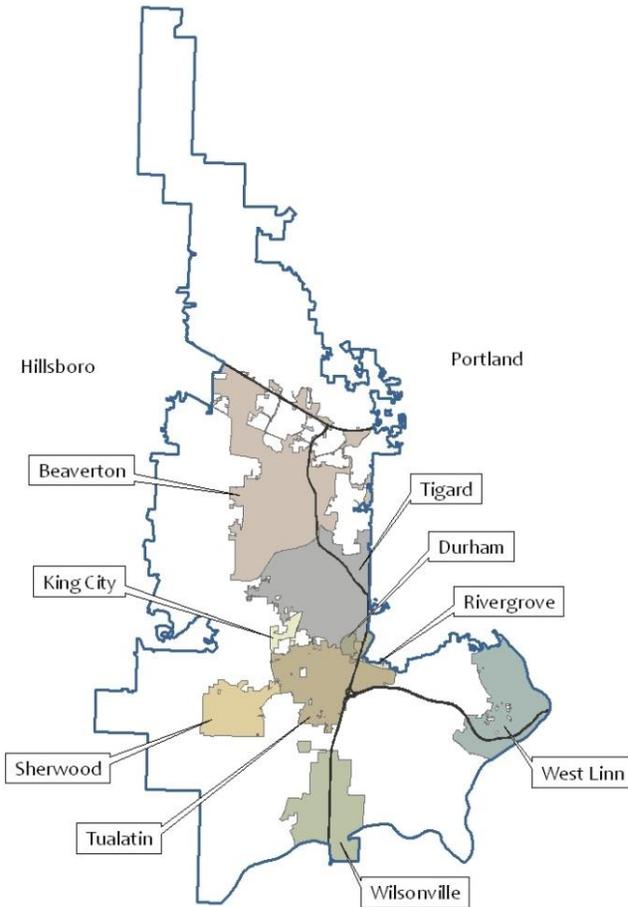


# District Overview

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## Tualatin Valley Fire and Rescue

Tualatin Valley Fire & Rescue (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**, providing 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 **449,610**.

The District will have approximately **498.58** employees, supplemented by approximately **60** volunteers. Fire and rescue services are provided from 21 career and volunteer fire stations, 21 fire engines, three ladder trucks, three aerial pumpers, two hazardous materials response units, three technical rescue units, two rehab units, one heavy CBRNE unit, six water tenders, eight brush rigs, and several other pieces of equipment, including ten medic units, four response cars, two water rescue units, a mobile command unit, and a reserve 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**, and **unincorporated areas within portions of Washington, Clackamas, and Multnomah counties**, lies within one of the economically strongest 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. The District has a three operating 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 in incorporated areas; a 3 in unincorporated areas; and a 10 in small portions of unincorporated areas more than five miles away from a fire station (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 the majority of homeowners within the District.

This area serves as the home to companies such as Nike, Mentor Graphics, Tektronix, Reser's Fine Foods, and Planar Systems, in addition to several growing companies such as Digimarc, Flir, Leupold & Stevens, and Vanguard EMS. Top metropolitan area employers include Intel, Fred Meyer, Oregon Health & Science University, Providence Health System, Legacy Health System, Kaiser Foundation Health Plan of the NW, Wells Fargo, 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 Pharmacies, 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 over 8,000 employees and contract workers in office buildings bordering a seven-acre man-made lake and five acres of wetlands. Nike announced in April 2013, its plans to add another 500,000 square feet of office space in two buildings in its 213-acre campus.<sup>1</sup> Intel has continued to invest in multi-billion dollar facility expansions to manufacture state-of-the-art computer chips, largely in the neighboring city of Hillsboro.

## Economy

The District, through its broad geographic area, 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 (AV) that had been consistently above the legally allowed 3% increase for existing properties due to property development and construction prior to the downturn, TVF&R's service area is expected to continue to begin to grow and develop again as the economy improves. The District has begun to modestly increase its forecasts for future years' property tax revenue based on projected growth of assessed value as more properties are being developed and improved throughout the District. Trends through 2013 and 2014 continue to indicate the residential and commercial real estate markets are improving. Accordingly, the District has projected a slight increase in property taxes in 2014-15, with a gradual improvement over the next several years.

