



## HERSHEY COMMUNITY CENTER

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FAQ

1

**HAS THERE BEEN A FEASIBILITY STUDY DONE ON THE NEW RECREATION CENTER?**

Ballard King Associates, a nationally-recognized recreation center planning consultant based in Colorado, was engaged in 2016 and has been collaborating with the Township ever since. Their engagement started with a Feasibility Study and Market Analysis which were used to perform an Operation Analysis in 2017. The Operational Analysis is being used as the basis to develop the detailed Business Plan specific to the final design of the building. Ken Ballard, lead principal with Ballard King Associates, presented the Operational Analysis at a public meeting in October of 2017. The draft of the Business Plan document will be complete in September of 2018 and then it will continue to be modified for months to come. **The Operational Analysis that was performed in 2017 projected that we would go from a current annual operating loss on the existing Recreation Center of (\$733,000) to an operating loss of approximately (\$355,000) with the new Community Center.**

2

**HAS THE TOWNSHIP BENCHMARKED OTHER FACILITIES?**

Throughout the entire process the Township has considered the successes and failures of other facilities, both by visiting other facilities and by working with consultants who have specialized expertise in working with countless facilities across the nation. It is important to realize that the goal of this facility is not to make a profit or even break-even; the goal is to minimize the operating deficit each year. Community Centers are a government service and almost always operate at a deficit. Our current Recreation Center operates at a (\$733,000) deficit each year. **It is projected that our new Community Center will operate at a (\$355,000) deficit each year, but this number will continue to be adjusted as the Business Plan is fine tuned.** It should be noted that achieving this lower operating deficit will require a substantial increase in revenues at the Community Center.

3

### WILL THERE BE A SUBSTANTIAL TAX INCREASE TO FUND THE NEW COMMUNITY CENTER?

Based on the latest calculations and assuming we hit our goals relating to the Capital Campaign fundraising for the project, **the estimated total maximum tax increase is around 0.576 mills. (For a home valued at \$300,000 and assessed at \$250,000, this equates to an additional \$144 per year, or \$12 per month) This could be implemented over several years as opposed to a one-time increase.**

Additionally, there is a strong chance that this maximum millage could be decreased if other revenue enhancements that the Township is exploring become fruitful.

It should also be noted that the Township may consider other tax increases in future years to fund other Township initiatives or may choose to avoid future tax increases by exploring other revenue enhancement or expense reductions. The .928 - 1.73 millage increase over the next 7 to 8 years that has been mentioned is merely one projection if corrective measures and prudent budgeting is not performed. The Township will work together annually with its financial advisor to make corrective measures to minimize or avoid future tax increases.

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### IS THERE A SERIOUS EFFORT TAKING PLACE TO SOLICIT FUNDS FROM BUSINESSES, INDIVIDUALS AND FROM THE KEY STAKEHOLDERS INCLUDING THE HERSHEY AQUATICS CLUB, THE MOHLER SENIOR CENTER AND THE SCHOOL DISTRICT?

**Yes.** A very robust capital campaign has been launched and details can be seen at [hersheycommunitycenter.org](http://hersheycommunitycenter.org). We are very encouraged by the level of support that is being generated for the project. Discussions with donors are ongoing and commitments will begin being announced in September 2018.

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### WHAT IS THE CURRENT TOWNSHIP DEBT?

The total net nonelectoral debt outstanding as of the Series of 2018 Official Statement was **\$9,958,110.**

The total net nonelectoral and lease rental debt as of the Series of 2018 Official Statement was **\$22,593,110.** This includes the debt that the township issued through the ICDA for the municipal building and the fire station loan.

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**HOW MUCH DOES THE TOWNSHIP PAY ANNUALLY TO SERVICE ITS DEBT?**

The total debt service that the Township pays annually is shown in the table below:

<b>FISCAL YEAR</b>	<b>TOTAL TOWNSHIP DEBT SERVICE</b>
12/31/2018	2,148,668
12/31/2019	2,162,120
12/31/2020	2,308,130
12/31/2021	2,317,476
12/31/2022	2,310,356
12/31/2023	2,107,831
12/31/2024	1,901,425
12/31/2025	1,250,564
12/31/2026	1,252,567
12/31/2027	1,244,828
12/31/2028	1,189,620
12/31/2029	979,871
12/31/2030	976,345
12/31/2031	173,461
12/31/2032	171,501
12/31/2033	172,754
12/31/2034	173,959
12/31/2035	171,506
12/31/2036	172,460
12/31/2037	173,154
<b>TOTAL</b>	<b>23,358,593</b>

