.

Any state highway inside urban limits that instead behaves like an ***Urban Minor Arterial***, ***Collector***, *or* ***Local Road*** is automatically flagged as misaligned. If a road is primarily used for local commuting, neighborhood access, or local business shopping corridors rather than statewide transit, MnDOT seeks to transfer it to a local government unit.

Dellwood Avenue carries a functional classification of A-Minor Expander. Dellwood sits outside the core interstate ring in Washington County. TH 244 is meant for medium to long range, suburb to suburb trips outside the beltway, not the higher-volume relief or through connectivity role of a Reliever or Augmentor.

3.4 Local vs. Regional Traffic on TH 244

MnDOT's Traffic Mapping Application and Transportation Data Management System publish Annual Average Daily Traffic (AADT) counts for TH 244 (see Section 9.2), but neither MnDOT nor Washington County has published an origin-and-destination study establishing what share of that traffic begins or ends in Dellwood, versus regional through-traffic. Producing that breakdown would require a dedicated study — a license-plate matching survey, a Bluetooth/cellular re-identification study, or turning-movement counts at the CSAH 12 and MN 96 endpoints — that yet to be commissioned for this corridor and is not likely to happen in the near future. Residents and Council should treat the traffic-split question as ***currently unanswered by any published data*** rather than assume it favors either a "city road" or "regional road" characterization.

MnDOT reports that the corridor carries approximately 3,700 vehicles per day. This total volume is useful context, but again does not show how much of that traffic is local and how much is passing through.

In the absence of a formal study, three proxy indicators are available:

- **Its endpoints.** TH 244 runs 3.4 miles between CSAH 12 in Mahtomedi and MN 96 in Dellwood, passing through Mahtomedi and Willernie along the way. Only the roughly 1.8-mile segment within Dellwood's city limits is the subject of this turnback; the Mahtomedi and Willernie segments are separate MnDOT/local jurisdiction matters and are not part of this decision. Every trip on the full corridor either starts or ends within Dellwood, or passes through it to reach Mahtomedi, Willernie, White Bear Lake, or points beyond via MN 96 — but that reasoning applies to the corridor as a whole, not specifically to the 1.8-mile segment Dellwood would own.
- **Its functional sub-classification.** As noted above, TH 244 is designated an A-Minor Arterial "Expander," a category defined regionally as serving medium-to-long suburb-to-suburb trips outside the interstate beltway, rather than trips that begin and end within a single city. By

definition, this suggests a meaningful share of TH 244's traffic is passing through Dellwood to reach neighboring communities, not purely local resident trips.

- **Its share of travel in the city.** MnDOT's 2024 Vehicle Miles Traveled (VMT) report breaks each city's road mileage and traffic down by road owner. In Dellwood, TH 244 makes up 10.7% of public road miles but carries about 28% of the vehicle-miles driven in the city. That is close to the share on Mahtomedi's portion of TH 244 (27%, measured in 2024, before Mahtomedi accepted its turnback) and well below cities where a state highway mainly serves through traffic, such as Bayport (60%) or Marine on St. Croix (66%). VMT measures how much driving happens on a road, not where trips begin or end, and MnDOT cautions that VMT summaries should not be used to derive traffic counts (AADT); it is offered here as context, not as an origin-destination finding (Appendix A, Table A.2).

City (state highway)	Share of public road miles	Share of daily vehicle-miles
Dellwood (TH 244)	10.7%	28.1%
Mahtomedi (TH 244, pre-turnback)	5.7%	26.8%
Scandia (MN 95, MN 97)	11.0%	44.0%
Bayport (MN 95)	9.2%	60.4%
Marine on St. Croix (MN 95)	18.6%	65.9%

Source: MnDOT Office of Transportation System Management, 2024 Vehicle Miles Traveled by County, City and Route System. Shares combine all state trunk highways (Interstate, U.S., and MN routes) within each city.

3.5 Staffing and Expertise the City Would Need to Accommodate a Turnback

If Dellwood accepts ownership, the City would take on maintenance functions MnDOT currently performed in-house or through its own contracted vendors. These generally fall into four categories:

- **Winter maintenance** — plowing, salting/sanding, and snow removal to the City's own service standard . (see Section 9 for MnDOT's current AADT-based regain-time targets)
    - The City of Dellwood already maintains its other 11+ miles of roads in the winter. The City spent $54,268 on ice and snow removal in 2025 and budgets $38,000 for 2026.
- **Pavement management** — periodic seal-coating, crack-sealing, milling/overlay, and eventual reconstruction, along with the inspection program needed to plan them (see Section 7).
    - The City of Dellwood already is responsible for pavement management on the other 11+ miles of roads under its jurisdiction. Maintenance follows a rotating schedule based on number of years and visual inspection by the city's engineer. The City follows a "pay as use" model; A municipal bond is taken out to cover costs.

    - Should MnDOT maintain ownership of Dellwood Avenue, reconstruction of Dellwood avenue would never take place, only minor rehabilitation or preventative measures would be done. 2030 would be the next cycle.

- **Drainage and roadside maintenance** — culvert and ditch upkeep, mowing, and storm sewer inspection, which MnDOT does not currently perform routinely on this corridor.
    - MnDOT does not perform routine inspections of drainage or culvert infrastructure along this corridor. Instead, issues are addressed as they arise, reflecting the Preservation Context of the roadway. Many of the existing pipes and structures are original with only limited maintenance repairs completed over the years.
    - MnDOT will not be replacing or rehabilitating storm sewer infrastructure as part of the planned 2032 project.
    - Funding has been included in the turnback cost estimate for the City to undertake a Dellwood led reconstruction project to replace the storm sewer infrastructure if desired. The Bolton & Menk construction estimate prices this work at $1,767,000, including 30 catch basins, 30 catch-basin manholes, about 7,300 feet of 12- to 24-inch pipe, and $630,000 for watershed treatment requirements (Section 6; Appendix E).
- **Administrative and engineering capacity** — permitting utility work in the right-of-way, responding to resident maintenance requests, and budgeting/capital planning for the road as a City asset.
    - The City of Dellwood already maintains both administrative and engineering capacity.

The City would not necessarily need to perform these functions itself. According to MnDOT, Washington County has said they are open to discussing maintenance arrangements with the City of Dellwood, should the city decide to go this route. Additionally, a discussion could be opened with the City of Mahtomedi (who has already accepted the turnback of their section of TH 244 -Mahtomedi Avenue). A contract with either agency could cover winter maintenance or other routine work on the segment, using equipment and crews that already serve the adjacent stretches of TH 244 and/or the county road network.

3.6 A Shift From Statewide Mobility to Local Stewardship

Residents have asked directly whether TH 244 should be understood as a city road or a regional road. The data above point to something in between: TH 244 is not a Principal Arterial carrying long-distance regional or interstate traffic, but its “Expander” designation and its role connecting Dellwood to Mahtomedi, Willernie, and the broader White Bear Lake area suggest it is not a purely local, neighborhood-access street either. Due to this “in between” feeling, both MnDOT and the City of Dellwood naturally felt like a discussion with Washington County should take place for a possible turnback to their control. However, due to the acceptance of the turnback of their section of TH 244, by the City of Mahtomedi, and the acceptance of the turnback of their section of 96E, by Washington

County, it has been determined that no such possibility currently exists. In addition, the City of Mahtomedi had offered prior to their acceptance of the turnback of TH 244[7], to take control of the section of TH 244 that runs through the City of Dellwood, for both reconstruction and maintenance. The City Council had declined the offer at that time.

MnDOT's statewide priorities include allocating transportation dollars across thousands of miles of highways; while balancing freight movement, interstate travel, regional congestion, pavement preservation, and bridge/tunnel replacement. They continue to flag highway fragments that lack network continuity across transportation districts because of the their inefficient routing for state-level operations. Dellwood's priorities are naturally different. The city is much more inclined to direct focus on safety, pedestrian access and needs, preserving the character of the community, maintaining property values and improving the quality of life as needed by the residents. As TH 244 has evolved into a corridor that primarily serves local area needs, whether the decision making authority should evolve is the central question that hangs in the balance for the city.

[7] Timing was approximately 2023 while Mahtomedi was negotiating terms for their acceptance of Mahtomedi Avenue. In March of 2025, Mahtomedi officially accepted the State's Municipal Turnback for the lump sum payment of $7,514,585.

4. How Turnbacks Are Funded

4.1 The Highway User Tax Distribution Fund (HUTDF)

Roadway financing in Minnesota is governed by a strict, constitutionally mandated framework. State highway revenues — derived primarily from the fuel tax, vehicle tab (registration) fees, and the motor vehicle sales tax (MVST), along with smaller contributions from the motor vehicle lease sales tax, auto parts tax, and other sources — are deposited into the Highway User Tax Distribution Fund (HUTDF).

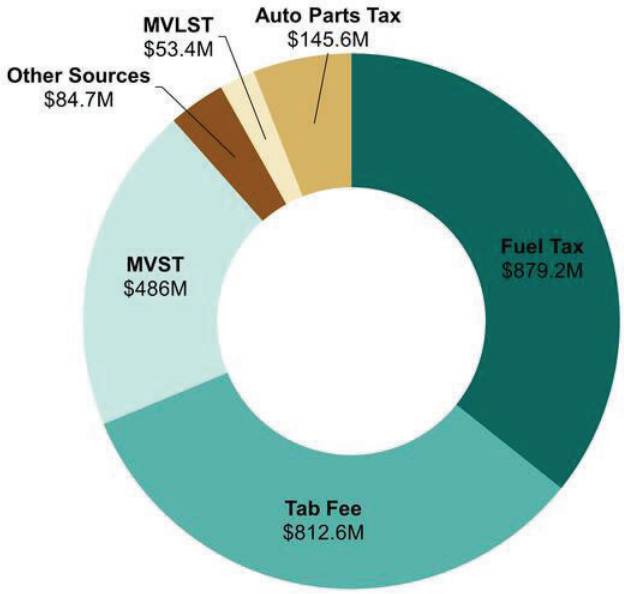


Figure 1. Statewide sources feeding the Highway User Tax Distribution Fund. Source: MnDOT.

The net proceeds of the HUTDF are automatically split among three primary pools to balance state and local infrastructure needs:

- **State Trunk Highway Fund (62%)** — goes directly to MnDOT; legally restricted to construction, maintenance, and operations within state trunk highway rights-of-way.
- **County State-Aid Highway Fund (29%)** — distributed to Minnesota's 87 counties to build and maintain the broader county road system.
- **Municipal State-Aid Street Fund (9%)** — allocated specifically to cities with populations over 5,000 to assist with high-priority local corridors.

4.2 The 2026 Cost Participation Policy Update — Relevant to Dellwood's Decision

MnDOT's Cost Participation Policy — first adopted in 1985 — is the framework that determines how construction and maintenance costs are split between MnDOT and local governments on projects affecting trunk highways. The 2025 Minnesota Legislature (1st Special Session, Chapter 8, Article 2, Section 113, Subdivision 2) directed the commissioner to update and adopt a revised policy by March 1, 2026, in consultation with local government representatives.

Two elements of that legislative direction are directly relevant to a turnback decision:

- **A local ability-to-pay standard:** the updated policy must identify circumstances where a local unit of government will not be responsible for any trunk-highway-fund-eligible construction cost needed to deliver the project scope MnDOT deems necessary — **and may factor in the local government's ability to pay when setting any required local contribution**.
- **A joint MnDOT/local steering committee** — including representatives from the Minnesota Association of Townships and several counties and cities — has been shaping the update, and a companion "Cost Participation and Maintenance with Local Units of Government Manual" provides the detailed application guidance.

The practical implication to the City of Dellwood is that should the city decide to not accept the turnback***, future maintenance costs may be taken on in part or in whole by the City of Dellwood should the local government's ability to pay be deemed reasonable under this new legislation*.** This would mean, that with continued ownership of TH 244 by the State, **the City of Dellwood is likely on the hook for directly paying for part or all of the future maintenance costs.**

5. The Initial Turnback Proposal From MnDOT

5.1 Context and History for the Jurisdictional Transfer of TH 244

Trunk Highway (TH) 244 currently lies under the jurisdiction of the Minnesota Department of Transportation (MnDOT). In 2021, a turnback transfer of TH 244 (Mahtomedi Ave) to the City of Mahtomedi was negotiated. The State handed over responsibility and maintenance of the road from Century College to Triangle Park in Mahtomedi for approximately $3.9million. The City of Dellwood had been approached for a jurisdictional transfer of TH 244 (Dellwood Avenue) to the City of Mahtomedi during that time. The city decides against this offer. Dellwood was subsequently approached by MnDOT with an offer to fix the current road and sidewalks, or give the city the money to do so on its own. No official sum or offer was reached by either party. In 2025, the State finalized an agreement with the City of Mahtomedi for the section of TH 244 (Mahtomedi Avenue) from the western tip of Triangle Park to 35 feet north of Tamarack Road for reimbursement of up to $7,509,196 for construction expenses. That same year, MnDOT proposed a jurisdictional transfer (turnback) of the roadway (Dellwood Ave) within the city limits, to the City of Dellwood. Jurisdictional transfers are accompanied by a one-time payment intended to offset future roadway-related responsibilities assumed by the receiving agency (City of Dellwood).

If the City elects not to proceed with the jurisdictional transfer, TH 244 would remain under MnDOT ownership and maintenance, subject to MnDOT's future priorities, budgeting, and project programming.

5.2 Turnback Funding Overview

The initial turnback funding amount associated with the proposed transfer of 1.8 miles of TH 244 (Dellwood Ave) is $11, 569, 172. The funding would be provided as a one-time, lump sum payment. The funding amount was developed jointly by MnDOT, city staff, and the city's engineering design consultant (Bolton & Menk). The estimate is based on an assumed full reconstruction of the TH 244 corridor through Dellwood and includes the following planning-level assumptions:

- Reconstruction of the corridor to an urban-section roadway.
- Roadway width of approximately 26 feet measured from face of curb to face of curb.
- Installation of an entirely new storm sewer system along the corridor.
- Construction of a pedestrian facility along one side of the roadway.
- Inclusion of typical construction-related costs such as mobilization, removals, traffic control, erosion control, signing and pavement markings.
- Engineering design services and anticipated right-of-way (ROW) acquisition costs.
- A pedestrian underpass near the White Bear Yacht Club.

The funding estimate represents a planning-level calculation only and is not tied to a specific construction project or design.

Construction cost basis. The City's engineering consultant, Bolton & Menk, prepared a line-item construction estimate for the Dellwood segment dated July 16, 2025. It totals $8,881,000 in construction costs, grouped as shown below; the full estimate is reproduced in Appendix E.

Cost category	Estimated cost	Share
Street reconstruction (26-ft urban section, curb and gutter, base, paving, restoration)	$5,026,000	56.6%
Storm sewer and watershed treatment	$1,767,000	19.9%
Pedestrian sidewalk (8-ft concrete, one side)	$978,000	11.0%
Percentage items (mobilization, removals, erosion control, signing, landscaping, traffic control)	$1,110,000	12.5%
Total estimated construction cost	**$8,881,000**	**100%**

Source: Bolton & Menk, "Detailed Estimate — Project: Highway 244 Turnback, Dellwood, MN," July 16, 2025 (Appendix E).

From construction estimate to full project cost. A companion Bolton & Menk cost summary of the same date, builds the construction estimate up to a full project cost by adding design and construction engineering and three additional items for consideration. Engineering is shown at the summary's stated rates — 12% and 8% of construction. The full summary is reproduced in Appendix E.2.

Cost component	Estimated cost
Construction — roadway reconstruction and sidewalk, 1.8 miles (Appendix E.1)	$8,881,000
Design engineering (12% of construction)	$1,065,720
Construction engineering (8% of construction)	$710,480
Subtotal — construction and engineering	**$10,657,200**
Right-of-way acquisition (lump-sum allowance)	$1,000,000
Pedestrian tunnel at the White Bear Yacht Club — or —	$1,500,000
Flashing pedestrian crossing lights at the White Bear Yacht Club	$50,000
Full project, held to the State payment	**$11,569,172**

Source: City of Dellwood / Bolton & Menk, "Proposed Hwy 244 Turnback" cost summary and Detailed Estimate, July 16, 2025 (Appendix E). Planning-level figures in 2025 dollars. The full summary in Appendix E.2 lists both the tunnel and the crossing lights.

If the city's approach is to proceed with the full reconstruction project — construction, engineering, right-of-way, and either a pedestrian tunnel or crossing lights — to the $11,569,172 State payment, or about $11.6 million. At current estimates, construction, engineering, and right-of-way alone total $11,657,200, about $88,000 above the payment; adding the crossing lights puts the scope about $138,000 over, and adding the tunnel about $1.59 million over. Holding to the payment will therefore mean refining scope or costs during design.

