

**TOWNSHIP OF DERRY**  
**BOARD OF SUPERVISORS - PUBLIC MEETING MINUTES**  
**SEPTEMBER 25, 2018**

**CALL TO ORDER**

Chairman Marc A. Moyer, called the September 25, 2018 Public Meeting of the Township of Derry Board of Supervisors to order at 5:31 p.m. in the meeting room of the Township of Derry Municipal Complex, 600 Clearwater Road, Hershey, PA. After the Pledge of Allegiance, a roll call was completed.

**IN ATTENDANCE:**

**SUPERVISORS**

Marc A. Moyer, Chairman  
Matthew A. Weir, Vice Chairman  
Justin C. Engle, Secretary  
Susan M. Cort  
Richard D. Zmuda

**ALSO PRESENT:**

James N. Negley, Township Manager and Treasurer  
Jill Henry, Assistant Township Manager  
Jon A. Yost, Township Solicitor  
Matthew Mandia, Director of Parks and Recreation  
Zach Jackson, Assistant Director of Parks and Recreation  
Laura O'Grady, Director, Hershey Public Library  
Lauren Zumbrun, Economic Development Manager  
Julie Echterling, Recorder

**Public in Attendance:**

Steven Hartfield, Mae Rader, Shirley Grimm, Christina Mihalik, Marilyn Ferguson, Maureen Ferguson Goodwin, Barbara Bowser, John Bowser, Robert Naeye, Bob & Sharon Cravener, Greg Koussis, Tony Fry, Deb Steele, Sandie & Carl Pharmed, Steven Ramis, Dale Holte, Lindsay Drew, Jack Bogrette, Darlene Waters, John Waters, Tom DeDonatis, Kristie Yahn, Chris Reed, Marty Stabley, Steve Smith, Melissa Weigle, Judy Woodring, Bill Woodring, Kevin Ferguson, Lisa Brady, Tom Brier, Cal and Maurre Gingriell, Sandy and Rich Cappelle, Rich Gamble, Sheri Fackler, Jim Ingalzo, Colette Nelson, Greg Moad, Tracy Brown, Kathleen Rayland, Annette Guss, Louis Paoletti, Claire Ryland, Kevin Black, Stephanie DeDonatis, Carol Nye, Ed Leopold, Jeanne Kandra, Brian Link, and Amanda Haffly.

**INTRODUCTION:**

Mr. Mandia thanked everyone for coming and stated the meeting is being video taped and will be posted to the website. He went over the order of the meeting and introduced the speakers. He discussed the work that has been done to get to this point and stated the report contains the best information they have and know today. This document will be updated and changed during the next five years. He detailed the planning process starting back to 2014 with Stakeholders, Ballard King Consultants, public meetings, planning sessions and this operations analysis. He stated the mission was to create a culture of community for all and improve the quality of life. The current facility status was discussed. He stated many organizations along with the Township are involved with the new Center.

He discussed the purpose for a business plan including detailing the operational and financial aspects of the new Center. He stated the projected bidding will take place in early 2019, construction in March 2019 and a grand opening in 2020. He discussed some of the 100 different programs that can be offered by the new Center and the fact there is something for every age group. He stated there would be new positions with the Center including full-time and part-time. He provided a summary of the new facility which would include the following:

- Indoor & Outdoor Leisure Pools
- Cardio & Weight Equipment
- Walking Trail
- Full Sized Gymnasium

**TOWNSHIP OF DERRY**  
**BOARD OF SUPERVISORS - PUBLIC MEETING MINUTES**  
**SEPTEMBER 25, 2018**

- Child Watch Area
- 50 Meter Pool
- Meeting & Multi-Purpose Rooms
- Teen Area
- Senior Center
- Café/Concessions & Pro Shop Area

He discussed competitive swimming which will be a revenue generator for the Center. He discussed the difference between the 25 yard and 50 meters.

Mr. Ken Ballard, Ballard Associates, spoke about the operational analysis they performed based on the facts discussed by Mr. Mandia. He discussed the following assumptions that were used for their analysis.

<u>AREA</u>	<u>ASSUMPTION</u>
Indoor & Outdoor Leisure Pools	Outdoor concession will be run by Township staff
Cardio & Weight Equipment	Equipment will be leased
50 Meter Pool	Center will receive \$13.00 per room/per meet for any swim meet participants that spend the night in a Hershey hotel (rebate).
Senior Center	A monthly contribution to cover utilities, maintenance and other operating expenses will be paid.
Café/Concessions & Pro Shop Area	A monthly lease payment will be paid to the Center
Target Area -Primary market area	Derry Township, Palmyra and Hummelstown. The service area is 64,000 people.
Target Area - Secondary Market	Lebanon to the east, Elizabethtown to the south, nearly to outskirts of Harrisburg to the west and I-81 to the north. This service area is 200,000 people.
Challenges	Other providers in the area that have fitness services.
Fee Structure-Township Residents	Adult, Youth, Senior, Family, Daily, 1 or 3-month, month to month and annual pass. Fees are based on the market.
Fee Structure ó Non-Resident	25% higher than resident rates.

