

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

The meeting of the Derry Township Design Review Board was called to order at 6:00 p.m. by Chairman Phil Guarino in the meeting room of the Derry Township Municipal Complex, 600 Clearwater Road, Hershey, PA.

ROLL CALL

Members Present: Phil Guarino, Chairman; Joyce St. John, Vice Chairwoman; Sandy Ballard, Secretary (via speakerphone); Pam Moore; Glenn Rowe; Brian O'Day; Ted Herman

Member Absent: Ed Buchan

Also Present: Chuck Emerick, Director of Community Development; Brandon Williams, Assistant Director of Community Development; Jenelle Stumpf, Community Development Secretary

Public registering attendance: Nick Malawskey, *The Patriot-News*; Kenny Hinebaugh, Evans Engineering, Inc.; Brian Kreider, S. R. Productions; Brian T. Evans, Evans Engineering, Inc.; Rick Russell, The Hershey Company; Sandie and Carl Pharmed; Susan E. Peters; Ginny Edleman; Jeff Edleman, The Hershey Company; Steve Fair, 303 Cocoa Avenue; Judi, Brady, and Robert Hummel, 340 Clark Road; George Maragos, CBRE; Chris Brandenburg, Sign-A-Rama; Jesse Knutson, CBS 21 News; Stephen and Joyce DeBock, 36 Jacobs Creek Drive; Bill and Judy Woodring, 120 East Caracas Avenue; Nancy and Dick Zimmerman, 112 Para Avenue; Randy Waybright, 656 Hotel Road; Bruce and Sally McKinney, 139 Elm Avenue; Neil Fasnacht, 733 Linden Road; Steve Roberts, 1223 Limerick Court; Paul Wittle, 76 Cambridge Drive, Hershey; Jonathan M. Crist, 226 West Chocolate Avenue, Hershey; Nikki Soliday, 40 Northeast Drive, Hershey; Chris Bushman, 25 Maple Avenue, Hershey; Valerie Rowe, 310 Para Avenue, Hershey; Barbara Allen, 221 East Areba Avenue, Hershey; Jeff Bukman, The Hershey Company; Deborah Olson, 17 Sylvania Road, Hershey; Joel Price, 1614 East Caracas Avenue, Hershey; Jan and Matt Weir; Stephanie Sopert; Lou Santangelo; Susan Graham; Pam and Skip Becker; Amy Nguyen; Joanne Pollock; Lisa Schirato; Brad Ginder; Kevin Rowland; Jessica Demopoulos, The Chocolate Avenue Grill/Luna Mexican; Rich Gamble; Bryan Van Sweden, PA Historical and Museum Commission; Bill Heisey; Bill Matz; Andrew Varcoe, 116 East Caracas Avenue, Hershey; Garrett J. Price, 1614 East Caracas Avenue, Hershey; Kristen Furlan, 1903 Limestone Drive, Hummelstown; Ronald C. Furlan, 1903 Limestone Drive; Tim Keptner, 6A Richland Drive, Camp Hill; Lowell Paul, 700 West Elm Street, Palmyra; Diane Paul, 700 West Elm Street, Palmyra (Hershey Theater); Juliet Waldron, 1241 Coolidge Avenue, Hershey

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

ANNOUNCEMENT

Chairman Guarno stated that there are many people in attendance and there will be time for everyone to express their concerns. The applicants will present their case first, then the Board will comment, then the public will have an opportunity to voice their opinions. If there is a designated speaker for any group, the Board will recognize them first and all others are asked to limit their comments to 3 to 5 minutes in length and to not repeat what others have already stated. Chairman Guarno asked that, for the sake of an orderly meeting, everyone refrain from applause or cheers in support of a speaker's comments. Orderly comments and actions are appreciated. He explained that the Design Review Board is tasked with determining whether a Certificate of Appropriateness should be issued to applicants who appear before the Board. He also advised that this meeting is being videotaped.

Chairman Guarno also gave notice that the Design Review Board met tonight before the regularly-scheduled meeting to address legal matters.

Secretary Sandy Ballard was unable to attend the meeting in person but is in attendance via speakerphone. Member Ed Buchan was also unable to attend and will not be part of the meeting.

APPROVAL OF MINUTES

On a motion by Member Moore, seconded by Member Rowe, and a unanimous vote, the minutes of July 30, 2012 were approved as presented.

NEW BUSINESS

a. Consideration of window alteration for the building located at 441 West Chocolate Avenue, Hershey (Amy Nguyen/Finger Paints, DRB #322)

Chuck Emerick stated that this request has been withdrawn.

b. Consideration of new sign for the property located at 441 West Chocolate Avenue, Hershey (Amy Nguyen, DRB #323)

Chris Brandenburg from Sign-A-Rama represented the proposal. He stated that the sign will be located at the front of the building, perpendicular to West Chocolate Avenue. It will be a non-illuminated post and panel sign with vinyl print. The posts will be wooden with gold finials. Mr. Brandenburg stated that the applicant has decided not to go with the sign proposal that was submitted to the Board for review. He distributed an updated proposal to the Board. Chairman Guarno and Member Moore commented that the new proposal is an improvement over the old one.

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

Chairman Guarno commented that only certain colors are allowed for signs in this district. Chuck Emerick added that the sign also has to be compatible with the building scheme and this new sign seems much more compatible than the one originally submitted.

