



June 24, 2015

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 2015-16 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 their knowledge and support of District 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.

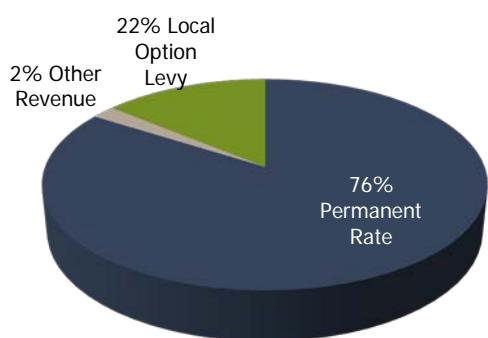
Each budget year brings unique challenges as we strive to provide the most effective emergency response and prevention services to our citizens, while maintaining excellent fiscal stewardship. This commitment drives our budget process in allocating resources and funding. This year will be the first year of the enhanced replacement local option levy of 45 cents per \$1,000 of assessed value, and our focus is to continue to acquire new station sites and add units to our deployment throughout the District to achieve the goal of our citizens – fast and effective response.

#### Taxation and Valuation

The local economy continues to show improving unemployment levels and another year of renewed development. Accordingly, the District's financial forecast for 2015-16 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 downturn 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 of growth had slowed during the recent recession.

## Message From The Fire Chief, continued

Total assessed valuation of the District among all three counties we serve grew 4.4% overall in 2014-15, although Measure 5 compression and urban renewal districts modestly reduced the AV bases for levying of the permanent rate and local option levy 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.



In addition to its permanent tax rate of \$1.5252 per \$1,000 of AV, the District relies upon a local option levy first approved in 2000 at a rate of 25 cents per \$1,000 of assessed value. The levy was renewed in 2004 and 2008 at the same rate and on the May 2014 ballot, a replacement levy of 45 cents per \$1,000 of AV was approved.

This replacement local option levy of 45 cents per \$1,000 of AV will be first collected in 2015-16. Increases in 9-1-1 calls, traffic congestion, and an aging population have contributed 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, add emergency apparatus, and provide initial funding for site acquisition for new stations in areas where response challenges exist. Additional firefighters, at new and existing sites within TVF&R's network of stations, 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 personnel will also be funded. This 2015-16 proposed budget is prepared to enable the District to continue the process started immediately after voters approved the new levy, deploying firefighters and response units and acquiring land for station sites.

The overall collection rate for property taxes has remained relatively consistent over time as the District's property tax revenue is predominately from residential property (74%) and most tax payments are from bank escrow accounts. 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 2015, when we receive AV data for the 2015-16 year. Those results provide us with the information to determine if we can accelerate the addition of personnel and response units deployed, above our fiscally conservative budgetary plan designed 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 enhanced operations of the District and provide essential services to our citizens.

## Budget Overview

The proposed 2015-16 budget is organized by the operations of the District as organized into the three directorates: Command, Business Operations and Integrated Operations Directorates. The Integrated Operations Directorate is then grouped into three geographically-based 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. These combined functions and staff within the three operating centers provide for the District's connectivity to the community, its nine cities, and other government agencies; and its ability to implement community risk-reduction programs. Each of the District's 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; partnering with local students to teach hands-only CPR to more than 17,000 individuals; coordinating with law enforcement

## Message from the Fire Chief, continued

agencies who carry automatic external defibrillators (AED); working with cities, counties, and ODOT to prioritize transportation improvements that help improve emergency response; and a District-wide cardiac campaign to reunite sudden cardiac arrest (SCA) survivors and raise awareness about the symptoms of heart attacks and SCA as well as the importance of the emergency health system. The PulsePoint smart-phone application now has more than 12,000 District subscribers who will be notified if they are near an incident where someone needs CPR and identifies hundreds of registered public access AED sites in our service area.

