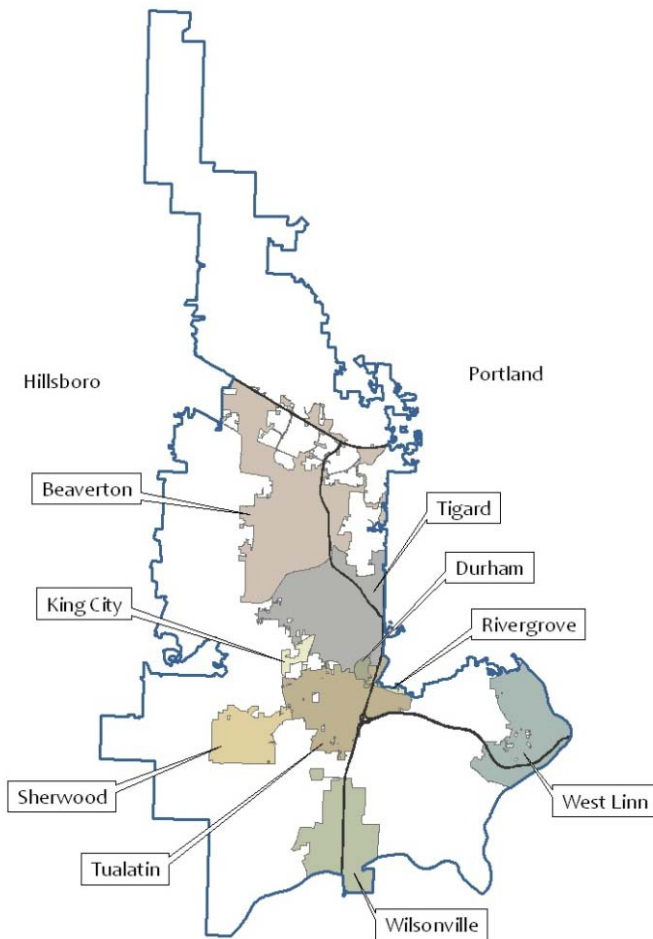


District Overview

TUALATIN VALLEY FIRE AND RESCUE

Tualatin Valley Fire and Rescue (The District) operates under Oregon Revised Statutes Chapter 478 as a separate municipal corporation and is managed by a Board of Directors composed of a President and four Directors, who include a Vice-President and a Secretary-Treasurer. The Board hires a Fire Chief/Administrator to manage the day-to-day operations of the District. The governing board appoints members of the community to serve on boards and commissions, which include the Budget Committee and the Civil Service Commission.



The District was **formed in 1989**, through the merger of Washington County Fire Protection District No. 1 and Tualatin Rural Fire Protection District. The District has subsequently expanded its service area through the annexation of the City of Beaverton Fire Department, Valley View Water District, Rosemont Fire District, and the mergers of Multnomah County Fire Protection Districts No. 4 and No. 20. The District's most recent annexation was the City of West Linn, effective July 1, 2004.

The District's total service area is approximately **210 square miles**. It provides services to northeast **Washington County**, northwest **Clackamas County**, and the western edge of **Multnomah County**. Tualatin Valley Fire & Rescue is a **special service district** supported by the property owners within its boundaries, serving an estimated population of **435,834**.

The District will have approximately **456.13** employees (447.13 General Fund and nine Grant Fund), supplemented by approximately 100 volunteers. Fire and rescue services are provided from 21 career and volunteer fire stations, 23 fire engines, three ladder trucks, three aerial pumpers, two hazardous materials response units, two technical rescue units, two rehab units, one heavy CBRNE unit, seven water tenders, nine brush rigs, and several other pieces of equipment, including three medics, four response cars, and three water rescue units, a mobile command unit, and a large fleet utilized to supplement response needs.

SERVICE AREA

The area served, which includes the **cities of Beaverton, Durham, King City, Sherwood, Tigard, Tualatin, Rivergrove, West Linn, and Wilsonville** lies within one of the fastest growing regions of the state of Oregon. It is an area encompassing densely populated suburbs, rural farmlands, retail and commercial establishments, and growing industrial complexes.

Fire stations are strategically placed throughout the District to protect high property values and population densities. During 2010-11, the District moved from a two operating division model to a three division model, whereby the Integrated Operating Centers are placed throughout the District to serve defined geographic areas.

District Overview, continued

As a result of the high quality of services provided, training standards, equipment, staffing, and related support functions, the District is among the leaders in Oregon in obtaining a favorable insurance classification and carries a rating of **2** out of a scale of 1-10 (1 being the most favorable, according to the standards set forth by the Insurance Services Office). This classification results in very low premium rates for fire insurance to homeowners within the District.

