

Report to the Governor, Co-Chairs of the Joint Legislative Committee on Capital Improvement Programs, Members of the 145th General Assembly, Director of the Office of Management and Budget and Controller General

from the

Delaware Council on Volunteer Fire Service

pursuant to

29 Del. C. § 2720



STATE OF DELAWARE
DEPARTMENT OF FINANCE

OFFICE OF THE SECRETARY

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October 15, 2009

The Honorable Jack Markell Carvel State Office Building 820 N. French Street Wilmington, DE 19801

Dear Governor Markell:

I am pleased to provide to you the annual report required by 29 Del C. § 2720, which established the Delaware Council on Volunteer Fire Service and the Revolving Loan Fund. The report describes the Council's activities during the past year and provides a summary of the fund's status.

This low cost funding source has provided Delaware's volunteer fire and emergency services companies with loans totaling \$1,263,851.12 from its original \$1 million appropriation in fiscal 2006. Equipment purchases include four ambulances, three rescue trucks, a pumper truck and a ladder and trailer replacement for Ladder 17 housed at the Five Points Fire Company in New Castle County.

Even though over \$164,500 was available in the fund for lending this year, no applications for funding were made. Since this funding source provides only partial funding, it is likely that many volunteer companies could ill afford to commit to large equipment purchases given the current economic environment.

Nine loans, all current, remain outstanding and it is expected that over \$332,740 will be available for lending next year.

Sincerely

Thomas J. Cook, Acting Secretary of Finance, Chairman, Council of Delaware Volunteer Fire Service

attachment

cc: Sen. Robert L. Venables, Chair Rep. Helene M. Keeley, Vice-Chair

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Exhibit 1 Delaware Volunteer Fire Service Revolving Loan Fund Calendar, Program Guidelines and Application

I. Executive Summary

The Delaware Council on Volunteer Fire Service maintains a revolving loan fund for the benefit of volunteer fire and emergency services companies servicing Delaware communities. The purpose of the Delaware Volunteer Fire Service Revolving Loan Fund (the "Fund") is to provide a source of low-cost financing for equipment upgrades and facility improvements that are essential to providing adequate fire, rescue, emergency medical and technical emergency response related services. The Fund is guided by 29 Del C. §2720 and was initiated with a \$1 million appropriation in fiscal 2006. The Fund is administered by the Department of Finance.

The Delaware Council on Volunteer Fire Service (the "Council") met on March 30, 2009 with the following membership:

- Gary M. Pfeiffer, Chairman of the Delaware Council on Volunteer Fire Service and Secretary of Finance;
- State Treasurer Velda Jones-Potter;
- Warren Jones, President of the Delaware Volunteer Firemen's Association;
- Kenneth H. McMahon, State Fire Prevention Commission;
- Ray Stevens, appointed by the President of the Sussex County Firemen's Association;
- Michael D. Layton, appointed by the President of the Kent County Firemen's Association; and,
- Rick Clark, Sr., appointed by the President of the New Castle County Firemen's Association;

On March 30th, all outstanding loans in the Fund were current and the overall balance available was \$29,486.87. The Council established May 15, 2009 as the 2009 application deadline and application packages were mailed to each volunteer company on April 3, 2009.

No loan applications were received.

In May, the Council welcomed Tom DiCristorfaro as its newest member replacing Rick Clark, Sr., representative from the New Castle County Firemen's Association.

On June 30, 2009, the Fund had nine loans outstanding, all current, and loan repayments created an available cash balance of \$164,504.42.

The Council will meet again in February 2010 to determine the 2010 revolving loan calendar. If all payments are received as scheduled, the available cash balance in June 2010 is expected to be \$332,740.41.

Included in this report are an Activity Report, Schedule of Expected Payments and a Loan Portfolio Summary.