Mr. Brandenburg stated that the vinyl will be a flat, single piece and will be digitally printed in full color. Mr. Emerick asked if there will be a reflective surface on the sign. Mr. Brandenburg responded there will not. Mr. Emerick stated that vinyl material is not permitted in the Downtown Commercial Sign Overlay District. The preference is that the sign be dimensional. Chairman Guarno asked for a sign that is either carved or in relief so that it adds to the historical element of downtown Hershey, and he stated that most of the signs in this district have this dimension. Member Moore agreed. Mr. Brandenburg asked if they would be permitted to make only some of the letters three dimensional instead of all of them. Chairman Guarno responded that the sign should not be a straight vinyl face so it achieves the look of an old style on West Chocolate Avenue. He gave some examples of carved signs in the district.

Mr. Emerick read from a recently-modified section of the Zoning Ordinance: *“Recommended: Sign design and graphics should be coordinated with the character of the building, as well as the nature of the business, and should be of professional quality. Materials should be selected in relation to each structure so as to seem a natural part of the total building. Colors should relate to and complement the materials and color scheme of the building, including accent highlights and trim colors. Natural materials should be used as much as possible. The use of subtle, muted colors should be encouraged. The number of colors on any one sign should be limited to three, not including black, white, and gold. Dimensional signs should be encouraged, and it is recommended that signs done in relief should be raised at least ¼” off of the sign and that carved signs should have a depth of at least ¼.”* He asked if the new sign is the same dimensionally as the sign that was submitted previously. Mr. Brandenburg answered that it is. Mr. Emerick believes that the sign originally submitted was compliant with Zoning regulations regarding size.

Chairman Guarno recommended that the applicant resubmit a sign that looks more appropriate and meets the standards for this district.

On a motion by Chairman Guarno, seconded by Member O'Day, and a unanimous vote, the Board denied the issuance of a Certificate of Appropriateness for the sign request submitted on October 11, 2012 and instructed the applicant to go back and meet the necessary items that Mr. Emerick noted.

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

Chairman Guarno added that the Board will be happy to work with the applicant, and that they can submit a drawing to staff prior to the meeting so they can get feedback as to whether the sign is acceptable.

c. Consideration of demolition of a portion of the facility located at 19 East Chocolate Avenue, Hershey (The Hershey Company, DRB #324)

Vice Chairwoman St. John stated that a question of conflict of interest came up and she wanted to make the statement that personally she does not feel she has a conflict regarding this proposal. She has done a lot of things within the Hershey community and makes decisions based upon what she thinks is right; however, because it was brought up that her husband is an employee of The Hershey Company, she will abstain from voting, as stated by the 'conflict of interest' clause of the Ethics Act.

Chairman Guarno added that the Design Review Board sought the Township solicitor's opinion on the matter and were informed that the abstention of a family member should be any member of the immediate household, which is defined by the Ethics Act as a spouse, child, brother, or sister. The definition of 'conflict of interest' is so broad the Township solicitor believes that any member who falls under it should abstain, which is why Vice Chairwoman St. John is abstaining. However, there are exceptions to the need to abstain entirely, and Chairman Guarno read the following excerpt from the solicitor's memorandum: *"The Ethics Act also provides for members to abstain by publicly stating the abstention and the nature of the possible conflict of interest prior to the vote, and providing a written memorandum filed with the person responsible for recording minutes of the meeting. Some members do to avoid appearance of a possible conflict of interest. Regardless of abstention due to an actual conflict or possible conflict, in the event that a majority vote of a quorum of the Board cannot be obtained and the Board would be unable to take any action on the matter, the member or members who have abstained and provided the required public disclosure, such member or members may vote to provide the required majority."* Chairman Guarno reiterated that Vice Chairwoman St. John is abstaining; however, it is possible that her vote could be required.

Chairman Guarno explained that the Design Review Board was created to preserve the integrity of downtown Hershey and it reviews material changes to properties within a very specific parameter. Mr. Emerick clarified the boundaries of the Chocolate Avenue Preservation Overlay District. Chairman Guarno stated that in reviewing this proposal, the Board is looking at a very defined area. They are not reviewing the entire plant.

Rick Russell, Director of State and Local Government Relations for The Hershey Company; Jeff Edleman, Senior Director for Business Development for The Hershey

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

Company; Jim George, Vice President of Corporate Social Responsibility for The Hershey Company; George Maragos, Senior Vice President of CBRE; and Kenny Hinebaugh, design engineer for Evans Engineering, Inc., all represented the proposal. Mr. Russell stated that between the three Hershey Company representatives, there is about 70 years of employment experience with the company. Mr. Edleman distributed paper copies of their Powerpoint presentation to the Board.

Mr. Russell clarified that their demolition request does not include the smoke stacks, the cocoa bushes, the silo buildings, or the power plant building. He stated that repurposing the existing buildings has always been The Hershey Company's starting point, they never started from a point of demolition, and this remained a priority throughout their analysis, which was extensive. Over the past three years, The Hershey Company has undertaken a thorough, dedicated, and thoughtful level of due diligence to determine which, if any, of the buildings could support re-use. They explored both highest and best use options and those of lesser use and non-traditional alternatives. The company looked locally, domestically, and worldwide for a pursuit of willing users to maintain the structures. The Hershey Company will be investing nearly 70 million dollars in the west end of the facility by rehabilitating some of the old structures that exist. That, combined with their 300 million dollar investment across the street, results in a 2 to 4 year investment of nearly 400 million dollars. The Hershey Company is very proud of that fact and it has vested their interest and solidified their presence in the community for the next century. Mr. Russell stated that accordingly, a productive next user of the site serves both The Hershey Company and the community. A vibrant, walkable, and mixed-use downtown does not come to be with a large, vacant industrial property in the heart of town. The plans being discussed at tonight's meeting represent, in The Hershey Company's opinion, the most realistic opportunity for downtown redevelopment of the site. The plans complement the company's preservation of the west end of the facility with new development to the east.