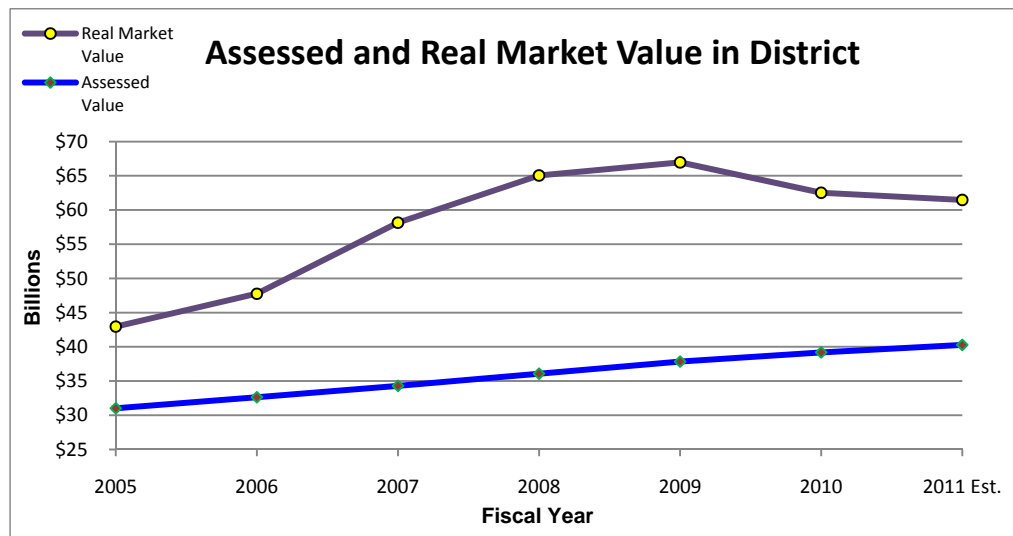
ECONOMY

The District, through its broad geographic base, serves a relatively strong part of Oregon's economic base. While the recent national credit crisis and resultant economic downturn has significantly slowed the pace of assessed valuation growth, TVF&R's service area has and is expected to continue to grow and develop as the economy again improves. Currently, the District has lowered its forecasts for future years' property tax revenue based on reduced projected growth of assessed value and collection rates.

The local economy has continued to be affected by the slowdowns in almost all business sectors from high technology to finance and construction. Oregon's unemployment rate of 9.3 percent across the state as of May 31, 2011, continues to cause concern across the state and local area.

By law, increases in assessed valuation of existing property are limited to 3% a year. Accordingly, growth beyond 3% in the District's assessed valuation must come from continued development within its service boundaries. Assessed value grew 2.75% for the property tax year 2010-11, but it is conservatively forecasted to grow at only 2.4% for 2011-12, based upon continued concerns about the lack of renewed investment and property tax appeals.

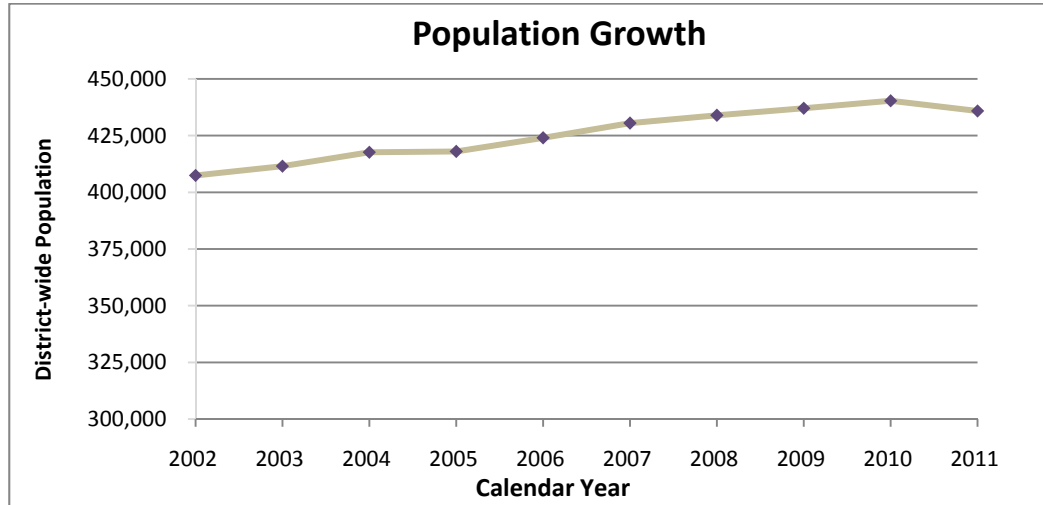
While the recent national credit crisis and resultant economic downturn has slowed the pace of assessed valuation growth, TVF&R's service area has and is expected to continue to grow and develop as the economy again improves.