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**WHAT IS THE BORROWING CAPACITY OF THE TOWNSHIP?**

As of the last calculation done for the Series of 2018 Official Statement, the Net Nonelectoral and Lease Rental Debt Limit was as follows:

<b>Legal Limit:</b>	<b>\$60,110,421</b>
<b>Outstanding Debt:</b>	<b>\$22,593,110</b>
<b>Remaining General Obligation Capacity:</b>	<b>\$32,977,905</b>
<b>Remaining General Obligation and Lease Rental Capacity:</b>	<b>\$37,517,311</b>

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## WHAT IS THE STATUS OF DEBT THAT WAS TAKEN ON TO FUND THE NEW FIREHOUSE?

The Township incurred this debt, but the Fire Department is paying it. The Derry Township Industrial Commercial Authority (DTICDA) owns the building, the Fire Department is the Lessee until the debt is paid off by the Fire Department. **The Fire Department has raised all but \$1,450,300** of the approximate \$7,000,000 it cost to build the new station and continues to cover all the Township's debt service on the outstanding balance of the loan.

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## WHAT IS THE STATUS OF ANY DEBT THAT HAS BEEN INCURRED FOR IMPROVEMENTS DOWNTOWN?

In 2018, \$2,900,000 was borrowed from the Dauphin County Infrastructure Bank (DCIB) at a very attractive rate to fund improvements to Governor Road between Cherry Drive and Fishburn Roads, Chocolate Avenue and Stauffers Church Road.