Mr. Edleman stated that he has been with The Hershey Company for 32 years. He has been acting as the real estate department for The Hershey Company since approximately 1997. During that time he has completed about 50 different real estate transactions, among which were 20 plants that the company was able to close or sell.

Mr. Edleman explained that slide 1 of the Powerpoint presentation depicts the 18 different tax parcels which consist of what The Hershey Company owns in downtown. The combined properties contain approximately 30 acres. The next slide of the presentation shows the single parcel that was part of the sale leaseback transaction that occurred in September 2011. The parcel was acquired by Chocolate Realty DST, who required the subdivision of the parcel into the long-term

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

sale leaseback and the eastern portion of the facility. Chocolate Avenue Realty DST is not builders or developers and is not interested in the eastern portion of the facility. Mr. Edleman stated that the facility is economically disadvantaged. He also noted that the tract of land containing the silos has already been sold to a different private party.

Mr. Edleman explained what The Hershey Company's plans are for the western portion of the facility. They are entering Phase 2 of what is a 3-phase development investment. They started the work about 2 years ago and spent 15 million dollars on an area called 'Global Shared Services', which is located on the third floor of these buildings. The company is presently converting more space on the second floor and when that is accomplished over the next 6 to 8 months, employees from other buildings will be transferred and work on Phase 3 will begin. Phase 3 involves the addition of windows to the building so that "world-class" office space can be provided to house the U.S. Operations, Sales, and Marketing organizations. It is intended to have 1,100 people in the office complex. A new office entrance will be provided at the west end of the facility.

Member Rowe asked if the employees will still be parking behind the Hershey Theater. Mr. Edleman responded that is correct, but not until the employees from 14 East Chocolate Avenue and 1 East Chocolate Avenue are moved into the office space on the second floor at the end of 2014. Those employees will be parking in the west, east, and south lots, and also in the Homestead Road lot. Chairman Guarno asked if the parking across the street is the main purpose of the tunnel under East Chocolate Avenue being built. Mr. Edleman stated that the tunnel was not a Hershey Company initiative, it was part of what the State did, but the tunnel will help with safety.

Mr. Edleman explained that they will be adding an atrium in the building in addition to windows. They also will completely refurbish the west parking lot.

One of the presentation slides depicted the factory in 1909, a few years after it opened. Mr. Edleman noted that the buildings from 1909 were torn down by Milton Hershey to create the existing factory, so it is inaccurate to say that The Hershey Company is asking to tear down Mr. Hershey's original facility. However, Mr. Edleman added that two of the buildings being kept are among the oldest remaining in the facility. These are Buildings 18 and 23, and they will be part of the restoration project.

Regarding the company's due diligence, Mr. Edleman stated that while researching ways to save and reutilize the buildings, he learned that the buildings could not be re-used without tearing some of them down because there is not enough parking to support redevelopment. Many concepts were researched and a few of those are

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

represented in the presentation. One concept that was evaluated involved keeping the maximum number of buildings, and to do so would require the construction of a massive parking deck. The total area of the buildings proposed to be demolished is 1.1 million square feet. The configuration is such that many of the buildings are back to back with no spacing in between them, which makes accessing them very difficult. It was discovered that the column spacing is so tight, cars could not be brought inside the configuration for interior parking, so some sort of restructuring of the building would have to occur.

Mr. Edleman explained that the next configuration (Scheme 1A) is a challenge because there is no crosswalk. Regarding Scheme 1B, there was a question of what could be practically re-utilized. In Scheme 2, the intersection of East Chocolate Avenue and Homestead Road would have to be reconfigured.

The Hershey Company focused on the buildings that were most easily re-utilized. Column spacing dramatically affects the size of the room and wastes about 30% of the area. There are no to-code elevators or stairwells in the buildings. Long, thin rooms would be the only option in a condo/apartment concept without a column being in the middle of the room. Mr. Edleman stated that these concepts are interesting, but because of the extreme cost associated with re-utilizing the buildings, the result is sub-optimal space at a premium price.

Mr. Edleman explained that creating surface parking costs about \$4,000 to \$5,000 per space. To create structure parking (which would be required for any of the buildings to be saved and reutilized) costs about \$18,000 to \$20,000 per space. Slide 23 of the presentation (named the "Focused Analysis" for a 200-bed hotel because The Hershey Company had a perspective user) reflected the potential to save two buildings next to the cocoa bushes. The end result is that it would cost nearly 20 million dollars extra to save the two buildings instead of tearing them down and rebuilding equivalent buildings that would not have a 30% waste of space because of the column placement. Mr. Edleman stated that none of the buildings meet any of the current codes and are effectively condemned. Anyone wanting to re-utilize the buildings would have to first bring them up to code. Painstaking time and effort was put into the three-year process of trying to find ways to re-utilize the buildings, and Mr. Edleman is greatly saddened that no acceptable solutions were found.

Mr. Edleman stated that The Hershey Company is volunteering to spend the 17 million dollars necessary to demolish these buildings so the property can be re-utilized for something that will benefit the community.

