



June 25, 2019

Budget Committee Members and Residents
Tualatin Valley Fire & Rescue
Washington, Clackamas, Yamhill, and Multnomah counties, Oregon

Dear Budget Committee Members and Residents:

I am pleased to submit the 2019-20 budget for Tualatin Valley Fire & Rescue, a Rural Fire Protection District (District). Consistent with the District's mission statement and the 2018-20 updated and revised strategic plan, we have prepared this budget with the priorities and resources necessary to accomplish the District's goals, expectations, strategies, and organizational tactics. The three goals are as follows:

Health

- I. Advance a healthy organization through a unified mission, effective communication, resilient people, and responsible resource management.

Performance

- II. Advance a high-performing organization and workforce with particular focus on the core functions that improve fast and effective emergency response and community risk reduction.

Opportunities

- III. Carefully evaluate and then execute, or dismiss, emerging opportunities.

We continue to plan for and construct new stations and deploy response units to achieve the fast and effective emergency response goals approved by our voters through the enhanced local option levy first levied in fiscal year 2015-16. Fiscal year 2019-20 represents the fifth and final year of this local option levy, which by Oregon law, expires in five or less years. We are very grateful the voters of the District renewed the levy for another five years in the May 21, 2019, election by an 82% approval rate which will provide continued operational support through the 2024-2025 year. The fiscal year 2019-20 budget provides for continued deployment of fully-staffed trucks, engines, rescues, cars, and medic units. We expect to open new McEwan Road Station 39 in the winter of 2020 staffed by six firefighter paramedics. We will complete the remodel of a Tualatin facility where our Logistics, Supply, Fleet, and Facilities Maintenance departments will be co-located. The District's proposed budget includes funding for an additional medic unit and the replacement of a 100-foot, aerial platform truck.

The District has long operated with the philosophy of responding with the right resource, and the work continues to operationally evaluate the best deployment of existing emergency response apparatus and personnel as the District's population continues to grow.

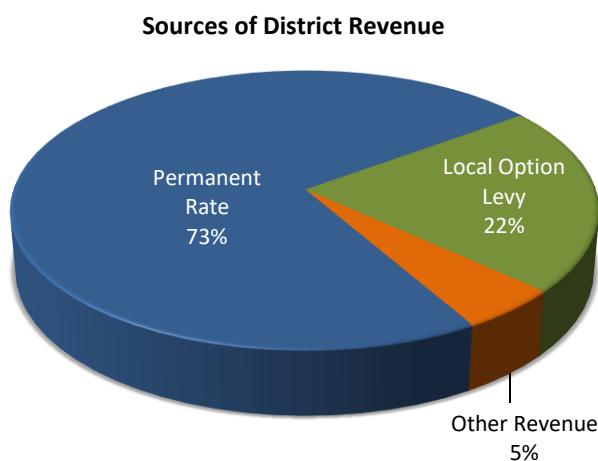
Message from the Fire Chief, continued

The 2019-20 budget year reflects a continued focus on providing our residents with high-quality services through continued investments in our employees, training, equipment, and facilities. The 2019-20 budget includes a District reorganization, a new fire chief, and new chief financial officer effective July 1, 2019. The goal of the reorganization is to professionally develop new leaders in the organization and align areas of business and operating functions for continual improvement.

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

Taxation and Valuation

The local economy shows low unemployment levels and positive residential and commercial real estate development. Accordingly, the District's financial forecast for 2019-20 and beyond includes modest increases in the growth rate of assessed value (the key measure for property tax revenue) of 4.49%. Past voter initiatives have delinked the assessed value (AV) from the real market value (RMV) of property, and now assessed value is generally significantly lower than RMV.



Total assessed valuation of the District among all four counties in which we levy taxes grew 9.89% in 2018-19 on AV that our permanent tax rate is levied upon and 9.84% for AV that our local option levy is levied upon. This increase was a result of the annexation of the city of Newberg and Newberg Rural Fire Protection District effective July 1, 2018. Those additions to our assessed value added \$2.9 billion of assessed valuation to the District. Adjusting for that annexation, the AV grew 4.59% over the 2017-18 fiscal year. Forecasted future increases of 4.49% are slightly less as we estimate the increasing impact of urban renewal districts and compression losses. Our cities' use of urban renewal districts serves to reduce the assessed value our permanent rate can be levied upon by freezing the growth of AV inside the urban

renewal district during its existence. The District's assessed value for its permanent rate was over \$1.3 billion less than the AV utilized by our county assessors to levy our local option levy of 45 cents per \$1,000 of AV in 2018-19.