5.3 The Use of Turnback Funds

The turnback agreement that has been presented to the city, would include the following terms between MnDOT and the City of Dellwood:

- Turnback funds must be used for roadway-related purposes.
- Funds may be applied to any roadway within the City of Dellwood, not solely TH 244.
- The City would have discretion to determine the scope, timing, and location of eligible improvements; as well as any decisions in regard to ownership of the road (i.e. speed limit).
- Acceptance of the transfer does not obligate the City to construct the improvements assumed in the funding estimate.

5.4 Financial Risk Considerations

The MnDOT turnback payment represents the maximum financial contribution associated with the jurisdictional transfer of TH 244. It should be noted, that as part of this agreement, MnDOT will not provide additional funds if future improvement costs were to exceed the lump-sum payment. Any future project, whether continued maintenance or a complete reconstruction of TH 244, would need to be scoped to available funding or supplemented through other sources such as city funds, grants or trail-related funding (e.g. Lake Links Trail, if applicable).

5.5 Infrastructure Assumptions and Known Unknowns

Due to the age of TH 244 (over 80+ years since initial construction), MnDOT has limited information regarding the location, condition, and capacity of existing storm sewer infrastructure and culverts. Under the terms of this agreement with MnDOT, upon completion of the jurisdictional transfer of TH 244 the storm sewer infrastructure within the roadway would become the responsibility of the city. The funding estimate from MnDOT assumes full replacement of storm sewer infrastructure. A detailed storm sewer investigation would occur if the city advances a future improvement project.

MnDOT has compiled available right-of-way (ROW) information, however these records are incomplete in portions of the corridor due to the roadway's age. Additional ROW acquisition may be required depending on the scope of future improvements and any ROW needs would be evaluated and scoped as part of a future project. The July 2025 cost summary carries $1,000,000 as a lump-sum allowance for ROW acquisition, with the approach to be worked out with MnDOT (Section 6; Appendix E.2).

The funding estimate includes a pedestrian underpass near the White Bear Yacht Club due to the discussion with City Council members concern over current pedestrian traffic between the two sides of the street. This element is based on an assumption that the White Bear Yacht Club (WBYC) may be willing to donate necessary property in order to facilitate such construction. This assumption has not

been formally confirmed through preliminary discussions with the WBYC Board of Directors. The July 2025 cost summary prices the underpass at $1,500,000 and a flashing pedestrian crossing system at the Yacht Club at $50,000 (Section 6; Appendix E).

5.6 A Rough Point of Comparison

Section 5.1 notes that Mahtomedi received $7.5 million in funding for its own turnback project. Mahtomedi is a city of over 5,000 residents and therefore followed a different funding path (direct Municipal Turnback Account payment). It is worth noting that its project scope, road length, and condition are not necessarily comparable to the roughly 1.8-mile Dellwood segment of TH 244 that is actually the subject of this turnback. This comparison is offered only as a rough order-of-magnitude reference point, not a benchmark for adequacy — it does not substitute for an independent cost estimate specific to the Dellwood segment.

A Dellwood-specific benchmark. The Bolton & Menk estimate (Appendix E) now provides one. It puts roadway reconstruction at $7,903,000 — about $4.39 million per mile — plus $978,000 (about $543,000 per mile) for the sidewalk. Those figures, rather than Mahtomedi's lump sum, are the better yardstick for judging whether the offer covers the cost of rebuilding this segment.

5.7 Adequacy for a Capital Maintenance Fund Through the First Life-Cycle

MnDOT's own maintenance history for TH 244 (Section 7.3) shows a pattern of surface treatments — seal coats and mill-and-overlays — roughly every 7 to 13 years, with no full-depth reconstruction across more than 80 years of records. If the current turnback funds a full reconstruction, a reasonable capital maintenance fund should be sized to cover at least one interim mill-and-overlay cycle plus routine annual maintenance adjusted for construction-cost inflation, in addition to construction contingency. (See Exhibits A–D and the accompanying key takeaways *in Section 6)*

The 40-year scenarios. At the Council's request, the City's engineer (Bolton & Menk) evaluated two 40-year life-cycle approaches in a memorandum dated May 12, 2026. Staff first obtained MnDOT's own preservation unit prices — $8.50 per square yard for an ultra-thin (5/8-inch) overlay and $11.70 for a median 2-inch overlay, or roughly $246,000 and $339,000 for this segment. Because those prices are lower than the City typically budgets, the engineer used City-adjusted unit costs instead. Both approaches fit within the turnback payment; they differ in how much is spent up front and how much is left over.

	Option 1 — Low-cost preservation	Option 2 — Reconstruction-focused
Initial work	Reclaim and overlay	Full reconstruction (capped)
Initial cost	$1,446,667	$9,506,667
Upkeep through Year 40	Crack seal 5× and microsurface 3× in each 20-year period; reclaim and overlay at Years 20 and 40	Crack seal 4× and microsurface 2× in each 20-year period; mill and overlay at Year 20; reclaim and overlay at Year 40
Upkeep cost through Year 40	$3,660,067	$1,982,140
Total 40-year cost	**$5,106,733**	**$11,488,807**
Turnback payment left over	**$6,462,439**	**$80,365**

Source: Bolton & Menk, memorandum to Dellwood City Council, "Hwy 244 Jurisdictional Transfer," May 12, 2026, and attached life-cycle cost sheet dated April 29, 2026. 2026 dollars, no inflation; unit costs include construction and engineering. Full line items in Appendix F.

What the leftover funds could cover. The engineer notes that Option 1's roughly $6.5 million balance could be used for any transportation-related purpose, including unanticipated culvert or drainage repairs along TH 244, maintenance of other city streets, or **city cost participation requirements in future regional projects such as Highway 96**. Option 1 does not include the new storm sewer or sidewalk priced in Appendix E; if the City wanted both, they would draw on that balance ($1,767,000 and $978,000 in the 2025 construction estimate, leaving roughly $3.7 million before engineering). Option 2 leaves almost nothing in reserve.

5.8 Invest-the-Excess-Funds Proposal

One council-discussed idea, would invest the turnback funds, while spending minimally on maintenance in the near term, using investment returns to generate additional city revenue. This approach carries specific assumptions that continue to be investigated: Under the engineer's low-cost preservation approach (Section 5.7), the pool available for this idea would be roughly $6.5 million after 40 years of upkeep, in 2026 dollars.

- **Permitted investments are conservative.** Minnesota cities may only invest public funds in a statutorily authorized list of securities (Minn. Stat. §118A) — primarily government obligations, certificates of deposit, and similar instruments selected for safety and liquidity rather than growth.
- **MnDOT's unused funds to the city are able to be invested and used towards other road maintenance. Any final agreement** would need to include these provisions and would take place in the next negotiation phase with the state.

The city's treasurer or auditor will work to model this proposal against the life-cycle maintenance schedule described above before Council adopts it, so the assumptions behind it — not just the concept — are documented and tested.

5.9 Special Assessments as Maintenance-Cost Mitigants

Special assessments in Minnesota are governed by Minnesota Statutes Chapter 429 and are subject to a "special benefit" test — the amount assessed against a property cannot exceed the increase in market value the improvement confers on that property, and property owners have the right to appeal. Special Assessments already appear as a general local funding tool in Section 6.6. The Dellwood-specific consideration is one of **equity:** because assessments are levied only against benefiting (typically abutting) parcels, using this tool to fund TH 244 maintenance would concentrate cost on Dellwood Avenue property owners specifically, rather than spreading it across the City's full tax base. The Council would ultimately need to weigh that trade-off explicitly if this option is pursued.

5.10 Declining the Turnback

Turnback's require the City's consent (Section 6), so declining is a real option. To understand what that choice would mean in practice, the City asked MnDOT a series of questions about service, maintenance, and timing[8]. Section 6.3 "The Decline Scenario"- attempts to price out the costs of declining; this subsection records what MnDOT has said it would actually do.

- **Winter service would continue.** The segment is served by MnDOT's Northeast Region, Oakdale Sub Area. MnDOT classifies the corridor as a Rural Commuter route, based on its roughly 3,500 vehicles per day. **That classification carries a target of restoring bare-lane conditions within 4–9 hours after a storm ends** (Section 9). MnDOT stated that the route, truck station, and level of service would not change if the city declines.
- **The road would be preserved, not rebuilt.** MnDOT would continue to manage TH 244 in "preservation mode." Its next scheduled improvement is a pavement overlay in 2030. MnDOT describes this project as improving the surface while leaving the underlying infrastructure largely unchanged. In practical terms, the pre-1949 pavement base and the original drainage system described in Section 7.3 would remain in place.
- **Routine maintenance would be "as needed," without written commitments.** MnDOT would continue patching, drainage work, signage, striping, and mowing as needed to keep the road safe and functional. Because MnDOT balances resources across the statewide system, it cannot commit to fixed maintenance frequencies. MnDOT also stated that it does not put service commitments for individual road segments in writing.
- **A "MnDOT keeps the road - a local agency maintains it" arrangement appears unlikely.** The City inquired as to whether MnDOT would keep ownership and reimburse a local agency (the city, Washington County, or a neighboring city) for snow removal and routine maintenance. State law permits this kind of arrangement under Minn. Stat. §§160.21 and 161.20, subd. 2. MnDOT did not directly accept or rule it out. Its answer stated that "the purpose of a turnback is to release MnDOT from operating and

[8] The responses were provided in October 2026 by MnDOT.

maintaining the road, so it can focus its resources elsewhere". This bears directly on Scenario D in Exhibit F (Section 6.3)

  - Separately, MnDOT noted that Mahtomedi and Washington County are open to maintenance discussions with Dellwood. Those discussions would be relevant if the city accepts the road.

- **Timing: the funding window.** MnDOT has not set a formal deadline for the city's decision. However, during the second half of state Fiscal Year 2027 (January–June 2027), MnDOT must decide whether to reprogram the Trunk Highway Turnback Account. Funds are currently available for this corridor. If they are not committed, other large turnback projects could absorb them. Should the city decline, MnDOT would proceed with the 2030 preservation project and reallocate the turnback funds.
- **Reconsidering the turnback at a later time.** MnDOT said the turnback could theoretically be reopened in the future. However, several large turnback projects now in development are "likely to use available funds for years to come," and future funding is not assured. MnDOT described the current estimate, a full reconstruction including drainage and right-of-way, as an opportunity for the city to make broader improvements that reflect community priorities.

MnDOT's official Construction Project Log for TH 244 (Control Section 8219, on file since 1949) shows the road has never received a full-depth reconstruction during the over 80 years of ownership by the State. Every recorded project since the original concrete pavement was placed was a grading adjustment, bituminous overlay, mill-and-overlay, shoulder treatment, or seal coat layered on top of the original base (see the full log in Section 7.3). That history is direct MnDOT-sourced evidence. MnDOT's own plan for the road if it is not turned, back points to the same style of management. The next scheduled project is a 2030 pavement overlay that leaves the underlying infrastructure largely unchanged. **That would be a thirteenth surface treatment on the same base since 1949.**

	If the City ACCEPTS	If the City DECLINES
Owner of the road	City of Dellwood	MnDOT
Next major work	Full reconstruction, including drainage and right-of-way, funded by the turnback	Pavement overlay in 2030; underlying base and drainage largely unchanged
Winter service	City standard (City crews or a contract with Washington County or Mahtomedi)	MnDOT Rural Commuter standard (4–9 hr target); no written commitment
Routine maintenance	City responsibility (Section 6, Exhibits A–D)	MnDOT, "as needed"; no fixed frequency or written commitment
Turnback funds	$11,569,172 offer	Reallocated to other projects; future availability uncertain

Source: MnDOT written responses to the City of Dellwood, October 2026.

What this means for Council. Declining does not reduce today's service level, but it does not improve the road either. It also likely gives up the current reconstruction funding for many years. Accepting brings a rebuilt road along with the long-term ownership costs shown in Section 6. Council's choice is between those two paths, and the decision must fit within MnDOT's FY 2027 programming window.

5.11 The Small Cities Assistance Program

Separately from the turnback itself, the state provides an ongoing Small Cities Assistance Account, created in 2015 under Minnesota Statutes §162.145 and funded by auto-parts sales taxes and retail delivery fees, to help pay for general maintenance on a Class 4 city's (cities under 5,000 residents) own local road grid. Eligible cities are those that do not receive municipal state aid under Statutes §§162.09–162.14; the Department of Revenue distributes funds to cities the same way it distributes local government aid under chapter 477A.

Dellwood receives this funding today and has not yet reached the program's funding cap. Payments typically arrive in two installments — roughly 50% around July 26th and 50% around December 26th — and post to a city's bank account as an "Intergovernmental Transfer."

The preliminary aid to each eligible city is calculated as:

- 5% allocated equally among all eligible cities
- 35% allocated based on each city's share of municipal street lane miles versus the total for all eligible cities
- 35% allocated based on each city's share of population versus the total for all eligible cities
- 25% allocated based on each city's share of the state-aid adjustment factor — the greater of zero, or 0.005 minus the city's share of county state-aid highway lane miles

The final aid to each city is the lesser of the preliminary aid, or a maximum aid cap equal to 3.5 times the unweighted average assistance amount across all cities in that year.

If the TH 244 turnback is finalized and the roadway's mileage is added to the city's municipal street total, that added mileage will flow directly into the 35% lane-mile component of this formula, meaning **the turnback could modestly increase future Small Cities Assistance payments**, in addition to the one-time restoration funding.

Small Cities Assistance funding may be used for construction and maintenance of roads located within the city, including land acquisition, environmental analysis, design, engineering, construction, reconstruction, and maintenance. There is no statutory deadline for spending the funds, though the state recommends using them within two years of receipt. Cities are not required to submit a report on how the funds were expended, but must follow appropriate accounting practices to clearly show the funds were used on eligible items — commonly by establishing a separate account and drawing it down as eligible expenditures occur.

Small Cities Assistance is not an annually guaranteed payment to eligible cities. This is an important caveat for financial planning. Unlike the constitutionally-dedicated HUTDF splits described previously, Small Cities Assistance depends on a specific legislative appropriation each budget cycle. That appropriation has been inconsistent — including two recent years with no funding at all:

Calendar Year	2018	2019	2020	2021	2022
Amount Appropriated	$8.0M	$0	$0	$18M	$0

The most recent forecast (February 2023) projects a return to funding, but at levels that still fluctuate year to year:

Forecast Year	FY 2024	FY 2025	FY 2026	FY 2027
Statewide Small Cities Total	$3,039K	$19,967K	$22,585K	$24,769K

The City Council would treat the Small Cities Assistance as a supplemental, variable revenue source for TH 244's ongoing maintenance, not as a dependable line item to build a multi-year maintenance budget around.

6. Negotiating the Turnback Agreement

Jurisdictional transfers require mutual consent — a local city cannot be forced to absorb a road against its will. That gives local governments real leverage, and engineers and councils typically use several specific pressure points to negotiate maximum funding from the state before signing a final contract.

That leverage has a time limit. MnDOT has indicated that the funds currently set aside for TH 244 would be reprogrammed during the second half of FY 2027, and that future turnback funding is likely to be committed elsewhere for years (Section 5.10). Negotiating points are most useful while the funding is still available.

6.1 Future Maintenance Premium Calculations

Local governments calculate the expanded cost of routine maintenance — labor hours, salt, and fuel needed for snow plowing — that the road will require going forward.

The following exhibits were developed by the city engineer to quantify the future maintenance premium described above and directly support the capital maintenance fund adequacy question raised in **Section 5.7**. They model the specific 1.8-mile, 26-foot-wide segment of TH 244 that would become “Dellwood Avenue”, under city ownership in 2028 — a narrower scope than the full 3.4-mile TH 244 corridor discussed elsewhere in this paper. Figures are drawn from the city’s own 2026 management plan and unit-cost analysis; see *Sources & Method* at the end of this subsection.

What the City spends on its roads today. Dellwood’s General Fund spent $127,706 on highways, streets, and roads in 2024 and $114,029 in 2025, and budgets $132,000 for 2026 — about $330 per household and $9,775 per mile of city street. The 2026 road budget equals about 20% of budgeted general-fund property-tax receipts ($645,620). For scale, the roughly $27,676 a year that Dellwood Avenue would add in pavement upkeep alone (Exhibit A) equals about 21% of the 2026 road budget, or about 4.3% of 2026 property-tax receipts.