Mr. Russell stated that if the parking problem is solved by creating the space on the 19 East Chocolate Avenue site and the need to park cars on the south lot is

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

eliminated, there is an opportunity to develop the south lot in a manner consistent with the new Comprehensive Plan's vision for the downtown. The Design Review Board will have a lot more say in the walkability and vibrance of a downtown community if The Hershey Company's plan moves forward than if it does not. Member Rowe inquired which parking lot will be used when office renovations are complete. Mr. Russell responded that it will be the 2.71-acre lot at the west end and a portion of the 8.5 acres depicted on slide 24. He stated that regardless of what happens in the future, they will be absorbing the 1,000 parking spaces that exist in the west lot.

George Maragos, Senior Vice President with CBRE, the world's largest commercial real estate firm, gave a history of their involvement with The Hershey Company. He stated that they were engaged to think through creative re-use of the facility and focused most of their marketing efforts through mid-2012. Some of the uses considered were data center, health care, hospitality, retail, and office re-use. One reservation that was pointed out for the data center use was the proximity to the railroad tracks and the concern of spills. The proximity to Three Mile Island was another risk factor. Over 100 interested builders, developers, engineers, and potential investors toured the 1.1 million square feet for redevelopment. The consistent feedback that was received from these tours was that the existing structures were not desirable for several reasons – functional obsolescence, unacceptable ceiling clearance, and ingress and egress, to name a few. Those touring the property found it economically undesirable. Member Moore asked how many people CBRE talked to and toured. Mr. Maragos responded that there is a report addressing this but he is not at liberty to divulge the information. He estimated there were over 200 people.

Kenny Hinebaugh explained the intermediate proposal for the facade of the eastern portion of the facility following the demolition, if it is approved. In addition to the landscaping plans, a 4'-high stone retaining wall exists at the base of Building 25 that is proposed to be maintained for the length of Chocolate Avenue. A decorative, black iron fence will be added to the top of the retaining wall for safety. Also proposed behind the wall is a 6'-high berm. Member Rowe asked if the stone depicted on the remaining building is existing or if it will be added after the demolition. Mr. Hinebaugh stated that they will be adding the stone where it does not presently exist.

Mr. Russell stated that the options are to maintain the existing building footprint and hope that someone wants to reuse it; or to demolish and re-use the site, and there have been several inquiries to that end.

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

DESIGN REVIEW BOARD COMMENTS

Member Moore commented that she has toured the buildings and understands the The Hershey Company's struggles. She asked if they would be willing to allow any portion of the building to be viewed by the public. Mr. Russell responded that they did a little of that today because members of the media were taken on a tour; however, the logistics of bringing the public into an area that is essentially condemned would be very difficult. Mr. Russell stated that he hopes the press tour will shine a light on some of the public's questions. Member Moore asked if there is any conceptualization about what development would be established there. Mr. Russell answered that he is not at liberty to say right now, but it will probably be a variety of mixed uses.

Vice Chairwoman St. John asked how many buildings will be demolished. Mr. Russell answered that the estimate is between 25 and 30 buildings. He stated that this is not a large, open structure – it is a combination of buildings that have been added on over the years with varying columns and different floor heights. Vice Chairwoman St. John stated that currently the property is zoned Industrial and asked if The Hershey Company is considering rezoning the area. Mr. Russell stated that they have considered rezoning the eastern portion of the facility from Industrial to Village Core to be consistent with the western portion and the surrounding area and to allow for mixed uses.

Member O'Day asked what will happen if the stone wall cannot be retained. Mr. Hinebaugh responded that an analysis has not yet been done on the building, but the wall in this particular location is about 2 to 3 feet wide and is located away from the building, so it may not serve any functional purpose. It may have been left there from an previous building. Currently Mr. Hinebaugh believes that a majority of the stone will be able to be re-used. All of the stone from any demolition that has been occurring is being saved to be re-utilized. Mr. Russell added that the berm, fencing, and tree planting will definitely happen even if the stone wall does not.

Member Rowe commented that as a lifelong Hershey resident and one of the last people to tour the facility, he understands both the emotional and professional issues at hand. A paved parking lot is not aesthetically pleasing. There are currently three such lots and more will be added. There may be interest in developing some of the parking lots but there is also other land in downtown Hershey that has been vacant for a number of years. Member Rowe believes that until we are out of the economic slump, not much is going to happen regarding development. His concern is that it may take awhile for the economy to recover and in the meantime, all that will be seen is parking lots and vacant land. The existing parking lots do not meet current standards regarding landscaping. He asked if there are any plans for adding green space or trees to the lots in the interim. Mr.

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

Russell responded that he agrees, and that is one of the reasons they are looking forward to improving the west end parking. Regarding the south lots, that will remain a parking lot for a long time because there cannot be any other functional use. In order for The Hershey Company to begin to use the south lots in some way that does not look like a grandfathered parking lot, there will need to be interior parking within the 19 East Chocolate Avenue site. Although it may seem like they have the required number of parking spaces, the reality is that they do not have enough parking for the current use. Member Rowe asked how long the demolition will take. Mr. Russell stated that if approved and once demolition permits are acquired, it will take about 10 to 12 months, 18 months until fully completed. Member Rowe asked if there are any time constraints written into the contract so that the contractor cannot draw the process out. Mr. Edleman responded that the pricing with the contractor would always be on a 'not to exceed' basis, so it would benefit them to do the work faster rather than slower. Member Rowe stressed that he strongly encourages them to do something with the parking lots on the south side of Homestead Road.