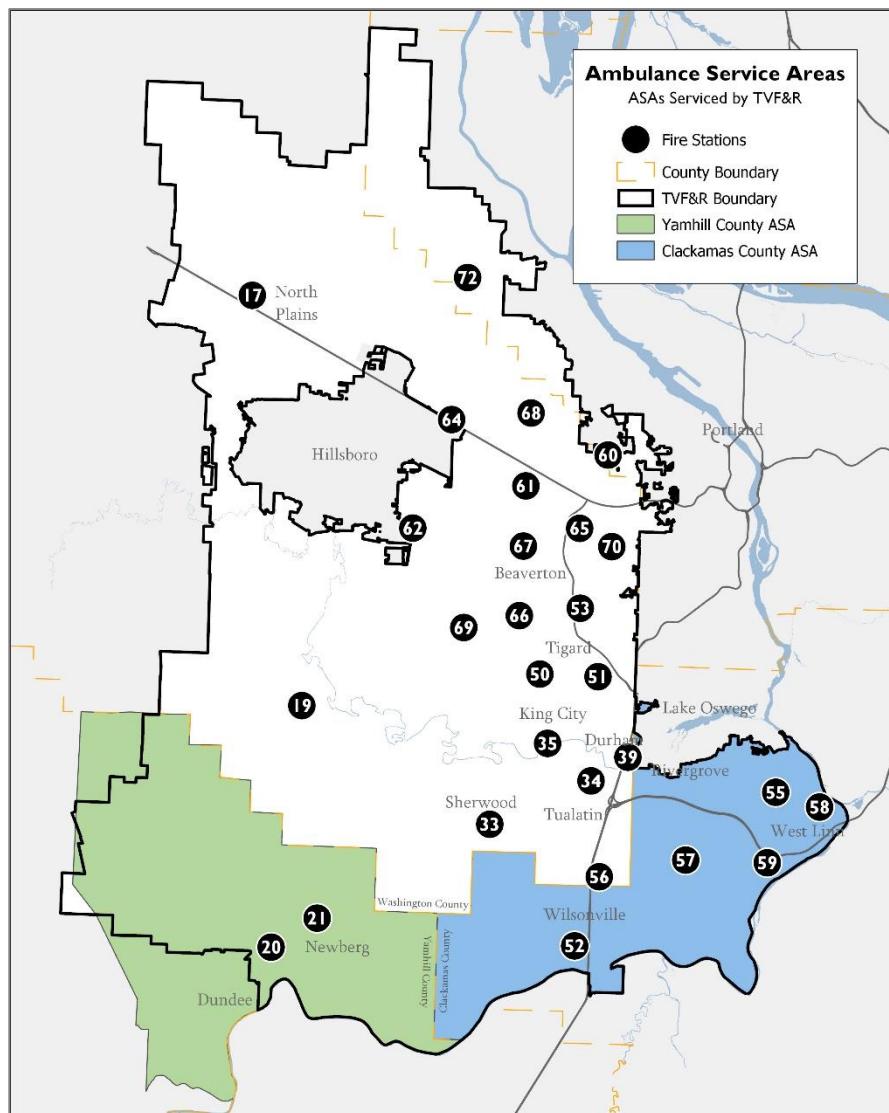
In addition to the permanent tax rate of \$1.5252 per \$1,000 of AV, the District relies upon a local option levy of 45 cents per \$1,000 of AV. The local option levy was first approved in 2000 at a rate of 25 cents per \$1,000 of assessed value. The levy was renewed in 2004 and 2008 at the same rate. In the May 2014 election, the replacement levy of 45 cents per \$1,000 of AV was approved to support additional firefighter paramedics, apparatus, and to purchase land for new stations. This same levy request is on the May 2019 ballot for an additional five-year renewal to continue to support the additional firefighters and station operations.

Accomplishments since the replacement levy was approved include the opening of a new Station 70 staffed by a two-person daytime unit, the purchase of land, station construction, the recent opening of new Station 55 staffed by 12 firefighters, continued funding of additional firefighters originally hired as part of a two-year grant process, purchase of station land, design and construction for new McEwan Road Station 39, as well as the purchases of land for future stations 38, 62, and 71, and ongoing assessment and negotiations for additional sites throughout the District for stations 31, 63, and 54. Additionally, stations 72, 64, and 69 were seismically remodeled and reopened in fiscal year 2018. Additional response cars and units were deployed, and the new tiller truck for Station 55 was funded from the enhanced local option levy. Since the original local option levy was first requested, the levy continues to support more than 92 firefighters and paramedics providing emergency response throughout the entire District.

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 (73%) and most tax payments are from bank escrow accounts. Collections are forecasted at 95.4% 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 2019, when we receive AV data for the 2019-20 budget year. Those results provide the information to adjust the transfers to Apparatus Fund, Capital Improvement Fund, or Property and Building should we need to in order to ensure that we work toward meeting our target of five months of ending fund balance at the end of each year. I believe our current financial reserves, strong tax base, and growing transport revenues, coupled with continued conservative fiscal management, will allow us to support the enhanced operations of the District to provide essential services to our residents.