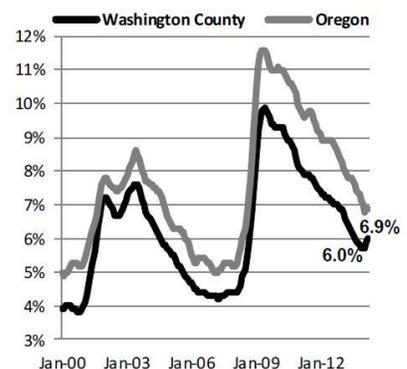
The local economy has continued to improve in almost all business sectors, from technology to finance and leisure and professional services. Oregon's unemployment rate of 6.9 percent as of April 30, 2014, continues to improve and Washington County's 6.0% unemployment rate continues to show year over year improvement. Washington County's labor force is reported by the State of Oregon to have increased by 3.3% from a year ago.

**Housing Prices - May 2014**  
Portland Metro median asking price



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 development within its service boundaries. Assessed value grew 3.61% for the property tax year 2013-14, and it is conservatively forecasted to grow at 3.60% for 2014-15, based upon continued strength in residential real estate real market values as reported by Case-Schiller Home Price Indices for 2013.

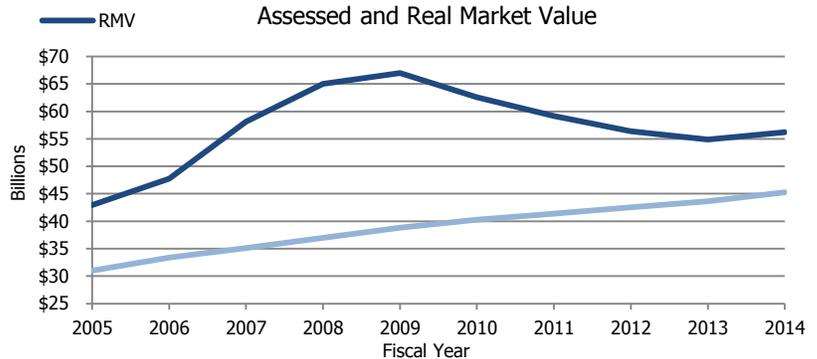
**Unemployment Rates - April**  
(Seasonally adjusted)



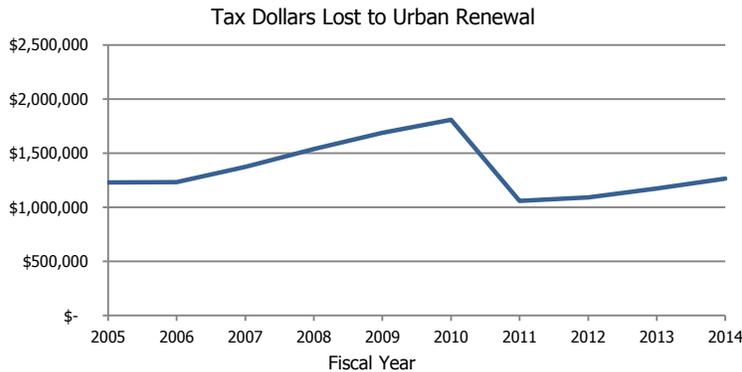
<sup>1</sup> Siemers, Eric, "Nike Picks Washington County for Headquarters Expansion." Portland Business Journal, April 18, 2013.

## Assessed and Real Market Value

The District's real market value for 2014-15 fiscal year is expected to begin to continue to increase again when measured by County Assessors as of January 1, 2014 for the 2014-15 fiscal year, due to gains of 13.1% in Portland home prices in 2013. While assessed value of each individual property may increase by law by 3% a year until reaching real property value, properties that are near a 100% RMV to AV ratio may constrain AV growth.



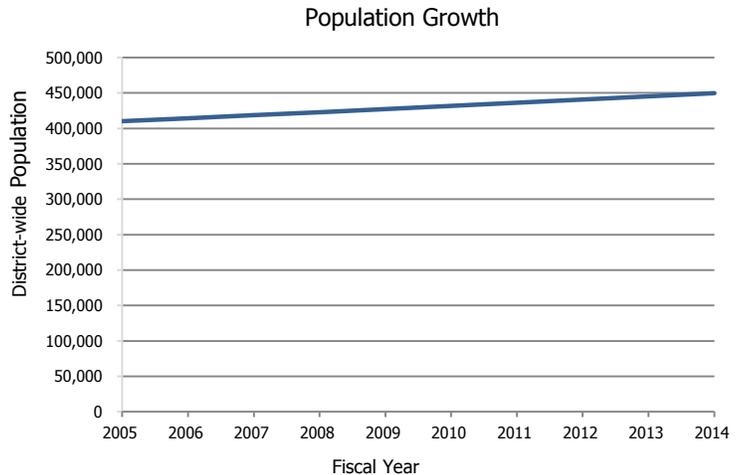
However, the question of how local regional governments will pay for the development costs of the necessary infrastructure is of utmost concern. Many of TVF&R's partner local governments have adopted tax increment financing (TIF), specifically in the form of "urban renewal," as a financing tool to both 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 generally forgoes 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). The application of the urban renewal districts is why the District's overall assessed value from all three counties is higher than either the assessed value for the levy of the District's permanent rate or the assessed value for the Local Option Levy.