Delaware Volunteer Fire Revolving Loan Fund Activity Report June 2, 2009

June 2, 2009	_	Available Funding
Initial appropriation Fiscal year 2006 - HB 315 Grant-in-Aid bill	9	5 1,000,000.00
Loan Awards:		
Bowers Fire Company	\$ 40,000.00	
Five Points Fire Company	145,000.00	
Harrington Fire Company, Inc.	90,000.00	
Odessa Fire Company	225,000.00	
Rehoboth Beach Volunteer Fire Co., Inc.	275,000.00	
Townsend Fire Company, Inc.	225,000.00	
Total Loans Awarded from initial appropriation	\$ (1,000,000.00)	* 0.00
Loan Payments Received - June 1, 2007	-	\$0.00
Bowers Fire Company	\$ 4,319.92	
Five Points Fire Company	16,816.89	
Harrington Fire Company, Inc.	9,719.82	
Odessa Fire Company	26,095.17	
Rehoboth Beach Volunteer Fire Co., Inc.	31,534.15	
Townsend Fire Company, Inc.	25,992.74	
Total Loan Payments Received - June 1, 2007	\$ 114,478.69	
Available Balance June 1, 2007	4	5 114,478.69
New Loan Applications Received May 15, 2007		
American Legion Post #8 Ambulance Service	\$ 90,000.00	
Christiana Fire Company, Inc.	262,500.00	
Hockessin Fire Company	259,671.00	
Total New Loan Applications	\$ 612,171.00	
Loans Awarded 2007		
American Legion Post #8 Ambulance Service	\$ 90,000.00	
Total Loans Awarded 2007	\$ (90,000.00)	
Available Balance September 1, 2007	9	5 24,478.69
Loan Payments Received - December 1, 2007		
Bowers Fire Company	\$ 4,319.92	
Harrington Fire Company, Inc.	9,719.82	
Georgetown Ambulance	9,735.04	
Total Loan Payments Received - December 1, 2007	\$ 23,774.78	
Available Balance December 1, 2007		6 48,253.47
Loan Payments Received - June 1, 2008		
Bowers Fire Company	\$ 5,000.00	
Five Points Fire Company	16,816.89	
Harrington Fire Company, Inc.	9,719.82	
Odessa Fire Company	26,095.16	
Rehoboth Beach Volunteer Fire Co., Inc.	32,238.00	
Townsend Fire Company, Inc.	25,992.74	
Georgetown Ambulance	9,735.04	
Total Loan Payments Received - June 1, 2008	\$ 125,597.65	
Available Balance June 1, 2008		5 173,851.12
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Delaware Volunteer Fire Revolving Loan Fund Activity Report June 2, 2009

June 2, 2009					
					Available
					Funding
Active Loan Applications May 16, 2008					
Christiana Fire Company, Inc.	262,500.00				
Hockessin Fire Company	259,671.00				
Greenwood Fire Company	 262,500.00	-			
Total New Loan Applications	\$ 784,671.00				
Loans Awarded 2008					
Hockessin Fire Company	\$ 86,925.56				
Christiana Fire Company	 86,925.56	_			
Total Loans Awarded 2008		\$	(173,851.12)		
Available Balance			(\$0.00
Loan Payments Received - December 1, 2008					
Bowers Fire Company	\$ 5,000.00				
Georgetown Ambulance	9,735.04				
Harrington Fire Company, Inc.	9,719.82				
Hockessin Fire Company	 5,032.01				
Total Loan Payments Received - December 1, 2008		\$	29,486.87	•	
Available Balance December 1, 2008			1	\$	29,486.87
Loan Payments Received - June 1, 2009					
Bowers Fire Company	\$ 5,000.00				
Christiana Fire Company, Inc.	5,091.73				
Five Points Fire Company	16,816.89				
Georgetown Ambulance	9,735.04				
Harrington Fire Company, Inc.	9,719.82				
Hockessin Fire Company	5,032.01				
Odessa Fire Company	26,095.17				
Rehoboth Beach Volunteer Fire Co., Inc.	31,534.15				
Townsend Fire Company, Inc.	25,992.74				
Total Loan Payments Received - June 1, 2009		\$	135,017.55		
Available Balance June 1, 2009				\$	164,504.42