Program Revenue

Fire and emergency response services in the Newberg Ambulance Service Area (ASA) allows for the District to bill and receive direct payment of the transport responses as part of the Yamhill County ASA assignment. The District is the assigned provider of ambulance transport within a portion of Yamhill County. Additional program revenue includes estimated revenue from transport billings in Clackamas County, where the District serves as a provider under an assigned ASA. The combined revenues are budgeted at \$3,619,355.



Message from the Fire Chief, continued

Budget Overview

The proposed 2019-20 budget is organized by the operations of the District in six directorates: Command, Business, Finance, Operations, Support, and Community Services. The Command Directorate represents the Fire Chief's Office, as the management team for all District operations, including strategic planning. The Business Directorate includes the functions of organizational health, including Human Resources, Behavioral Health, and Occupational Health and Wellness; Business Strategy, including records management, analysis, and planning; Logistics, including Fleet Maintenance, Facility Maintenance and Supply, and finally, Information Technology and Communications. The Finance Directorate manages all financial, tax, payroll, and audit functions of the District. The Operations Directorate manages the emergency response operations of the District, including all fire stations, specialty response teams, EMS, and Training. The Support Directorate provides for emergency management; volunteers, including firefighter, responder, auxiliary volunteers, and chaplains; and capital construction management. The Community Services Directorate will manage the District's Fire and Life Safety functions, including all fire prevention and public education for community risk reduction; connectivity to the community, its 11 cities, and other government agencies through Government Affairs; and its ability to implement community risk-reduction programs; media services; and Incident Management Teams.

District personnel continue to focus on creating safer communities through education and outreach. The District and Local 1660 continue to team up with PulsePoint Foundation and Philips Healthcare to support our Verified Responder Pilot Program that activates off-duty, professional firefighters to respond to nearby cardiac arrest calls in both public and private settings. Additional targeted efforts include:

- Working with apartment landlords, senior care facilities, and business owners to reduce false alarms and improve site safety.
- Partnering with local students to teach hands-only CPR to thousands of residents.
- Coordinating with law enforcement agencies to respond to cardiac emergencies with automated external defibrillators (AEDs).
- Conducting mass media campaigns to raise awareness about the symptoms of heart attacks and sudden cardiac arrest as well as the importance of emergency preparedness.
- Working with cities, counties, and Oregon Department of Transportation to prioritize transportation improvements that support emergency response.

We leverage social media, traditional media, community events, and our PulsePoint smartphone app to connect with our community beyond 911 response. Our social media platforms, including PulsePoint subscribers, have more than 43,500 followers and our public safety stories and advertisements garner millions of views.

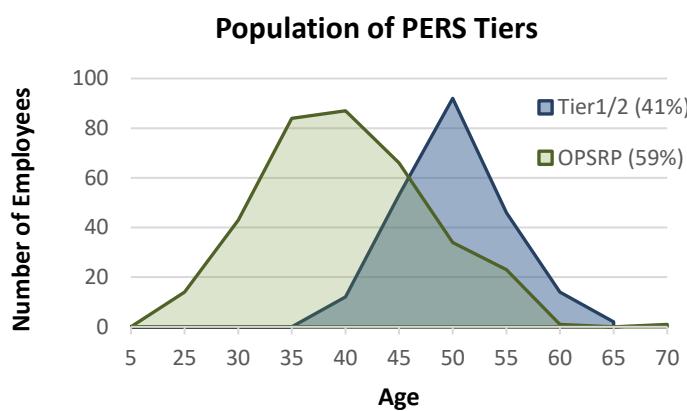
Total District personnel increased by the equivalent of 9.92 positions in the General Fund and decreased by one in the capital construction program for a combined total of 594.92 (593.92 in the General Fund, and one in the Property and Building Fund). Within the General Fund, six firefighters were added to the Relief Pool to cover additional time off as part of the labor contract, and the time equivalent of 1.67 FTE were added to the Recruit budget to allow for the training of 16 firefighters in the 2019-20 fiscal year, the time equivalent of a 0.5 FTE for injured firefighters alternate-duty accommodation, and the equivalent of 0.75 of a position to allow for developmental assignments, and lastly, an additional EMS assistant was added to address workload issues. One assistant chief position was added but offset by the decrease of a chief of staff position. The District funds one position in the Property and Building Fund, which is budgeted and charged out to the capital construction projects, down from two in the prior year.

The District's battalion chiefs, firefighters, paramedics, training officers, deputy fire marshals, and investigators are represented by Local 1660. The current labor contract extends through June 30, 2022. Fleet maintenance technicians are also newly represented by Local 1660 in a separate bargaining unit with a contract extending through June 30, 2021.