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

## Population

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 purchased land for future fire station sites and expects to continue to do so, especially as development is again beginning throughout the District.



# District Overview, continued

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## 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
- Fire prevention
- Hazardous materials
- Technical rescue
- Emergency medical services
- Public education
- Water 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 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.

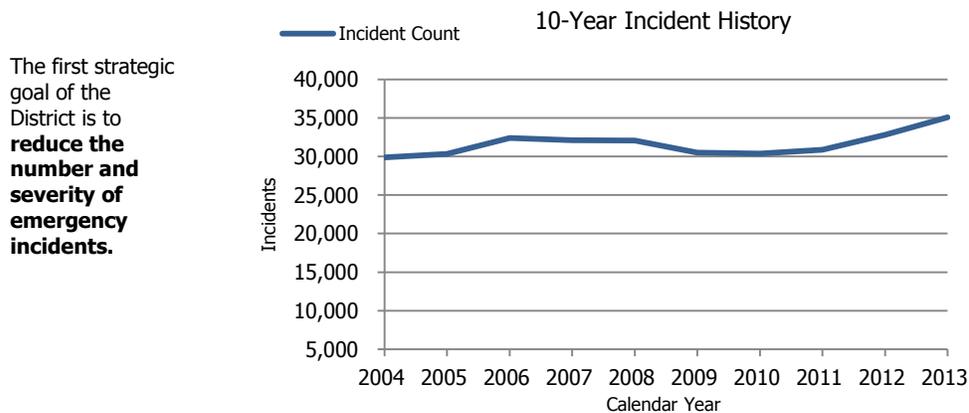
To manage emergencies, both fire and medical, the District staffs a team of career firefighters and paramedics 24 hours a day, with skills and equipment necessary to deal with a wide variety of emergencies. Approximately **208** career firefighters are certified as **advanced life support (ALS) paramedics**, 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.

## Creating Safer Communities

Tualatin Valley Fire & Rescue's mission is to prevent, prepare for, and respond to situations that threaten the communities it serves. This means not only responding to emergencies as they occur, but continuously looking for ways to strategically prevent or reduce the effects of those emergencies.

## Emergency Incidents

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



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).

## District Overview, continued

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The District experienced a 6.9% increase in call volume in 2013, while the Incident Type trends within the dataset remained largely consistent. Fires, EMS, and false calls represent the largest increases, followed by slight increases in overpressures, hazardous conditions, and good intent calls. The District continues to experience low numbers of working structure fires, while the majority of the call volume centers on emergency medical services (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.

### Training

The District's training facilities include a six-story training tower, a burn building for live fire training, a 19-acre Training Center, a Fire Behavior Training Prop (FBT), and a live television studio, which are utilized to provide personnel with continual 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 in 2002, and allows live fire training in interior attack and other fire suppression tactics. 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 fire suppression activities. The FBT prop, as shown below, allows fire companies to train on multiple live fire scenarios they may encounter in the field.



# District Overview, continued

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## 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 and Finance
- Personnel Policy
- Training
- Fire Chief's Role and Executive Functions
- Operations
- Prevention
- Purchasing
- Maintenance
- Community Services
- Business Operations

## Budget Committee as of June 30, 2014

<b>Board Members</b>	<b>Term Expiration</b>
Robert C. Wyffels, President	June 30, 2017
Randy J. Lauer, Vice President	June 30, 2015
Gordon L. Hovies, Secretary-Treasurer	June 30, 2017
Clark I. Balfour, Member	June 30, 2017
Brian J. Clopton, Member	June 30, 2015
<b>Citizen Members</b>	
Angie R. Fong, Member	June 30, 2015
Paul A. Leavy, Member	June 30, 2015
James W. Petrizzi, Member	June 30, 2017
Michael D. Smith, Member	June 30, 2016
Jon R. Walsh, Member	June 30, 2016

