

Itasca County Public Infrastructure Program

To Support Minnesota Steel Industries and Mesaba Energy Project

February 20, 2006

Table 2
Cost of Public Infrastructure Planning, Predesign, Design, Permitting, ROW Acquisition, Wetland Mitigation
and Public Infrastructure Construction of Roadway, Railroad, Gas Pipeline, Water and Sewer

Category	Combined Infrastructure Project Cost Estimates				Separate Infrastructure Project Cost Estimates	
	Shared Infrastructure	Excelsior Energy	Minnesota Steel	Total	Excelsior Energy	Minnesota Steel
Roadway						
Predesign	\$173,506	\$249,996	\$225,253	\$648,755	\$323,502	\$269,134
Predesign Completed	(\$43,681)	\$0	(\$225,253)	(\$268,134)	\$0	(\$269,134)
Design/Permitting	\$676,674	\$974,983	\$878,488	\$2,530,145	\$1,751,657	\$1,684,791
Construction	\$5,653,057	\$8,194,855	\$7,365,887	\$21,213,799	\$13,797,912	\$12,968,841
ROW Acquisition	\$50,000	\$50,000	\$50,000	\$150,000	\$150,000	\$150,000
Wetlands Mitigation	\$40,000	\$30,000	\$40,000	\$110,000	\$70,000	\$80,000
Constr. Admin.	\$347,013	\$499,991	\$450,507	\$1,297,511	\$847,004	\$797,519
Subtotal Roadway	\$6,896,369	\$9,999,825	\$8,784,882	\$25,681,076	\$16,940,075	\$15,681,251
Railroad						
Predesign	\$214,188	\$404,685	\$393,559	\$1,012,431	\$498,873	\$447,730
Predesign Completed	(\$54,171)	\$0	(\$393,559)	(\$447,730)	\$0	(\$447,730)
Design/Permitting	\$835,331	\$1,578,272	\$1,534,879	\$3,948,482	\$2,533,603	\$2,530,226
Construction	\$6,999,606	\$13,305,074	\$12,936,795	\$33,241,474	\$20,264,680	\$19,886,401
ROW Acquisition	\$50,000	\$50,000	\$50,000	\$150,000	\$150,000	\$150,000
Wetlands Mitigation	\$40,000	\$40,000	\$40,000	\$120,000	\$80,000	\$80,000
Constr. Admin.	\$428,375	\$809,370	\$787,118	\$2,024,863	\$1,237,745	\$1,215,493
Subtotal Railroad	\$8,513,329	\$16,187,400	\$15,348,791	\$40,049,520	\$24,754,900	\$23,862,120
Gas Pipeline						
Predesign	\$290,855	\$20,125	\$80,106	\$391,086	\$125,050	\$153,666
Predesign Completed	(\$73,580)	\$0	(\$80,106)	(\$153,686)	\$0	(\$153,686)
Design/Permitting	\$1,134,335	\$78,488	\$312,414	\$1,525,236	\$928,695	\$1,495,290
Construction	\$9,087,305	\$576,138	\$2,561,513	\$12,224,955	\$6,538,155	\$10,558,865
ROW Acquisition	\$500,000	\$50,000	\$50,000	\$600,000	\$500,000	\$500,000
Wetlands Mitigation	\$40,000	\$40,000	\$40,000	\$120,000	\$80,000	\$80,000
Constr. Admin.	\$581,710	\$40,250	\$160,212	\$782,173	\$430,100	\$673,043
Subtotal Gas Pipeline	\$11,560,645	\$805,000	\$3,124,139	\$15,489,784	\$8,602,000	\$13,307,199
Water						
Predesign	\$0	\$35,190	\$34,408	\$69,598	\$35,190	\$34,408
Predesign Completed	\$0	\$0	(\$34,408)	(\$34,408)	\$0	(\$34,408)
Design/Permitting	\$0	\$137,241	\$134,191	\$271,432	\$137,241	\$134,191
Construction	\$0	\$1,064,789	\$1,036,905	\$2,103,694	\$964,789	\$938,905
ROW Acquisition	\$0	\$50,000	\$50,000	\$100,000	\$150,000	\$150,000
Wetlands Mitigation	\$0	\$50,000	\$50,000	\$100,000	\$50,000	\$50,000
Constr. Admin.	\$0	\$70,380	\$68,816	\$139,196	\$70,380	\$68,816
Subtotal Water	\$0	\$1,407,600	\$1,341,912	\$2,749,512	\$1,407,600	\$1,341,912
Sewer						
Predesign	\$0	\$94,329	\$95,062	\$189,391	\$94,329	\$95,062
Predesign Completed	\$0	\$0	(\$95,062)	(\$95,062)	\$0	(\$95,062)
Design/Permitting	\$0	\$367,882	\$370,741	\$738,623	\$367,882	\$370,741
Construction	\$0	\$3,022,282	\$3,046,546	\$6,068,830	\$2,922,282	\$2,946,548
ROW Acquisition	\$0	\$50,000	\$50,000	\$100,000	\$150,000	\$150,000
Wetlands Mitigation	\$0	\$50,000	\$50,000	\$100,000	\$50,000	\$50,000
Constr. Admin.	\$0	\$188,658	\$190,124	\$378,781	\$188,658	\$190,124
Subtotal Sewer	\$0	\$3,773,150	\$3,707,413	\$7,480,563	\$3,773,150	\$3,707,413
Summary						
Predesign	\$678,549	\$804,324	\$828,388	\$2,311,261	\$1,076,943	\$1,000,000
Predesign Completed	(\$171,612)	\$0	(\$828,388)	(\$1,000,000)	\$0	(\$1,000,000)
Design/Permitting	\$2,646,341	\$3,136,865	\$3,230,714	\$9,013,919	\$5,719,078	\$6,215,240
Construction	\$21,911,580	\$28,163,137	\$27,778,035	\$77,852,752	\$44,477,817	\$48,299,766
ROW Acquisition	\$600,000	\$250,000	\$250,000	\$1,100,000	\$1,100,000	\$1,100,000
Wetlands Mitigation	\$120,000	\$210,000	\$220,000	\$550,000	\$330,000	\$340,000
Constr. Admin.	\$1,357,098	\$1,608,649	\$1,656,776	\$4,622,523	\$2,773,886	\$2,944,995
Total	\$27,141,955	\$32,172,975	\$33,135,525	\$92,450,455	\$55,477,725	\$58,900,000

