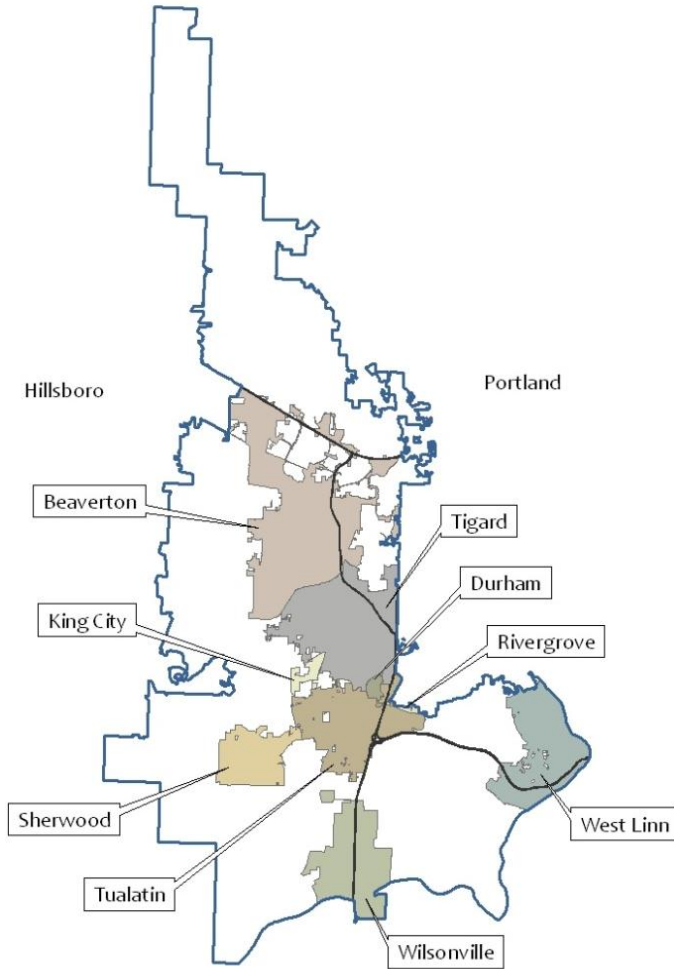


District Overview

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 **445,080**.

The District will have approximately **463.67** employees, supplemented by approximately 60 volunteers. Fire and rescue services are provided from 21 career and volunteer fire stations, 22 fire engines, three ladder trucks, three aerial pumpers, four 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 four 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 three counties, Washington, Clackamas, and Multnomah**, 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 5 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.

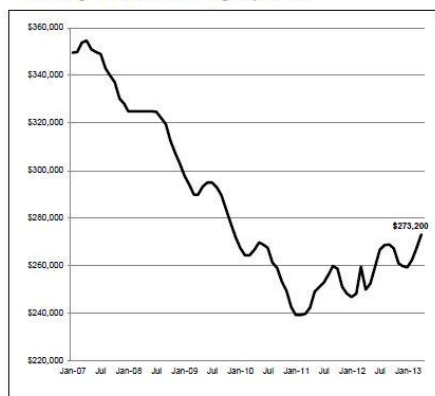
This area serves as the home to companies such as Nike, Mentor Graphics, Tektronix, Reser's Fine Foods, and Planar Systems, in addition to several growing companies such as Digimarc, Flir, Leupold & Stevens, and Vanguard EMS. Top metropolitan area employers include Intel, Fred Meyer, Oregon Health & Science University, Providence Health System, 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 Drug Stores, and companies such as Pacific Realty Associates, LP, have continued development of acres of land adjacent to the Sunset Highway. The Nike World Headquarters complex houses thousands of employees in office buildings bordering a seven-acre man-made lake and five acres of wetlands. 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, with construction slated to start later this year.¹ 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.