He went over the hours of the Center and the summer pool hours. He worked with local aquatic consultants and Township Staff on the Financial Plan. The projections are for year two of operations. The projections show a deficit of between \$517,000 and \$589,000 per year which is fully expected and very common. The difference between the deficits is the Aquatic Rentals. The difference between the deficits is the number of swim meets projected. He stated the current facility operating deficit is approximately \$733,000 a year. He went over a pro-forma profit/loss statement which outlined the total revenues, expenses and projected

**TOWNSHIP OF DERRY**  
**BOARD OF SUPERVISORS - PUBLIC MEETING MINUTES**  
**SEPTEMBER 25, 2018**

deficits by areas listed above. He stated there is a yearly Capital Replacement Fund Expense of \$100,000. These funds are to be saved for future expenditures and aren't expected in the first few years of operations. Admission Fees account for 63% of the projected revenues with Personnel accounting for 66% of the expenses. He stated every five years, there should be an official update to the business plan.

Supervisor Engle asked about the Capital Replacement Fund. Mr. Ballard discussed the type of expenses including mechanical issues, pumps, heating and equipment which he doesn't expect any of these type of expenses in the first three years. Mr. Mike Gobrect, MidAtlantic Swimming, spoke to the Board about his organization and their needs for swimming meets. He stated a swimming meet can have 700 swimmers and they pay \$18,000 for a weekend event at Bucknell. However, they are only allowed two meets a year there and would like to have more. He believes it is important to keep the kids active and keeping them local would be great in Hershey. His organization has 10,000 swimmers and they only have three large meets. He spoke about their yearly process of setting up meets, and how the facility needs to meet the needs of the swimmers must be user friendly for spectators (families).

Chairman Moyer asked about the Capital Replacement Fund and his concern the amount isn't high enough. Mr. Ballard stated it would go up based on replacement schedules. Chairman Moyer discussed the annual pass for a resident versus nonresident with a difference of \$225 which is almost equal to the proposed tax increase. He wants to ensure residents with the tax increase and yearly pass costs aren't subsidizing non-residential costs. He expressed concern that the plan is based on intents or promises versus having Memos of Understanding or Commitment letters for meets. Mr. Ballard stated it would be advisable to have these commitments but would be hard to obtain without the Center being built. Supervisor Engle asked if they thought we were building too much water for the new Center. Mr. Mandia spoke about the current commitments of the facility and not being able to add any new events or times. He spoke about the opportunities for water activities that could be added with the 50-meter pool.

Chairman Moyer asked about the \$13 rebate per swimmer per meet. Mr. Mandia stated it came from the current options available for soccer tournaments. They provide a clearing house of hotels and participates are required to book through them and the facility received this rebate. Chairman Moyer noted that nothing is in writing for this program for the Center.

**PUBLIC COMMENTS:**

Mr. Jim Milas, 59 Oak Lane, is concerned with the annual user fees for the new Center. He stated many are on fixed incomes in the Township and can't afford it. He is concerned about being taxed out of his home.

Mrs. Cheryl Grim spoke about her downtown business she had to close to due to a lack of being able to hire workers. She asked if the Milton Hershey School has an Olympic size pool. She is concerned that people will park on Cocoa Avenue. She said towns are getting ride of their pools and are just putting concrete water pads. She has noticed as she drives past the current Recreation Center, there are fewer and fewer people there. She is concerned especially since Hersheypark has the best water park and charges \$170 for a season pass for all summer. She spoke about the recent fundraiser where less than 1% (160) residents showed up.

Mr. Steve Hatfield stated it would appear to him that for a \$144,000 change in operating deficit the Township is going to spend \$32 million for the new Center. He stated it would take 222 years to realize a

**TOWNSHIP OF DERRY**  
**BOARD OF SUPERVISORS - PUBLIC MEETING MINUTES**  
**SEPTEMBER 25, 2018**

return on the investment. He asked about the revenue which was stated to be conservative at one time and then aggressive another. He asked if the rate structure would include paying for just pool use or just fitness versus the whole center. He asked if you could do a month and then cancel and then come back another time. Mr. Ballard stated the fee structure is for use of any amenity for the same rate and would be hard to split it up between areas. He spoke of doing over 200 facilities like this and the trend is if you cancel a month to month then you pay an advance of two months to join again.