Message from the Fire Chief, continued

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 academy training each year. Upon graduation from the recruit training program, these new firefighters and paramedics are assigned to fill vacant positions. The District employs a constant staffing model, whereby a response unit is always staffed to respond to emergencies and meet the needs of our communities.

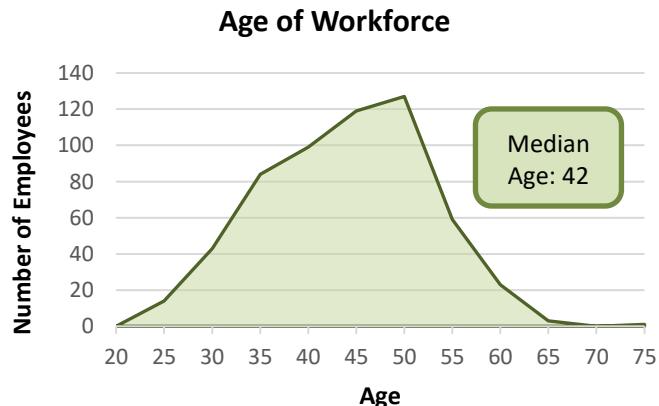
The District has budgeted medical insurance cost increases for the proposed budget year at 6%, which is the maximum increase allowed under the union contract. The District has budgeted a lesser increase for non-union personnel. All non-union and most union employees contribute to their monthly health insurance premium costs and are partners in our ongoing attention to the cost of healthcare.



For line personnel, the District has budgeted a blended contribution rate for the Oregon Public Employee's Retirement System of 26.27% for the first year of the 2019-21 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 2019-21 biennium PERS rates were set actuarially, after the completion of the December 31, 2017, actuarial valuation. Rate increases were limited to the maximum of the rate collar this biennium and significant rate increases are expected for at least the next two biennia of rate cycles. Upward pressure on PERS rates also occurred from the PERS Board reducing the assumed investment earnings rate to 7.2% effective January 1, 2018, and the regular adoption of updated demographic factors, including merit raises of employee groups and longer life expectancy. The District's budget for 2019-20 reflects the published rates for non-line personnel and blended budgeted rate for line personnel. The District will utilize PERS rate reserve funds set aside in prior years in order to smooth the budget impact of 2019-20 rate increases and forecasted future PERS rate increases. Future District financial forecasts include the effects of expected rate increases and use of the PERS rate reserve funds the first year of each biennia of rate increases.

We continue to focus on succession planning and leadership development for our next generation of managers through continued work and investment in the 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. Because the normal retirement age for firefighters under state PERS is age 55 for Tier 1/2 or 60 for OPSRP or earlier for both plans with 25 years of service because of the physically demanding nature of the profession, the District constantly seeks to develop its employees as future leaders.



Message from the Fire Chief, continued

Significant Budget Items

Personnel. This budget represents a total of 593.92 personnel in the General Fund and one in the Property and Building 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 local option levy and capital projects funded with levy proceeds.

Apparatus Investment. We have budgeted for the replacement purchase of one platform aerial truck and a carryover from fiscal year 2018-19 due to expected timing of delivery of one medic unit in the Apparatus Fund. Replacement of other smaller fleet vehicles are budgeted within the Capital Improvement Fund.

Fire Station. The budget reflects the continued construction of McEwan Road Station 39 in Tualatin, and the purchase of the last three identified future fire station sites.

Other Facilities. The prior year sale of the surplus North Operating Center Campus to Washington County will allow the more centralized Logistics Service Center purchase to be completed and outfitted for Fleet, Facilities, and Supply in fiscal year 2019-20.

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 \$0.0992 per \$1,000 (AV) levy for the debt service of outstanding bond issues. We anticipate tax receipts of the levies at a 95.4% collection rate and an assessed value growth of approximately 4.49%.

The proposed budget allows us to continue to deliver outstanding emergency fire, medical, rescue, and transport services to our residents in a fiscally conservative and prudent manner. I present the 2019-20 budget to you.