Category	2024 actual	2025 actual	2026 budget
Special engineering & professional services (incl. planner fees)	$28,665	$26,132	$5,000
Highways, streets & roadways (repairs, contracted maintenance)	$27,936	$8,409	$0
Road resurfacing / seal coating	$17,296	$0	$30,000
Paved streets (materials and services)	$46,700	$5,791	$56,000
Ice and snow removal	$7,044	$54,268	$38,000
Engineering consultant — annual project	$0	$4,345	$1,500
TH 244 turnback (engineering fees)	$0	$15,083	$0
Lake Links Trail (engineering fees)	$65	$0	$1,500
Total road and street spending	**$127,706**	**$114,029**	**$132,000**
Per household (about 400 households)	$319.27	$285.07	$330.00
Per mile of city street (13.504 miles)	$9,457	$8,444	$9,775

Source: City of Dellwood 2026 Budget, General Fund (100) — Public Works disbursements. The 2025 "TH 244 turnback" line is engineering fees for the turnback analysis. Per-mile figures use MnDOT's 13.504 centerline miles of municipal streets.

Exhibit A — The Decision at a Glance

	If the City ACCEPTS the turnback	If the City DECLINES
Who pays to build the road in 2028	State of Minnesota	No reconstruction. MnDOT performs a preservation-only pavement overlay in 2030.
City cost to build the road	$0	$0
Pavement added to the city street system	1.8 miles (+15.0%)	None
City street system after 2028 (miles)	15.304	13.504
City-paid maintenance 2032–2050 (2026 dollars)	$538,687	$??. MnDOT maintains "as needed," and can pass along reasonable costs to city per new legislation (see 4.2) The 2026 Cost Participation Policy Update)
City-paid maintenance 2032–2050 (as actually spent, 3.4% inflation)	$1,096,095	$??? (see Section 4.2)
Ongoing city cost every year thereafter, in perpetuity	$27,676	$0
Added cost per household per year	$69.19	$0
City's cumulative pavement reserve balance in 2050	($2,936,709)	($1,840,614)

	If the City ACCEPTS the turnback	If the City DECLINES
Share of annual pavement need the current budget covers	40.6%	46.7%
Condition of the road	New full-depth reconstruction, including drainage and right-of-way	1940 base and original drainage remain; currently promised mill & overlay in 2030
Turnback funding	$11,569,172	Reallocated; future availability uncertain

Exhibit A. Source: City of Dellwood, "Dellwood Ave Turnback" cost analysis, 2026 management plan; decline-scenario terms from MnDOT responses to the City, October 2026 (Section 5.10).

Exhibit B — Why Width Matters: Lifecycle Cost per Mile per Year

Pavement cost scales with square footage, not linear miles (meaning a wider road costs more per mile to maintain over its lifecycle) - independent of traffic volume. At the planned 26-foot width — the engineer's design, about the road's current paved width — Dellwood Avenue would tie the City's widest streets as the most expensive pavement to maintain, per mile:

Pavement width (ft)	18	20	22	24	26
Example street	Pine Tree Hills, Gardner	Dellwood Hills, Spyglass	Apple Orchard, Dellwood Glen	Bay Hill, High Point	**Dellwood Avenue (proposed)**
Pavement area per mile (sq ft)	95,040	105,600	116,160	126,720	137,280
Annual cost — mill & overlay (÷ 20 yrs)	$9,504	$10,560	$11,616	$12,672	$13,728
Annual cost — crack seal (÷ 5 yrs)	$1,140	$1,267	$1,394	$1,521	$1,647
TOTAL ANNUAL LIFECYCLE COST PER MILE	**$10,644**	**$11,827**	**$13,010**	**$14,193**	**$15,375**

Exhibit B. Source: City of Dellwood, "Dellwood Ave Turnback" and "Unit Cost & Cycle Analysis" tabs, 2026 management plan. Unit costs: $2.00/sq ft mill & overlay, $0.06/sq ft crack seal.

Exhibit C — When the City Would Pay for Dellwood Avenue Maintenance

Assuming that the city accepts the turnback and that new construction is completed on Dellwood Avenue, the following lays the maintenance schedule based on the current direction of the city engineer. Please note that the city follows these recommendations along with a visual check of each road prior to deciding whether the work is required at that time.

Year	Work required	Who pays	Cost (2026 $)	Cost (as spent)
2028	New construction — 1.8 miles, 26 ft wide	State of Minnesota	$0	$0
2032	First crack seal (4 yrs after construction)	City of Dellwood	$14,826	$18,120
2037	Crack seal	City of Dellwood	$14,826	$21,417
2042	Crack seal	City of Dellwood	$14,826	$25,314
2048	Mill & overlay — full resurfacing	City of Dellwood	$494,208	$1,031,244
	TOTAL city cost through 2050		**$538,687**	**$1,096,095**

Exhibit C. Source: City of Dellwood, "Dellwood Ave Turnback" cost analysis. After 2050 the cycle repeats — crack seal every 5 years, mill & overlay every 20 years — about $27,676/year in today's dollars, indefinitely.

Exhibit D — The Bottom Line: Maintenance Costs/Household

Based on approximately 400 households within the City of Dellwood.

What Dellwood Avenue would cost each household	Per household
Added cost per year, in perpetuity (2026 dollars)	$69.19
Added cost per month	$5.77
Added cost 2032–2050, cumulative (2026 dollars)	$1,347
Added cost 2032–2050, cumulative (as actually spent, 3.4% inflation)	$2,740
Of which: the 2048 resurfacing alone, hitting in that single year	$2,578
For context — total city pavement cost per household per year	
What the 2026 budget provides today	$215.00
What the existing 13.5 miles actually need (full lifecycle)	$460.29
What 15.3 miles would need with Dellwood Avenue	$529.48

Exhibit D. Source: City of Dellwood, "Dellwood Ave Turnback" cost analysis, 2026 management plan.

How the City currently pays for road work. The per-household figures above describe a "pay-as-you-go" equivalent: what owning the road would cost if each year's work were paid from that year's budget. **In practice, Dellwood uses debt financing through municipal bonds rather than raising taxes or using current cash flow up front — the City issues debt to spread the cost of infrastructure over time.** On a pay-as-you-go basis, owning Dellwood Avenue would come to roughly $69 per household per year.

How Dellwood's road burden compares to surrounding cities. Two measures give very different pictures. Per resident, Dellwood maintains 13.5 miles of local road per 1,000 people — among the heaviest burdens in the area, alongside Grant (15.70) and Pine Springs (12.36) — because large lots spread a small population along long streets. Per square mile of land, Dellwood's network is modest (5.08 miles per square mile), well below compact cities such as Willernie (30.66) and Birchwood Village (13.16). Population alone explains only about 58% of the variation in road mileage among these cities; the rest comes down to development pattern. Because streets are paid for by the households along them, the per-resident and per-household view matters most for cost: adding 1.8 miles of TH 244 would raise Dellwood to about 15.3 miles per 1,000 residents and about 211 feet of local road per household, up from about 186.

City	2024 pop.	House-holds	Local road miles	Land area (sq mi)	Miles per 1,000 residents	Feet of road per household	Road miles per sq mi
Grant	4,225	1,515	66.334	25.08	15.70	231	2.64
Dellwood — with TH 244	**1,141**	**384**	**15.317**	**2.66**	**13.3**	**211**	**5.75**
Pine Springs	379	137	4.686	0.77	12.36	181	6.09
Dellwood — today	**1,141**	**384**	**13.504**	**2.66**	**11.84**	**186**	**5.08**
Willernie	516	218	3.679	0.12	7.13	89	30.66
Lake Elmo	14,529	5,410	76.158	22.09	5.24	74	3.45
Birchwood Village	877	356	4.343	0.33	4.95	64	13.16
Gem Lake	542	200	2.128	1.05	3.93	56	2.03
Mahtomedi	8,832	3,230	30.620	3.49	3.47	50	8.77
White Bear Lake	24,372	10,437	67.438	8.05	2.77	34	8.38
North Oaks*	5,733	2,105	0.337	6.91	0.06	1	0.05

*Source: City of Dellwood compilation, "2024 Centerline Mileage for Municipal Streets, # of Residents and Road Density for North East Metro Cities in the Dellwood Area" (Aug. 12, 2026), from MnDOT 2024 centerline mileage and Metropolitan Council 2024 population and household estimates; feet per household calculated from those figures. Local road miles count routes under city control (municipal streets, township and frontage roads, alleys) and exclude Municipal State-Aid Streets, which Mahtomedi, Lake Elmo, and White Bear Lake also own; including them would raise those cities to about 4.6, 6.7, and 3.6 miles per 1,000 residents. *North Oaks' roads are largely owned and maintained by its homeowners' association, so its figures understate its actual road network.*

6.2 Key Takeaways from the Cost Analysis

- **The road is free to build, but not free to own.** The State pays 100% of construction. If the payment is used up on construction, every dollar after that is a Dellwood taxpayer dollar — about $538,687 through 2050 in today's dollars ($1,096,095 as the money is actually spent), and roughly $27,676 every year thereafter, for as long as the city owns the street.
- **The bottom line per household:** over the lifetime of the addition of this road the equivalent of about $69.19 per year in today's dollars, or roughly $5.77 a month – would be realized through

future municipal bonding, not a tax increase . **Cumulatively that is $1,347 per household from 2032 through 2050 in today's dollars — $2,740 as the money is actually spent.**

- **If Dellwood Avenue were to be rebuilt at its current width, it would be among the most expensive pavement in the city to maintain, per mile.** At 26 feet wide it costs $15,375 per mile per year over its lifecycle, versus $11,827 for a typical 20-foot Dellwood street — 30% more, because pavement work is priced per square foot. The 1.8 miles adds 11% to the city's street mileage.
- **Deferring maintenance is the most expensive option.** A street that misses its crack-seal cycles deteriorates to needing full reclaim & overlay at $5.33 per square foot instead of mill & overlay at $2.00 — nearly triple. On Dellwood Avenue that is the difference between roughly $494,000 and about $1,317,000.
- **Declining is not free.** Costs shift to residents through less reliable plowing, slower repairs, emergency-access risk, and the 2026 Cost Participation Legislation that would pass on any future maintenance completed by MnDOT that the city is deemed to be able to adequately cover. The budget gap between accepting and declining is roughly $31 to $138 per household per year (Section 6.3, The Decline Scenario).

What it costs taxpayers depends on how the City spends the payment. The $11,569,172 can go to any road-related purpose in Dellwood — for example, total reconstruction of the corridor, partial reconstruction with funds set aside for upkeep, or investing the lump sum payment and spending it on upkeep of all city streets. Exhibits A–D show one end of that range: the cost of owning the road if the payment is used up on construction, so that every later maintenance dollar comes from the city budget. The engineer's May 2026 scenarios (Section 5.7) show the other end: the same lump sum paying for 40 years of upkeep, with about $6.5 million (Option 1) or about $80,000 (Option 2) left over, before inflation.

When the big bills arrive. The city's existing streets maintenance come due in waves, rather than evenly. Under the city's pavement management plan, the largest single-year bills are the 2029 reclaim and overlay of the four Dellwood Hills streets ($618,200 in 2026 dollars) and mill-and-overlay waves in 2033 ($606,800), 2038 ($630,900), and 2043 ($1,304,000). If the turnback is accepted, Dellwood Avenue's first mill and overlay follows in 2048 ($494,208).

Questions to Settle Before Accepting

The city's cost workbook lists four questions whose answers would change the figures in Exhibits A–D:

- **A maintenance endowment.** Is the $11,569,172 payment meant to fund upkeep as well as construction? The roughly $27,676-per-year pavement obligation in Exhibit A is the amount an endowment would need to cover (Sections 5.7 and 6.2).
- **The final width.** Exhibits B and C use the engineer's 26-foot current paved width. Every 2 feet of less width subtracts about $1,180 per mile per year in lifecycle cost.

- **What the City would maintain.** Exhibits A–D price pavement only. Upkeep of curb and gutter, storm sewer, sidewalk, signs, striping, and lighting along the new road would add costs not shown here (Section 5.2).
- **A warranty.** Who is responsible if the new pavement fails early, and for how long?

Sources & Method

Street lengths, widths, treatment years, and costs: City of Dellwood "2026 mgmnt plan" tab. Unit prices ($2.00/sq ft mill & overlay, $0.06/sq ft crack seal, $5.33/sq ft reclaim & overlay) were reverse-engineered from that tab and confirmed across all 39 street segments on the "Unit Cost & Cycle Analysis" tab. Cycle rules (mill & overlay every 20 years, crack seal every 5 years) are the City's own, as embedded in the 2026 management plan. Inflation of 3.4% per year matches the "Budget Forecast" and "cost per mile per yr" tabs. City funding reflects 2026 budget lines for Road Resurface/Seal Coating and Paved Streets, $86,000 total. The underlying tables and step-by-step calculations are reproduced in Appendix G.

6.3 The Decline Scenario: What It Costs Dellwood Not to Accept the Road

Exhibits A–D show the city's direct cost of declining the turnback as $0. That is accurate for the city budget, but on its own it makes declining look free. It is not.

Declining costs the city budget nothing directly, but it does shift costs onto residents in forms that do not appear on a budget line item: less reliable snow and ice clearing, slower pavement repair, emergency access risk, the very real chance of having to accept the road later on worse terms, and the unknown amounts passed on to the city to cover costs that the state deems "reasonable" based on our taxbase (2026 Cost Participation Legislation). ***MnDOT has acknowledged that an isolated segment would become a lower priority in its network.*** The analysis below, first prepared as a fiscal memo for the City Council in September 2026, sets those costs beside the cost of accepting and compares five possible paths.

> **Key Takeaway:** The budget gap between accepting and declining is about $31 to $138 per household per year (about $3 to $11 per month). The real decision is whether reliable service and local control are worth that, or whether a maintenance agreement or a county transfer can deliver reliable service for less.

Why these figures differ from Exhibits A–D. Both analyses use the same 1.8-mile segment and approximately 400 households, but they measure different things. Exhibits A–D count pavement upkeep only (crack sealing and resurfacing) against the city's $86,000 in pavement budget lines, with no offsetting revenue — about $69.19 per household per year. Exhibit E (below) measures against the city's $143,000 total road budget, and at the high end adds traffic-adjusted maintenance and a reconstruction reserve — giving a range of $31 to $138. Read them as two views of the same decision.

Exhibit E — Declining Costs

Direct budget cost: $0. If the city declines, MnDOT keeps jurisdiction and remains legally responsible for the road. The city budget carries no new maintenance or reconstruction cost.

Costs that fall outside the budget are real but harder to price. The table shows what each one is and what information would let the Council put a number on it.

Declining does not necessarily end the question. It may only delay it, while the road deteriorates further and the city's leverage shrinks. The biggest hidden cost may be the last one on this list.

Cost	Why it matters	How to measure it
Slower snow and ice clearing	The road carries 3 to 10 times the traffic of local streets; an isolated segment may be plowed last	MnDOT's current and post-decline plow route, priority class, and cycle time (see Section 9 for MnDOT's priority classes); requested from MnDOT
Deferred pavement work	Patching instead of projects; faster decline in ride quality and drainage	Current pavement rating and next scheduled project (see Section 7.3); requested from MnDOT
Emergency response	Fire and medical service come from White Bear Lake under contract; delays on a main route affect response times	Ask the White Bear Lake Fire Department which Dellwood addresses depend on TH 244
Daily access	School buses, commuters, deliveries, and residents who rely on the corridor	Resident input; school district bus routes
Property values	A visibly neglected main road can weigh on how the community is perceived	Hard to quantify; treat as a qualitative risk
Later acceptance on worse terms	If the City accepts in 5 to 10 years, the road may be in worse condition and MnDOT's offer may be smaller	Whether the offer can be reopened and whether terms would change; requested from MnDOT

Exhibit E. Source: Decline-scenario fiscal memo, September 2026; Dellwood Code of Ordinances § 31.02 (fire and medical service).

Exhibit F — Four Possible Paths Side by Side

Scenario	City budget impact per year	Service reliability	City control	What has to happen
A. Accept as offered	$12,900 to $56,500	High (city plows)	Full	Council vote
B. Conditional acceptance	Lower than A, depending on MnDOT's reconstruction or lump-sum payment	High	Full	MnDOT commits funds before transfer
C. Decline, status quo	$0	Low to uncertain	None	Nothing
D. Decline + maintenance agreement	$0, or net positive if reimbursement exceeds cost	Plowing: moderate to high. Pavement: still MnDOT's call	Limited	MnDOT agrees to pay a local provider

Exhibit F. Source: Decline-scenario fiscal memo, September 2026; Minn. Stat. § 160.21 (maintenance and snow removal agreements) and § 161.16 (reversion).

