



**HERSHEY COMMUNITY CENTER**



Revised October 5, 2018

# OVERVIEW



## ABOUT THE COMMUNITY CENTER

Since our recreation center was built in 1963, our community and its recreation needs have grown. The new Hershey Community Center is the vision of our residents. It will serve us and generations to come.

The center will provide additional recreational and social opportunities. It will give residents of all ages more room to swim, participate in classes, hold community meetings and enjoy socializing together. It will also provide a home for our local senior center and offer expanded programs for our students after school.

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

An indoor 50-meter pool will allow for much-needed additional swimming space and aquatics programming for residents. It's important to note that the current Hershey Recreation Center has a 50-meter pool outside. In the new facility, the 50-meter pool will be moved inside to allow for year-round use by residents and use during competitions, which will generate revenue for the center.

We listened to residents and results of a needs analysis to shape the key components of the new facility. This document provides an overview of the process, the timeline, the funding options, and answers to frequently asked questions.





## TIMELINE

### CURRENT FACILITY

1963

— **The current facility was built in 1963** by The Hershey Chocolate Company and run by the M.S. Hershey Foundation until it was sold to Derry Township in 1979. Now, 55 years later, liabilities and limitations include:

- Costly challenges to maintain failing equipment
- The HVAC system, pool equipment and retractable dome are mechanically obsolete
- The 6-lane indoor pool is not meeting the needs for lap swim, competitions and aquatic classes
- Outdated and unattractive showers
- Maintaining a clean, mold-free environment is a challenge
- Safety risks involving the retractable dome

### PLANNING BEGINS

2014

— **OCTOBER 2014 | A Stakeholders Committee** was established to begin the process of planning for a new community center.

### MARKET ANALYSIS

2015

— **Phase 1 Consulting Services** commenced with Ballard King Associates which included a market analysis, two community listening sessions (Nov. 4 & 19, 2015) and the establishment of a preliminary program for the facility based on the input collected.

### CONCEPTUAL PLAN

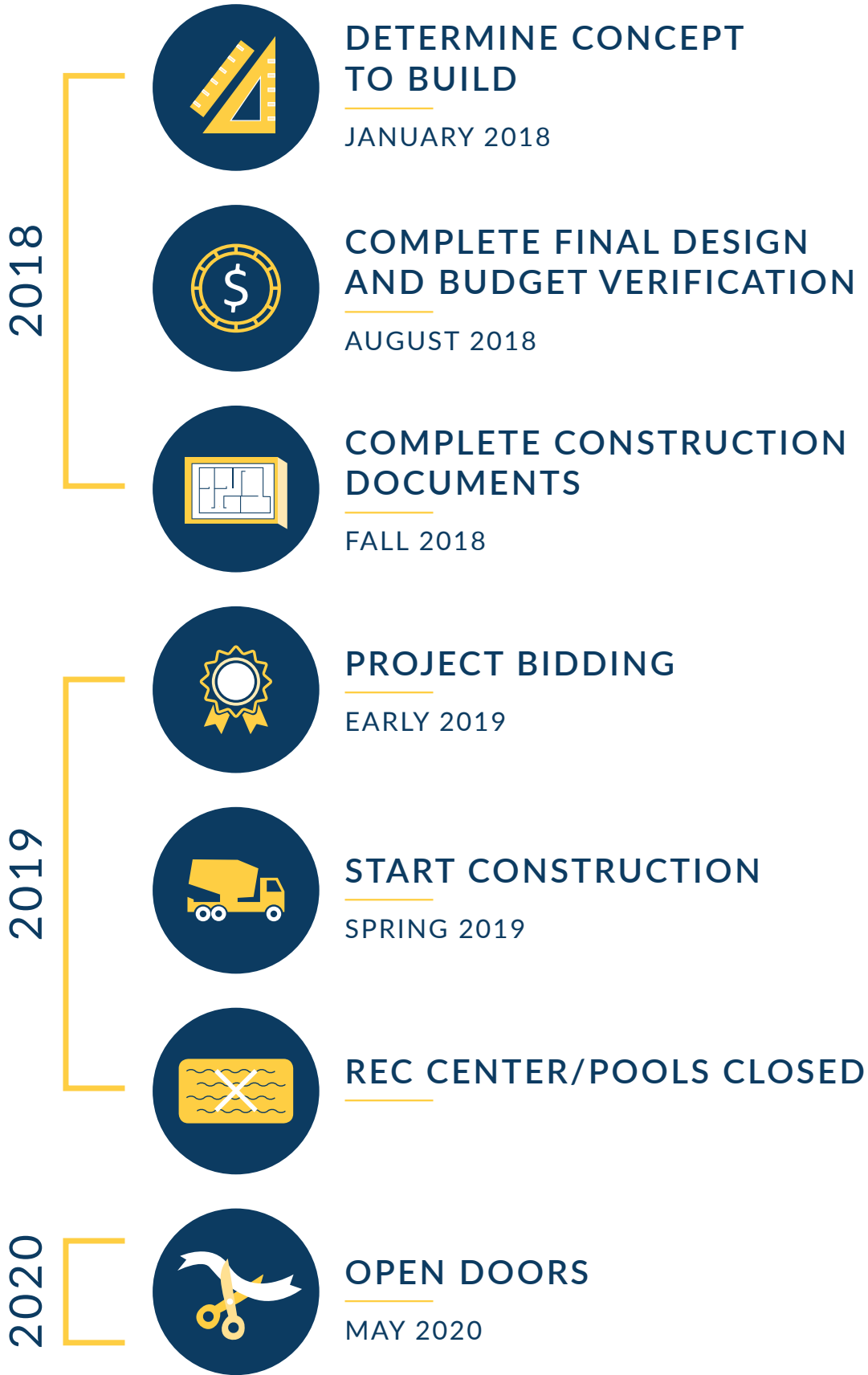
2016

— **The firm of Kimmel Bogrette Architecture + Site** was secured to provide the next phase of planning which was the development of the conceptual plan for the community center.