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 slowly grow and develop again as the economy improves. The District had lowered its forecasts for future years' property tax revenue based on reduced projected growth of assessed value as more properties were anticipated to have assessed valuation allowed increase of 3% legally being limited by declining real market value (RMV) of property, particularly commercial and industrial property. However, trends through 2012 and 2013 indicate the residential and commercial real estate markets are beginning to improve. Accordingly, the District has cautiously projected a slight increase in property taxes in 2013-14, 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 8.2 percent as of March 31, 2013, continues to improve and Washington County's 6.9% unemployment rate continues to show year over year improvement.

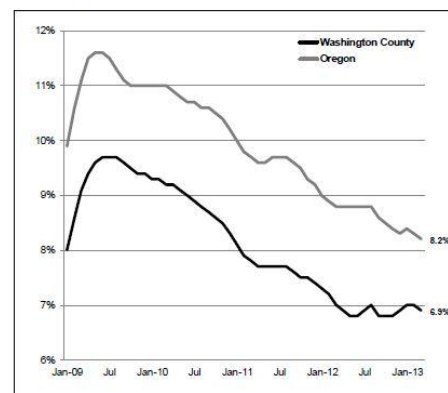
Portland Metro Median Home Asking Price
HousingTracker.net – Through April 2013



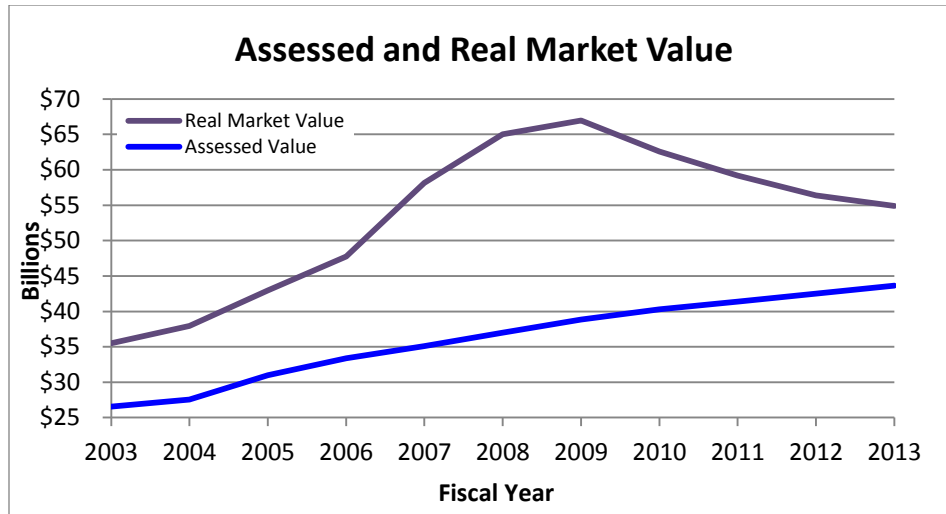
Washington County's labor force is reported by WorkSource Oregon to have increased by 1.3% from a year ago.

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 2.68% for the property tax year 2012-13, and it is conservatively forecasted to grow at 2.75% for 2013-14, based upon improvements in 2012 residential real estate real market values as reported by Case-Schiller Home Price Indices for 2012.

Washington County Unemployment Rate
Through March 2013 (seasonally adjusted)