POPULATION

The District has experienced a population growth of almost thirty thousand people since 2002.

The population is expected to continue to grow over the next decades.

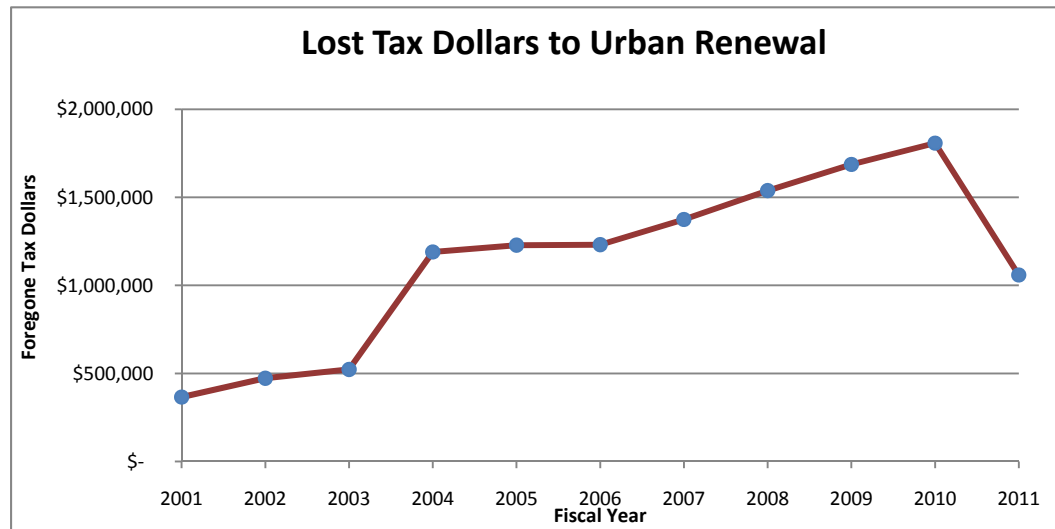


Note: 2011 population is based on US Census numbers while prior nine years were based on local estimates.

The District's population is expected to continue to grow over the next decades. Staff is working proactively and cooperatively with other governments and regional planning groups to ensure continued ability to service this future population. This includes neighborhood and street planning, emergency access, and road construction, as well as evaluating and working across jurisdictional boundaries to ensure closest force response to population centers, regardless of city and county boundaries. This is one reason the District has begun purchasing land for future fire station sites. However, the question of how local regional governments will pay for the development costs of the necessary infrastructure is of utmost concern. Many of TVF&R's partner local governments have adopted tax increment financing (TIF), specifically in the form of "urban renewal," as a financing tool to both develop and redevelop areas within their jurisdictions. While some urban renewal plans are designed to address blight, as statutorily intended, others are broader in their application. In either event, once a plan is established, the District forgoes all future increases in property tax revenue until the urban renewal plan is complete. In the interim, the District must continue to serve the area(s). Concerns over the impact of TIF prompted TVF&R to work with other urban renewal stakeholders who secured passage of House Bill 3056 in the 2009 Oregon legislature. HB 3056 establishes new limitations on urban renewal plans and provides for greater participation of overlapping taxing districts.

The District forgoes all future increases in property tax revenue until the urban renewal plan is complete.

The City of Tualatin closed two urban renewal projects in 2010 returning land to District tax rolls in 2011.



District Overview, continued

This area serves as the home to internationally recognized companies such as Nike, Mentor Graphics, Tektronix, InFocus, and Planar Systems, in addition to several growing companies such as Digimarc. Top metropolitan area employers include Intel, Fred Meyer, Oregon Health & Science University, Providence Health System, Kaiser Foundation Health Plan of NW, Wells Fargo, Nike, U.S. Bank, UPS, and Freightliner LLC. The area has attracted significant retail and wholesale marketers such as Costco Wholesale Clubs, Target Corporation Stores, and Rite-Aid Drug Stores, and companies, such as Pacific Realty Associates, LP, have continued development of acres of land adjacent to the Sunset Highway. The Nike World Headquarters complex houses thousands of employees in office buildings bordering a seven-acre man-made lake and five acres of wetlands. Intel has continued to invest in multi-million dollar facility expansions to manufacture state-of-the-art computer chips, largely in the neighboring City of Hillsboro.