Sincerely,

Tualatin Valley Fire & Rescue



Michael R. Duyck
Fire Chief/Administrator
Retiring June 30, 2019



Deric C. Weiss
Fire Chief/Administrator

District Overview

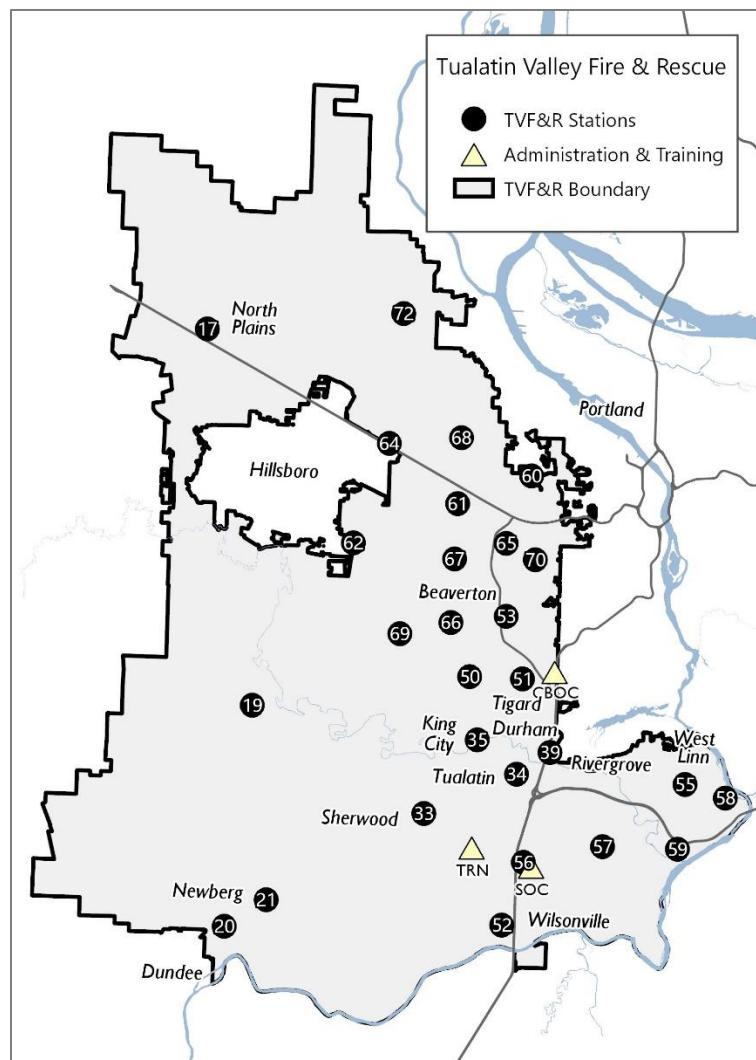
Tualatin Valley Fire & Rescue

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

Tualatin Valley Fire & Rescue, a Rural Fire Protection District, was originally formed in 1989 through the legal merger of Washington County Fire Protection District No. 1 and Tualatin Rural Fire Protection District. Subsequently, the District has 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 city of West Linn was legally annexed on July 1, 2004, after the District provided services to the city's residents through a fire protection contract. Washington County Rural Fire Protection District 2 (District 2) was annexed effective July 1, 2017, after District 2 voters approved the annexation into the District. The city of Newberg and Newberg Rural Fire Protection District were legally annexed July 1, 2018, after completion of a two-year fire protection contract.

The District's total combined service area encompasses approximately 390 square miles. It provides services to northeast Washington County, northwest Clackamas County, the western edge of Multnomah County, and portions of Yamhill County. The District is a special service district supported by the property owners within its boundaries, currently serving an estimated 2018 total population of 530,446.

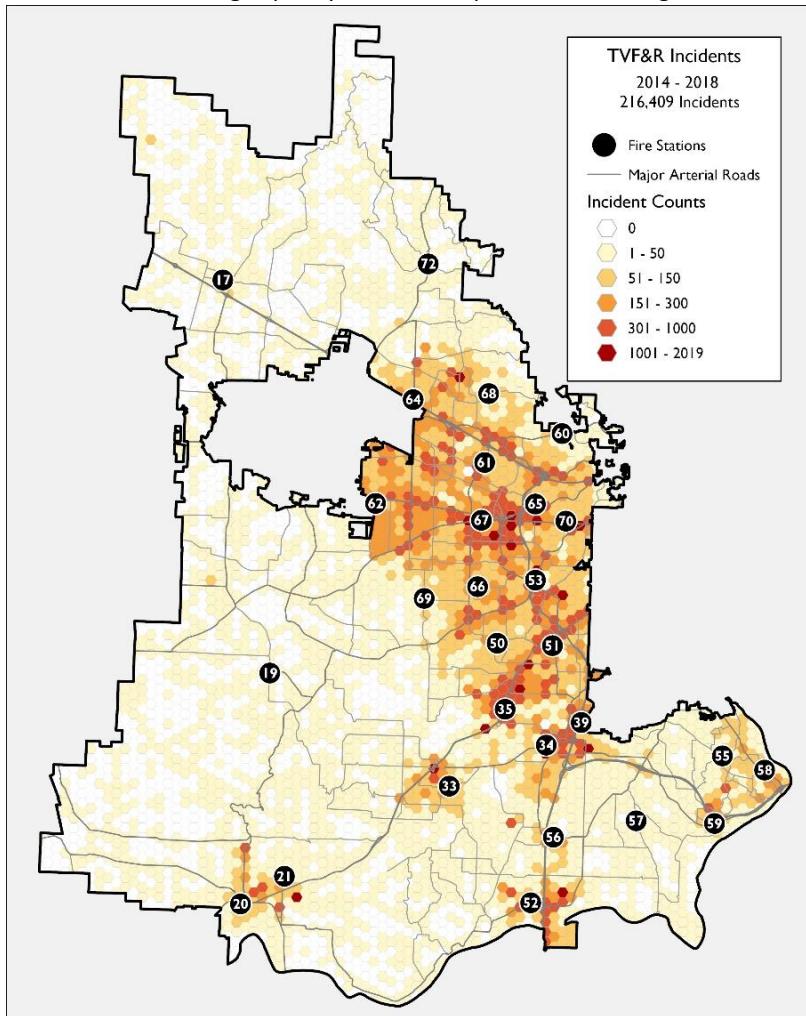
The District will have approximately 595 employees (593.92 in the General Fund, and one in the Property and Building Fund completely charged out to capital construction projects), supplemented by approximately 80 volunteers. The area served in portions of four counties includes the cities of Beaverton, Durham, King City, Newberg, North Plains, Rivergrove, Sherwood, Tigard, Tualatin, West Linn, and Wilsonville. The District's 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. The service area also covers significant agricultural areas of Oregon, including important winegrowing regions contributing to the state economy.