Exhibit A
SEH Public Infrastructure
for Mesaba & MSI

Table 1
Summary Cost Table for Public Infrastructure Planning, Design and Construction

Category	Combined Infrastructure Project Cost Estimates				Separate Infrastructure Project Cost Estimates	
	Shared Infrastructure	Excelsior Energy	Minnesota Steel	Total	Excelsior Energy	Minnesota Steel
Roadway	\$6,035,000	\$8,695,500	\$7,834,900	\$22,565,400	\$14,730,500	\$13,869,900
Railroad	\$7,450,000	\$14,075,000	\$13,689,000	\$35,215,000	\$21,526,000	\$21,139,000
Gas Pipeline	\$10,116,700	\$700,000	\$2,786,300	\$13,603,000	\$7,480,000	\$11,705,100
Water	\$0	\$1,224,000	\$1,196,800	\$2,420,800	\$1,224,000	\$1,196,800
Sewer	\$0	\$3,281,000	\$3,306,500	\$6,587,500	\$3,281,000	\$3,306,500
Subtotal	\$23,601,700	\$27,976,500	\$28,813,500	\$80,391,700	\$48,241,500	\$51,217,300
Design/Const Admin at 15%	\$3,540,255	\$4,196,475	\$4,322,025	\$12,058,755	\$7,236,225	\$7,682,700
Total	\$27,141,955	\$32,172,975	\$33,135,525	\$92,450,455	\$55,477,725	\$58,900,000

Notes:

1. Shared Infrastructure would be shared by both Excelsior Energy and Minnesota Steel, reducing costs for both projects.
2. 1999 Appropriation to Itasca County for Minnesota Steel Public Infrastructure Improvements Study (\$1.0 Million) has been completed and a Final Report submitted to Finance.
3. See detailed cost breakdown for additional project elements.
4. *Project Schedules* -
 Minnesota Steel: Begin Public Infrastructure Design 3Q06
 Mesaba Energy: Begin Public Infrastructure Pre-design 3Q06