Total District personnel increased by 7.42 positions. Ten firefighter positions are added to staff new sites and units, including Station 70 (two), a unit of six firefighters for the Charbonneau area, and two additional positions to be deployed in Integrated Operations after further analysis. These positions are funded with the increase in the local option levy and are offset in part by reductions in staff time in the recruit academy of 4.08 for one academy budgeted versus the prior year's two academies; and elimination of one Battalion Chief position in Integrated Operations, plus two additional EMS Officer positions in EMS; one additional Training Officer in Training and two and a quarter less positions in Fleet; one less in Information Technology, offset by one new position in Supply for response equipment support; and an additional one and a quarter positions in Occupational Health/Wellness to support firefighter wellness and physical training and an added half-time position in Finance.

The District's Battalion Chiefs, Firefighters, Training Officers, and fire prevention employees are represented by Local 1660. The labor contract extends through June 30, 2018. The contract calls for a CPI-W-based pay raise effective July 1, 2015, of 2.0%. Recent legislative changes allowed the inclusion of the Battalion Chiefs in the union, and the 2015-16 budget reflects their transfer from non-union budget accounts to union salary, wage, and benefit accounts.

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 six-month Engine 92 training is accomplished each year. Upon graduation from the recruit training Engine 92 program, 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.

For union personnel, 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 plans. Because line personnel are regularly reassigned to fill the District's constant staffing model, the District budgets salaries at top step for union personnel and utilizes blended rates for benefits. For non-union personnel – who generally remain in one department – salaries and benefits are budgeted at expected actual rates. The 2013-15 PERS rates were actuarially set after 2013 legislative reforms to reduce retirement cost of living increases and out-of-state tax remedies. Litigation ensued over the 2013 legislative reforms to the PERS programs and the Supreme Court of Oregon recently ruled to overturn the majority of the reforms that created the cost savings. Concurrently, the PERS Board will also be considering reducing the assumed investment earnings rate of its investments at its July 31, 2015 meeting, which will provide additional upward rate pressure for the following biennium. The District's budget continues to reflect the published rates but will continue to actively monitor and participate in PERS employer information groups.

The District's budget also provides for continued project management of the District's capital bond program. The District has sold five issues of general obligation bonds, fulfilling the total of the voter-approved \$77.5 million bond issuance authority. Each sale occurred to match projected construction and apparatus purchase timelines. Moody's Investor Service affirmed the District's Aaa rating for the most recent bond sale in February 2015, which helped ensure the lowest possible interest rates for District taxpayers. The budget for 2015-16 reflects the

## Message From The Fire Chief, continued

continued construction and seismic upgrades of fire stations in this bond sale: Stations 62, 64 and 69, and completion of new Station 70. The District has also budgeted for the purchase of additional fire station land sites and multiple emergency response apparatus.

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.

### Significant Budget Items

**Personnel.** This budget represents a total of approximately 506 personnel in the General Fund, one in the Emergency Management Fund and three in the Capital Projects 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 increased local option levy and capital projects funded with both levy and bond proceeds.

**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 three truck units in the Apparatus and Capital Bond Fund that will be constructed and delivered over the next two years. Two additional volunteer rescue pumper and a replacement water rescue team boat are funded in the Apparatus 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 70; construction of station facilities and seismic improvements of Stations 62, 64, 69, and 368; and the purchase of multiple 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 \$0.45 per \$1,000 (AV), and an estimated total of 13.5 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 of 4.4%.

The proposed 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 2015-16 budget to you.