Member Herman thanked The Hershey Company for their presentation and commented that he can appreciate the re-use issues they might have. He asked at what point the concepts were developed. Mr. Russell responded that it has been an ongoing development. The initial demolition was solely related to the subdivision, so it was separate from this consideration. The focused analysis occurred about 8 months ago. Nothing has changed in terms of the active interest in the parcels. Member Herman questioned if the company ever considered re-using the areas for itself. Mr. Russell stated that with the western end leaseback, they will have space consistent with what their current needs are. Member Herman asked how much of the post-demolition plantings and cover is required versus what The Hershey Company is proposing. Mr. Hinebaugh responded that what is required basically depends on what the Design Review Board would like to see. There are no other requirements. Regarding impervious coverage, the site can remain as is; however, if something is added, stormwater issues may need to be addressed. Member Herman asked if the company has considered an approach similar to the approach that was taken with the Comprehensive Plan meetings regarding reaching out to the community more. Mr. Russell stated that he recognizes the value of community input but that does not change whether or not someone wants to develop the site, or the current economic situation. Because of The Hershey Company's investment on the west end, they are very interested in what will happen with the east end. Member Herman stated that 2 to 3 weeks does not seem like a very long time for the community to adjust to the proposal. Mr. Maragos commented that the sensitivity of the community in general was always kept in mind in every use that was discussed and during every phase. Member Herman stated that there is seemingly a lack of a collaborative approach with the community, the municipality, and The Hershey Company.

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

Secretary Ballard thanked The Hershey Company, the Hershey Medical Center, the Hershey Trust Company, and Hershey Entertainment and Resorts Company for being active participants in the Comprehensive Plan working groups and noted that most people in the community are in agreement that a walkable, mixed-use downtown is desired. She does not want the public or media to get the impression that The Hershey Company has not been cooperative. Secretary Ballard asked for clarification on whether the goal is to sell the property outright to another owner so that The Hershey Company has no say or control over the property anymore, or if there is a method by which The Hershey Company can retain some interest so that they can have influence on what happens on the property 50 or 100 years from now. Mr. Russell answered that is to be determined. Their main interest is in the leaseback space. In terms of the process, the Design Review Board will have control to a certain extent over development, as will the Planning Commission, Zoning Hearing Board, and Board of Supervisors. The Hershey Company has a vested interest in what is developed next to the leaseback property. Secretary Ballard asked if there will be a deed restriction to make sure the cocoa bushes and certain other items will remain as they are. Mr. Russell stated that is correct. Secretary Ballard asked if there will be some kind of document that a purchaser will be required to sign. Mr. Russell responded that is correct. The Hershey Company respects that there is an unknown, but based on all of the feedback they have received, what likely will *not* happen is that someone will come in and buy the buildings. Secretary Ballard commented that when the hospital on the Milton Hershey School campus was torn down, there was an effort to save part of the facade. Is it possible to save some of the facade in this case (the parts overlooking the bushes or Chocolate Avenue) so that structurally the new buildings would look more historic? Mr. Edleman responded that an evaluation has indicated that they could replace the buildings with a similar look at a substantially lower cost. The current facade provides no access or egress to that area to facilitate redevelopment, so maintaining the existing facade is counter-productive.

Chairman Guarino asked Mr. Emerick to illustrate exactly what the Design Review Board is voting on and then asked if that means The Hershey Company can do what they want behind the Chocolate Avenue Preservation Overlay District line. Mr. Emerick responded that they will still need a permit. Chairman Guarino commented that the Design Review Board is here to *recommend* how to preserve Chocolate Avenue, and they all have a vested interest in preserving Milton Hershey's legacy. He read the following excerpts from the Zoning Ordinance: *“The activities to be reviewed by the Design Review Board are any material change to the exterior appearance of existing buildings...”* and *“The following guidelines and recommendations are set. These recommendations are based upon the premise of maintaining a sense of history through the retention of historically relevant buildings is good for the community and makes good economic sense. Recommended: The*

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

Chocolate Avenue Corridor is at a point where the construction of new buildings and the demolition of older ones can erode its character. Every effort should be made to identify, save and reuse older buildings, including the modest residences along West Chocolate Avenue. It is recommended that the retention of older buildings be encouraged through adaptive use. Not recommended: Avoid demolition and new construction where important buildings are removed or the visual continuity of the area is disrupted. Not recommended: Street-oriented parking lots or decks, blank building faces and nonpedestrian related uses, such as warehouse, should be discouraged along major pedestrian streets.” Chairman Guarno stated that he does not think it is within the scope of the Design Review Board to demand what a private company does with its land; however, he noted that he also owns a historic building on Chocolate Avenue and has maintained a sense of history in it. He believes it is within the Design Review Board's scope to suggest ways to improve the landscaping of the historic downtown and monitor the overall development of the district. He wanted to note several positives and negatives that have occurred over the years in Hershey and asked that The Hershey Company really consider the elements in their decision. The trolley system – if we could go back, we would not to take it out of Hershey because it was part of history; the old hotel and the oyster bar – if that could be brought back, Chairman Guarno believes that the community would want that. The Hershey Press Building was restored and the museum now defines downtown. Chairman Guarno stated that a lot is demolished in Hershey and we need to be concerned with building the town up at the same pace as what Milton Hershey would have wanted. He asked if there are plans to conceal the demolition that is supposed to take place within a 12- to 18-month timeframe. Mr. Russell stated that he believes Chairman Guarno's thoughts are directly in line with The Hershey Company's. There is a sensitivity to preserving the long yellow wall, and The Hershey Company has taken that into consideration. They do not know how to conceal such a large-scale demolition. One of the concepts is that the demolition would occur from the north to the south so that nothing could be seen until the end of the project.