6.4 How to Read the Comparison

The acceptance deficit sets a threshold. Declining makes financial sense for the city only if the service risks above are worth less to residents than roughly $31 to $138 per household per year. Put another way:

- If residents would pay that amount for reliable plowing, timely repairs, and local control, accepting (ideally on conditional terms, Scenario (B) is defensible.
- If a maintenance agreement (D) can secure reliable service for less, those options beat both accepting and a plain decline.
- A plain decline (C) looks cheapest but carries the most unpriced risk, including the risk that the question returns later on worse terms.

What Would Change This Analysis

1. MnDOT's written answers on post-decline service levels and programming.
2. The size and funding source of any MnDOT reconstruction or lump-sum payment (Scenario B).
3. Whether MnDOT would fund a maintenance agreement, and at what reimbursement rate (Scenario D).

Method and Limits

- Acceptance figures are carried forward from the earlier fiscal analysis, not recalculated here.
- Cumulative totals are simple multiples of the annual range and are not adjusted for inflation or construction cost growth, which would raise them.
- Non-budget costs are described, not priced, because the data needed to price them has been requested from MnDOT.

- This is a planning analysis, not legal or financial advice. Statutory questions should go to the city attorney.

Sources: Minn. Stat. § 161.16 (reversion; county reversion for cities under 5,000) • Minn. Stat. § 160.21 (maintenance and snow removal agreements) • Minn. R. ch. 8820 (turnback account; urban municipality definition) • MnDOT Jurisdictional Transfer (Turnback) Program Report, 2018 • MnDOT State Aid, Transportation Advancement Account (Small Cities Assistance) • Dellwood Code of Ordinances, May 2026 (§ 31.02 fire and medical service).

6.5 Can Dellwood Afford to Accept the Turnback — and Can It Afford to Decline?

Sections 5.7 and 6.1–6.4 each answer part of the affordability question using one set of assumptions. This section stress-tests the three ways the city could spend the payment — Paths A, B, and C, as presented to residents at the October 29, 2026 meeting — and the option of declining, under a best case, an expected case, and a conservative case. Each combination is run year by year from the payment's arrival in 2027 through 2068, 40 years after construction. Results are shown in 2026 dollars.

The three paths. Path A rebuilds the whole corridor (construction, engineering, right-of-way, and a pedestrian tunnel or crossing lights) and spends the full payment doing it. Path B rebuilds within the engineer's $9.5 million construction cap and keeps the rest for 40 years of upkeep (the engineer's Option 2, Section 5.7). Path C reclaims and overlays the existing road and keeps the balance for upkeep, drainage repairs, and other City streets (the engineer's Option 1).

The Short Answer

- **Path C is the only path that stays funded in all three scenarios.** It ends 40 years with $0.8M to $23.3M left ($4.7M expected) for other city roads. It does not replace the pre-1949 base or the original drainage.
- **Path B works in the expected case and fails in the conservative one.** The expected case leaves about $86,000 — nearly the same as the engineer's own figure. In the conservative case the reserve runs out in 2062, just as the road's reclaim and overlay comes due. In every case the rebuild must be trimmed to stay within the cap.
- **Path A cannot buy the full July 2025 scope in any scenario.** Cost growth between the 2025 estimate and 2028 construction means trimming $1.8M to $4.6M of scope (13% to 28%), even with the tunnel dropped in the conservative case. All upkeep then falls to taxpayers: about $36 to $67 per household per year on average.
- **Declining costs the city budget $0 to about $0.85 million over 40 years,** depending on how the 2026 cost-participation policy is applied (about $21 per household per year in the expected case). It also gives up the $11.57 million, leaves the road's base and drainage unchanged, and carries the unpriced service costs in Exhibit E.

How the scenarios differ. Only the assumptions that most affect the answer change between scenarios. The expected case uses the city's own 3.4% inflation rate; the other figures are planning assumptions for staff and the city's financial advisor to confirm.

Exhibit G — Scenario Assumptions

Assumption	Best case	Expected	Conservative
Construction bids compared with the estimate	At estimate	10% over	25% over (incl. hidden drainage problems)
Annual cost inflation	2.5%	3.4% (City's model)	4.5%
Interest earned on the unspent payment	5.0%	3.0%	2.0%
Outside grants (Section 8.4), Paths A and B	$250,000	$100,000	$0
Pavement life (time between treatments)	15% longer	As scheduled	15% shorter
If the City declines: City share of MnDOT preservation costs (2026 policy, Section 4.2)	0%	25%	50%
Path A pedestrian crossing	Tunnel	Tunnel	Crossing lights (tunnel dropped)

Exhibit G. Inflation in the expected case matches the City's budget forecast (Appendix G). Interest rates, grant amounts, and the decline cost-share range are planning assumptions that have not yet been reviewed by the City's financial advisor; Minnesota cities may invest only in the securities permitted by Minn. Stat. §118A (Section 5.8).

How the model works. The payment arrives in 2027 and earns interest until it is spent; construction happens in 2028. Upkeep is scheduled from the cost basis already in this report: Path A uses the City's pavement model (Exhibit C), and Paths B and C use the engineer's 40-year treatment schedules (Appendix F). Path A spends the full payment and any grants on construction; if the full scope costs more, the difference is shown as scope that must be trimmed. Path B holds construction to the engineer's $9,506,667 cap and trims scope rather than reserve. If the city declines, MnDOT overlays the road in 2030 and about every 10 years after, at MnDOT's own overlay price, and the city pays its scenario share. Whenever a path's reserve runs out, the city budget pays. The full rules and year-by-year results are in Appendix H.

Exhibit H — Results by Path and Scenario

Path	Scenario	Scope trimmed at construction	Payment	40-year net position (2026 $)	Avg. City cost per household per year
A — Rebuild the whole corridor	Best case	$1.77M (13%)	Spent at construction (2028)	−$583,000	$36
	Expected	$3.87M (24%)	Spent at construction (2028)	−$1,077,000	$66
	Conservative	$4.61M (28%), tunnel dropped	Spent at construction (2028)	−$1,092,000	$67
B — Rebuild within the payment	Best case	$0.48M (5%)	Lasts beyond 2068	+$6,009,000	$0
	Expected	$1.67M (15%)	Lasts beyond 2068	+$86,000	$0
	Conservative	$3.47M (27%)	Runs out 2062	−$898,000	$55
C — Preserve the road, invest the rest	Best case	None	Lasts beyond 2068	+$23,274,000	$0
	Expected	None	Lasts beyond 2068	+$4,686,000	$0
	Conservative	None	Lasts beyond 2068	+$756,000	$0
Decline the turnback	Best case	n/a	No payment	$0	$0
	Expected	n/a	No payment	−$339,000	$21
	Conservative	n/a	No payment	−$846,000	$52

Exhibit H. Net position = what remains of the payment in 2068, minus everything the City budget paid along the way, in 2026 dollars. Above zero is money left for other City roads; below zero is paid by City taxpayers. Household cost is averaged over 2028–2068 across about 400 households.

Exhibit I — The Range of Outcomes

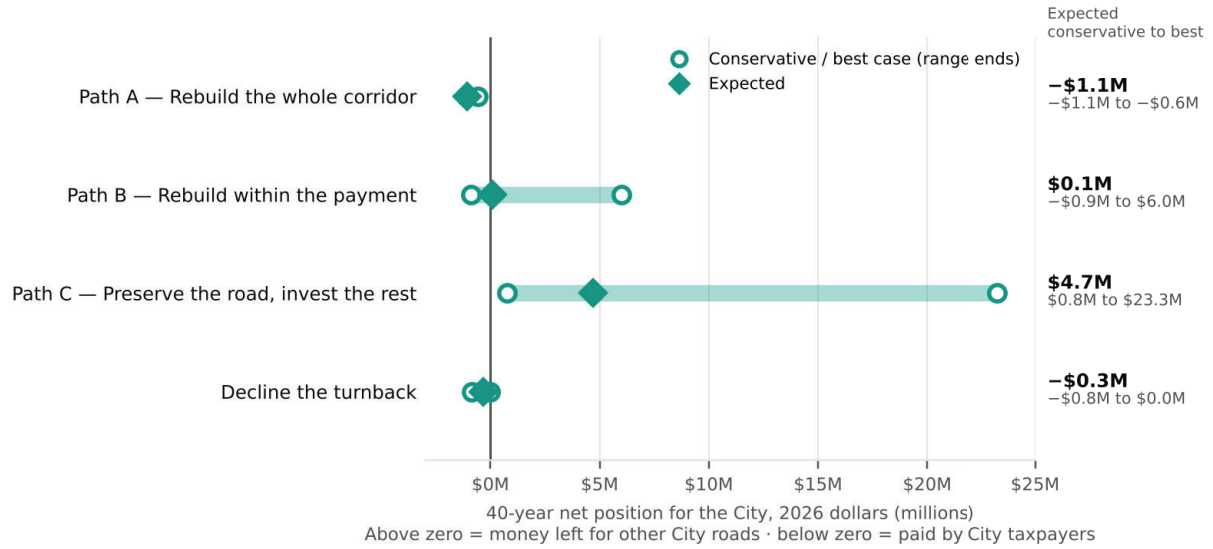


Exhibit I. Source: scenario model, Appendix H. Diamonds mark the expected case; the bar spans the conservative and best cases.

What would have to be true

- **Path A** is affordable only at a smaller scope or with added city funds. The tunnel is the largest single item: dropping it in the expected case would cut the trim from about $3.9M to about $2.1M. After construction, upkeep comes from the city budget in every scenario.
- **Path B** holds only if interest earned roughly keeps pace with inflation. At 2% interest and 4.5% inflation, the reserve is gone by the time the road needs its second major treatment.
- **Path C** stays funded in every case, but the conservative case leaves $0.8M — less than half the $1.77 million storm system in the 2025 estimate, so it could not also replace the original drainage. The expected case ($4.7M) could. The best-case figure assumes 5% returns for 40 years and that none of the balance is spent on other streets.
- **Declining** is the lowest-cost choice for the city budget unless the cost-participation policy assigns Dellwood a large share. MnDOT would continue preservation-only work, and none of the costs in Exhibit E are priced here.

Bottom line. Can Dellwood afford to accept the turnback responsibly? Under the expected assumptions, yes — Paths B and C cover 40 years of upkeep without new taxes, provided the payment is invested and the rebuild is scoped to fit. Path A gives the most complete road but needs a smaller scope and leaves upkeep to taxpayers. **Can Dellwood afford to decline? On the City budget alone, declining usually costs less, but it gives up $11.57 million for City roads and leaves the original base and drainage in place.**

The choice is less about whether the City can pay than about which risks residents would rather carry.

6.6 Local Funding Tools if a City Match Is Ever Required

If the 2026 Cost Participation Policy update (Section 4.2) or final negotiated terms still leave any local share, Minnesota cities and counties have several established tools beyond the general fund to draw on, which council may want to have in view during negotiations:

- Local property tax levy
- Local bonding
- Special assessments
- Tax increment financing (TIF)
- State bonds for local road improvements
- Private funds
- Federal transportation funds

7. Pavement Condition: How MnDOT Scores and Prioritizes Roads

While the broader infrastructure industry relies heavily on the Pavement Condition Index (PCI) — a 0-to-100 visual distress scale — MnDOT uses its own laser and digital scanning vans to score pavement. These metrics directly determine which flagged turnback projects move to the front of the funding line.

7.1 The Metrics

MnDOT collects this data using a Digital Inspection Vehicle (DIV) equipped with lasers and cameras, which is driven over the entire 14,000-mile trunk highway system, in both directions, every year. Front-mounted lasers measure pavement roughness (feeding the RQI), while a 10% distress sample — the first 500 feet of each mile — is reviewed by technicians to score visible defects (feeding the SR).

Metric	Scale	What It Measures
Ride Quality Index (RQI)	0.0 – 5.0	Physical smoothness of the drive, derived from the International Roughness Index (IRI) measured by the van's lasers. Roads scoring under 2.0 are categorized “Poor” and move to the highest capital investment priority.
Surface Rating (SR)	0.0 – 4.0	Visible surface defects — cracking, rutting, raveling, patching. High severe cracking drives a low SR and a higher urgency score.
Pavement Quality Index (PQI)	0.0 – 4.5	MnDOT's master rating, calculated as the square root of (RQI × SR).

MnDOT translates the numeric RQI into a plain-language condition rating council can use when discussing the road's status:

RQI Score	Verbal Rating
4.1 – 5.0	Very Good
3.1 – 4.0	Good
2.1 – 3.0	Fair
1.1 – 2.0	Poor
0.0 – 1.0	Very Poor

7.2 Remaining Service Life and Negotiation Timing

MnDOT maps these scores to a Remaining Service Life (RSL) projection. When a highway's trend line shows pavement quality is about to cross the threshold from “cosmetic wear” into “catastrophic base failure,” it climbs to the top of MnDOT's active project matrix. The state prefers to initiate turnback negotiations right before this drop-off occurs — allowing MnDOT to hand off the project through its

normal, automated project-selection process rather than letting a critically failed road sit on the emergency repair ledger.

Reading the chart against the rating scale above: TH 244's current RQI sits at approximately 2.1 — just barely inside the “Fair” range — and the projection shows it crossing into “Poor” (below 2.0) within the next year or two, then continuing to decline through the 2030s. This is consistent with MnDOT's own current listing of the road's condition as “poor” and supports council's case that restoration work is due now, not on a delayed timeline.

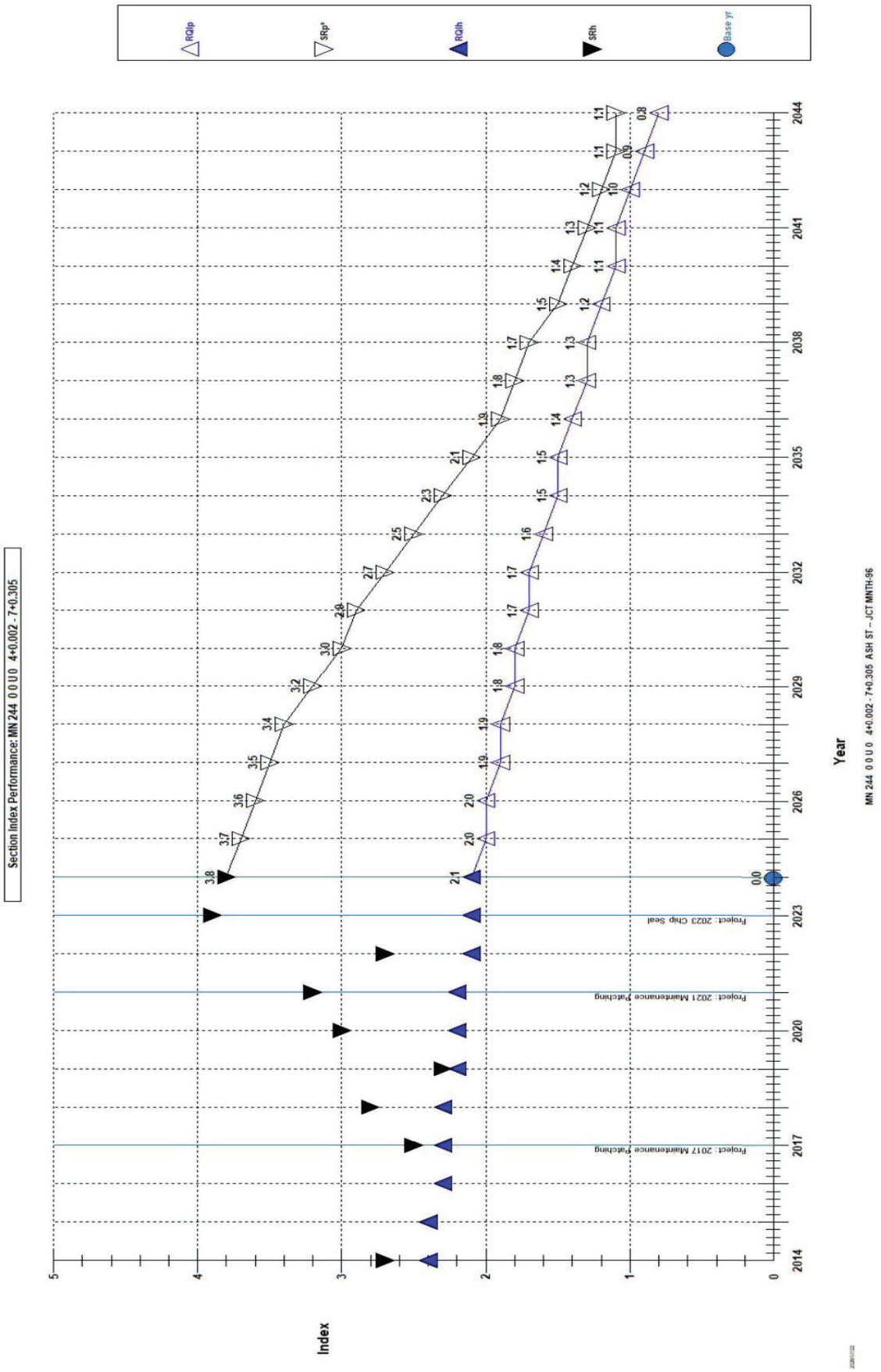


Figure 2. Section index performance projection for TH 244 (Ash St. to Jct. MNTH-96), 2014–2044. RQIp/SRp = projected values under the current base scenario; RQIh/SRh = historical measured values. Source: MnDOT OMRR pavement van data.