District Overview, continued

Fire stations are placed strategically throughout the District to protect property and area residents. 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 local option levy has allowed additional response stations and units to be added throughout the District. The Operations Directorate provides direction and service management to all of our residents through each of our fire stations.

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.

TVF&R 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 also serves 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 Fire and Life Safety staff are dedicated to meeting all of the state mandates concerning the investigation of fires, inspection of commercial and retail occupancies, and education of the residents within its boundaries. Deputy fire marshals and inspectors provide code enforcement inspections, and staff manage several proactive programs, such as the Apartment Manager Training program, in order to educate landlords in fire-safe building management practices. A similar focus in 2019-20 is to develop effective programs for assisted-living facilities.

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 address an array of emergencies. The District has approximately **263** professional firefighters and paramedics certified as **advanced life support (ALS) paramedics**, while **100% of the remaining fire suppression personnel** are certified as either the basic or intermediate emergency medical technician levels. Under the guidance of physician advisors, emergency medical service personnel maintain a highly certified skill level through several specialized programs.

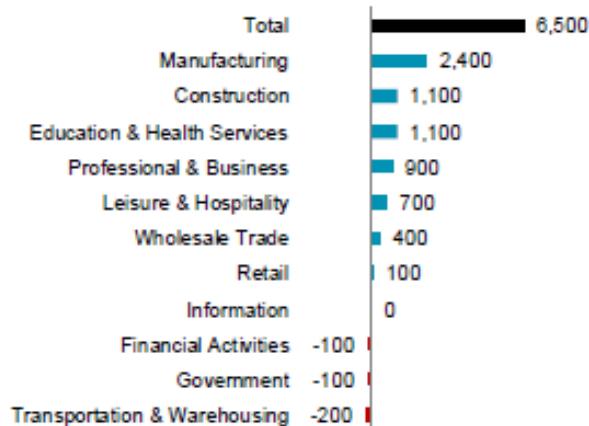
The area serves as the home to companies such as Nike, Columbia Sportswear, Reser's Fine Foods Inc., Flir Systems Inc., CUI Global, A-dec Inc., Touchmark, and Digimarc, in addition to several fast-growing private companies such as Dealership Performance CRM LLC, Swickard Auto Group, Good Feet, and Seamus Golf¹. Top metropolitan-area employers include Intel, Providence Health & Services, Fred Meyer, Oregon Health & Science University, U.S. Bank, Wells Fargo, Portland General Electric, Comcast, and Nike, among others¹. Nike's world headquarters is undergoing a multi-year expansion with a targeted 2019 completion date to add 3.2 million square feet of office, mixed-use, and parking facility to the 351-acre campus. Nike employs over 12,000 people locally². Intel has continued to invest in multi-million-dollar facility expansions to manufacture state-of-the-art computer chips, largely in the city of Hillsboro with a recently announced agreement for Intel to invest another \$100 billion in Washington County over the next 30 years³.