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

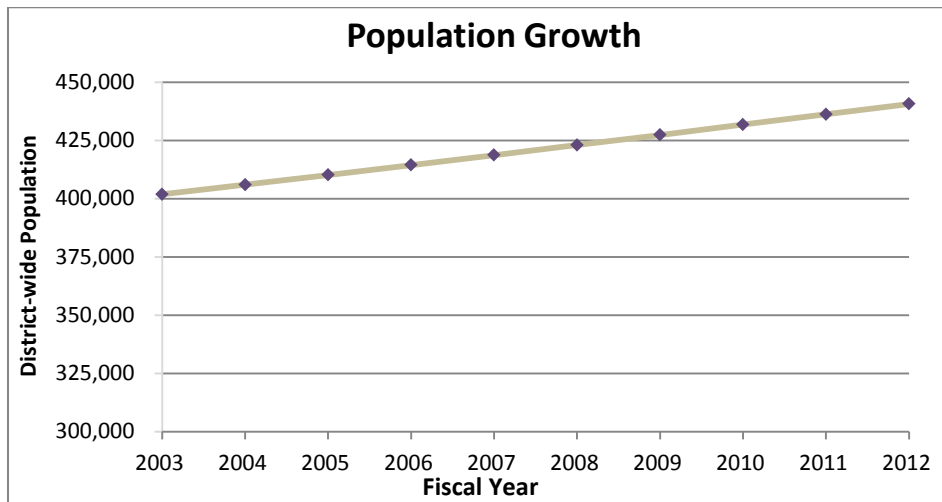


The District's real market value for 2013-14 fiscal year is expected to begin to increase again when measured by County Assessors as of January 1, 2013 for the 2013-14 fiscal year, due to gains of 6.5 percent in Portland home prices in 2012.¹ While assessed value of each individual property may increase 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, particularly in Clackamas County where a larger proportion of properties' assessed values were near or at real market value as of the 2012 assessment data.

POPULATION

The District has experienced a population growth of over thirty thousand people since 2003.

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



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.

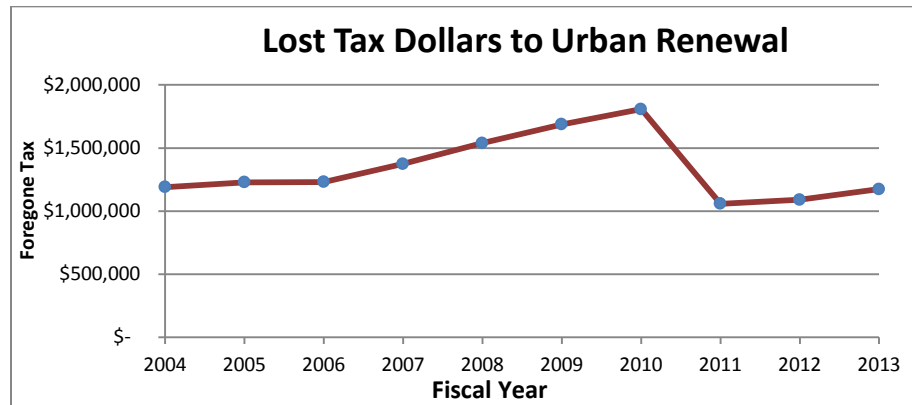
¹ Culverwell, Wendy. "Case-Shiller: Portland Home Prices up 6.5 Percent in 2012." Portland Business Journal, February 26, 2013.

District Overview, continued

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

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



MULTI-SERVICE DISTRICT

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

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

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

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

To 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 **180** 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.

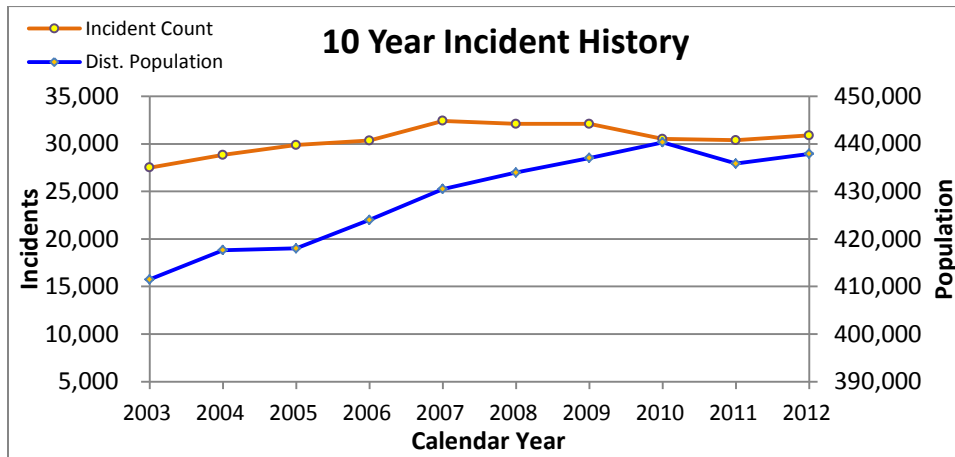
CREATING SAFER COMMUNITIES

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.