7.3 TH 244 Maintenance History and Current Condition

MnDOT currently lists the condition of TH 244 as "poor." The road is inspected annually via the OMRR pavement van, and MnDOT's official Construction Project Log for Control Section 8219 (Washington County, last updated June 2025) documents every recorded treatment back to the original pavement. The corridor runs from the White Bear Township/Ramsey County line through White Bear Lake (0.13 mi), Mahtomedi (1.99 mi), and Dellwood (1.80 mi) to Jct. TH 96, for a total logged length of roughly 4.28 miles.

Note on length: MnDOT's control-section log attributes 1.80 miles to the Dellwood portion of the corridor. The city has confirmed 1.8 miles as the length of the segment being turned back, and that figure is used throughout this paper. It is consistent with other sources: the per-mile costs in the Bolton & Menk construction estimate ($7,903,000 at $4,390,560 per mile) imply a segment length of exactly 1.80 miles (Appendix E), and MnDOT's 2024 route-system data lists 1.81 miles of MN Highway within Dellwood (Appendix A). The July 2025 capital cost summary likewise prices both the roadway and the sidewalk on 1.8 miles (Appendix E.2).

Year	Project No.	Work Completed	Length
1949 & prior	8219 (orig.)	P.C. concrete pavement placed — no earlier construction on record; a later relocation shortened the section by 0.19 mi	—
1949	8219-01	Plant Mix Bituminous overlay placed on old P.C. concrete, 20' width, 1¼" thick	—
1957	8219-03	Grading, gravel base, mixed bituminous base on 10" sand-gravel subbase, 42'×7" / 26'×1½"	—
1957	A.F.E. 834	Guard rail installed (2,760 ft)	—
1959	A.F.E. 605	Light bituminous seal, 27' width (RC-2, 3,080 gal, 112 CY aggregate)	—
1963	8219-04	Plant mix bituminous shoulders, 24'×3¼"	—
1973	8219-06	Bituminous overlay + gravel & bituminous shoulders, 20'×1" / 5'	—
1983	8211-23	Intersection revision, bituminous surfacing & shoulders at Jct. TH 96, 24'×8⅝" / 8'×1½"	—
1985	8219-16	Mill & bituminous overlay, turn lane construction, 24'×1", Spec. 2341	4.159 mi
1986	8219-11	Grading, bituminous surfacing, 52'×3¼" / 74'×¾", Spec. 2331/2361	0.462 mi
1992	SF	Mill & bituminous overlay, 1"	0.989 mi
2001	8219-19	Milling, bituminous overlay, 52'×2" / 52'×2", Spec. 2350	0.462 mi
2003	8219-20	Milling, bituminous overlay, 24'×2" / 24'×2", Spec. 2360	0.989 mi
2010	8219-21	Micro-surfacing, seal coat	4.276 mi
2023	8825-1125	Seal coat & fog seal	3.858 mi

- **Mill + overlay** = minor rehabilitation
- **Chip seal / seal coat / micro-surfacing** = preventative maintenance
- **No project on this log reflects a full-depth reconstruction** — every treatment since the original pavement was placed has been an overlay, seal, or shoulder/grading adjustment layered on top of it
- **Current pavement version dates to** 1949 or earlier ("1949 & prior" in MnDOT's log)

MnDOT does not perform routine inspections of drainage or culvert infrastructure along the corridor; instead, issues are addressed as they arise, reflecting a preservation-only maintenance context. Many of the existing pipes and structures are original, with only limited repairs completed over the years. MnDOT will not replace or rehabilitate the storm sewer infrastructure as part of the planned 2032 project — that project is pavement preservation only — but funding has been included in the turnback cost estimate for the city to undertake a city-led reconstruction project to replace the storm sewer infrastructure if it chooses to. MnDOT has also identified a pavement overlay scheduled for 2030, which would go ahead if the city declines the turnback (Section 5.10).

8. Right-of-Way (ROW): What Comes With the Road

8.1 The Transfer Mechanism

During a turnback negotiation, the transfer of right-of-way — the actual real estate, sidewalks, ditches, and airspace surrounding the highway — is handled as a non-cash property conveyance, meaning no money changes hands for the land itself.

Dellwood's specific ROW footprint: Washington County parcel/plat drawings showing the TH 244 right-of-way corridor and its dimensions through Dellwood — received from MnDOT in 2024 — are reproduced in Appendix D for council's reference when evaluating exactly what land and boundary the city would take on.

While the land itself is exchanged for $0, the ROW transfer introduces significant indirect financial impact that local governments need to negotiate around — on paper, a city is receiving a valuable land asset for free, but in practice, experienced local negotiators treat incoming ROW as a financial liability as much as an asset.

8.2 The Maintenance Burden

The moment the deed is signed, the local government becomes financially responsible for everything sitting within that ROW boundary — trimming or removing diseased trees, clearing brush, managing noxious weeds, repairing retaining walls, and maintaining drainage ditches.

For Dellwood specifically: the City already qualifies for ongoing post-turnback maintenance funding through the Small Cities Assistance Program (see Section 5.11), and mileage from TH 244 would be added to the city's total mileage if the roadway is released to the city. Dellwood currently receives Small Cities Assistance funding and has not yet reached the program's funding cap.

8.3 Stormwater Compliance Costs

Under federal and state environmental law — including MS4 permit requirements — local governments are strictly regulated on stormwater runoff. Taking over highway ROW means the city inherits responsibility for all the culverts, catch basins, and retention ponds along the corridor. If a pond requires costly dredging or remediation, the city must pay for it out of local property tax levies.

For Dellwood specifically: the reconstruction estimate assumes an entirely new storm system along the corridor at $1,767,000 — about 20% of construction cost — including $630,000 to meet watershed treatment requirements (0.5 inch of treatment across the rebuilt impervious surface). The turnback would fund that construction; inspecting, cleaning, and eventually replacing the system afterward would be a city responsibility (Appendix E).

8.4 Outside Funding for Drainage and Stormwater Improvements

Should the city decide to accept the turnback and reconstructs the corridor, the new storm system would not have to be paid for entirely from the turnback payment. Dellwood lies within the Rice Creek Watershed District (RCWD), and several watershed, state, and transportation programs could supplement the drainage and water-quality portions of the project. Realistically, these programs fit the treatment elements within the $630,000 watershed-treatment line (ponds, sumps, infiltration) better than the base culverts and storm pipe, which would still come from the payment. Because the turnback payment is local money, it could also serve as the city's required match.

Best-fit Additional Funding Programs the City could Pursue

Program	What it pays for	Typical size and match	Timing	Fit for TH 244
RCWD Stormwater Management Grant	Stormwater treatment added to city street and storm sewer projects	Up to 50% of eligible cost; usually no more than $100,000 per project; about $400,000 available district-wide per year	Pre-application mid-November; application late December; award February (2026 cycle)	Strong. Recent awards went to Willernie, Shoreview, Arden Hills, and New Brighton street and storm sewer projects. Funds only treatment beyond what RCWD Rule C already requires.
Rice Creek Watershed-Based Implementation Funding (BWSR)	Priority projects selected jointly by RCWD, counties, cities, and conservation districts	Shared allocation (about $448,000 for the Rice Creek metro area in FY24–25)	Two-year cycle; partners proposed projects in June 2026	Good, longer-term. Requires City participation in the Convene process and a state-approved local water plan.
BWSR Clean Water Fund Projects and Practices	Water-quality projects, statewide competition	25% non-state match required	Applications open in summer, due early fall each year	Moderate. Eligible if the City's water plan is approved by RCWD; strongest if the design adds measurable phosphorus reduction for White Bear Lake.
MnDOT Local Road Improvement Program (LRIP)	Road reconstruction, including roadway drainage	Up to $1.5 million per project	2026 round due Nov. 25, 2026; construction 2027–2029	After the transfer only. LRIP cannot fund trunk highway work; as a non-state-aid city, Dellwood would need Washington County sponsorship.

Source: program guidelines and notices published by RCWD, BWSR, and MnDOT (see Appendix C). Amounts and deadlines change annually and should be confirmed with each agency before budgeting.

Smaller or conditional programs

- **DNR Culvert/Bridge Replacement Incentive Grant.** Rolling applications; up to $200,000 toward construction. Applies only to culverts that carry a stream, designed for channel stability and fish passage.
- **MPCA stormwater resilience grants.** The $35 million implementation round (larger pipes, storage, street drainage) closed in February 2025, and the small-community planning grant

(populations under 10,000) closed in November 2025. No new rounds have been announced; the planning grant could fund a corridor drainage study if it reopens.

- **RCWD Water Quality Grant.** Up to $10,000 per project; suited to small additions such as rain gardens near the road.
- **Not a fit: PFA Point Source Implementation Grant.** Tied to permit-driven effluent limits that do not appear to apply to Dellwood.

For Dellwood specifically: a realistic first target is RCWD's fall 2027 grant round, once a concept design exists and the transfer decision is made. Before then, the City should confirm that its local water plan is current and approved by RCWD, since that approval gates several of these programs, and ask the engineer to identify which treatment features would exceed Rule C, because those are the elements these grants fund. *No outside funding is assumed anywhere in this report's cost figures.*

8.5 Utility Franchising: A Revenue Opportunity

ROW ownership isn't only a liability. While MnDOT owns the ROW, private utility corporations — gas, electric, fiber-optic internet, cable — deal directly with the state for permits. Once the ROW is transferred to a city, the municipal government gains the authority to regulate these corridors and can charge private utility providers permit fees, street-opening fees, and ongoing franchise fees to bury or string lines within the newly acquired public land — revenue that can help offset the road's long-term maintenance costs.

9. Related Context: MnDOT's Snow and Ice Removal Priorities

Until a turnback is finalized, a flagged highway remains MnDOT's winter maintenance responsibility — and the same traffic-volume data that drives snowplow prioritization is closely related to the functional-classification test described in Section 3.3. Understanding how MnDOT currently prioritizes a road for plowing offers a useful read on how the state currently views that road's regional significance.

9.1 The “Bare Lane” Standard

Regardless of a road's priority tier, MnDOT's ultimate winter maintenance goal is always a “Bare Lane” — defined as a driving surface that is free of snow and ice between the outer edges of the wheel paths, with no more than 1 inch of accumulation on the center of the roadway (MnDOT Maintenance Manual, Ch. 2, §2-5.02).

9.2 Priority Classifications and Target Regain Times

MnDOT prioritizes snow and ice removal strictly by traffic volume, measured as Annual Average Daily Traffic (AADT). Once a winter storm ends, MnDOT deploys resources to meet target regain times set by five road categories:

Category	AADT Range	Target Regain Time
Super Commuter	Over 30,000	0 – 3 hours
Urban Commuter	10,000 – 30,000	2 – 5 hours
Rural Commuter (Dellwood)	2,000 – 10,000	4 – 9 hours
Primary	800 – 2,000	6 – 12 hours
Secondary	Under 800	9 – 36 hours

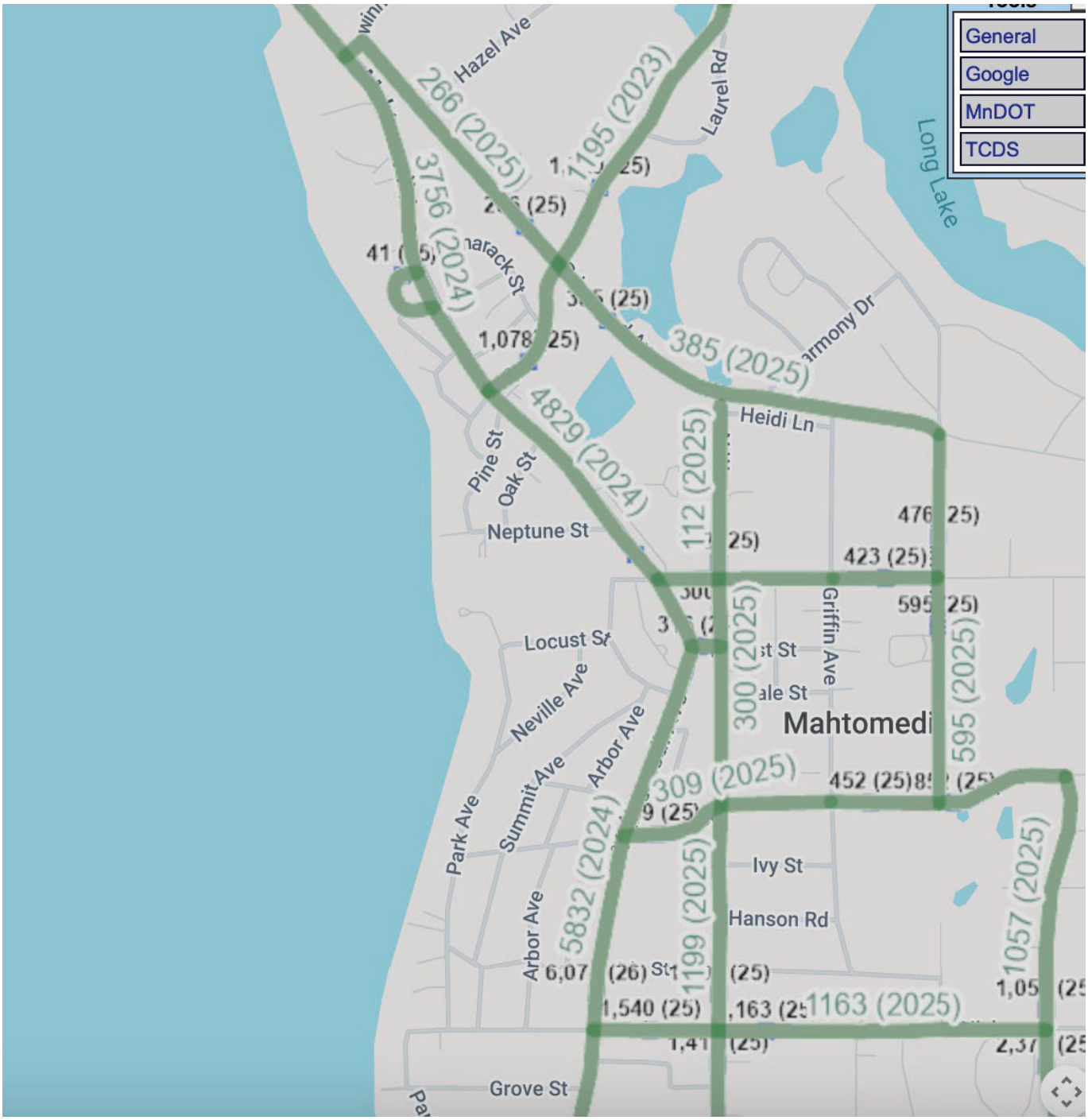


Figure 3. Daily average traffic volume (AADT) by road segment, Mahtomedi / White Bear Lake area. Source: MnDOT Traffic Data Collection System.

Where TH 244 fits today. MnDOT classifies TH 244 as a Rural Commuter route, based on approximately 3,500 vehicles per day, and serves it from its Northeast Region, Oakdale Sub Area. Its target is to restore bare-lane conditions within 4–9 hours after a storm ends. Regain times are a seasonal performance measure, not a per-storm guarantee. MnDOT considers a route to be meeting expectations when the target is met in roughly 55–70% of storm events.

10. The Lake Links Trail: A Related but Separate Decision

Residents have asked how the proposed Lake Links Trail relates to the TH 244 turnback, and whether the answers in earlier sections of this report would change once the trail is factored in. This section addresses that question directly, and then covers the trail-specific due diligence items residents have raised — design options, safety, cost, and its relationship to other nearby projects.

The short answer: the turnback and the trail are two separate decisions, and this report treats them that way as much as possible. The turnback is a question of who owns and maintains the roadway. The trail is a separate infrastructure project — a pedestrian and bicycle path — that could in principle be built regardless of who owns the road underneath it. Council and residents can evaluate each on its own merits; accepting or declining the turnback does not by itself require the same answer on the trail, and vice versa.