# PLANNING PROCESS

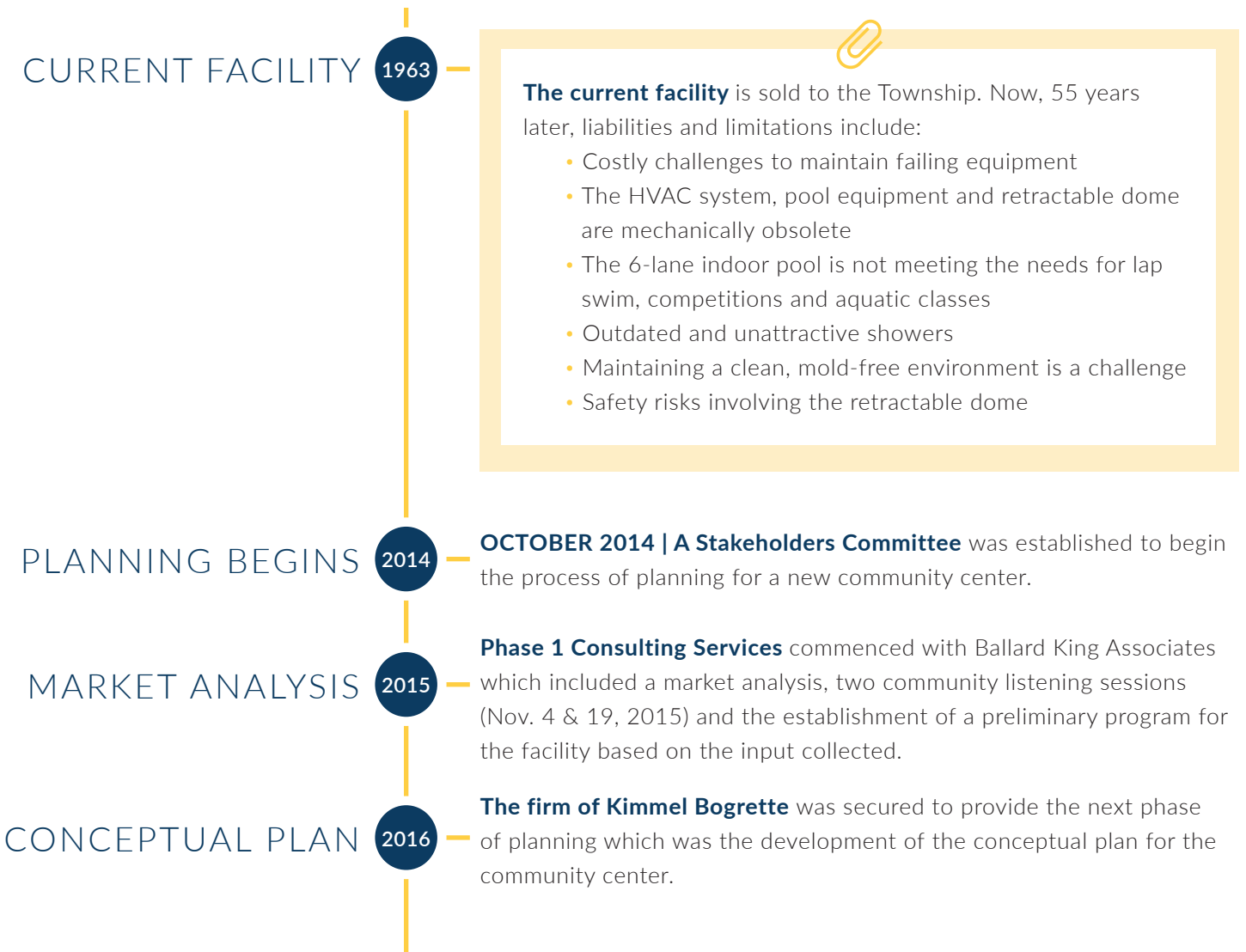


## OVERVIEW

**The Hershey Community Center**, when constructed, will be a premier recreation, leisure services and fitness facility for people of all ages who live and work in the greater Hershey region. In addition to the many youth, senior, and adult community programming opportunities, the center will bolster the local economy through the augmented tourism and hospitality services that result from local, state, and regional aquatic meets, made possible by the planned 50-meter competitive swimming pool.

**Additional planned amenities include: walking track, fitness opportunities, a full-size basketball gymnasium, a childcare area, indoor leisure pool with zero-entry and active play components, a senior center, meeting rooms, outdoor leisure pool, large multi-purpose room, commercial kitchen space, and a refreshment area.**