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



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

The District experienced a 6.3% increase in call volume in 2012, 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. The District maintains its intent to fully understand all of the dynamics of its call volume dataset to continue to effect change in areas where the District has some control (e.g., reducing low risk/high frequency calls such as false alarms and service calls).

TRAINING

The District's training facilities include a six-story training tower, a burn building for live fire training, a 19-acre Training Center, a recently installed Compartment Fire Behavior Training Prop (CFBT), 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 CFBT prop that was recently constructed and installed in phases, 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
- Fire Marshal's Office
- Purchasing
- Maintenance
- Community Services
- Business Operations

BUDGET COMMITTEE AS OF JUNE 30, 2013

<i>Board Members</i>	<u>Term Expiration</u>
Robert C. Wyffels, <i>President</i>	June 30, 2017
Randy J. Lauer, <i>Vice President</i>	June 30, 2015
Gordon L. Hovies, <i>Secretary-Treasurer</i>	June 30, 2017
Clark I. Balfour, <i>Member</i>	June 30, 2017
Brian J. Clopton, <i>Member</i>	June 30, 2015
<i>Citizen Members</i>	
Angie R. Fong, <i>Member</i>	June 30, 2015
Paul A. Leavy, <i>Member</i>	June 30, 2015
James W. Petrizzi, <i>Member</i>	June 30, 2014
Michael D. Smith, <i>Member</i>	June 30, 2016
Jon R. Walsh, <i>Member</i>	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
- **Jeff S. Jones**, Assistant Chief