Mrs. Lynn Milas is concerned about the significant part of the revenue is for fitness. She spoke about the local fitness facilities including Hershey Medical Center and asked if there is really a market for it. Mr. Ballard stated they are aware of the facilities in the market and were more conservative in their numbers for fitness.

Mr. Tom Brier, 231 Cedar Ave, spoke about the feasibility study and spoke about the resident versus non-resident rates. He stated the hotel rebate they spoke about tonight normally goes back to the promoter as he has seen in the basketball world. He is concerned about the demand for fitness as it isn't filled and busy now. He asked about the MidAtlantic swimming organization. Mr. Gobretch spoke about his group being just one organization that is looking for venues for meets. He stated the demand is there as they have between 680-750 swimmers per meet and they are normally held between Fridays and Sundays.

Mr. Rich Gamble disagrees with the number of people in the primary market being 64,000 as he heard it was 27,000 in the June meeting. He asked if the family rate would be different for a family with two children versus six. He asked them to look at the population of the Township as it isn't teenagers its senior citizens. Mr. Ballard stated the numbers for the primary and secondary markets haven't changed and he doesn't expect to draw large numbers from the secondary market.

Mr. Tom Stang, 25 Boxwood Drive, thanked the Board for holding these meetings. He is concerned with the plan which includes 63% of the revenues from admissions fees. He asked what the current admission numbers are and Mr. Mandia stated he would get those numbers. Mr. Ballard understands the numbers look big but they are based on market and his history/background of doing these types of plans and analysis.

Mrs. Stephanie DeDonatis is concerned about keeping the small town feeling that Hershey is know for by the residents. She would like to see an analysis for the second scenario with the smaller pool as she believes \$32 million dollars is a big cost.

Mr. Lou Paoletti thanked the Board for their transparency. He spoke of the great Township Staff including Mr. Mandia. He spoke about the closing of the Granada Gym because it wasn't sustainable and now the Township is putting in a new fitness center. He spoke about the free day offered that wasn't well attended. He spoke about the potential tax increase and concern about the outside basketball courts going away.

Mr. Brian Link asked how many facilities Mr. Ballard has done with a 50-meter pool. Mr. Ballard stated a small number of them have had this size. He is concerned with the size of the deficit which is now projected at \$580,000 with aggressive revenue numbers. He believes this will be an albatross for the Township as the deficit could keep growing each year.

**TOWNSHIP OF DERRY**  
**BOARD OF SUPERVISORS - PUBLIC MEETING MINUTES**  
**SEPTEMBER 25, 2018**

Mrs. Jeanne Kandra thanked the Board for this meeting. She spoke about people caring about the process now because numbers have been assigned to the project. She believes the plan assumes a lot. She believes the deficit for the Recreation Center should just go from \$733,000 to \$589,000, but should go to \$0. She believes everyone sees a need and cares about it, but \$32 million project is a problem.

Lyndsey Drew agreed that the price tag gets attention. She is a supporter of the project and is asking folks to look at the needs. She stated the Center would be \$27 million without the 50-meter pool, which is a low difference in taxes and the Center isn't just about aquatics. She spoke about the impact to the area with 700 swimmers coming for a meet for the area. She asked everyone to be respectful to each other as everyone presents their views.

Mr. Bob Welsh stated the Center would have a \$590,000 operating deficit without considering the debt. He is concerned with the shared parking with the school district and so many athletes at one time. He is concerned with the parking on Cocoa Avenue and other streets.

Mrs. Carol Nye is concerned that when there is a meet with Mid-Atlantic, the Center won't be able to be used by the residents. She spoke about the issues with Shank Park with soccer tournaments now and how they walk across yards and leave trash. She asked if it could be voted on in November and let the people decide. Mr. Mandia stated if there is a tournament on a weekend, they would be required to use the school district parking lot of 435 spaces. The 335 parking spaces near the Recreation center would be for residents.

Mr. Greg Moad asked what the current debt of the Township is today as he understands the maximum limit of debt for the Township is \$60 million. Supervisor Engle stated it is currently \$22 million and it would add \$27 million for the Center.

Supervisor Cort reminded the residents that most of the departments in the Township run on a deficit as they provide services to the Township. Community Development is the only other department that charges for their services

**ADJOURNMENT:**

Chairman Moyer made a motion to adjourn the hearing at 7:48 p.m. Supervisor Engle seconded the motion.  
**Motion carried 5-0.**

**SUBMITTED BY:**

---

Justin C. Engle  
Township Secretary