Sincerely,

Tualatin Valley Fire and Rescue

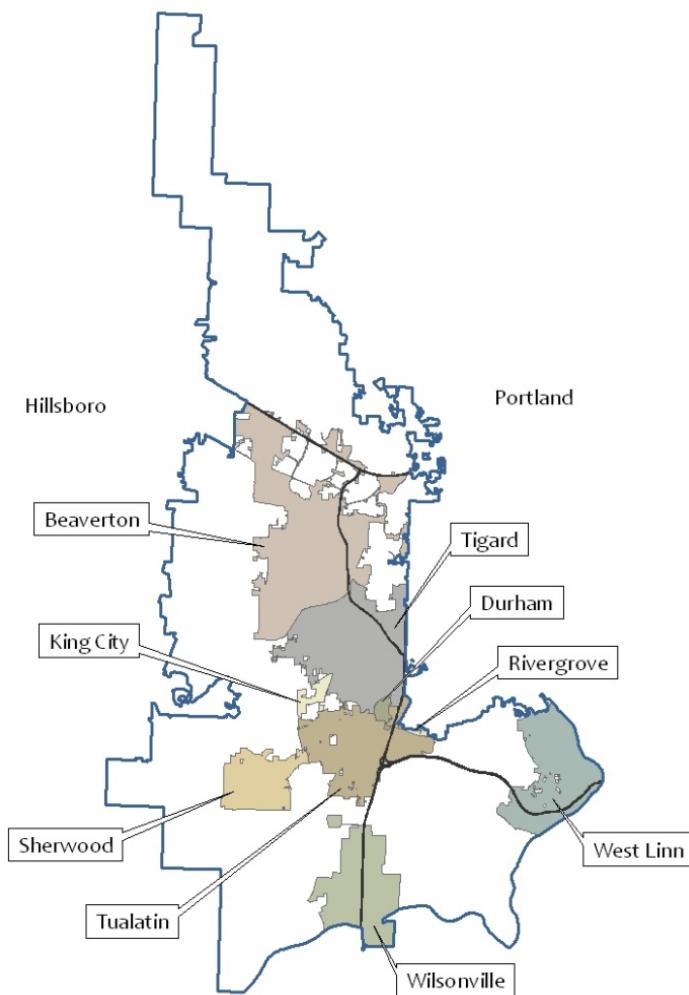


Michael R. Duyck  
Fire Chief/Administrator

## District Overview

### Tualatin Valley Fire and Rescue

Tualatin Valley Fire and Rescue (District) operates under Oregon Revised Statutes Chapter 478 as a separate municipal corporation and is managed by a Board of Directors comprised by 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.



encompassing densely populated suburbs, rural farmlands, retail and commercial establishments, and growing industrial complexes.

Fire stations are placed strategically throughout the District to protect property and the District population. The District uses defined response time standards, projected population densities and urban growth, as well as actual and planned traffic conditions to determine the best station sites to optimize response times. The District continues to implement operational improvements in order to accomplish its strategic goals. The recent voter support of the increased replacement local operating levy will allow additional response stations and units to be added throughout the District. In addition to the Command Center, the District manages and directs services to the public from three Integrated Operations divisions serving defined geographic areas.

Tualatin Valley Fire and Rescue, A Rural Fire Protection District, was formed in 1989 through the legal merger of Washington County Fire Protection District No. 1 and Tualatin Rural Fire Protection District. Subsequently, the District expanded its service area through annexation to include the City of Beaverton Fire Department, Valley View Water District and the Rosemont Fire District and the mergers of Multnomah County Fire Protection Districts No. 4 and 20. The District's most recent annexation was the City of West Linn which was legally annexed on July 1, 2004.

The District's total service area encompasses approximately 210 square miles. It provides services to northeast Washington County, northwest Clackamas County, and the western edge of Multnomah County. The District is a special service district supported by the property owners within its boundaries, currently serving an estimated population of 454,598.

The District will have approximately **510** employees (506 in the General Fund, one in the Emergency Management Fund, and three in the Capital Projects fund charged out to capital bond projects completely), supplemented by approximately **80** volunteers. The area served, which includes the cities of Beaverton, Durham, King City, Rivergrove, Sherwood, Tigard, Tualatin, West Linn and Wilsonville, lies within one of the fastest growing regions of the state of Oregon. It is an area

## 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.

The District is a multi-service district with services and programs tailored to meet the needs of the community. The District is committed to creating safer communities through education, prevention, preparedness, and emergency response. Emergency services include fire suppression, emergency medical services, water rescue, and heavy and high-angle rescue. The District has also served as a Regional 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 southwest to Marion County.