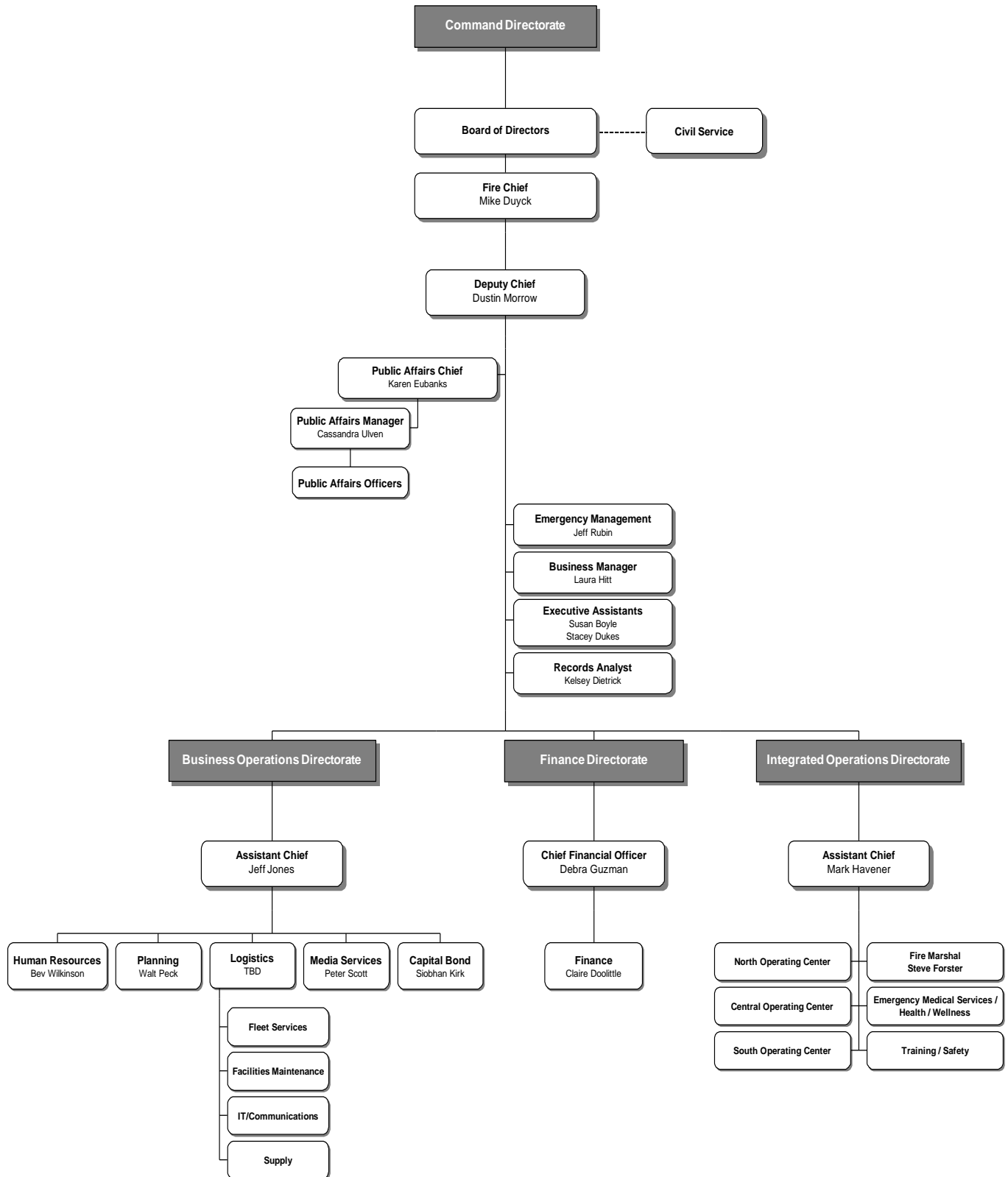


**Commission on
Fire Accreditation
International**

TVF&R is an internationally accredited agency.

District Overview, continued

ORGANIZATIONAL CHART



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JUNE 12, 2013

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 2013-14 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 eight strategic goals and outcomes:

COMMUNITY GOALS & OUTCOMES

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

ORGANIZATIONAL GOALS & OUTCOMES

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

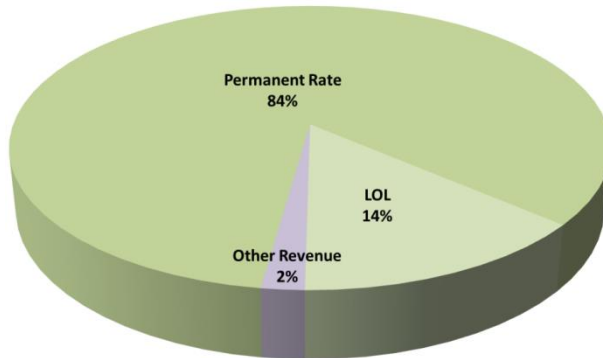
Each budget year brings unique challenges as we strive to provide the most effective emergency response and prevention services to our citizens, while maintaining excellent fiscal stewardship. This commitment drives our budget process in allocating resources and funding.

TAXATION AND VALUATION

The local economy is showing improving unemployment levels and of the beginnings of renewed development. The District's property taxes have been relatively unimpacted by the current economic cycle due to past voter initiatives which 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 continue to experience growth in revenue, albeit at a much lower rate than in the past. Total assessed valuation of the District among all three counties we serve, grew 2.68% overall in 2012-13. 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.

Message from the Fire Chief, continued

The S&P/Case-Shiller Home Price Indices reported a positive increase in home values in 2012, with prices now 24% below peak values¹. Because RMV is measured as of January 1, 2013 as the market value basis for property taxes levied and received during the 2013-14 fiscal year, we anticipate a positive increase in assessed value for 2013-14 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. This levy, first approved by our voters in November 2000, was renewed for the third time by voters in November 2008, ensuring relative financial stability through fiscal year 2014-15. Analysis and planning is being completed in 2012-13 to determine what increase is necessary in the local option levy amount, in light of growing service demands.