MULTI-SERVICE DISTRICT

Tualatin Valley Fire & Rescue is a multi-service district with services and programs tailored to meet the needs of the community. The District provides services in:

- Fire suppression
- Emergency medical services
- Fire prevention
- Public education
- Hazardous materials
- Water rescue
- Technical rescue
- Heavy rescue

The District also serves as a Hazardous Materials Response provider for the state of Oregon, with a service response area ranging from the City of Portland boundary on the east to the Pacific Ocean on the west and from the District's northern boundary in Multnomah County and southwest to Marion County.

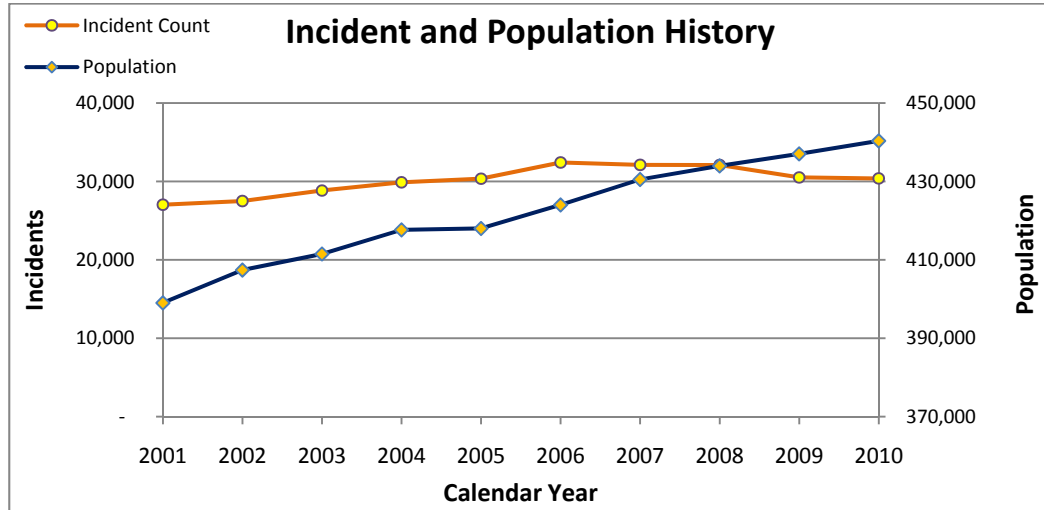
Within the former Fire Prevention Division and now in the Integrated Operations Division, the District coordinates all of the state mandates concerning the investigation of fires, inspection of commercial and retail occupancies, and education of the citizens within its boundaries. The Deputy Fire Marshals and Fire Inspectors provide code enforcement inspections and manage several proactive programs, such as the Apartment Manager Training program, in order to educate landlords in fire safe building management practices.

To deal with emergencies, both fire and medical, the District staffs a team of professional firefighters and paramedics 24 hours a day, with skills and equipment necessary to deal with a wide variety of emergencies. Approximately **162** professional firefighters are certified as **advanced life support (ALS) paramedics**, while 100% of the remaining fire suppression personnel are certified at the basic life support (BLS) level. Under the guidance of physician advisors, emergency medical service personnel (all of whom are firefighters) maintain a highly certified skill level through several specialized programs.

EMERGENCY INCIDENTS

The District's responses to emergency incidents over the past ten calendar years are reflected below.

The first strategic goal of the District is to reduce the number and severity of emergency incidents.



Note: Incident totals also include automatic and mutual aid responses to areas located outside of TVF&R's jurisdictional boundary (e.g., Hillsboro Fire & Rescue, Lake Oswego Fire Department, and Portland Fire & Rescue).

The District experienced less than a 0.5% decrease in call volume in 2010, while the Call Type trends within the dataset remained largely consistent. The District continues to experience less working structure fires, while the majority of the call volume centers on emergency medical service (EMS) and general service calls. Focused code enforcement, prevention efforts, and educational campaigns continue to influence call volume, while the District also recognizes the impacts of modern fire protection systems and building technologies that are present in a large portion of the District's building inventory. The District maintains its intent to fully understand all of the dynamics of its call volume dataset to continue to effect change in those areas where the District has some control (e.g., reducing the number of false alarm and service calls).