Delaware Volunteer Fire Revolving Loan Fund Activity Report June 2, 2009

June 2, 2009				
				Available Funding
Loan Payments Receivable - December 1, 2009				
Bowers Fire Company	\$ 4,319.92			
Christiana Fire Company, Inc.	5,091.73			
Georgetown Ambulance	9,735.04			
Harrington Fire Company, Inc.	9,719.82			
Hockessin Fire Company	5,032.01			
Total Loan Payments Receivable - December 1, 2009		\$ 33,898.52	_	
Anticipated Available Balance December 1, 2009			\$	198,402.94
Loan Payments Receivable - June 1, 2010				
Bowers Fire Company	\$ 4,319.92			
Christiana Fire Company, Inc.	5,091.73			
Five Points Fire Company	16,816.89			
Georgetown Ambulance	9,735.04			
Harrington Fire Company, Inc.	9,719.82			
Hockessin Fire Company	5,032.01			
Odessa Fire Company	26,095.17			
Rehoboth Beach Volunteer Fire Co., Inc.	31,534.15			
Townsend Fire Company, Inc.	25,992.74			
Total Loan Payments Receivable - June 1, 2010		\$ 134,337.47	_	
Anticipated Available Balance June 1, 2010			\$	332,740.41

Delaware Volunteer Fire Revolving Loan Fund	
Payment Schedule	

	December 1	June 1	Annual Total
1 Bowers Fire Company	\$ 4,319.92	\$ 4,319.92	
2 Christiana Fire Company	5,091.73	5,091.73	
3 Five Points Fire Company		16,816.89	
4 Georgetown American Legion	9,735.04	9,735.04	
5 Harrington Fire Company	9,719.82	9,719.82	
6 Hockessin Fire Company	5,032.01	5,032.01	
7 Odessa Fire Compamy		26,095.17	
8 Rehoboth Beach Fire Company		31,534.15	
9 Townsend Fire Company		25,992.74	
Sub-Total	\$ 33,898.52	\$ 134,337.47	
Total Payments Expected			\$ 168,235.99

Delaware Volunteer Fire Revolving Loan Fund
Loan Portfolio Summary
June 2. 2009

Date of Loan	Borrower	Annual/ Semi-Annual Payment Schedule	Original Term of Loan (in years)		Original Loan Amount		Principal Amount Due (after last payment)
10/13/2006	Five Points Fire Company	А	10	\$	145,000.00	* \$	104,773.96
10/13/2006	Odessa Fire Company	А	10	·	225,000.00	*	162,580.29
1/20/2007	Bowers Fire Company	S	5		40,000.00		18,589.63
1/20/2007	Harrington Fire Company	S	5		90,000.00	*	46,486.43
3/1/2007	Rehoboth Beach Fire Company	А	10		275,000.00	*	195,016.77
7/1/2007	Georgetown American Legion	S	5		90,000.00		55,462.34
12/1/2007	Townsend Fire Company	А	10		225,000.00	*	161,942.09
8/1/2008, 9/15/2008	Hockessin Fire Company	S	10		86,925.56		78,864.41
9/22/2008	Christiana Fire Company	S	10		86,925.56		83,637.54
	Loans Originated			\$	1,263,851.12		
	Total Principal Due					\$	907,353.46

Exhibit 1 Delaware Volunteer Fire Service Revolving Loan Program Calendar, Guidelines and Application

Delaware Volunteer Fire Service Revolving Loan Fund Calendar

March 2009	April 2009	May 2009	June 2009
Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
July 2009	August 2009	September 2009	October 2009
Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	Su Mo Tu We Th Fr Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

