

**Summary-- LONG-TERM M&R FUND PROJECT BROAD TOP TOWNSHIP and  
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The second part of this proposal is to set up an M&R Fund to pay for long term major maintenance and material replacement for the existing twelve AMD treatment systems for which the Township is responsible. The fifteen discharges and the twelve treatment systems are listed on the following page.

<b>Existing Passive AMD Treatment Systems</b>					
<b>Anticipated Maintenance Needs</b>					
<b>Site ID</b>	<b>Average Flow (gpm)</b>	<b>Assumed Alkalinity Generation (mg/L)</b>	<b>Number of Ponds to Be Cleaned Every 10 Yrs.</b>	<b>Tons of Limestone Replaced Every 25 Yrs.</b>	<b>VFW or ALD Removal/Replacement</b>
LRO-D2	4	100	1	266	1 LS Pond
LRO-D3	10	100	1	305	N.A.
LRO-D4	2	125	N.A.	76	1 - ALD
LRO-D5	12	100	2	438	N.A.
LRO-D6	3	125	2	84	1 - ALD
LRO-D7	11	100	1	431	N.A.
LRO-D8	4	100	2	206	N.A.
LRO-D9	N.A.	N.A.	2	N.A.	N.A.
LRO-D10	15	100	3	577	1 - VFW
LRO-D13/D15	20	125	2	1122	1 - ALD
LRO-D14	N.A.	N.A.	1	N.A.	N.A.
SX3-D1	125	75	3	4173	N.A.
SX3-D2	45	75		1406	N.A.
SX3-D3	65	75		1798	N.A.

The engineering estimate for the average pond cleaning in current dollars is \$2,000 each. The current cost of limestone delivered is \$20 per ton. The Township's estimate for the cost of "stirring up" and then replenishing limestone is \$3,000 per 500 tons. The engineering estimate of the average extra cost to replenish limestone in an ALD is \$2,000. The estimated combined current cost of pond cleaning at ten and twenty years and limestone replenishment at twenty-five years for the twelve systems is \$328,923. This is made up of \$64,036 for systems completed in 2004, \$35,166 for systems completed in 2005 and \$229,721 for systems completed in 2006.

Using an average inflation adjustment of 3% and an average investment return of 5% the current investment needed to pay for these future expenditures is only \$221,500. This amount today will pay for the estimated \$612,514 cost in future dollars of the work required to be done over the next twenty-five years. If an average investment return of 6% can be obtained only \$177,120 is needed today, while receiving only a 4% return would require \$278,395. The spreadsheets that provide these numbers are available electronically upon request.

The Township proposes to set up a special trust account with the advice of the Pennsylvania Local Government Investment Trust (PLGIT) to hold the M&R Fund. Payments from the M&R Fund can be pre-approved by an outside entity such as the Bedford County Conservation District if desired by the Department to ensure its proper use. The first part of this project will be to work out all the details needed to ensure the future operations of the M&R Fund.