Economy

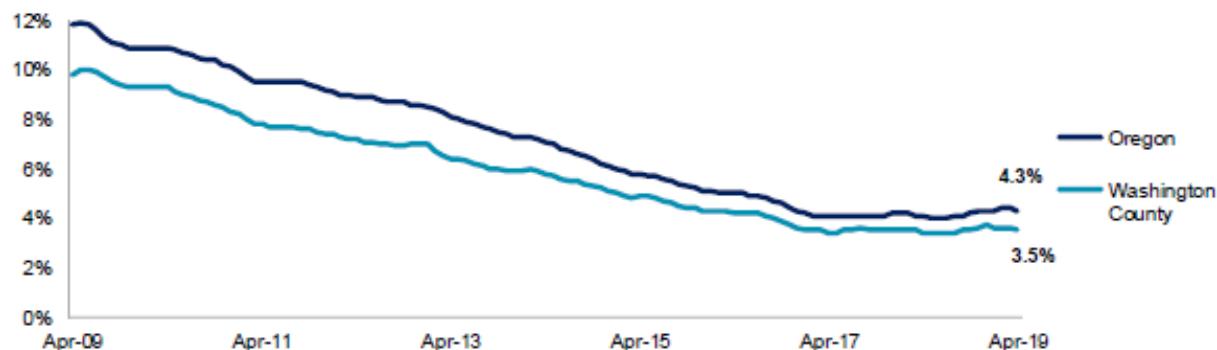
The District, through its broad geographic area, serves a strong part of Oregon's economic base. Washington County's job growth has occurred in most major industries, and the April 2019 unemployment rate is reported at 3.5% which is slightly higher than the prior year. Construction led industry employment growth at 6.7%, while manufacturing added the most jobs over the prior year, with a gain of 2,400 jobs.

Washington County's labor force is reported by the state of Oregon's Employment Department to have increased by 6,500 jobs since April 2018.

Net Job Growth in Washington County
Net change, April 2018 to April 2019
Current Employment Estimates



Unemployment Rate
April 2009 to April 2019, seasonally adjusted
Local Area Unemployment Statistics



¹ Portland Business Journal, Book of Lists 2018-19.

² Mathew Kish, "Mike's Oregon Employment Climbs above 12,000." Portland Business Journal, May 30, 2017.

³ Spencer Malia, "Intel's deal essential for future Oregon Investment." Portland Business Journal, August 11, 2014.

District Overview, continued

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.

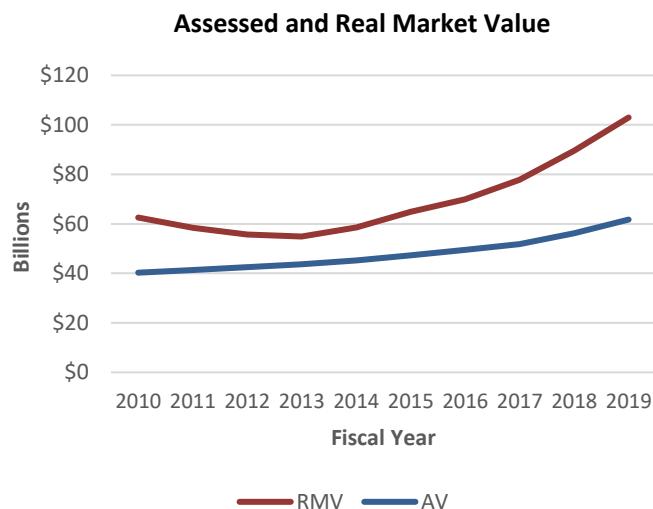
Assessed value grew in 2018-19, a total of 9.95% because of the annexation of the former city of Newberg and Newberg Rural Fire District territory, or a 4.56% increase over the combined assessed value from 2017-18. The District expects continued commercial and residential development with a forecasted 4.49% future growth rate.

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 serve 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 local option levy funding.

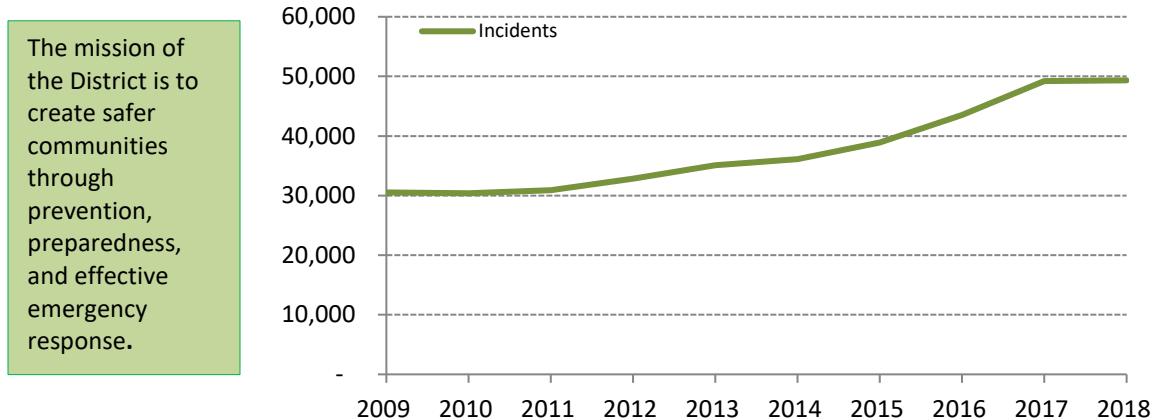
Creating Safer Communities

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.