Secretary Ballard asked if The Hershey Company would be agreeable to talking with the Design Review Board about how the property might look in the intervening months or years, and whether there are any particular opportunities to preserve the property long term. She asked if there are design agreements that could be discussed so that there is something in place that runs with the land for when The Hershey Company no longer owns it.

Member O'Day questioned how, with the phasing of the demolition, all of the debris will be removed. Mr. Russell responded that it will be trucked out. Mr. Edleman added that more than 90% of what is being demolished is either being recycled or re-used on site. All of the metal work is being taken away and recycled, but all of the concrete from the current demolition will be ground up and used as fill.

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

PUBLIC COMMENTS

Richard Gamble – Mr. Gamble stated that he has been a Township resident for approximately 64 years. Mr. Gamble does not believe that The Hershey Company will find any interested buyers for their property in today's economy. He also stated that each time something has been removed in Hershey, more grass has been put in its place. The only things that have been developed have been in the interest of the Hershey entities. Mr. Gamble stated that he thinks the redevelopment is a great idea, but only if it happens. He recommended that no demolition permits be issued until all of the redevelopment plans have been submitted.

Wayne Tulli – Mr. Tulli stated that he was born in Hershey, attended Hershey High School, and began employment with The Hershey Company in the engineering department in 1970. He is very familiar with the facility at 19 East Chocolate Avenue. All of the buildings have a 250-pound per square foot floor loading and are very substantial. They will last for a long time. He would like Chocolate Avenue to be maintained and part of Building 34 retained so that there are some aspects of the old factory that are recognizable. He asked if the building at 14 East Chocolate Avenue will also be abandoned. Mr. Edleman stated that is to be determined. Mr. Tulli stated that he hopes the building at 14 East Chocolate Avenue will not be torn down because it is a beautiful building. He would like to see a more complete plan for development before the front of the 19 East Chocolate Avenue building is demolished.

Skip Becker – Mr. Becker thinks the proposal is a great idea and the potential for development is remarkable. He asked if the number of employees being brought to the new office is an increase, decrease, or the same number. Will new jobs be added? Mr. Edleman responded that the current number of employees in the downtown area is 1,100, and in the future they will be consolidated into the 19 East Chocolate Avenue complex. This reconfiguration was not designed specifically for a dramatic increase of employees, but people are hired all the time. The employees at 14 East Chocolate Avenue and 1 East Chocolate Avenue are the ones who will be consolidated into the new office space. Mr. Becker asked if the community will have access to the grass area in the time between demolition and redevelopment. Mr. Russell stated that The Hershey Company hopes the grass space that follows the demolition will be temporary.

Brady Hummel, Hershey High School senior – Mr. Hummel submitted to the Design Review Board the 564 signatures of an online petition he started. He commented that the signatures represent not only people in Hershey but people from across the country, stating that while they are not in opposition to The Hershey Company's plan, they also care about this part of Milton Hershey's legacy. He stated that the

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

petition was an attempt to quantify the community's feelings and attitudes toward the original structure. He respects how The Hershey Company has gone through the due diligence over the years, and the survey is just an effort to show how much the community cares about how its looks. Mr. Brady also repeated the statement that once something is gone it cannot come back, and our kids will have to live with that if approval is given for the demolition of the old factory. He hopes the Design Review Board will take the petition into account when voting. Mr. Russell stated that Mr. Hummel's online petition was very admirable, and that what is important to the signers of the petition is also important to The Hershey Company. There is often a lot of talk about preserving Milton Hershey's legacy, but Mr. Russell said that his understanding is that Mr. Hershey's true legacy was to move forward, build, and demolish where necessary. The legacy does not always mean preservation.

Rich Gamble – Mr. Gamble commented that Milton Hershey built this town, and most of his work went into putting people to work and meeting the needs of the community. He presented the Design Review Board with an example of another community with a historic building that was re-used by McDonald's. They did not change any of façade, only the interior of the building in order to accommodate the restaurant use. He stated that The Hershey Company needs to take into consideration a long community heritage.

Randy Waybright – Mr. Waybright stated that he has been a Township resident for 77 years. The factory is Mr. Hershey, and Mr. Waybright would hate to see it torn down. If it can be avoided, he would like to see facade along Chocolate Avenue remain. Mr. Waybright asked if a permit was issued for the current demolition. Chairman Guarino responded that The Hershey Company received Design Review Board approval as well as the appropriate permits. Mr. Waybright asked if the silos will remain in their current location. Mr. Russell responded that is the decision of the new owner. Mr. Waybright thinks that most of the people in attendance at this meeting want to see the factory stay.

Tammy Hamilton, archivist at The Hershey Community Archives – Ms. Hamilton noted that the original facade of the building at the east end and along Chocolate Avenue was all windows, not the existing yellow siding. Ms. Hamilton added that Milton Hershey redeveloped and remodeled buildings.