10.1 Where the Two Actually Intersect

There is one genuine point of overlap worth naming plainly, since it's the reason the two get discussed together: **building a trail within the road's right-of-way can hold beneficial cost savings if the city is able to negotiate the construction of both at the same time.**

In addition, the ROW by the White Bear Yacht Club (WBYC) is currently not wide enough for the city to be able to construct the Lake Links Trail segment, even if the state should lend ROW to the city solely in the case of a pedestrian path. If Dellwood owns the road, the city can plan, permit, sequence trail construction, and has the means to work with the WBYC to come to a meaningful mutual agreement . If MnDOT still owns it, trail construction would require a separate permit or agreement with the state and with WBYC. Beyond this, the two projects have separate cost estimates, separate funding sources, and separate design decisions — covered below.

10.2 Safety Considerations

The current corridor lacks sidewalks in most areas, which forces pedestrians and joggers onto the shoulder or the edge of the traffic lane alongside vehicles. Residents have noted meaningful existing foot and bicycle traffic — higher during lake-area running and walking events — and have flagged unmaintained shoulders and brush as limiting both visibility and available space for pedestrians, cyclists, and vehicles to share the corridor safely.

10.3 Cost and Funding

The trail's cost is a separate figure from the $11,569,172 turnback offer discussed in Section 5.2, and separate from the pavement-only maintenance costs modeled in Exhibits A–D in Section 6 — neither of those figures is confirmed to include any trail construction cost.

For reference, the turnback construction estimate does include a pedestrian facility: an 8-foot concrete sidewalk adjacent to the curb along one side of the road (9,300 feet, plus 16 pedestrian ramps), estimated at $978,000 (Appendix E).

10.4 Relationship to the MN 96 Bike-Path Evaluation

A separate bike-path evaluation is underway for MN 96, which meets TH 244 at Dellwood's northern edge by Washington County and is currently in the planning stage. This project is independent of any project being considered in the City of Dellwood**.**

Appendix A: 2024 Road Mileage and Traffic by City and Route System

A.1 2024 Centerline and Lane Mileage

The table below reports each city's public road mileage broken out by owning route system — Interstate, U.S. Highway, MN Highway, County State-Aid Highway, County Road, Township Road, Municipal State-Aid Street, Municipal Street, Frontage Road, and Alleyway. “Municipal Street” (route system 10) reflects roads under each city's own direct control; other rows reflect state- or county-controlled roads that physically pass through the city.

City	Route System	Centerline Mi.	Lane Mi.
Birchwood Village	10 - Municipal Street	4.343	8.683
Dellwood	3 - MN Highway	1.814	3.627
Dellwood	4 - County State Aid Highway	1.692	3.384
Dellwood	10 - Municipal Street	13.504	26.838
Gem Lake	2 - US Highway	0.534	2.062
Gem Lake	4 - County State Aid Highway	1.658	3.779
Gem Lake	7 - County Road	0.227	0.455
Gem Lake	10 - Municipal Street	2.128	4.255
Grant	3 - MN Highway	0.000	0.204
Grant	4 - County State Aid Highway	21.037	45.384
Grant	7 - County Road	0.493	0.986
Grant	8 - Township Road	0.100	0.201
Grant	10 - Municipal Street	62.981	125.962
Grant	19 - Frontage Road	3.252	6.505
Lake Elmo	3 - MN Highway	4.310	16.910
Lake Elmo	4 - County State Aid Highway	20.036	48.699
Lake Elmo	5 - Municipal State Aid Street	21.410	42.820
Lake Elmo	7 - County Road	1.000	2.001
Lake Elmo	8 - Township Road	0.004	0.007
Lake Elmo	10 - Municipal Street	74.851	149.673
Lake Elmo	19 - Frontage Road	0.759	1.518
Lake Elmo	30 - Alleyway	0.544	1.088
Mahtomedi	3 - MN Highway	2.592	5.011

City	Route System	Centerline Mi.	Lane Mi.
Mahtomedi	4 - County State Aid Highway	2.582	5.164
Mahtomedi	5 - Municipal State Aid Street	9.740	20.681
Mahtomedi	10 - Municipal Street	30.482	60.635
Mahtomedi	30 - Alleyway	0.138	0.276
North Oaks	4 - County State Aid Highway	3.888	10.558
North Oaks	7 - County Road	0.020	0.039
North Oaks	10 - Municipal Street	0.337	0.674
Pine Springs	1 - Interstate	0.411	1.696
Pine Springs	3 - MN Highway	1.069	4.391
Pine Springs	4 - County State Aid Highway	0.834	1.683
Pine Springs	10 - Municipal Street	4.686	9.363
White Bear Lake	1 - Interstate	3.522	15.587
White Bear Lake	2 - US Highway	3.349	13.328
White Bear Lake	3 - MN Highway	0.954	2.957
White Bear Lake	4 - County State Aid Highway	13.838	36.132
White Bear Lake	5 - Municipal State Aid Street	20.969	42.407
White Bear Lake	7 - County Road	3.397	6.322
White Bear Lake	8 - Township Road	0.048	0.097
White Bear Lake	10 - Municipal Street	65.297	128.965
White Bear Lake	25 - Local Park/Forest/Reservation Rd	0.351	0.705
White Bear Lake	30 - Alleyway	1.741	3.478
Willernie	4 - County State Aid Highway	0.251	0.502
Willernie	10 - Municipal Street	3.679	7.359

A.2 2024 Vehicle Miles Traveled by City and Route System

Daily vehicle miles traveled (VMT) is each road segment's annual average daily traffic multiplied by its length, summed by city and route system. It shows how much of the driving within each city happens on state, county, and city roads. Figures combine all counties a city lies in. MnDOT notes that VMT

summaries include unsampled default traffic values and should not be used to derive system traffic counts (AADT).

City	Route System	Centerline Mi.	Daily VMT	Share of City VMT
Birchwood Village	10 - Municipal Street	4.343	1,737	100.0%
Birchwood Village total		**4.343**	**1,737**	**100%**
Dellwood	3 - MN Highway	1.813	7,200	28.1%
Dellwood	4 - County State Aid Highway	1.692	9,521	37.1%
Dellwood	10 - Municipal Street	13.504	8,914	34.8%
Dellwood total		**17.009**	**25,636**	**100%**
Gem Lake	2 - US Highway	0.534	12,592	63.7%
Gem Lake	4 - County State Aid Highway	1.659	4,584	23.2%
Gem Lake	7 - County Road	0.227	1,197	6.1%
Gem Lake	10 - Municipal Street	2.128	1,401	7.1%
Gem Lake total		**4.548**	**19,773**	**100%**
Grant	4 - County State Aid Highway	21.038	93,033	69.2%
Grant	7 - County Road	0.493	266	0.2%
Grant	8 - Township Road	0.100	69	0.1%
Grant	10 - Municipal Street	62.981	41,004	30.5%
Grant	19 - Frontage Road	3.252	16	0.0%
Grant total		**87.864**	**134,388**	**100%**
Lake Elmo	3 - MN Highway	4.310	223,196	46.6%
Lake Elmo	4 - County State Aid Highway	20.036	158,959	33.2%
Lake Elmo	5 - Municipal State Aid Street	21.410	44,857	9.4%
Lake Elmo	7 - County Road	1.000	3,249	0.7%
Lake Elmo	8 - Township Road	0.004	0	0.0%
Lake Elmo	10 - Municipal Street	74.851	48,470	10.1%
Lake Elmo	19 - Frontage Road	0.759	4	0.0%
Lake Elmo	30 - Alleyway	0.544	3	0.0%
Lake Elmo total		**122.914**	**478,738**	**100%**
Mahtomedi	3 - MN Highway	2.592	21,360	26.8%
Mahtomedi	4 - County State Aid Highway	2.582	24,406	30.6%
Mahtomedi	5 - Municipal State Aid Street	9.740	14,251	17.9%

City	Route System	Centerline Mi.	Daily VMT	Share of City VMT
Mahtomedi	10 - Municipal Street	30.482	19,731	24.7%
Mahtomedi	30 - Alleyway	0.138	1	0.0%
Mahtomedi total		**45.534**	**79,748**	**100%**
North Oaks	4 - County State Aid Highway	3.889	25,657	98.6%
North Oaks	7 - County Road	0.020	147	0.6%
North Oaks	10 - Municipal Street	0.337	219	0.8%
North Oaks total		**4.246**	**26,023**	**100%**
Pine Springs	1 - Interstate	0.411	30,425	30.6%
Pine Springs	3 - MN Highway	1.069	60,202	60.6%
Pine Springs	4 - County State Aid Highway	0.834	7,858	7.9%
Pine Springs	10 - Municipal Street	4.686	937	0.9%
Pine Springs total		**7.000**	**99,423**	**100%**
White Bear Lake	1 - Interstate	3.522	264,256	46.7%
White Bear Lake	2 - US Highway	3.349	75,556	13.4%
White Bear Lake	3 - MN Highway	0.953	8,658	1.5%
White Bear Lake	4 - County State Aid Highway	13.838	122,789	21.7%
White Bear Lake	5 - Municipal State Aid Street	20.970	47,584	8.4%
White Bear Lake	7 - County Road	3.398	5,000	0.9%
White Bear Lake	8 - Township Road	0.048	5	0.0%
White Bear Lake	10 - Municipal Street	65.296	42,087	7.4%
White Bear Lake	25 - Local Park/Forest/Reservation Rd	0.351	2	0.0%
White Bear Lake	30 - Alleyway	1.741	9	0.0%
White Bear Lake total		**113.466**	**565,945**	**100%**
Willernie	4 - County State Aid Highway	0.251	1,863	55.2%
Willernie	10 - Municipal Street	3.679	1,514	44.8%
Willernie total		**3.930**	**3,378**	**100%**

Source: MnDOT Office of Transportation System Management, "2024 Daily (Average) and Annual (Total) Vehicle Miles and Centerline Miles by Route System for each County and City." Data reflect MnDOT's year-end 2024 road-data snapshot.

Appendix B: Relevant Minnesota Statutes

B.1 Minnesota Statutes 2025, §161.081 — Highway User Tax, Distribution, Investment

Subdivision 1. Distribution of five percent. (a) Pursuant to article 14, section 5, of the constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned to the county state-aid highway fund.

(b) That apportionment is further distributed as follows: (1) 30.5 percent to the town road account created in section 162.081; (2) 16 percent to the town bridge account, which is created in the state treasury; and (3) 53.5 percent to the flexible highway account created in subdivision 3.

Subd. 2. Investment. Upon the request of the commissioner, money in the highway user tax distribution fund shall be invested by the State Board of Investment in those securities authorized for that purpose in section 11A.21. All interest and profits from the investments must be credited to the highway user tax distribution fund. The commissioner of management and budget shall be the custodian of all securities purchased under this section.

Subd. 3. Flexible highway account; turnback accounts. (a) The flexible highway account is created in the state treasury. Money in the account must be allocated as follows: (1) 16 percent of the amount available in the flexible highway account for counties in the metropolitan area, as defined in section 473.121, subdivision 4, distributed proportionally based on the most recent estimate of county population excluding the population of any city of the first class; and (2) of the amount available in the flexible highway account less the amount under clause (1), as determined by the commissioner under this section for: (i) restoration of former trunk highways that have reverted to counties or to statutory or home rule charter cities, or for trunk highways that will be restored and subsequently turned back by agreement between the commissioner and the local road authority; (ii) safety improvements on county highways, municipal highways, streets, or town roads; and (iii) routes of regional significance.

(b) For purposes of this subdivision, “restoration” means the level of effort required to improve the route that will be turned back to an acceptable condition as determined by agreement made between the commissioner and the county or city before the route is turned back.

(c) The commissioner shall review the need for funds to restore highways that have been or will be turned back. The commissioner shall determine, on a biennial basis, the percentage of funds in the flexible highway account to be distributed to each district, and within each district the percentage to be used for each of the purposes specified in paragraph (a). Money in the account may be used for safety improvements and routes of regional significance only after money is set aside to restore the identified turnbacks. The commissioner shall make these determinations only after meeting and holding discussions with committees selected by the statewide associations of both county commissioners and municipal officials. The commissioner shall, to the extent feasible, annually allocate 50 percent of the funds in the flexible highway account to the department's metropolitan district, and 50 percent to districts in greater Minnesota.

(d) Money that will be used for the restoration of trunk highways that have reverted or that will revert to cities must be deposited in the municipal turnback account, which is created in the state treasury.

(e) Money that will be used for the restoration of trunk highways that have reverted or that will revert to counties must be deposited in the county turnback account, which is created in the state treasury.

(f) Money that will be used for safety improvements must be deposited in the highway safety improvement account, which is created in the state treasury to be used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads to reduce crashes, deaths, injuries, and property damage.

(g) Money that will be used for routes of regional significance must be deposited in the routes of regional significance account, which is created in the state treasury, and used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that have not been fully funded through other state, federal, or local funding sources.

(h) As part of each biennial budget submission to the legislature, the commissioner must: (1) describe how the money in the flexible highway account will be apportioned among the county turnback account, the municipal turnback account, the trunk highway fund for routes turned back to local governments by agreement, the highway safety improvement account, and the routes of regional significance account; and (2) specify the turnback projects likely to be funded with the amounts available in the county turnback account and municipal turnback account, and provide the cost associated with each project.

History: 1965 c 672 s 1; 1975 c 203 s 22; 1983 c 17 s 1; 1989 c 268 s 1; 1993 c 266 s 15; 1998 c 372 art 2 s 1,2; 2003 c 112 art 2 s 50; 2008 c 152 art 6 s 4; 2009 c 101 art 2 s 109; 1Sp2017 c 3 art 3 s 19

B.2 Minnesota Statutes 2025, §162.145 — Small Cities Assistance

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given them.

(b) “Eligible city” means a statutory or home rule charter city that does not receive municipal state aid under sections 162.09 to 162.14 in the calendar year in which funds are distributed under this section.

(c) “Maximum aid” means 3.5 multiplied by the unweighted average amount of assistance to a city in a fiscal year.

(d) “Population” means the most recent population estimated or established as of 30 days before the date of an allocation under subdivision 4, of (i) the most recent federal census, (ii) a special census conducted under contract with the United States Bureau of the Census, (iii) a population estimate made by the Metropolitan Council pursuant to section 473.24, or (iv) a population estimate of the state demographer made pursuant to section 4A.02.

(e) “State-aid adjustment factor” means the greater of zero, or: (1) 0.005; minus (2) the number of lane miles of county state-aid highway in a city, divided by the total number of lane miles of county state-aid highway in all eligible cities.

(f) “Total population” means the sum of populations of all eligible cities.

Subd. 2. Small cities assistance account. A small cities assistance account is created in the special revenue fund. The account consists of money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner of transportation and may only be expended as provided under this section.

Subd. 3. Administration. (a) The commissioner must allocate all funds in the small cities assistance account as provided in subdivision 4 and must, by June 1, certify to the commissioner of revenue the amounts to be paid.

(b) Following certification from the commissioner, the commissioner of revenue must distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner under this section is available to the commissioner of revenue for the purposes specified in this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under this section, a city must conform to the standards in section 477A.017, subdivision 2. A city that receives funds under this section must make and preserve records necessary to show that the funds are spent in compliance with subdivision 5.

Subd. 4. Distribution formula. (a) The preliminary aid to each city is calculated as follows: (1) five percent of funds allocated equally among all eligible cities; (2) 35 percent of funds allocated proportionally based on each city's

share of lane miles of municipal streets compared to total lane miles of municipal streets of all eligible cities; (3) 35 percent of funds allocated proportionally based on each city's share of population compared to total population of all eligible cities; and (4) 25 percent of funds allocated proportionally based on each city's share of state-aid adjustment factor compared to the sum of state-aid adjustment factors of all eligible cities.

(b) The final aid to each city is calculated as the lesser of: (1) the preliminary aid to the city multiplied by an aid factor; or (2) the maximum aid.

(c) The commissioner shall set the aid factor under paragraph (b), which must be the same for all eligible cities, so that the total funds allocated under this subdivision equals the total amount available for the fiscal year.

Subd. 5. Use of funds. (a) Funds distributed under this section are available only for construction and maintenance of roads located within the city, including: (1) land acquisition, environmental analysis, design, engineering, construction, reconstruction, and maintenance; (2) road projects partially located within the city; (3) projects on county state-aid highways located within the city; (4) cost participation on road projects under the jurisdiction of another unit of government; and (5) debt service for obligations issued by the city in accordance with chapter 475, provided that the obligations are issued for a use allowable under this section.

(b) Except for projects under paragraph (a), clause (3), funds distributed under this section are not subject to state-aid requirements under this chapter, including but not limited to engineering standards adopted by the commissioner in rules.