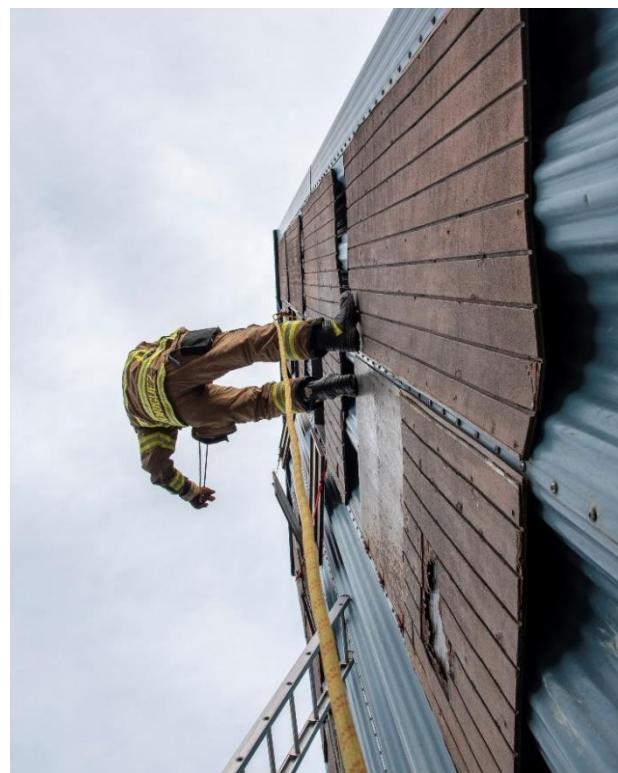


District incident totals include automatic aid responses to incidents located outside of TVF&R's jurisdictional boundary. Incident totals do not include move-ups to TVF&R stations by TVF&R crews, Mobile Integrated Healthcare, inter-facility transports, or incidents that occurred within TVF&R's jurisdictional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

In March 2018, regional dispatch centers – Columbia 9-1-1 Communications District (C911CD), Clackamas County Department of Communications (C-COM), Lake Oswego Communications Center (LOCOM), and Washington County Consolidated Communications Agency (WCCA)—upgraded their computer aided dispatch (CAD) software to a system that utilizes automated vehicle location (AVL) technology. AVL technology utilizes Global Positioning System (GPS) to identify the closest response unit to a dispatched incident. Through the regional approach, fire agencies came together and agreed that regardless of service area, the closest unit should be dispatched to emergent incidents. This has resulted in more utilization of automatic aid responses between neighboring jurisdictions for these higher-priority incidents. The incident type trends within the dataset remain consistent with the majority of the call volume centering on emergency medical services (EMS) at almost 70% of the total 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 Training Center, which was constructed in several phases using public funding and private donations, provides advanced training opportunities through a variety of different props. The District's 19-acre training facility includes a six-story training tower, live-fire training structure, and several open areas designed for hazardous materials and technical rescue training. These are utilized to provide personnel continual training to maintain and improve their skills to the highest level possible. With the annexation of the city of Newberg, TVF&R has acquired a small training facility located at Station 21 that includes a four-story training tower. This will help with the District's long-term strategy of offering alternative training sites to the District's main training center.



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, 2019

Board Members	<u>Term Expiration</u>
Clark I. Balfour, President	June 30, 2021
Randy J. Lauer, Vice President	June 30, 2023
Gordon L. Hovies, Secretary-Treasurer	June 30, 2021
Robert C. Wyffels, Member	June 30, 2021
Brian J. Clopton, Member	June 30, 2019
Justin J. Dillingham, Member (As of July 1, 2019)	June 30, 2023

Appointed Members	
Angie R. Fong, Member	June 30, 2021
Paul A. Leavy, Member	June 30, 2021
Michael T. Mudrow, Member	June 30, 2022
James W. Petrizzi, Member	June 30, 2020
Michael D. Smith, Member	June 30, 2022

District Staff

- **Deric C. Weiss**, Fire Chief/Administrator (As of July 1, 2019)
- **Michael R. Duyck**, Fire Chief/Administrator (Retiring June 30, 2019)
- **Tim C. Collier**, Chief Financial Officer (As of May 16, 2019)
- **Debra L. Grabler**, Chief Financial Officer (Retiring June 30, 2019)
- **Kenny M. Frentress**, Assistant Chief
- **Mark E. Havener**, Assistant Chief
- **Les M. Hallman**, Assistant Chief
- **Laura E. Hitt**, Assistant Chief (As of July 1, 2019)

Organizational Chart