Dick Zimmerman, former chairman and CEO of The Hershey Company – Mr. Zimmerman stated that he began working at The Hershey Company in 1958 and retired in 1994. He feels that the buildings are a part of him, and if they are demolished it will tear apart his heart. He stated that from 1903 to 1963, all chocolate was produced at the 19 East Chocolate Avenue facility. In 1963, The Hershey Company built their Canadian plant and in 1965, their California plant. Today there are many plants throughout the United States and in foreign countries,

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

so we can no longer state that Hershey is a factory town. Mr. Zimmerman stated that the factory at 19 East Chocolate Avenue produced the majority of the assets that today reside in trust for the Milton Hershey School, and it produced most of the profits that allowed the Milton Hershey Medical Center to become a reality in 1963. But like any asset, the factory has had its day and it has been replaced by the West Hershey facility. Mr. Zimmerman commented that the gradual process of moving certain sections of the 19 East Chocolate Avenue facility to the West Hershey facility began in the 1980s, and it was the right thing to do. He wishes that they had had enough money to keep production going in the 19 East Chocolate Avenue facility, but they did not. Economics do not favor a plant that was built in 1903, and Mr. Zimmerman admires what The Hershey Company has done. If there was a way to re-use these buildings, he believes The Hershey Company would have found it. He asked that the main street of Hershey be taken into consideration. There has not been downtown redevelopment because the economics have not been there. There have been attempts to put in small shops and restaurants and they have not worked economically. Mr. Zimmerman stated that while he likes historical buildings, and there are certain buildings in town that he will fight for to never be touched, with the chocolate factory, economics have to prevail.

Jessica Demopoulos, owner of The Chocolate Avenue Grill and part-owner of Luna Mexican Bar and Grill – Ms. Demopoulos thanked The Hershey Company for their presentation and commended their effort. She asked if there will be any restrictions on the type of use of the property and whether someone would be able to establish another factory there. Mr. Russell responded that the current zoning of the property is Industrial, so hypothetically yes, someone could put another factory there, but The Hershey Company would like to rezone the property to Village Core so that it is more consistent with existing development in the surrounding area. Ms. Demopoulos commented that she looks forward to seeing the redevelopment of the downtown.

Bryan Van Sweden, representative of the Bureau for Historic Preservation of the Pennsylvania Historical Museum Commission – Mr. Van Sweden stated that the factory was determined to be eligible for listing in the National Register of Historic Places; however, whether that would continue to be the case will depend on what the on-going plans are for the property. One of the programs that is available is the Federal Rehabilitation Investment Tax Credit Program which provides a 25% tax incentive for private property owners who rehabilitate a historic building for an income-producing use. Pennsylvania has been a leading user of this program. Mr. Van Sweden stated that by syndicating these tax credits, a company can attract outside investment which might not otherwise be available for larger projects. He is not sure whether these tax credits fit in this situation, but these kinds of buildings have been rehabilitated in other places for new uses, both commercial and residential. He suggested that maintaining the building and subdividing it into

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

smaller leased units for commercial office/residential spaces would help to achieve the planning goals of maintaining a walkable downtown community, more so than constructing a large hotel use or corporate use. Mr. Van Sweden stated that the Museum Commission encourages the Design Review Board to carefully consider this decision. The Commission would like to hear more about the details of the feasibility and they offer their services to assist in working with the architects, engineers, consultants, and developers who have experience in doing these kinds of projects.

Member Rowe asked if these types of grants for preserving historical buildings have been looked at. Mr. Edleman stated that they have relied on some of the resources mentioned by Mr. Van Sweden and also evaluated the tax credits from the economic perspective. Neither of those angles turned out to be adequate to overcome the hurdles of the property. Mr. Russell added that ideally The Hershey Company would have loved to use the 1.1 million square feet for a combination of small shops, but at some point there needs an anchor tenant. No one is going to sign a lease with the possibility of 800,000 square feet of vacancy next to them. Mr. Edleman also commented that the potential use for indoor parking was analyzed early on, and based on the column spacing cars could be brought into the facility between the columns, but there is no way to get them back out again because of the turning radius. The way the buildings were constructed makes it impossible to take out every other column and expand the space. He stated that The Hershey Company has truly evaluated the ideas that the public has suggested, but they have not been able to come up with a productive re-use.

Chairman Guarino asked if the renovations to the west end of the facility will be done within a fairly short timeframe. Mr. Edleman responded that it is a 3-phase process – Phase 1 was completed about a year ago; Phase 2 is presently in progress and should be completed by next summer; and Phase 3, which will include the external facade improvements and the new office space for the 1 East Chocolate Avenue and 14 East Chocolate Avenue employees, will be completed around the end of 2014. The demolition proposed should be completed by approximately mid-2014. Chairman Guarino questioned if the monorail will be affected by any of the demolition. Mr. Edleman stated that it will not.

Rich Gamble – Asked for clarification regarding The Hershey Company working on this demolition project for 3 years, but then selling the property in 2011 to a developer who was going to re-use the building. Mr. Edleman reiterated that what was sold was just the leaseback area. The factory was announced to be closed in June of 2010 when The Hershey Company, along with the union, decided to make the investment in Derry Township and not somewhere else. Either way, the facility at 19 East Chocolate Avenue was to be closed, and they are fortunate and happy that the investment has been made in Hershey. The intensive work to determine

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

how it would be reutilized began in 2009. It had nothing to do at that time with the sale leaseback. That was just one of the aspects that helps them to fully clarify the space that The Hershey Company is going to occupy in the long term, but it does not clarify what is going to happen to the rest of the site. That is still yet to be determined. George Maragos added that close to the announcement being made in 2010, they were instructed to look for users specifically for re-use of these structures and at that time, there was no mention of strategies for demolition.

Susan Graham – Ms. Graham stated that she has been a Hershey resident since 1967. She asked what will happen to the buildings at 1 East Chocolate Avenue and 14 East Chocolate Avenue after the employees are moved. Mr. Russell stated that there are no plans. Chairman Guarino commented that this issue is not relevant to the request being considered tonight.