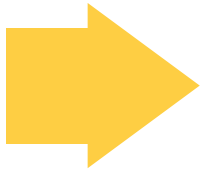
# TIMELINE



# PROJECTED DESIGN & CONSTRUCTION SCHEDULE



# WHY \$32 MILLION?



CURRENT FACILITY

## INCREASING AGE & COSTS



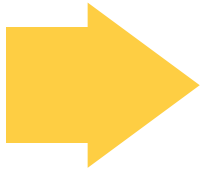
Rec Center is over 55 years old



Maintenance costs are astronomical



\$733,000 per year to operate



RENOVATION

## \$11 MILLION

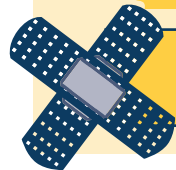
The cost to renovate the existing building



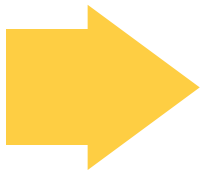
Does not include a senior center



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

## \$27.7 MILLION

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



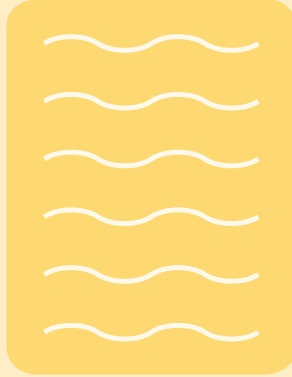
Community listening sessions revealed what our residents needs are in a new Community Center



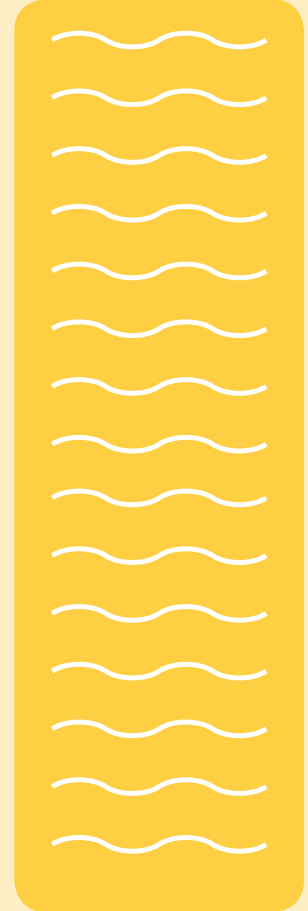
If a new facility is to be built, it needs to meet the needs of our community.

**\$27.7** — **\$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 of approximately

**\$ 517,000**  
to  
**589,000**  
**PER YEAR**  
*PROJECTED*

This will potentially open up economic development funding sources that **will help pay for the incremental cost from 27.7M to 32M.**



This is due in part to the plan to host regional swimming meets.



POTENTIAL SOURCES OF FUNDS

# ESTIMATED COST: \$32 MILLION

The current funding strategy includes the mix below:



## THE \$1,100,000 DEBT SERVICE MAY COME FROM:



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

Derry Township administrators, financial consultants and the Board of Supervisors continue to work together to secure funding solutions from a variety of sources that will help minimize the financial impact on the taxpayer. In addition, the Township continues to review its annual budget to plan for the future so that services are not compromised because of a major investment in the community center.





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 was 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 was completed in September of 2018 and will continue to be modified for months to come. **The Business Plan projected that we would go from a current annual operating loss on the existing Recreation Center of \$733,000 to an operating loss of between \$517,000 and \$589,000 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.

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### 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 are not performed. The Township will work together annually with its financial advisors 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 be announced in the coming months.

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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:

FISCAL YEAR	TOTAL TOWNSHIP DEBT SERVICE
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:

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

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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.

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## WHY ISN'T THERE A REFERENDUM TO LET THE VOTERS DECIDE?

While this may sound like the fairest option, voter turnout in Derry Township is historically low. In fact, only about 4,500 Derry Township residents out of more than 17,000 registered voters voted in the last general election. That puts the decision into the hands of a relatively small number of people. If all long-term capital expenditures were put to a vote, most likely residents would not approve funds for bridges, parks, government buildings, etc. Our residents are educated and well-meaning but they are not involved in the daily operations of the township and are not familiar with the details of this project or others. It's unwise to put this major decision that impacts our community today and for decades up to a vote, when those few who do vote have not worked on the project strategy and analysis as the administration and elected officials have for several years. The Supervisors are charged with doing what is best for the long-term future of Derry Township and often times voters may not be taking future generations into account when they cast their vote on a project.