March 30, 2009	Organization Meeting
April 1, 2009 - April 10, 2009	Provide applications by mail and make available on website
May 15, 2009	Application Deadline
	Applicant must supply 1 original and 7 copies of the application package to:
	Stephanie Scola, Director, Bond Finance State of Delaware 820 N. French Street, 8 th floor Wilmington, Delaware 19801
September 14 – 19, 2009 September 18, 2009	Annual Conference Conference Luncheon
October 15, 2009	Annual Report to the Governor and co-Chairs of the Bond Bill Committee

Delaware Volunteer Fire Service Revolving Loan Fund

Program Guidelines

The Delaware Volunteer Fire Service Revolving Loan Fund was established to upgrade equipment and improve facilities that are essential to providing adequate fire, rescue, emergency medical and technical emergency response related service to Delaware communities. Loan funds are limited and are not available for equipment that has already been delivered or for the expansion of facilities including parking that has already been completed. For consideration, equipment and expansions must be deemed necessary to provide adequate fire, rescue and emergency medical and technical emergency response services to the surrounding community by the Delaware Council on Volunteer Fire Service.

The Delaware Council on Volunteer Fire Service (the "Council") is comprised of the President of the Delaware Volunteer Firemen's Association, the Chairman of the State Fire Prevention Commission, three members, one each appointed by the Presidents of the New Castle, Kent and Sussex County Firemen's Associations, the State Treasurer and the Secretary of Finance.

The Council will approve loan applications based on the availability of funds and criteria that assess the relative needs for fire service and loan assistance throughout the State. The criteria include financial need, age and condition of existing equipment and the demographic, geographic and financial conditions of the communities served. The loan fund should not be considered an organization's sole source of funding.

1. Who May Apply?

1.1. All volunteer fire, rescue and emergency medical service companies located in the State of Delaware.

2. Guidelines for Apparatus and Equipment Loans

2.1 The purchase of new and used apparatus will be considered, provided new and used apparatus pass all Federal, State, and/or county certifications. For all apparatus and equipment requests, applicant should include product specifications.

2.2 Loan funds are available to upgrade equipment and improve facilities that are essential to providing adequate fire, rescue, emergency medical and technical emergency response related service to Delaware communities and shall not be made available for equipment that has already been ordered.

2.3 Interest on all loans will be at the fixed rate of 3%. Repayment schedules will have semi-annual or annual payments. Annual payments will be due June 1^{st} ; semi-annual payments will be due June 1^{st} and December 1^{st} .

2.4 Suggested maximum loan amounts and terms:

	Maximum	Maximum
	Loan	Term
Apparatus (New)	\$262,500 or	
Rescue, Pumpers	50%	10 years
	(whichever is less) \$450,000 or	
Heavy Rescue	\$430,000 01 50%	10 years
	(whichever is less)	10 years
Aerial	\$600,000 or	
Tower trucks or Quints	50%	10 years
	(whichever is less)	
Light Duty Rescue	\$90,000 or 50%	5 years
Brush Trucks	(whichever is less)	- y
	\$60,000 or	F
Apparatus (Used)	50%	5 years
	(whichever is less) \$90,000 or	
Ambulances	75%	5 years
	(whichever is less)	- j
	\$45,000 or	
Water Craft Rescue	50%	5 years
	(whichever is less)	
Rehabilitation	\$35,000 or 50% (whichever is less)	5 years
Equipment	\$50,000 (once per 5-year period)	5 years

3. Guidelines for Facility Loans

3.1 Applications will be considered for establishing or renovating facilities that house fire fighting and rescue equipment, and emergency medical and technical emergency response services.

3.2 Proceeds of the loan shall be used only for construction and shall not be used for land acquisition, payment of fees for design, planning and preparation of application or any other cost not directly attributable to construction.

3.3 The applicant shall present an estimated construction cost for the project from a reliable engineering or architectural firm. A new or renovated facility must meet all requirements and codes of the Federal, State and local jurisdiction, included local firemen's association standards.

3.4 Interest on all loans will be at the fixed rate of 3%. Repayment schedules will have semi-annual or annual payments. Annual payments will be due June 1^{st} ; semi-annual payments will be due June 1^{st} and December 1^{st} .