History: 2015 c 75 art 2 s 13; 1Sp2019 c 6 art 17 s 1; 1Sp2021 c 5 art 4 s 25; 2023 c 68 art 4 s 33-35; 2024 c 127 art 3 s 26

Appendix C: Sources

This paper draws on MnDOT program pages and reports, Minnesota Session Laws and Statutes, county and city government pages, and legislative research reports, grouped below by topic.

MnDOT Road System, Jurisdiction, and Fun Facts

dot.state.mn.us/roadway/data/fun-facts.html • dot.state.mn.us/roadway/data/functional_class.html • dot.state.mn.us/roadway/data/maps/mn_th_system.pdf • house.mn.gov/hrd/pubs/ss/ssmnhm.pdf • facebook.com/mndot (MnDOT public posts) • MnDOT Office of Transportation System Management, 2024 Vehicle Miles Traveled (VMT) report by County, City and Route System (dot.state.mn.us/roadway/data)

Turnback Program, Legal Framework, and Task Force Reports

mdl.mndot.gov (Turnback Task Force Reports 1998; 2018 Turnback Report; Minnesota Jurisdictional Realignment Project) • minnesotago.org (MnSHIP and SMTP final plans; Jurisdictional Transfer 2017 report) • revisor.mn.gov/statutes (§160.21, §161.081, §161.16, §161.114–161.12) • revisor.mn.gov/rules/8820 (incl. 8820.2900) • lrl.mn.gov (MnDOT Jurisdictional Transfer Program Report, 2018)

HUTDF and State/Local Funding

dot.state.mn.us/planning/program/stipfunding.html • dot.state.mn.us/congressional/iija.html • tpec.umn.edu (MN roadway funding brief) • lrl.mn.gov (legislative reference library reports) • ourstreetsmn.org (2026 legislative priorities)

Municipal State Aid and Small Cities Assistance

house.mn.gov/hrd/issinfo/msa/msaaid.aspx • lmc.org (League of Minnesota Cities — city aid figures and street funding estimates) • dot.state.mn.us/stateaid/taa.html • revisor.mn.gov/statutes/cite/162.145 • mn.gov/mmb-stat budget documents

Pavement Condition and Project Selection

dot.state.mn.us/projectselection (pavement-method, pavement-method-urban, bridge-method) • dot.state.mn.us/materials/pvmtmgmtdocs (Rating Overview) • dot.state.mn.us/measures/pavement-condition.html • ayresassociates.com; mcclurevision.com (PCI background)

Snow and Ice Removal

dot.state.mn.us/maintenance (fleet, winter-report, maintenance manual Ch. 2) • dot.state.mn.us/measures/snow-ice-removal.html • dot.state.mn.us/tda (Traffic Data Collection System)

Right-of-Way and Land

revisor.mn.gov/statutes/cite/161.081 (ROW transfer, §161.16) • iowadot.gov; legis.iowa.gov (comparative ROW conveyance practice) • afxllc.com (easements and rights-of-way)

City- and County-Specific Sources

dellwood.us (Public Works & Engineering — Road Maintenance; City Council meeting packet, June 2026; Code of Ordinances, May 2026, §31.02 fire and medical service) • washingtoncountymn.gov (Transportation; Transportation Projects) • lmc.org (MnDOT city cost-share policy update) • Bolton & Menk / City of Dellwood, "Detailed Estimate — Project: Highway 244 Turnback, Dellwood, MN" (July 16, 2025) • Bolton & Menk, memorandum to Dellwood City Council, "Hwy 244 Jurisdictional Transfer" (May 12, 2026), with life-cycle cost sheet (Apr. 29, 2026) • City of Dellwood, "2024 Centerline Mileage for Municipal Streets, # of Residents and Road Density for North East Metro Cities in the Dellwood Area" (Aug. 12, 2026) • Bolton & Menk / City of Dellwood, "Proposed Hwy 244 Turnback, Dellwood, MN" capital cost summary (July 16, 2025) • City of Dellwood, "Cost Category Rds & Trail — Budget, Actual, Forecast" workbook (2026 Budget; Pavement Management Plan as of July 13, 2026)

Outside Funding Programs

ricecreek.org (2026 Stormwater Management Grant Program Guidelines; 2026 Water Quality Grant and Mini Grant guidelines; notices of public hearing on stormwater management grant requests, 2024 and Feb. 11, 2026; Watershed-Based Implementation Funding; Inspector Area Map, June 2026) • bwsr.state.mn.us (Clean Water Fund competitive grants policy; FY26–27 Watershed-Based Implementation Funding) • dot.state.mn.us (2026 Local Road Improvement Program solicitation) • dnr.state.mn.us (Culvert/Bridge Replacement Incentive Grant) • pca.state.mn.us (Implementation Grants for Stormwater Resilience; Small Community Planning Grants) • mn.gov/deed (PFA FY2027 Point Source Implementation Grant notice)

Documents Provided Directly by MnDOT (2026)

MnDOT, "Cost Participation Policy Update" (Senate Transportation Committee briefing, Feb. 18, 2026) • MnDOT State Aid for Local Transportation, "Small Cities Assistance Program" info sheet (rev. 11/2023) • MnDOT State Aid for Local Transportation, "State Aid FAQs" info sheet (rev. 09/2021) • MnDOT, TH 244 / Control Section 8219 Construction Project Log (rev. 6/2/2025) • MnDOT Office of Materials and Road Research, "An Overview of MnDOT's Pavement Condition Rating Procedures and Indices" (April 2018) • MnDOT, written responses to City of Dellwood questions regarding the TH 244 turnback (service levels, decline scenario, alternatives, and timing), provided by Matthew Schleusner, East Area Principal Engineer (Oct. 2026) • MnDOT Maintenance Manual, Chapter 2, "Clear Roads" (Nov. 15, 2023)

Appendix D: TH 244 Right-of-Way Maps (Washington County, 2024)

The maps below show the TH 244 right-of-way corridor and parcel boundaries through the City of Dellwood, compiled from Washington County land records and received from MnDOT in 2024. The magenta band marks the road surface; the red dashed line marks the right-of-way boundary that would transfer to the City under the turnback. These are reference compilations only — Washington County's Plat System Services notes the drawings are not responsible for errors or omissions and should be used for reference purposes only, not as a legal survey.

Sheet 1 of 4 — MN Highway 96 / TH 244 Junction to Dellwood Point (1" = 400')



The northern terminus of the corridor, showing the TH 96/TH 244 intersection and the ROW as it curves along Dellwood Point on White Bear Lake.

Sheet 2 of 4 — Dellwood Point to Dellwood Municipal Complex (1" = 400')



Continuing south along the White Bear Lake shoreline past Caledonia and the Dellwood municipal/park complex.

Sheet 3 of 4 — Southern Corridor Toward the Mahtomedi Border (1" = 150')



A closer-scale view of the corridor's southern segment, approaching the Dellwood/Mahtomedi city line.

Sheet 4 of 4 — Section/Parcel Index Near the Mahtomedi Border (1" = 600')



Washington County section and quarter-quarter index (S½ SW¼ Sec. 17, T.030N., R.21W.) showing the corridor's relationship to the Wildwood plat and the Dellwood/Mahtomedi boundary.

Appendix E: TH 244 Construction and Capital Cost Estimates (Bolton & Menk, July 2025)

This appendix reproduces, as a rebuilt table, the line-item construction estimate prepared for the City of Dellwood by its engineering consultant, Bolton & Menk, dated July 16, 2025 ("Detailed Estimate — Project: Highway 244 Turnback, Dellwood, MN"). It is a planning-level estimate of construction costs only; it does not include engineering design, right-of-way acquisition, contingency, or the pedestrian underpass (see Section 5.2). Quantities, unit prices, and totals are as shown in the original. Section E.2 reproduces the companion capital cost summary of the same date, which adds engineering, right-of-way, the underpass, and a flashing pedestrian crossing.

E.1 Detailed Construction Estimate

Item	Unit	Total Qty	Unit Price	Total Cost
Street (see notes 1–4)				
Remove bituminous pavement	SY	32,000	$8.00	$256,000
Excavation – common	CY	12,000	$27.00	$324,000
Excavation – subgrade	CY	25,000	$32.00	$800,000
Aggregate base, Class 5	TN	15,000	$24.00	$360,000
Select granular borrow	TN	46,000	$22.00	$1,012,000
Bituminous pavement	TON	8,000	$120.00	$960,000
Curb and gutter, B618	LF	20,000	$24.00	$480,000
Driveway restoration	SY	2,000	$132.00	$264,000
Restoration (sodding & topsoil)	SY	23,000	$15.00	$345,000
Restoration (seed/hydromulch & topsoil)	AC	5	$45,000.00	$225,000
			Subtotal — Street	**$5,026,000**
Pedestrian Sidewalk				
Concrete sidewalk	LF	9,300	$100.00	$930,000
Concrete pedestrian ramp	EA	16	$3,000.00	$48,000
			Subtotal — Pedestrian Sidewalk	**$978,000**
Storm				
Storm sewer catch basins	EA	30	$4,500.00	$135,000
Storm sewer catch basin manholes	EA	30	$5,500.00	$165,000
12" storm sewer pipe	LF	900	$90.00	$81,000
15" storm sewer pipe	LF	1,200	$100.00	$120,000
18" storm sewer pipe	LF	2,000	$110.00	$220,000

Item	Unit	Total Qty	Unit Price	Total Cost
24" storm sewer pipe	LF	3,200	$130.00	$416,000
Watershed requirements	CF	14,000	$45.00	$630,000
			Subtotal — Storm	**$1,767,000**
Percentage Items				
Mobilization	5%	of Street, Sidewalk, and Storm		$390,000
Misc. removals (curb, signs, trees, etc.)	2%	of Street and Sidewalk		$120,000
Erosion control	2%	of Street and Sidewalk		$120,000
Signing & pavement markings	3%	of Street and Sidewalk		$180,000
Landscaping/streetscape	2%	of Street and Sidewalk		$120,000
Traffic control/staging	3%	of Street and Sidewalk		$180,000
			Subtotal — Percentage Items	**$1,110,000**
			Total Estimated Construction Costs	**$8,881,000**

Summary	Amount
Total roadway reconstruction cost	$7,903,000
Total roadway reconstruction cost per mile	$4,390,560
Total pedestrian sidewalk cost	$978,000
Total pedestrian sidewalk cost per mile	$543,330

Notes

1. Street section: assumed 26-ft face-to-face urban section with 4.5" bituminous, 8" aggregate base, and 24" sand.

2. Sidewalk section: assumed 8 ft wide (adjacent to curb) with 4" concrete over 6" Class 5.

3. Restoration: assumed length of road by 20-ft-wide sod on the lake side and 20-ft-wide seed/hydromulch on the non-lake side.

4. Watershed requirements: assumed 0.5" of treatment times reconstructed impervious surface area.

Source: City of Dellwood / Bolton & Menk, Detailed Estimate, July 16, 2025. Units: SY = square yards, CY = cubic yards, TN/TON = tons, LF = linear feet, AC = acres, EA = each, CF = cubic feet. Mobilization is shown as rounded in the original (5% of $7,771,000 = $388,550).

E.2 Capital Cost Summary

The cost summary below accompanies the detailed estimate and shows the share of each capital item assigned to MnDOT. Engineering is calculated at the summary's stated percentages of the construction subtotal. The original sheet did not total the additional costs; the subtotal and "all items" total are added here for reference.

Item	Unit	Total Qty	Unit Price	MnDOT Responsibility	Total Cost
Capital Costs					
Roadway reconstruction	Mile	1.8	$4,390,560	100%	$7,903,000
Pedestrian sidewalk	Mile	1.8	$543,330	100%	$978,000
				Subtotal — Capital Costs	**$8,881,000**
Engineering					
Design engineering	12% of construction costs			—	$1,065,720
Construction engineering	8% of construction costs			—	$710,480
				Subtotal — Engineering	**$1,776,200**
				Total — Capital and Engineering	**$10,657,200**
Additional Costs					
Right-of-way acquisition**	LS	1	$1,000,000	—	$1,000,000
Pedestrian underpass (WBYC)	LS	1	$1,500,000	—	$1,500,000
Flashing pedestrian crossing system (WBYC)	LS	1	$50,000	—	$50,000
				Subtotal — Additional Costs	**$2,550,000**
				Total — All Items	**$13,207,200**

***Note in original: "Discuss approach with MnDOT at 07.23 meeting." WBYC = White Bear Yacht Club; LS = lump sum. Source: City of Dellwood / Bolton & Menk, "Proposed Hwy 244 Turnback, Dellwood, MN" capital and maintenance cost summary, July 16, 2025.*

Appendix F: TH 244 40-Year Life-Cycle Cost Scenarios (Bolton & Menk, May 2026)

This appendix reproduces, as rebuilt tables, the life-cycle cost sheet (dated April 29, 2026) attached to Bolton & Menk's May 12, 2026 memorandum to the Dellwood City Council, "Hwy 244 Jurisdictional Transfer," prepared by Cara L. Gehereren, P.E. The memo responds to the Council's request for information on the long-term cost of taking ownership of TH 244. Figures are as shown in the original. Section 5.7 summarizes the results.

F.1 Life-Cycle Cost Sheet

Treatment	Unit price / SY	Area (SY)	Est. cost	Frequency	40-year cost
Option 1 — Low-Cost Approach					
Reclaim & overlay	$50.00	28,933.33	$1,446,666.67	Initial	$1,446,666.67
Crack seal	$0.55	28,933.33	$15,913.33	5	$79,566.67
Microsurface	$3.50	28,933.33	$101,266.67	3	$303,800.00
Reclaim & overlay	$50.00	28,933.33	$1,446,666.67	Year 20	$1,446,666.67
Crack seal	$0.55	28,933.33	$15,913.33	5	$79,566.67
Microsurface	$3.50	28,933.33	$101,266.67	3	$303,800.00
Reclaim & overlay	$50.00	28,933.33	$1,446,666.67	Year 40	$1,446,666.67
				Total 40-year cost — Option 1	**$5,106,733.33**
				Turnback payment	**$11,569,172.00**
				Available for other road-related expenses	**$6,462,438.67**
Option 2 — New Pavement (Reconstruction-Focused)					
Initial project costs*	$400.00	23,766.67	$9,506,666.67	Initial	$9,506,666.67
Crack seal	$0.55	23,766.67	$13,071.67	4	$52,286.67
Microsurface	$3.50	23,766.67	$83,183.33	2	$166,366.67
Mill & overlay	$15.00	23,766.67	$356,500.00	Year 20	$356,500.00
Crack seal	$0.55	23,766.67	$13,071.67	4	$52,286.67
Microsurface	$3.50	23,766.67	$83,183.33	2	$166,366.67
Reclaim & overlay	$50.00	23,766.67	$1,188,333.33	Year 40	$1,188,333.33
				Total 40-year cost — Option 2	**$11,488,806.67**
				Turnback payment	**$11,569,172.00**
				Remaining	**$80,365.33**

**Initial costs capped to remain within available funds. "Frequency" is the number of applications within each 20-year period, or the year of a one-time treatment. Source: City of Dellwood / Bolton & Menk, Life Cycle Costs — Project: Highway 244 Turnback, April 29, 2026.*

F.2 MnDOT Reference Unit Prices for Preservation

MnDOT provided typical unit pricing for two preservation treatments, which the engineer used as a reference point. Because these prices are lower than those the city typically uses for budgeting, the scenarios in F.1 use city-adjusted unit costs.

Treatment	Unit price / SY	Area (SY)	Est. cost
MnDOT ultra-thin overlay (5/8")	$8.50	28,933.33	$245,933.33
MnDOT median overlay (2")	$11.70	28,933.33	$338,520.00

Source: Bolton & Menk memorandum, May 12, 2026 (MnDOT unit pricing provided to City staff).

F.3 Key Assumptions (as stated in the memo)

- Unit costs reflect total project costs, including construction and engineering.
- All costs are expressed in 2026 dollars and do not account for inflation.
- The assumptions are intended for planning-level cost comparison only; actual costs may vary with future market conditions, inflation, project scope, and final design decisions.
- Memo next steps: Council to review the two scenarios and supporting cost information, and identify any follow-up questions or additional analysis.

Appendix G: How the City's Pavement Cost Figures Were Derived

This appendix reproduces, as rebuilt tables, the parts of the city's cost workbook ("Cost Category Rds & Trail — Budget, Actual, Forecast") that produce the figures in Section 6, so that each number can be traced to its source. Dellwood Avenue is modeled at 1.8 miles and 26 feet wide (the engineer's design width), and per-household figures use approximately 400 households, consistent with Exhibits A–D.