TRAINING

The District's training facilities include a six-story training tower, a burn building for live fire training, a 19-acre Training Center, and a live television studio, which provide personnel with constant training to maintain and improve their skills to the highest level possible. The Training Center, which was constructed in several phases using public funding and private donations, provides advanced training opportunities in flammable liquids and gases with the use of live props, including a tanker truck, driving courses, propane rail cars, a bridge, and excavation tunnels. The construction of a sophisticated burn structure and tower at the site using local option levy proceeds was completed during the summer of 2002, which allow live fire training in interior attack and other areas of firefighting. The project included extensive foundation work to support the tower, as well as water recycling and reclamation components to support the extensive water usage in firefighting tactics training.

District Overview, continued

BOARD POLICIES

The District operates under a comprehensive **Board Policy Manual**, which is adopted, annually reviewed, and, as required, revised by the Board of Directors. Each section of the Board Policy Manual provides policy direction concerning the day-to-day operations of the District and specifically addresses the following areas:

- District Board Operations
- Bylaws of the Board
- Budget, Finance, and Business Operations
- Personnel Policy
- Training
- Fire Chief's Role and Executive Functions
- Operations
- Fire Marshal's Office
- Purchasing
- Maintenance
- Community Services

BUDGET COMMITTEE AS OF JUNE 30, 2011

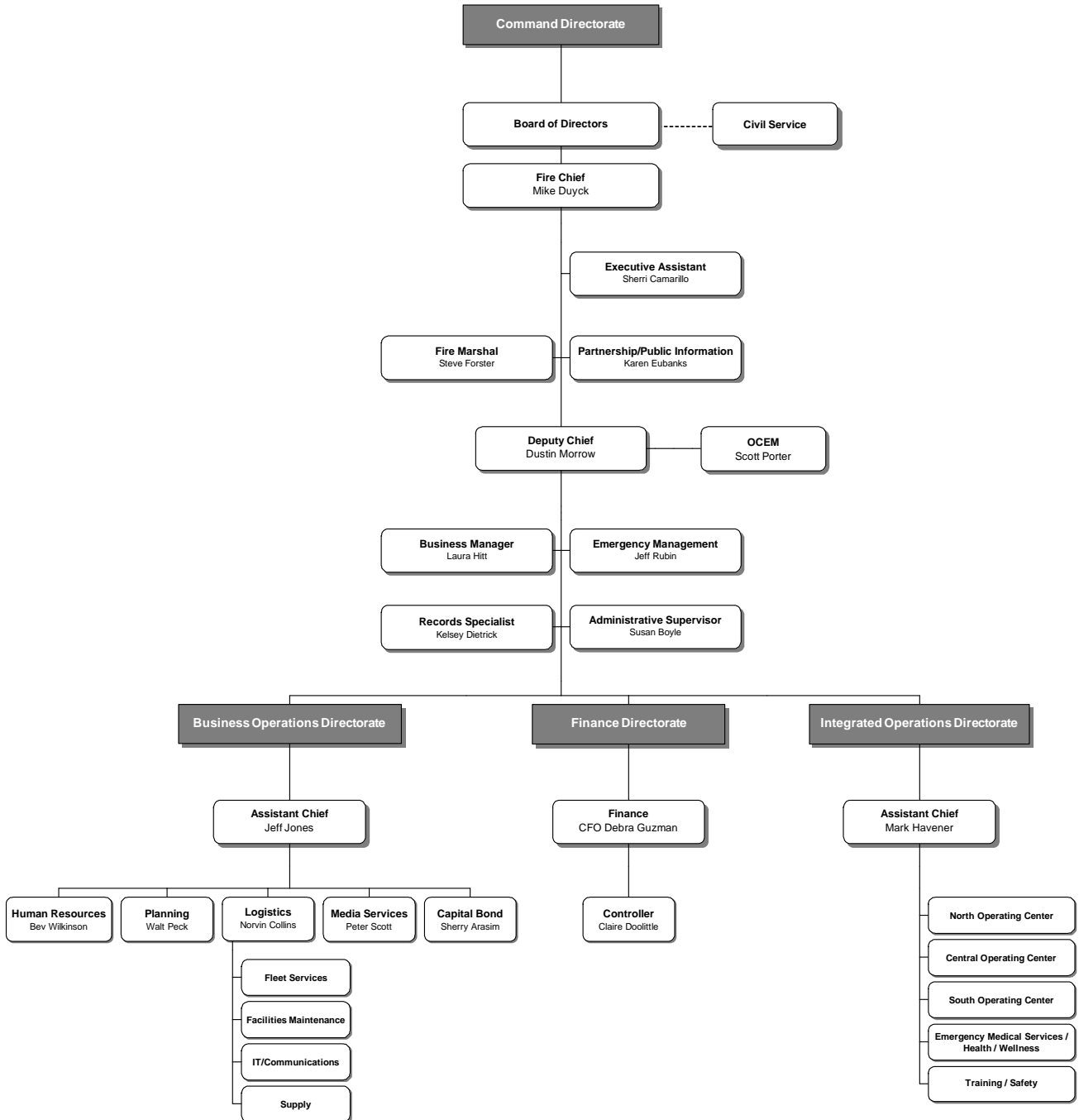
<i>Board Members</i>	<u>Term Expiration</u>
Robert C. Wyffels, <i>President</i>	June 30, 2013
Clark I. Balfour, <i>Vice-President</i>	June 30, 2013
Brian J. Clopton, <i>Secretary-Treasurer</i>	June 30, 2015
Gordon L. Hovies, <i>Member</i>	June 30, 2013
Randy J. Lauer, <i>Member</i>	June 30, 2015
<i>Citizen Members</i>	
Angie Fong, <i>Member</i>	June 30, 2012
Paul A. Leavy, <i>Member</i>	June 30, 2012
James W. Petrizzi, <i>Member</i>	June 30, 2011
Michael D. Smith, <i>Member</i>	June 30, 2013
Jon R. Walsh, <i>Member</i>	June 30, 2013