3.5 Suggested maximum loan amount and terms

Facility\$200,000 or 50% (whichever is less)10 year
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4. Guidelines for Loan application process

4.1 All applications must be prepared in accordance with Delaware Council on Volunteer Fire Service guidelines. Failure to comply with Council guidelines may be cause for rejection of the application. The Council may reserve the right to correct minor errors or irregularities in the application.

4.2 An original application must be provided to the Council. Financial statements and proposed operating and capital budgets must be completed and provided, along with the completed application, for the two fiscal years immediately prior to the fiscal year in which the application is made.

4.3 Each applicant must submit IRS Form 990 for each year presented on the financial statements.

4.4 Applicant must submit to Council, an inventory of each applicant's equipment and fleet of vehicles.

4.5 Applicant must supply **one original and 7 copies** of the application package to:

Stephanie Scola, Director, Bond Finance State of Delaware 820 N. French Street, 8th floor Wilmington, Delaware 19801

An application package consists of the original application and inventory list, financial statements and budgets, IRS Form 990, Company's Resolution and List of Officers and estimate and plans, if any.

4.6 In addition to financial statements submitted with the application, applicants must agree to supply annual financial statements as may be required.

4.7 A representative from the company will be required to be available and prepared to answer questions about the apparatus or facility to be financed as well as financial operations related to the applicant's company. Additionally, a company officer must be available to sign a promissory note at the time the loan is received by the company.

4.8 Applications are valid until December 31st of the year the application was submitted unless otherwise determined by the Council.

4.9 Within 12 months of the time the loan was granted, the volunteer company must submit documentation to the Council reflecting the actual expenditures of the loan proceeds.

5. Prioritization of Loan requests

5.1 It is the intent of the Council to manage the fund in a prudent and fiscally responsible manner and to extend loans to companies that can demonstrate the ability to repay the loan in accordance with its terms. Within that context, the priority for receiving loans will be established based on the criteria set forth below and the availability of funds.

5.1.1 New vehicles and apparatus will have the highest priority followed by new equipment, renovations or rehabilitations of apparatus or equipment and facility improvements.

5.1.2 Further, priority consideration will be given to those companies demonstrating the greatest need considering financial need, age and condition of existing equipment and apparatus and demographic, geographic and financial conditions of the communities served.

5.1.3 The Council would also consider refinancing to prevent an event of default.

6. Loan Review and Approval Process

6.1 Applications must be submitted by the close of business on May 15, 2009 for funding consideration in the current year.

6.2 The Council shall review each loan request received from an applicant in accordance with the stated criteria.

6.3 Applicants will be notified of loan approvals by the Council. In addition, companies will be notified of any further requirements for loan closing.

7. Event of Default on Loans

7.1 The Council will follow prudent underwriting standards when considering a loan. In lieu of property and equipment liens, the Council may withhold future state funding including payments from insurance premium taxes and grant-in-aid funding.

7.2 Any volunteer fire, rescue and emergency medical service company awarded a loan through the Delaware Volunteer Fire Service Revolving Loan Fund should consider the purchase of a performance bond to protect against financial loss should an equipment or construction contractor default, or fail to deliver equipment, according to the terms of the contract.

7.3 Should a company be unable to make its loan payments in a timely manner, the company officers are required to notify the Council as soon as possible.

Delaware Volunteer Fire Service Revolving Loan Fund Application

The Delaware Volunteer Fire Service Revolving Loan Fund was established to upgrade equipment and improve facilities that are essential to providing adequate fire, rescue, emergency medical and technical emergency response related service to Delaware communities. Loan funds are limited and are not available for equipment that has already been delivered or for the expansion of facilities and parking that has already been completed. For consideration, equipment and expansions must be deemed necessary to provide adequate fire, rescue and emergency medical and technical emergency response services to the surrounding community by the Delaware Council on Volunteer Fire Service. See the Program Guidelines for additional information.