The District's Integrated Operations staff is dedicated to meeting 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 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 209 professional firefighters are certified as advanced life support (ALS) paramedics, while 100% of the remaining fire-suppression personnel are certified at either the Basic or Intermediate Emergency Medical Technician levels. 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.

The area serves as the home to companies such as Nike, Mentor Graphics, Columbia Sportswear, Reser's Fine Foods, Flir Systems Inc., Cascade Microtech Inc., Planar Systems, and Digimarc, in addition to several growing companies such as Act-On Software Inc., Eid Passport, Leupold & Stevens, and Vanguard EMS<sup>1</sup>. Sixteen of the top 100 fastest growing private companies in Oregon are located within the District's service area, including ICON Medical Network, Columbia Roofing & Sheet Metal and Axiom EPM<sup>1</sup>. Top metropolitan-area employers include Intel, Providence Health System, Fred Meyer Stores, Oregon Health & Science University, Wells Fargo, Portland General Electric, Kaiser Permanente, Nike and U.S. Bank, among others<sup>1</sup>. Nike's world headquarters complex houses over 8,700 employees in its 351-acre campus, with expansion plans underway as the company analyzes how to accommodate its growth<sup>2</sup>. 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 with a recently announced agreement for Intel to invest another \$100 billion in Washington County over the next 30 years<sup>3</sup>.

<sup>1</sup> Portland Business Journal, Book of Lists, December 26, 2014.

<sup>2</sup> Kish, Mathew, "Nike adds more than 2,000 jobs, exceeds state goal." Portland Business Journal, October 7, 2014.

<sup>3</sup> Spencer, Malia, "Intel's deal essential for future Oregon investment." Portland Business Journal, August 11, 2014.

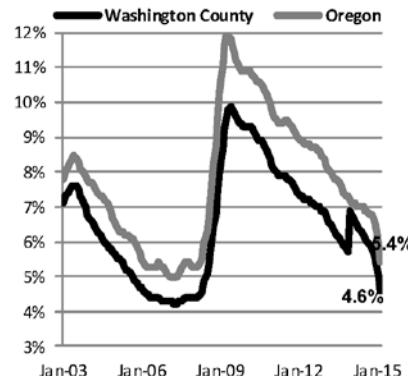
## Economy

The District, through its broad geographic area, serves a strong part of Oregon's economic base. Washington County's job growth has occurred in every major industry except construction, and the March 2015 unemployment has dropped to 4.6%. Washington County has more than regained all jobs lost in the Great Recession. Both construction and manufacturing have grown since the worst of the recession but have not fully recovered to prerecession levels.

**Employment Growth**  
March; increase on a year earlier



**Unemployment Rates**  
March; seasonally adjusted

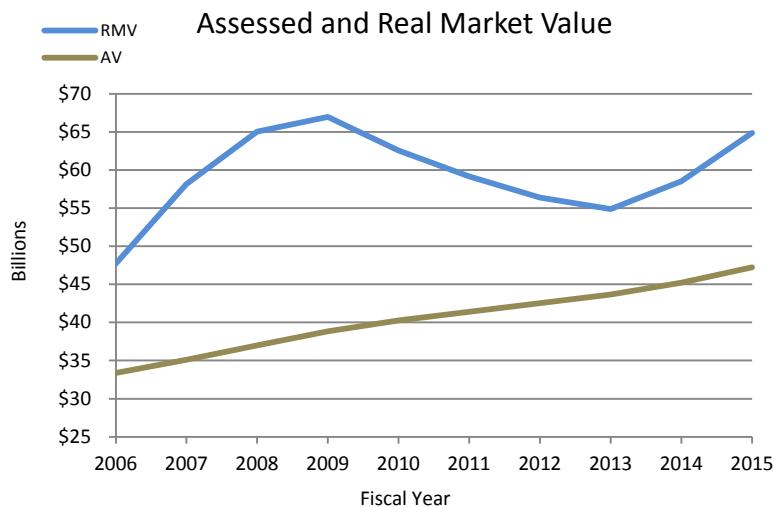


Washington County's labor force is reported by the State of Oregon's Employment Department to have increased by 2.9% since March 2014.