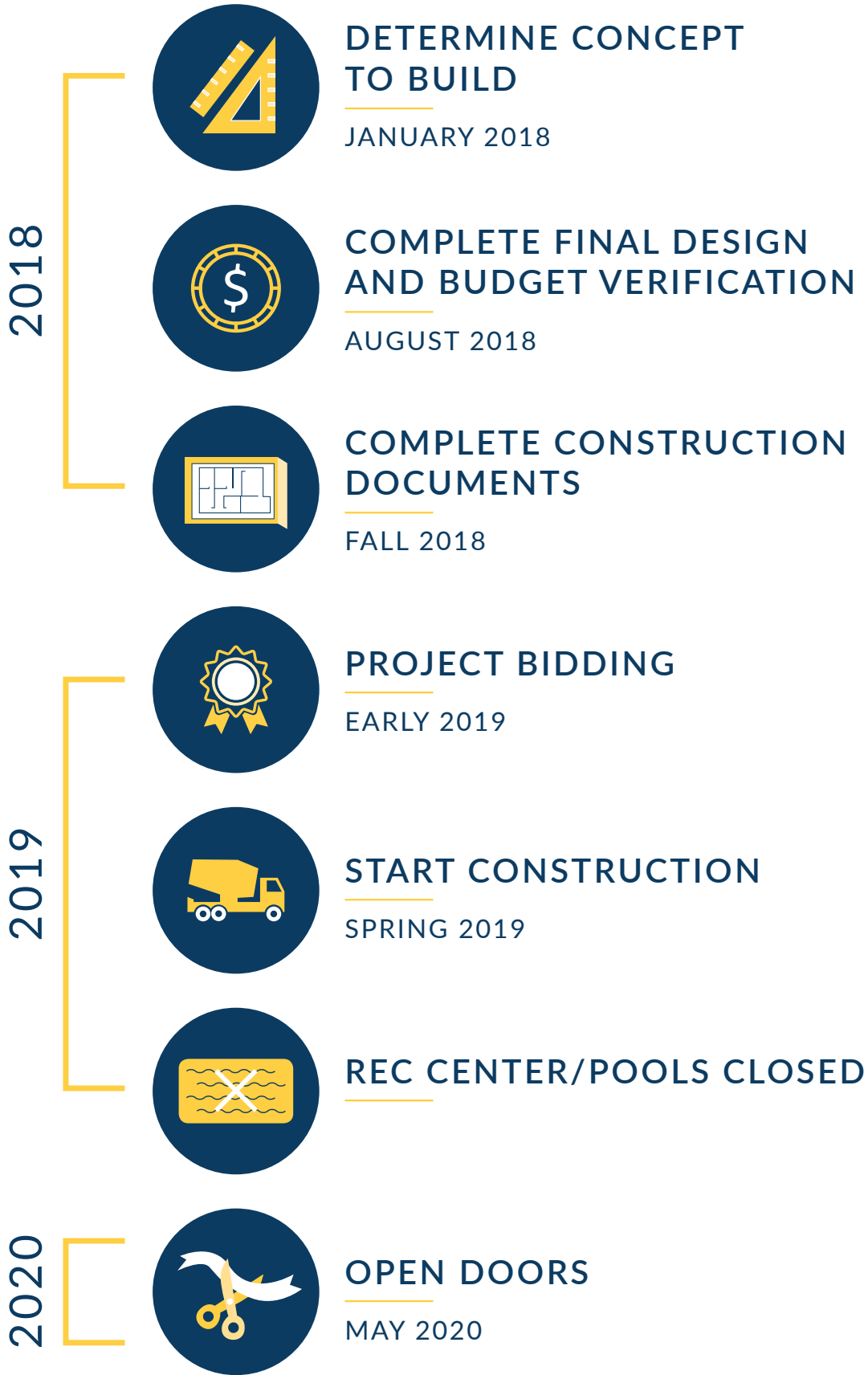
## TIMELINE



# TIMELINE

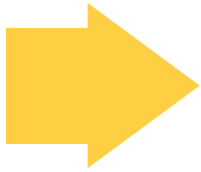


# PROJECTED DESIGN & CONSTRUCTION SCHEDULE





# WHY \$32 MILLION?



CURRENT FACILITY


## INCREASING AGE & COSTS



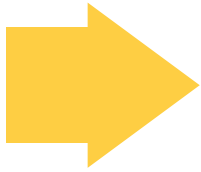
Rec Center is over 55 years old



Maintenance costs are astronomical



\$733,000 per year to operate



RENOVATION

## \$11 MILLION

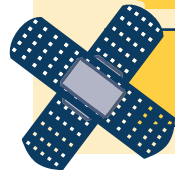
The cost to renovate the existing building



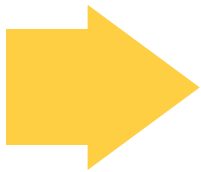
Does not include a senior center



Does not address the shortage of water time or needed recreational programming space for our residents



**A SHORT-TERM FIX THAT DOES NOT MEET THE NEEDS OF OUR COMMUNITY**



NEW BUILDING

## \$26 MILLION

The cost to build a new building and 25-yard pool



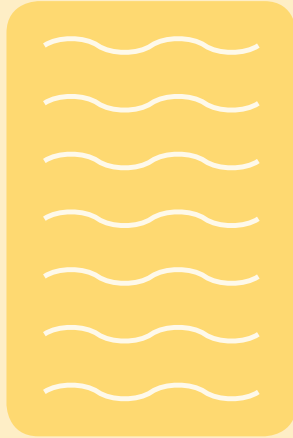
Community listening sessions revealed what our residents needs are in a new Community Center



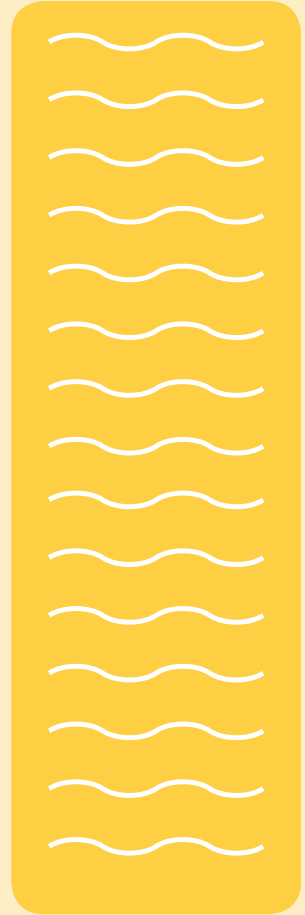
If a new facility is to be built, it needs to meet the needs of our community.

**\$26** ————— **\$32 MILLION**

**25**  
YARD POOL



**50**  
METER POOL



**50 METER POOL = LOWEST OPERATING DEFICIT**

A study of operational costs of a new facility with a 25-yard pool and a 50-meter competition-sized pool were compared.

A 50 meter pool would actually result in the **lowest operating deficit**. Approximately

**\$ 355,000**  
**PER YEAR**  
PROJECTED

This will potentially open up economic development funding sources that could **more than pay for the incremental cost from 26M to 32M.**



This is due in part to the plan to host approximately **12 regional swimming meets per year.**



## WHAT COULD DERRY TOWNSHIP MUNICIPAL AUTHORITY HAVE TO DO WITH FUNDING THE COMMUNITY CENTER?

Derry Township supervisors initiated a process to look at Township- controlled assets to look for creative funding solutions.