DISTRICT STAFF

- **Michael R. Duyck**, Fire Chief/Administrator
- **Dustin E. Morrow**, Deputy Chief
- **Debra L. Guzman**, Chief Financial Officer
- **Mark E. Havener**, Assistant Chief
- **Jeff S. Jones**, Assistant Chief



ORGANIZATIONAL CHART



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Message from the Fire Chief

JUNE 28, 2011

Budget Committee Members and Citizens
Tualatin Valley Fire & Rescue
Washington, Clackamas, and Multnomah Counties, Oregon

DEAR BUDGET COMMITTEE MEMBERS AND CITIZENS:

I am pleased to submit the 2011-12 adopted budget for Tualatin Valley Fire & Rescue, a Rural Fire Protection District (District). Consistent with the District's mission statement and strategic plan, we have prepared this budget with priorities and resources necessary to accomplish Tualatin Valley Fire & Rescue's eight strategic goals and outcomes:

COMMUNITY GOALS & OUTCOMES

- I. Reduce the number and severity of emergency incidents.
- II. Increase citizens' participation in their safety and preparedness, and knowledge and support of the District's services.

ORGANIZATIONAL GOALS & OUTCOMES

- III. Enhance preparedness for catastrophic and unforeseen events.
- IV. Foster an environment conducive to the safety and health of all members.
- V. Develop and enhance a workforce that understands and respects individual and group differences, and builds trust in the communities we serve.
- VI. Promote craftsmanship, innovation, and excellence throughout the organization.
- VII. Leverage use of existing resources and seek efficiencies for the greatest community good.
- VIII. Ensure ongoing financial and business operations stability and predictability.

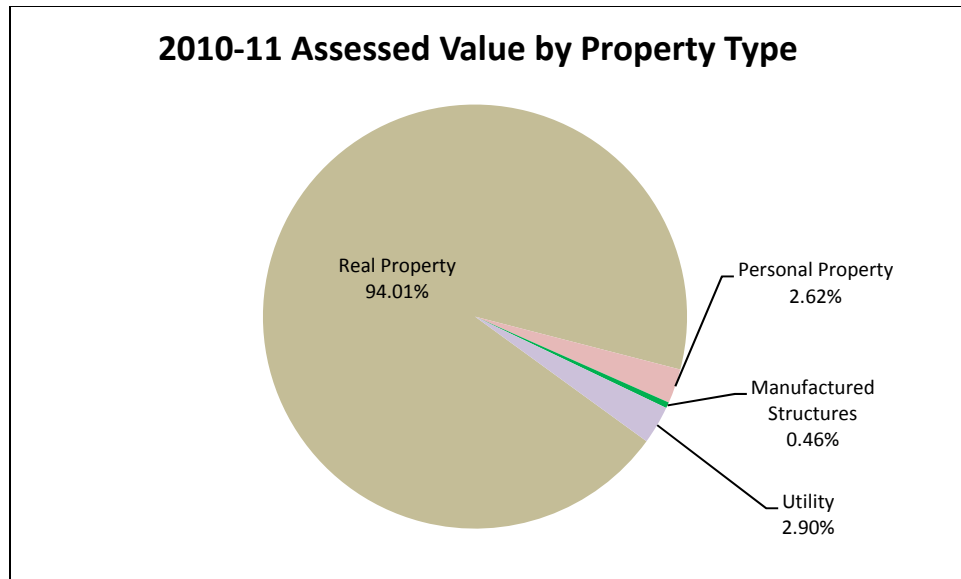
Each budget year brings unique challenges as we strive to provide the most effective firefighting, emergency medical, rescue, and prevention services to our citizens, while maintaining excellent fiscal stewardship. This commitment drives our budget process in allocating resources and funding.