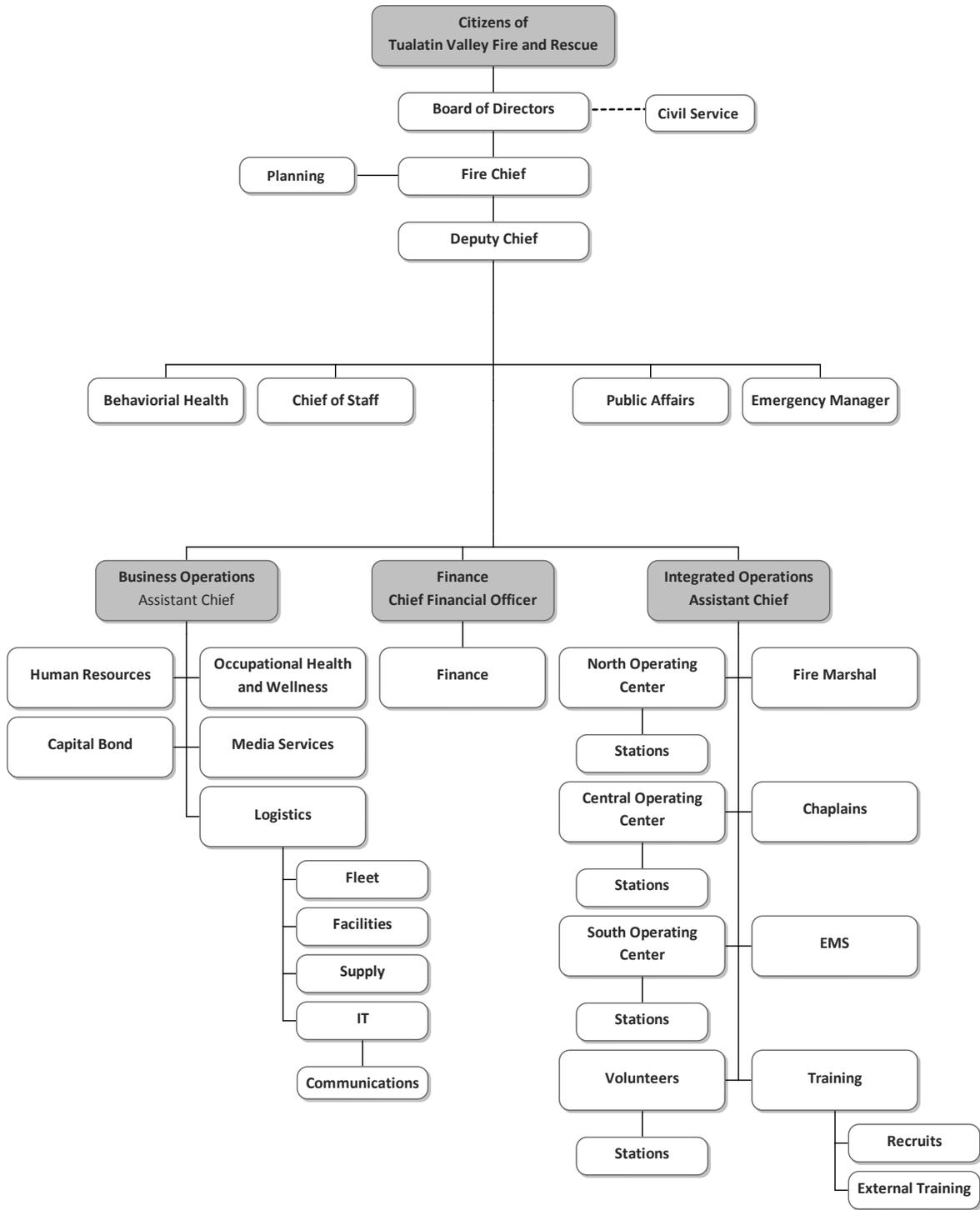
## District Staff

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



*TVF&R is an internationally accredited agency.*

Organizational Chart







## Message from the Fire Chief

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June 25, 2014

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 2014-15 proposed 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 seven strategic goals and outcomes:

### Community Goals and Outcomes

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

### Organizational Goals and 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. Leverage use of existing resources and seek efficiencies for the greatest community good.
- VII. Ensure ongoing financial and business operations stability and predictability.