G.1 City Pavement Management Plan (as of July 13, 2026)

Street	From – To	Miles	Width (ft)	Last reclaim	Next crack seal	Next major work	Cost (2026 $)
Bay Hill Rd	117th St – High Pt Rd	0.61	24	2018	2029	M&O 2038	$154,400
High Point Rd	Hillcrest Dr – Cul-de-sac	0.54	24	2018	2029	M&O 2038	$136,700
Troon Court	High Pt Rd – Cul-de-sac	0.15	24	2018	2029	M&O 2038	$37,400
Hillcrest Drive	High Pt Rd – City Limits	0.21	24	2018	2029	M&O 2038	$52,800
Shady Wood Road	Quail – Evergreen	0.29	18	2023	2027	M&O 2043	$54,400
Evergreen Road	Many Levels – T.H. 96	0.44	18	2023	2027	M&O 2043	$84,000
Overlook Road	Shady Woods – Evergreen	0.33	18	2023	2027	M&O 2043	$62,100
Glen Edge	Evergreen – Cul-de-sac	0.36	18	2023	2027	M&O 2043	$78,900
Many Levels	Shady Woods – Glen Edge	0.71	18	2023	2027	M&O 2043	$134,800
Fenlea Circle	Apple Orchard – Cul-de-sac	0.43	22	2023	2027	M&O 2043	$109,000
Lookout Road	Fenlea Circle – Cul-de-sac	0.15	22	2023	2027	M&O 2043	$44,400
Eldorado Circle	Apple Orchard – E. Cul-de-sac	0.13	22	2023	2027	M&O 2043	$40,000
Apple Orchard Rd	T.H. 96 – Tamarisk Rd	0.20	20	2023	2027	M&O 2043	$42,400
Apple Orchard Rd	Tamarisk Rd – LaCosta	0.52	20	2023	2027	M&O 2043	$110,000
Apple Orchard Rd	La Costa – Soo Line RR	0.40	22	2013	2027	M&O 2033	$93,500
Apple Orchard Rd	Soo Line RR – Orchard	0.52	24	2013	2027	M&O 2033	$130,800
Apple Orchard Rd	Orchard – Apple Orchard Ct	0.20	26	2013	2027	M&O 2033	$54,500
Apple Orchard Ct.	Apple Orchard Rd. – Cul-de-sac	0.32	26	2013	2027	M&O 2033	$98,800
Tamarisk Road	Apple Orchard – Augusta Lane	0.31	20	—	—	Reclaim 2029	$176,000
Augusta Lane	Cul-de-sac – Cul-de-sac	0.20	20	—	—	Reclaim 2029	$165,600
Pinehurst Drive	Augusta Lane – Eldorado Drive	0.24	20	—	—	Reclaim 2029	$134,400
Eldorado Drive	Apple Orchard – W. Cul-de-sac	0.17	20	—	—	Reclaim 2029	$124,900
Spyglass Road	Indian Wells – Cul-de-sac	0.35	20	2013	2027	M&O 2033	$84,800
LaCosta Circle	LaCosta Dr – Cul-de-sac	0.09	20	2023	2027	M&O 2043	$29,400
LaCosta Drive	Apple Orchard – Indian Wells	0.47	20	2023	2027	M&O 2043	$98,400
Doral Road	LaCosta Dr – Cul-de-sac	0.51	24	2023	2027	M&O 2043	$148,700

Street	From – To	Miles	Width (ft)	Last reclaim	Next crack seal	Next major work	Cost (2026 $)
Pine Valley Drive	Doral Rd – Cul-de-sac	0.21	22	2023	2027	M&O 2043	$59,300
Indian Wells Trail	LaCosta Dr – Spyglass Rd	0.16	20	2023	2027	M&O 2043	$34,000
Peninsula Rd - North	T.H. 244 – Peninsula Rd	0.21	18	2013	2027	M&O 2033	$39,600
Peninsula Rd - South	T.H. 244 – Peninsula Rd	0.26	18	2018	2029	M&O 2038	$50,200
Peninsula Rd	Peninsula Rd – Gardner Rd	0.57	18	2018	2029	M&O 2038	$108,000
Gardner Lane	Peninsula Rd – Peninsula Rd	0.16	18	2018	2029	M&O 2038	$30,600
Dwinnel Avenue	T.H. 244 – Quail	0.28	18	2018	2027 (verify)	M&O 2038	$54,000
Meadow Lane	T.H. 244 – T.H. 96	0.28	24	2023	2027	M&O 2043	$72,000
Echo Street	T.H. 244 – 1,800' No.	0.34	20	2023	2027	M&O 2043	$72,000
Ordway Street	T.H. 244 – Cul-de-sac	0.12	18	2023	2027	M&O 2043	$23,400
Quail Road	T.H. 96 – Shady Woods Rd	0.15	20	2013	2027	M&O 2033	$30,900
Quail Road	Shady Woods Rd – Dwinnel Ave	0.24	20	2013	2027	M&O 2033	$50,300
Quail Road	Dwinnel Ave – City Limits	0.16	10	2018	2027 (verify)	M&O 2033	$16,800
Total — 39 segments		**11.99**					**$3,122,200**

Source: City of Dellwood, Pavement Management Plan (2026 mgmnt plan tab). M&O = mill & overlay. "—" under last reclaim = no reclaim on record (the four Dellwood Hills streets were last overlaid 2006–2009). Crack sealing the full network costs $83,700 per cycle.

G.2 Unit Costs and Treatment Cycles

The plan does not state unit prices directly; they were derived by dividing each street's treatment cost by its pavement area, and they are consistent across segments:

Treatment	Unit price	Cycle used in the plan
Mill & overlay	$2.00 per sq ft	20 years after a reclaim or new construction
Crack seal	$0.06 per sq ft	Every 5 years; first seal 4 years after new pavement; skipped within 3 years before an overlay
Reclaim & overlay	$5.33 per sq ft (2.667 × mill & overlay)	When a street has gone too long without an overlay (Dellwood Hills, 2029)

• Cost scales with width, not length: at 18 feet a mill and overlay costs $190,080 per mile; at 24 feet, $253,440; at 26 feet, $274,560 (Exhibit B).

• On 11 cul-de-sac streets, the plan's costs imply about 5,000 square feet more pavement than length × width, consistent with the cul-de-sac bulb being included; the plan's own dollar figures are used throughout.

• Exceptions in the plan: Quail Road (Dwinnel Ave to city limits) uses a 15-year overlay cycle, and the four Dellwood Hills streets have no mill-and-overlay year scheduled after their 2029 reclaim.

Source: City cost workbook, "Unit Cost & Cycle Analysis" tab, derived from the 2026 Pavement Management Plan.

G.3 How Exhibits A–D Were Calculated

Figure	Calculation	Result
Dellwood Avenue pavement area	1.8 mi × 5,280 ft × 26 ft	247,104 sq ft
Crack seal, each application	247,104 sq ft × $0.06	$14,826
Mill & overlay	247,104 sq ft × $2.00	$494,208
City-paid upkeep 2032–2050 (2026 dollars)	Crack seals in 2032, 2037, 2042 + mill & overlay in 2048	$538,687
City-paid upkeep 2032–2050 (as spent)	Each cost × 1.034 ^ (year − 2026)	$1,096,095
Ongoing cost per year, in perpetuity	$494,208 ÷ 20 + $14,826 ÷ 5	$27,676
Added cost per household per year	$27,676 ÷ 400 households	$69.19
Added cost per household per month	$69.19 ÷ 12	$5.77
Added cost per household, 2032–2050	$538,687 ÷ 400 (2026 $); $1,096,095 ÷ 400 (as spent)	$1,347; $2,740
2048 overlay per household (as spent)	$494,208 × 1.034^22 ÷ 400	$2,578
Existing streets — annual lifecycle need	$2,746,600 ÷ 20 + $83,700 ÷ 5 + $600,900 ÷ 20	$184,115
2026 city pavement funding	$30,000 resurfacing + $30,000 materials + $26,000 services	$86,000
Pavement cost per household (2026 budget / need / need with TH 244)	$86,000; $184,115; $211,791 — each ÷ 400	$215.00; $460.29; $529.48
Share of annual need the budget covers	$86,000 ÷ $184,115 (decline); ÷ $211,791 (accept)	46.7%; 40.6%
Cumulative pavement reserve, 2050	Year-by-year schedule, Appendix G.4	($1,840,614); ($2,936,709)

Inflation of 3.4% per year matches the City's budget forecast. Unit prices and cycles from G.2; street costs from G.1.

G.4 Pavement Funding Gap Schedule, 2026–2050 (Turnback Accepted)

Each year's need comes from applying the plan's cycle rules to every street; funding starts at the 2026 level of $86,000 and grows 3.4% per year. A negative reserve means the work would require borrowing, a levy increase, or deferral. Without the turnback, the Dellwood Avenue column is zero and the 2050 reserve is ($1,840,614).

Year	Existing streets (2026 $)	Dellwood Ave (2026 $)	Total need (as spent)	City funding (as spent)	Surplus / (gap)	Cumulative reserve	Major work
2026	—	—	—	$86,000	$86,000	$86,000	—
2027	$59,600	—	$61,626	$88,924	$27,298	$113,298	Crack seal cycle — most city streets
2028	—	—	—	$91,947	$91,947	$205,245	—
2029	$618,200	—	$683,425	$95,074	($588,351)	($383,106)	Reclaim & overlay: Dellwood Hills (4 sts) + crack seals
2030	—	—	—	$98,306	$98,306	($284,800)	—
2031	—	—	—	$101,649	$101,649	($183,151)	—
2032	$41,300	$14,826	$68,594	$105,105	$36,510	($146,641)	Crack seals + Dellwood Ave 1st crack seal

Year	Existing streets (2026 $)	Dellwood Ave (2026 $)	Total need (as spent)	City funding (as spent)	Surplus / (gap)	Cumulative reserve	Major work
2033	$606,800	—	$766,813	$108,678	($658,135)	($804,776)	Mill & overlay wave: Apple Orchard, Spyglass, Peninsula N, Quail + crack seals
2034	$17,300	—	$22,605	$112,373	$89,768	($715,008)	Crack seals
2035	—	—	—	$116,194	$116,194	($598,814)	—
2036	—	—	—	$120,144	$120,144	($478,670)	—
2037	$57,900	$14,826	$105,055	$124,229	$19,174	($459,495)	Crack seals + Dellwood Ave
2038	$630,900	—	$942,339	$128,453	($813,885)	($1,273,381)	Mill & overlay wave: Meadow Ridge Estates, Peninsula, Gardner, Dwinnel + crack seals
2039	—	—	—	$132,821	$132,821	($1,140,560)	—
2040	—	—	—	$137,337	$137,337	($1,003,224)	—
2041	—	—	—	$142,006	$142,006	($861,218)	—
2042	$37,300	$14,826	$88,999	$146,834	$57,835	($803,382)	Crack seals + Dellwood Ave
2043	$1,304,000	—	$2,302,114	$151,827	($2,150,287)	($2,953,670)	Mill & overlay wave: Pine Tree Hills, Dellwood Glen, Dellwood Hills 2nd, Meadow/Echo/Ordway + crack seals
2044	—	—	—	$156,989	$156,989	($2,796,681)	—
2045	—	—	—	$162,326	$162,326	($2,634,355)	—
2046	—	—	—	$167,845	$167,845	($2,466,509)	—
2047	$76,900	—	$155,188	$173,552	$18,364	($2,448,145)	Crack seals
2048	$6,800	$494,208	$1,045,434	$179,453	($865,981)	($3,314,126)	Dellwood Ave mill & overlay + crack seals
2049	—	—	—	$185,554	$185,554	($3,128,572)	—
2050	—	—	—	$191,863	$191,863	($2,936,709)	—
Total	**$3,457,000**	**$538,687**	**$6,242,191**	**$3,305,483**	**($2,936,709)**	**($2,936,709)**	

Source: City cost workbook, "Funding Gap Schedule" and "Pavement Cost Projection" tabs, with Dellwood Avenue at 1.8 miles × 26 feet. Figures may not sum exactly due to rounding.

Appendix H: Affordability Scenario Model (Section 6.5)

This appendix documents the model behind Exhibits G–I so that each figure can be traced and re-run with different assumptions.

H.1 Model Rules

- **Timing.** The $11,569,172 payment arrives in 2027 and earns one year of interest before construction in 2028 (Year 0). The model runs through 2068 (Year 40).
- **Costs.** Base costs are in 2026 dollars and grow at the scenario inflation rate; Path A's July 2025 estimate is escalated from 2025. Construction overruns apply to the initial project only.
- **Path A.** Full scope = construction and engineering ($10,657,200), right-of-way ($1,000,000), and the tunnel ($1,500,000) or crossing lights ($50,000), all in 2025 dollars; overruns apply to all but right-of-way. Funds available = payment plus one year of interest plus grants. Upkeep follows Exhibit C (crack seal 4 years after construction and every 5 years; mill and overlay every 20 years; 1.8 miles × 26 feet; city unit prices) and is paid by the city.
- **Path B.** Construction is held to $9,506,667; any cost above that is scope trimmed. The reserve (payment plus interest plus grants, less construction) earns interest and pays the engineer's Option 2 schedule: crack seal at Years 4, 8, 12, and 16 and microsurface at Years 7 and 14 of each 20-year period; mill and overlay at Year 20; reclaim and overlay at Year 40 (Appendix F).
- **Path C.** Initial reclaim and overlay ($1,446,667) plus any overrun is paid from the payment. The balance earns interest and pays the engineer's Option 1 schedule: crack seal at Years 3, 7, 11, 15, and 19 and microsurface at Years 5, 10, and 15 of each 20-year period; reclaim and overlay at Years 20 and 40.
- **Decline.** MnDOT overlays the road in 2030 and about every 10 years after (MnDOT's history shows surface treatments every 7 to 13 years, Section 7.3), at MnDOT's median overlay price of $338,520 (Appendix F.2). The city pays its scenario share. MnDOT routine maintenance and any future reconstruction are not priced.
- **Pavement life.** Treatment intervals are stretched by 15% in the best case and shortened by 15% in the conservative case, rounded to the nearest year. Treatments falling after 2068 are not counted.
- **Results.** When a reserve runs out, the city budget pays the remainder. Net position = 2068 balance minus cumulative city-paid costs, each converted to 2026 dollars at the scenario inflation rate.

H.2 Net Position Over Time

Each cell shows the reserve remaining minus everything the city budget has paid to date, in thousands of 2026 dollars.

Path and scenario	2028	2033	2038	2043	2048	2053	2058	2063	2068
Path A — Best case	0	−15	−30	−30	−44	−539	−554	−568	−583
Path A — Expected	0	−15	−30	−44	−539	−554	−568	−583	−1,077
Path A — Conservative	0	−15	−30	−44	−554	−568	−583	−1,077	−1,092
Path B — Best case	2,752	3,091	3,386	3,806	4,188	4,350	4,894	5,415	6,009
Path B — Expected	2,347	2,289	2,150	2,013	1,605	1,561	1,436	1,313	86
Path B — Conservative	2,101	1,849	1,537	1,272	782	601	439	−802	−898
Path C — Best case	10,116	11,394	12,725	14,229	15,925	16,429	18,411	20,647	23,274
Path C — Expected	9,554	9,254	8,959	8,654	7,026	6,774	6,527	6,269	4,686
Path C — Conservative	8,998	7,858	6,835	5,944	3,891	3,340	2,736	996	756
Decline — Best case	0	0	0	0	0	0	0	0	0
Decline — Expected	0	−85	−85	−169	−169	−254	−254	−339	−339
Decline — Conservative	0	−169	−339	−339	−508	−508	−677	−677	−846

Appendix H.2. Thousands of 2026 dollars. Source: scenario model (companion workbook "TH244_Scenario_Model.xlsx").

H.3 Scope Trimmed at Construction

Path and scenario	Cost of planned scope in 2028	Construction budget	Scope to trim	Share of scope
Path A — Best case	$14,169,000	$12,398,000	$1,771,000	13%
Path A — Expected	$15,889,000	$12,016,000	$3,873,000	24%
Path A — Conservative	$16,415,000	$11,801,000	$4,614,000	28%
Path B — Best case	$9,988,000	$9,507,000	$481,000	5%
Path B — Expected	$11,181,000	$9,507,000	$1,674,000	15%
Path B — Conservative	$12,977,000	$9,507,000	$3,470,000	27%

Appendix H.3. Nominal 2028 dollars. Path A's budget is the payment plus one year of interest plus grants; Path B's is the engineer's cap. Path A's conservative scope uses crossing lights instead of the tunnel.