By law, Derry Township has the right at any time to assume ownership of DTMA operations and its assets



- Standalone authority
- Its own board
- Well run for many years
- Keeps rates low

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It was decided that DTMA could be sold for an amount that would fund the entire Community Center

If sold, sewer rates could rise as much as **75%**, and the Township would lose control of a stable asset

However...

## SO WHERE DID THIS LEAD?

Supervisors agreed a sale is not in the best interest of township residents, but in the process of investigating options, it was realized that DTMA has two distinct operations and that one of them may be able to help.

1

- Its core sewer collection and processing business which is paid for by rate payers
- Storm water management paid for by rate payers

2

- An ancillary business called the Trucked-in Waste Acceptance program. Examples of customers include jiffy john companies and bulk food waste companies.

**\$800,000  
PER YEAR**

**CURRENT ESTIMATED NET INCOME FROM THE  
TRUCKED-IN WASTE ACCEPTANCE PROGRAM**

**WILL CONTINUE TO BE USED TO SUBSIDIZE SEWER RATES**

## **OPPORTUNITY:**

Derry Township funds a \$15M expansion to existing truck-in waste facility, with self-liquidating debt that will not affect the Township's borrowing capacity, and the new income generated would go to the Township.

These revenues are estimated to be between \$250,000 and \$500,000 per year.

## **NO INCREASE IN CURRENT RATES**



The revenues could be used for debt service on the Community Center.

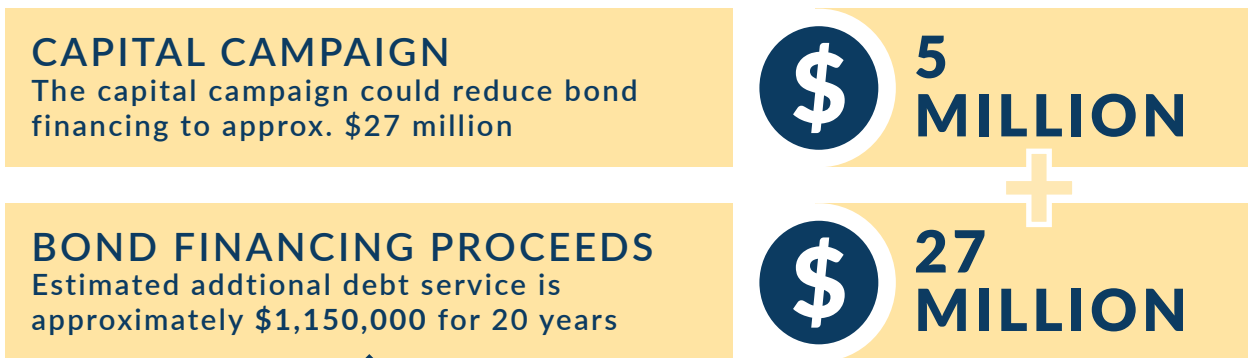
By using these private activity funds to help fund the Community Center, the Township will reduce the tax increase needed for the Community Center.



POTENTIAL SOURCES OF FUNDS

## ESTIMATED COST: \$32 MILLION

The current funding strategy includes the mix below:



### THE \$1,150,000 DEBT SERVICE MAY COME FROM:



### OTHER SOURCES OF FUNDS THAT WOULD MINIMIZE THE TAX INCREASE:

<p><b>DERRY TOWNSHIP MUNICIPAL AUTHORITY</b></p>	<p><b>\$ GENERATING AN ESTIMATED \$250,000-\$500,000 PER YEAR:</b> The township will finance an additional \$15M digester and all of the new income generated by trucked in waste to the new digester would be the Township's. This debt would be "self-liquidating" and would not affect the Township's borrowing capacity.</p>
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**THIS PLAN WOULD NOT IMPACT SEWER RATES FOR RESIDENTS, BUSINESSES OR OTHERS WHO CURRENTLY USE DTMA SERVICES.**

<p><b>REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM (RACP)-(TBD)</b></p>	<p><b>\$ UP TO \$10 MILLION:</b> Any state grant award will reduce bond financing. \$10 million has been applied for in RACP funds. <b>An award in the range of \$1M-\$3M is most likely.</b></p>
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<p><b>REDUCTION IN OPERATING COSTS</b></p>	<p><b>\$ ESTIMATED AT \$375,000:</b> The new facility is estimated to have an operating loss of approximately <b>\$355,000</b> as opposed to <b>\$730,000</b> today. This savings will only be realized if the Township is able to successfully execute its business plan.</p>
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