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

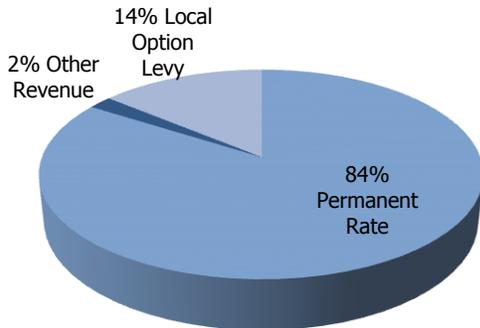
### Taxation and Valuation

The local economy continues to show improving unemployment levels and a second year of renewed development after years of declining activity. Accordingly, the District's financial forecast for 2014-15 and beyond includes continued modest increases in the growth rate of assessed value (the key measure for property tax revenue). Because of the geographic diversity of the District, the District's property taxes had been relatively unimpacted by the recent economic cycle due to past voter initiatives that delinked the assessed value (AV) from the real market value (RMV) of property. Because the District depends almost entirely upon property tax revenue levied upon AV (lower than RMV and allowed to grow 3% until it meets and begins to be constrained by decreasing RMV), we continued to experience growth in revenue, although the rate had slowed during the recent recession. Total assessed valuation of the District among all three counties we serve grew 3.61% overall in 2013-14, although Measure 5 compression and urban renewal districts modestly reduced the AV basis for levying of the permanent rate and local option levy rate to a 3.55% growth rate. The total assessed value of the District is reduced by the effect of urban renewal districts before the application of the District's tax rates, resulting in differing growth rates for the assessed value used for the District's permanent tax rate and local option and bond levies. The S&P/Case-Shiller Home Price Indices reported a positive increase in home values in 2013, with prices now 20% below peak values. Because RMV is measured as of

## Message from the Fire Chief, continued

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January 1, 2014 as the market value basis for property taxes levied and to be received during the 2014-15 fiscal year, we anticipate a positive increase in assessed value for 2014-15 and beyond.



In addition to its permanent tax rate of \$1.5252 per \$1,000 of AV, the District relies upon a local option levy of 25 cents per \$1,000 of AV. The levy was renewed in 2004 and 2008, ensuring relative financial stability through fiscal year 2014-15.

A five-year replacement local option levy of 45 cents was approved on May 2014 ballot, and will be first collected in 2015-16. Increases in 9-1-1 calls, traffic congestion, and an aging population are contributing to longer response times and the replacement levy will help ensure TVF&R meets its highest priority of fast and effective emergency response. The levy will retain 42 firefighters hired since 2000, add up to 44 firefighter medics, emergency apparatus, and provide

initial funding of site acquisition for new stations in areas where responses challenges exist. Additional firefighters, at new and existing sites within TVF&R's network, will improve response times and increase the reliability of current stations to serve their immediate neighborhoods. Additional positions that support safe and reliable emergency operations such as fire prevention, training, and apparatus maintenance will also be funded. The vote approved .45/\$1,000 replacement levy represents the second time in 25 years that TVF&R has asked taxpayers for a rate increase, and it comes 14 years after the last increase was approved. This 2014-15 budget is prepared so as to enable the District to begin implementing firefighters and response units immediately, slightly spending down ending fund balance until receipt of the replacement levy occurs.

The overall collection rate for property taxes has remained relatively consistent during the recent economic downturn and collections are forecasted consistently at 94.4% for the coming year. We will continue to proactively monitor our collection rates and will review assessed valuation actual percentage change results in late October 2014, when we receive AV data for the 2014-15 year. If necessary, we are prepared to make adjustments to ensure that we meet our target of five months of ending fund balance at the end of each year. I believe our current financial reserves, coupled with continued conservative fiscal management, will allow us to support the operations of the District and provide essential services to our citizens.

## Budget Overview

The proposed 2014-15 budget represents the fifth year of the reorganization of the District into three Operating Centers: North, Central, and South. These centers, staffed by Integrated Operations personnel, blend the technical expertise of emergency operations, fire prevention, and public affairs staff. 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 community risk reduction programs. Each of the District's 21 fire stations is assigned to an Operating Center.

Integrated Operations personnel continue to focus on initiatives designed to minimize community and emergency response risks in each station's 'first due' area. Projects include working with apartment landlords, senior care facilities, and business owners to reduce false alarms and create safer communities for residents; assembling local students to teach Hands-Only CPR to over 15,000 individuals; partnering with cities, counties, and ODOT to prioritize transportation improvements that help improve emergency response; and a District-wide "Fire House Cooking Challenge" to raise awareness that healthy food can help control diabetes-related conditions. Additionally, our PulsePoint app now has 7,755 subscribers and 319 automatic external defibrillator (AED) sites in our service area are registered.