## Assessed and Real Market Value

By law, increases in assessed valuation of existing property are generally 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 4.4% for the property tax year 2014-15, and it is conservatively forecasted to continue to grow at 4.4% for 2015-16, based upon continued strength in the residential and multi-family real estate real market and increased commercial development.

The District's real market value for the 2015-16 fiscal year is expected to continue to increase when measured by county assessors as of January 1, 2015 for the 2015-16 fiscal year, due to combined gains of 10.88% in real market value home prices in 2014 as reported by our three county assessors.



## District Overview, continued

### 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 is actively seeking additional sites utilizing the increased local option levy.

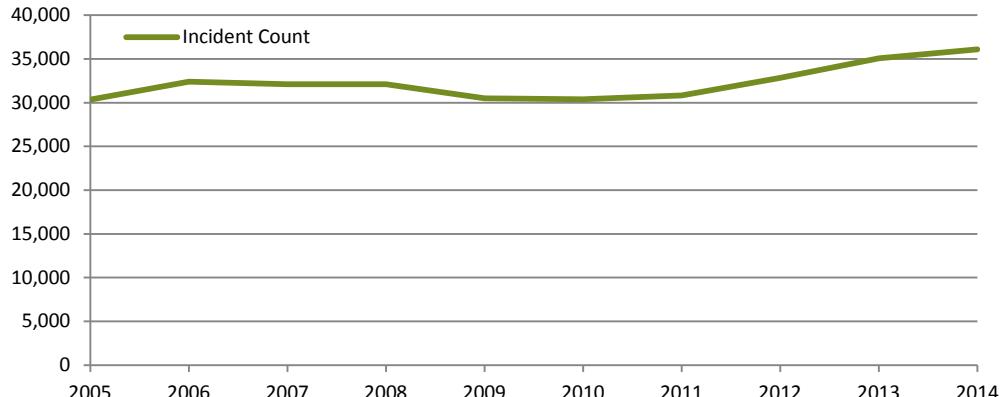
### Creating Safer Communities

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 10 calendar years are reflected below.

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

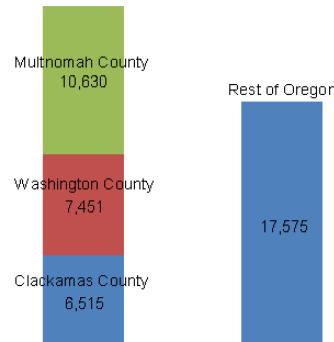


District incident totals include automatic aid responses to areas located outside of TVF&R's jurisdictional boundary. Incident totals do not include move-ups to TVF&R stations by TVF&R crews, or incidents that occurred within TVF&R's jurisdictional boundary with a response by automatic aid agencies only (no response by TVF&R crews).

The District experienced a 2.9% increase in call volume in 2014, while the Incident Type trends within the dataset remained largely consistent. 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.

### Population Growth by County

2013 to 2014 - US Census Estimate



The three Portland area counties: Washington, Multnomah and Clackamas counties represented most of Oregon's population growth in 2014.

## 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 sophisticated burn structures and tower at the site allow 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

### 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, 2015

<b>Board Members</b>	<b>Term <u>Expiration</u></b>
Robert C. Wyffels, President	June 30, 2017
Randy J. Lauer, Vice President	June 30, 2019
Gordon L. Hovies, Secretary-Treasurer	June 30, 2017
Clark I. Balfour, Member	June 30, 2017
Brian J. Clopton, Member	June 30, 2019

<b>Citizen Members</b>	
Angie R. Fong, Member	June 30, 2018
Paul A. Leavy, Member	June 30, 2018
Michael T. Mudrow, Member	June 30, 2016
James W. Petrizzi, Member	June 30, 2017
Michael D. Smith, Member	June 30, 2016

### District Staff

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

## Organizational Chart