Rich Gamble – Believes there is something in Hershey's trust that chocolate is to be manufactured in Hershey. Mr. Russell responded that there were options for the company regarding where to locate the manufacturing, and they are happy to remain in Hershey. There is no reference in the Hershey trust that chocolate has to be manufactured in Hershey. The only entity that is to be preserved for perpetuity under Milton Hershey's guideline is the Milton Hershey School.

ADDITIONAL DESIGN REVIEW BOARD COMMENTS

Chairman Guarino commented that their goal is to retain and achieve a sense of balance between existing and new structures. It is not the Board's job to protect every building, but to maintain a sense of balance between history and progress. He asked the other members of the Board if they had any issues with voting on the request tonight.

Secretary Ballard stated that she had hoped the Design Review Board, with the support of The Hershey Company, would use their discretion and meet again to vote within the allowed 15-day time period. Member Rowe asked Secretary Ballard if she wants to have another meeting for the purpose of The Hershey Company making some kind of commitment to address the aesthetics of the area after the demolition of the building. Secretary Ballard responded that the Board has a lot of information to process from this meeting and they should take time to think about it before voting. She would also like to see some kind of guidance from the Derry Township Historical Society or Preservation Pennsylvania as far as what kind of compromises might be possible. Chairman Guarino asked Secretary Ballard if she would want to see another presentation from The Hershey Company if an additional meeting was scheduled. Secretary Ballard answered no. Chairman Guarino asked Secretary Ballard if she is looking for additional comments from The Hershey Company or the public. Secretary Ballard responded that it might allow an opportunity for The

MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012

Hershey Company to meet with the Historical Society and Preservation Pennsylvania to see what kind of compromises can be reached. If the Board votes tonight, that opportunity might be lost forever.

Chairman Guarino stated that he does not believe the Design Review Board was ever intended to vote on whether or not a private business should be allowed to tear down their building. He believes the purpose of the Board's vote is to indicate whether or not they want to deny The Hershey Company the right to do what they want on their property. Secretary Ballard stated that she thinks the Board needs to do what is required by the ordinances. This property is part of the Chocolate Avenue Preservation Overlay District, so like all properties located within this overlay district, they are subject to special rules and requirements in addition to all of the rules and requirements that all property owners have to be subjected to, regardless of where their property is located in Derry Township. She emphasized that every property owner must go through a certain process, and it is not true that a property owner can do whatever they want with their property. She pointed out that the applicant of the first request of this meeting presented a very minor change on their sign, and now they have to come back to the next Design Review Board meeting for approval. Why not delay the decision for The Hershey Company as well?

Member Rowe stated that he appreciated the thorough presentation given by The Hershey Company, and he believes he has enough facts to vote tonight, keeping in mind that the Design Review Board's purview is very specific. He suggested the Board vote on the request but also get a commitment from The Hershey Company to use the Design Review Board to work on some of the other aesthetic issues that were discussed. Mr. Russell stated that they would be willing to do that. They had a conversation with Preservation Pennsylvania about The Hershey Company's due diligence, and Mr. Russell thinks Preservation Pennsylvania found a comfort level that The Hershey Company had done significant due diligence. He stated that they look forward to follow up meetings with the Design Review Board and to making the community a part of what is happening next. They also look forward to a time when they are able to disclose who might be developing the property. Member Rowe stated that regarding Secretary Ballard's comment about the first applicant on the agenda, the applicant changed their plan and the Board did not have an opportunity to review what that change was, so he does not think that is a fair comparison to The Hershey Company's proposal.

Member O'Day stated that he feels comfortable voting tonight and thinks the Design Review Board can exercise influence over how the property gets developed. Member Herman stated that he is ready to vote tonight. Vice Chairwoman St. John stated that she does not think the Design Review Board's purpose is to mandate negotiations and compromises. Mr. Emerick commented that this Board's purview involves the aesthetics of the proposals and ensuring that projects fit together well

**MINUTES
DERRY TOWNSHIP DESIGN REVIEW BOARD
NOVEMBER 5, 2012**

as downtown Hershey continues to develop. Vice Chairwoman St. John stated that The Hershey Company gave a presentation that answered all of the questions within the guidelines of the Design Review Board. Member Moore stated that she is ready to vote tonight.

Mr. Emerick stated that he thinks the Board's motion this evening should be two-pronged to address the demolition proposal and also to address the appearance of the property in the interim period. That would involve the landscape berm, the stone wall, and the fencing. Chairman Guarno asked Mr. Emerick if the motion should be worded to include the issuance of a Certificate of Appropriateness for the proposed demolition and also a stipulation that the Design Review Board is to be a part of the landscaping and development of the property in the future. Mr. Emerick responded that he thinks it is appropriate to attach a condition regarding the end result, and that involves the 6'-high landscape berm that was proposed by the applicant; the stone wall, be it real or a re-creation; the wrought-iron fencing; and the retention of the existing street trees that were shown in the presentation.

MOTION

The motion to issue a Certificate of Appropriateness for The Hershey Company's proposal to demolish a portion of the 19 East Chocolate Avenue facility, with the stipulation that the requirements be met as shown in their presentation before the Design Review Board, including the stone wall (whether real or a re-creation), the proposed landscaping, the proposed wrought-iron fencing, and the retention of the existing trees, was made by Chairman Guarno, seconded by Member O'Day, and passed by a vote of 4-2. Chairman Guarno, Member O'Day, Member Rowe, and Member Moore voted in the affirmative; Secretary Ballard and Member Herman voted in opposition. As stated previously, Vice Chairwoman St. John abstained from voting.

The meeting adjourned at 8:57 p.m.

Chairman