TAXATION AND VALUATION

The local economy continues to be weak with high unemployment levels and lack of new development. Property taxes remain relatively unimpacted by the economic cycle due to past voter initiatives which delinked the assessed value from the market value of property. Because the District depends almost entirely upon property tax revenue levied upon assessed value (which is lower than market value), and assessed value is generally allowed to grow 3% a year (unless it drops below market value), we have continued to experience growth in property tax revenue, albeit at a much lower growth rate than in the past. Total assessed valuation of the District grew 2.75% overall in 2010-11. While Real Property assessed valuation grew 3.05%, Personal Property declined 4.12%, Manufactured Structures declined 6.49% and Utilities grew only 1.24% for the combined 2.75% growth rate in 2010-11.

Message from the Fire Chief, continued

Because the local economy continues to be weak with high unemployment levels and lack of new development, the 2011-12 budget has been prepared with a modest 2.4% assessed valuation growth projection. In discussion with Washington County Assessment and Taxation, commercial property and vacant land continue to be written down as market value is lower than assessed value.



In addition to its permanent tax rate of \$1.5252 per \$1,000 (AV), the District relies upon a local option levy of 25 cents per \$1,000 (AV). This levy, first approved by our voters in November 2000, was renewed for the third time by voters in November 2008, ensuring relative financial stability through fiscal year 2014-15.

The overall collection rate has remained consistent during this economic downturn and collections are forecasted to remain at 94.1%. We will continue to proactively monitor our collection rates and review assessed valuation actual percentage change results in late October 2011, when we receive the assessed value data for the 2011-12 year. If necessary, we are prepared to make adjustments to ensure that we meet our target of five full months of ending fund balance at the end of each year. I believe our current financial strength, coupled with continued conservative fiscal management, will allow us to support the operations of the District and provide essential services to our citizens through this economic cycle.

BUDGET OVERVIEW

The proposed 2011-12 budget represents the second year of the reorganization of the District into three Operating Centers: North, Central, and South. These centers are staffed by “Integrated Operations” personnel responsible for emergency operations, fire prevention, and public affairs. Combining these functions and staff into three geographically-based Operating Centers increased the District’s connectivity to the community, its nine cities, and other government agencies, and strengthened its ability to implement future community risk reduction programs. These centers also provide ‘scalability’ for growth, should the District wish to take advantage of contract services or funding opportunities in the future. Each of the District’s 21 fire stations is assigned to an Operating Center.

The District’s firefighters, training, and fire prevention members are represented by Local 1660. The current labor contract extends through June 30, 2012. The third year of the contract provides for a 2.1 percent wage range increase based upon Average CPI-W, an increase in health insurance allowable, and a payment of \$300,000 to the Union Health Trust.

Message from the Fire Chief, continued

The number of District personnel in the General Fund decreased by a net quarter of a full time equivalent employee (FTE). Within the General Fund, the District increased Fleet personnel by 3.25 for the purpose of fulfilling the new multi-year fleet maintenance contract for Clackamas County Fire District No. 1. The District reduced: 1.0 Executive Officer in the Fire Chief's Office budget (retired); .5 FTE Supply Specialist to pre-ERP implementation levels; .5 FTE Behavioral Health Specialist (retired), and 1.5 FTE in the Recruit budget. In addition, the District received the SAFER grant effective May 12, 2011, which added nine firefighters in the Grant Fund. These firefighters will be paid by grant funds for two full years.

The District has conservatively forecasted medical insurance cost increases for the proposed budget year to the maximum in the union contract, although preliminary information indicates it will be significantly lower. All employees contribute to their monthly health insurance and are partners in our ongoing attention to the cost of healthcare. Oregon's Public Employee Retirement System (PERS) has informed all stakeholder governments that the next several biennium's rates are expected to increase significantly. The District's Tier One and Tier Two rates will increase 4.51% of payroll to a 21.7% payroll rate beginning July 1, 2011. OPSRP rates increased 2.43% of payroll to 13.17% for general service personnel and 15.88% for fire personnel. Based upon the District's workforce, the District expects, and has budgeted for, an overall effective rate of 19.96%. Past budgets, in preparation for several bienniums of forecasted rate increases, included higher-than-actual rates with the difference going to a PERS Rate Reserve Fund. This will ease the transition to higher rates and protect core services in the future as rates continue to rise.