Total District personnel increased by 32.91 positions. Twelve firefighter positions to be funded over the long term with the increase in the local option levy are planned to be added in 2014-15; 15 firefighter positions are added to cover additional time off, bringing total firefighter relief pool positions to 60; and 6.54 positions are added to cover the temporary assignment time to the second recruit training academy for instructors and recruit firefighters.

## Message from the Fire Chief, continued

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Two part-time positions were combined to one full-time administrative assistant position, adding .12 of an employee; .25 of a nurse was added to the Occupational Health program for our firefighters and one Planning Director position has been removed. One Safety Battalion Chief position has been added and the Volunteer Program Manager position in last year's budget was not filled and has been eliminated.

The District's firefighters, training officers, and fire prevention members are represented by Local 1660. The current labor contract extends through June 30, 2015. The contract calls for a CPI-W based pay raise effective July 1, 2014, offset in part by a January 1, 2015 change in the number of shifts worked, which is reflected by the budgeted increase of 15 Relief Pool firefighters to provide shift coverage for scheduled time off. The contract also includes limitations upon the increases to healthcare costs and provides for an increase in the District incentive match, encouraging retirement savings for our workforce. The increase for the 2014-15 contract year will be 2.0%, resulting in a 0.7% wage increase and 1.3% time off/additional staffing requirement for the Union workforce.

Relief Pool positions fund requirements for contractual time-off for firefighters. The actual number of relief pool firefighters fluctuates during the year due to retirements, on- and off-duty injuries, and other absences such as military deployments, until hiring of recruits and completion of their four month training academy is accomplished each year. Upon graduation from the recruit training academy, these new firefighters are assigned to fill vacant positions. The District employs a constant staffing model, whereby, a response unit is always staffed to be able to respond to emergencies.

The District has conservatively forecasted medical insurance cost increases for the proposed budget year to the mid-range allowed under the Union contract. All employees contribute to their monthly health insurance and are partners in our ongoing attention to the cost of healthcare.

The District has budgeted a blended contribution rate for the Oregon Public Employee's Retirement System of 19.96% for the second year of the 2013-15 biennium (including 6% mandatory employee contributions), based on the blend of contribution rates paid on behalf of each employee in the various PERS programs. Litigation is ensuing over the legislative reforms to the PERS programs, reducing retirement cost of living increases and out-of-state tax remedies and is currently in an expedited case process at the Supreme Court of Oregon.

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 million of bond issuance authority. Each sale has occurred so as to match projected construction and apparatus purchase timelines. Moody's Investor Service affirmed the District's Aaa rating for the most recent bond sale, which helped ensure the lowest possible interest rates for District taxpayers. The budget for 2014-15 reflects the continued construction and seismic upgrades of fire stations in this bond sale: Stations 51, 52, and 68, and a new Station 70. The District has also budgeted for the purchase of additional fire station land sites and six medic units.

We continue to focus on succession planning and leadership development for our next generation of managers through continued work and investment in the Integrated Talent Management Program. We believe this is a continual process to ensure competent leaders at every level are available to integrate into the operation when and where they are 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). The Commission reviews District operations, including our emergency response performance, against industry established objectives. The District was last reaccredited on July 1, 2010 and will be assessed for reaccreditation in the summer of 2015.

## Message from the Fire Chief, continued

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### Significant Budget Items

**Personnel.** This budget represents a total of approximately 498.58 personnel in the General 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 to fund firefighter and support staff positions with 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 six medic units in the Capital Bond Fund. Other fleet vehicles are planned to be purchased from the Capital Improvements Fund.

**Fire Stations.** The budget reflects the completion of construction of Station 68; construction of station facilities and seismic improvements of Stations 51 and 52; and construction of a new fire station 70 in this fiscal year as part of the capital bond program and the purchase of future fire station sites.

### Budget Summary

This budget proposes our permanent tax rate of \$1.5252 per \$1,000 (AV), the local option levy of \$0.25 per \$1,000 (AV), and an estimated total of 11.7 cents per \$1,000 (AV) levy for debt service for outstanding bond issues. We anticipate tax receipts of the levies at a 94.4% collection rate and an assessed value growth 3.6%.

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 2014-15 budget to you.

Sincerely,

**Tualatin Valley Fire and Rescue**



Michael R. Duyck  
Fire Chief/Administrator