PLEASE NOTE: The deadline date for the receipt of applications is May 15, 2009. <u>One original</u> <u>and 7 copies</u> of the application should be delivered to State of Delaware, Stephanie Scola, Director, Bond Finance, 820 N. French Street, 8th floor, Wilmington, DE 19801.

A. General Information

- 1. Applicant's Legal Name and Mailing Address
- 2. County: ______ 3. Applicant's Federal Tax I.D. #: _____

4. Name/Position of Contact Person:

- 5. Mailing Address, if different:
- 6. E-mail Address:
- 7. Phone Numbers: (identify home/work/pager/cell) _____

The following information will be considered for prioritizing loan applications.

B. Organizational Profile

- 8. Name of applicant's primary protection district:
- 9. Population of applicant's primary protection district:
- 10. Square Miles of applicant's primary protection district:
- C. Checklist of Financial Information to include with application
- 11. ____ Compilation Reports, for two years preceding the year of application
- 12. ____ Proposed Operating and Capital Budgets, for two years preceding the year of application
- 13. ____ IRS Form 990, for two years preceding the year of application
- 14. ____ Inventory of applicant's assets
- 15. ____ Company's Resolution to Procure and Borrow for Requested Asset
- 16. ____ List of Company Officers
- 17. Please describe any income, revenue or other financial support from any source not reflected in the financial statements, for example, in-kind services, energy or city services provided by an outside source.

18. Describe Asset to Be Acquired

rs Ambulance Jsed Apparatus dder/ft.						
Jsed Apparatus dder/ft.						
Jsed Apparatus dder/ft.						
Jsed Apparatus dder/ft.						
dder/ft.						
dder/ft						
rs Ambulance						
Used Apparatus						
dder/ft						
litation efforts, if applicable						
rs 🗌 Ambulance						
Jsed Apparatus						
Odometer Vehicle ID#						
Does vehicle meet applicable NFPA Standards?						
Protective Equipment						
Protective Equipment eing acquired:						

FACILITY									
New Construction	Modernization	rnization Renovation/Repair							
Describe the organization's existing facilities and explain why they are inadequate. Describe the construction, renovations, repairs or modernization that is planned. If the facility address is, or will be different from the address listed in Section A of this application, please indicate the new address. Attach plans and detailed estimates of construction costs.									
19. Estimate of Contract or Bid Cost	::								
20. Purpose of Loan Request:									
Buy new apparatus/equipment/facility Refinance existing apparatus/equipment/facility									
21. Amount of Loan Requested:									
22. Term of Loan Requested:									
23. Repayment Option (circle one): Semi-Annually / Annually									
24. Other Funding sources and types (Loan/Allocation/Donation or Grant)									
Source	Amount	Туре							
Self-funding									
Bank or other lending institut	ion								
Municipality									
Relief Association, Organization	on or								
Individual									
Other									
25 How will the proposed even dit									

25. How will the proposed expenditure be funded if the loan application is denied?

25. Please describe both your need for the apparatus, equipment or facility proposed as well as your need for a DVFS revolving loan. Attach a separate page, if necessary.

D. Signature/Certification	
We, the undersigned and duly authorized officers of	_do
hereby certify that the information presented in this application, including all attachments, is tru	e and
accurate and that we are authorized by Resolution to apply for a loan and to borrow from the De	elaware
Volunteer Fire Service Revolving Loan Fund. Said Resolution is submitted as an attachment to	o this
application.	

Name: Signature of Volunteer Company President

Signature of Volunteer Company Secretary

Date

Date

(Affix Corporate Seal)

Name:

Delaware Volunteer Fire Service Revolving Loan Fund Inventory List

Please describe applicant's fleet, including vehicles, apparatus and equipment.

		Year Estimated			Estimated
Year	Туре	Make/Model		Cost	Value
i cai	Type	WIAKC/ WIOUCI	i urchaseu	COSt	value