The District's budget also provides for continued project management of the District's \$77.5 million capital bond program. The District has sold four issues of general obligation bonds, for a total of \$72.5 million. This leaves a remaining \$5,000,000 of bond issuance authority. Each sale has occurred so as to match projected construction and apparatus purchase timelines. Moody's Investor Service recently affirmed the District's Aaa rating, which helped ensure the lowest possible interest rates for the May 2011 bond sale. The budget for 2011-12 reflects the construction of three of the four planned fire stations in this bond sale: Stations 65, 68, and the combined Station 56/South Operating Center; the purchase of two tenders and a light brush unit, and a down payment on a heavy rescue unit. The capital bond program has followed through on its commitment to our taxpayers, controlled costs – including capturing cost-savings during this economic cycle – and ensured our ability to respond in a major emergency by constructing seismically sound facilities.

The year 2011-12 will be a period of continued organizational refinement as we expand our community risk reduction program from pilot fire stations 51, 52 and 67, to all 21 fire stations. Community risk reduction is the coordinated effort of Integrated Operations to identify and prioritize risks within a 'first due' area and develop interventions to minimize the probability, occurrence, or impact of a risk. 'Risk' can be a specific fire or life safety hazard to a community or a situation that negatively impacts response reliability. Several of our partner cities have already expressed support of and excitement for our efforts and vision, and are excited to partner with the District in an effort to create safer communities.

The reorganization of Tualatin Valley Fire & Rescue also included new management. We have completed the transition of top management of the organization and are now focused on succession planning and leadership development for our next generation of managers. We believe this is a continual process to ensure competent leaders at every level are available to integrate into the operation when needed.

CFAI ACCREDITATION

In August 2000, Tualatin Valley Fire & Rescue was accredited by the Center for Public Safety Excellence's Commission on Fire Accreditation International (CFAI). Less than one percent of the nation's fire departments have received this distinctive designation, which reflects well upon the quality of services provided by our firefighters and employees, and the support of the Board of Directors and their commitment to excellence. Maintaining CFAI certification requires that we annually monitor and assess our performance in all aspects of our business, including industry and self-defined standards and District-adopted goals, and be reaccredited every five years. The District was last reaccredited on July 1, 2010.

Message from the Fire Chief, continued

SIGNIFICANT BUDGET ITEMS

Personnel. This budget represents a total of approximately 447.13 personnel in the General Fund and nine in the Grants Fund. In addition to emergency response, training, fire prevention, fleet, and support personnel, the budget includes staffing for strong fiscal and project management of the \$77.5 million capital bond program. We also continue funding for firefighters and support staff positions funded by the District's local option levy.

Apparatus Investment. Voter support of our general obligation bond has allowed us to standardize and improve our fleet and decrease the average age of our apparatus to less than 12 years. We have budgeted for two tenders and one light brush unit, as well as a down payment on a heavy rescue unit and other fleet vehicles.

Mobile Computing Replacement. Capital replacement of the mobile computers in all apparatus is planned with a placeholder of \$588,000 in the Capital Improvement Fund. While continued analysis and review are expected before a final solution is identified, the replacement of these critical devices is planned and previously reserved.

Fire Stations and South Operating Center. The budget reflects the construction of Stations 65, 68 and a combined Station 56/South Operating Center in this fiscal year as part of the capital bond program.

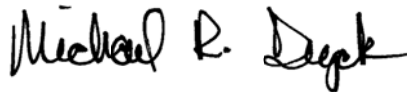
BUDGET SUMMARY

This budget proposes our permanent tax rate of \$1.5252 per \$1,000 of assessed valuation, the local option levy of \$0.25 per \$1,000 of assessed valuation, and a levy for debt service for outstanding bond issues, estimated to total approximately 16 cents per \$1,000. We anticipate tax receipts of the levies at a 94.1% collection rate and assessed value growth of 2.4%.

The adopted budget allows us to continue to deliver outstanding emergency fire, medical, and rescue services to our citizens in a fiscally conservative and prudent manner. I present the 2011-12 budget to you.

Sincerely,

Tualatin Valley Fire and Rescue



Michael R. Duyck
Fire Chief/Administrator