The overall collection rate has remained consistent during this economic downturn and collections are forecasted consistently at 93.7% for the coming year. We will continue to proactively monitor our collection rates and review assessed valuation actual percentage change results in late October 2013, when we receive AV data for the 2013-14 year. If necessary, we are prepared to make adjustments to ensure that we meet our target of five full months of ending fund balance at the end of each year. I believe our current financial reserves, coupled with continued conservative fiscal management, will allow us to support the operations of the District and provide essential services to our citizens through this economic cycle.

BUDGET OVERVIEW

The proposed 2013-14 budget represents the fourth 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.

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, 2013, and a payment based upon years of service for a portion of the Union workforce. The contract also requires limitations upon the increases to healthcare costs and implements numerous operational changes. The CPI-W increase for 2013-14 contract year was 2.1%, which is built into the budget.

Total District personnel increased by 5.28 positions, with nine firefighter positions transferred from the Grant Fund to the General Fund, and 5.28 positions added in the General Fund. As part of the phase-in of the Union contract, the equivalent of 2.43 positions were added, bringing total firefighter relief pool positions to 45. These positions fund requirements for contracted 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 will always be staffed to be able to respond to emergencies. The recruit training budget decreased 0.65 position equivalents, reflecting the scheduled time of instructors for the 2013-14 academy. One position was added in Occupational Health to improve recordkeeping, mandated compliance tracking and reporting and data collection and analysis, among other areas. The Behavioral Health Specialist position was increased by 0.5 to one full time position restoring previous funding to meet employee needs, and one Public Affairs Manager

¹ Culverwell, 2013

Message from the Fire Chief, continued

position was added in the Fire Chief's Office budget to provide additional resources in managing public information and education, and government affairs, both internally and externally. Finally, one position in the Volunteer Program is added effective January 1, 2014 to assist in Volunteer Program management.

The District has conservatively forecasted medical insurance cost increases for the proposed budget year to the higher end allowed under the Union contract, although preliminary information indicates it may be lower. All employees contribute to their monthly health insurance and are partners in our ongoing attention to the cost of healthcare.

The contribution rates for the Oregon Public Employee's Retirement System for the 2013-15 biennium were set at 25.95%, increasing from 21.70% for Tier I and II employees (including 6% mandatory employee contributions). The District had planned, and has budgeted, to phase-in that increase by 1.5% a year utilizing the District's previously established PERS rate reserve fund that was built to allow the District to more slowly phase-in the projected significant increases. Because the newest "reformed" PERS plan is the Oregon Public Employees Retirement System (OPSRP), which has lower rates than the prior Tier I and II plans, the actual overall blended rate currently paid is approximately 19.96% and the budget was prepared with a 21.46% blended rate. Legislative efforts are underway, with the first reform measure passed to lower current defined rates beginning July 1, 2013. However, because the legislature is still in session and the PERS Board has not directed implementation or published updated contribution rates, the District has not assumed lower contribution rates as part of the budget process to date. The District forecasts the PERS rate reserve fund will be available for use through the next three bienniums of actuarially projected rate increases.

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 the District taxpayers. The budget for 2013-14 reflects the continued construction and seismic upgrades of fire stations in this bond sale: Stations 51, 52, and 68, and the beginning design and engineering work on Station 35. The District has also budgeted for the purchase of additional fire station land sites and three brush units. The District is assessing its long-term plans for Stations 62 and 64, in light of the District's SB122 agreement with Hillsboro. Discussions are underway between the City and the District regarding future service delivery concepts for the areas served by these stations. The capital bond program has followed through on its commitment to our taxpayers, controlled costs—including capturing cost-savings during this economic cycle—and ensured our ability to respond in a major emergency by constructing seismically sound facilities.

The District continues to focus on its community risk reduction program through all 21 stations. Community risk reduction is the coordinated effort of Integrated Operations to identify and prioritize risks within a station's 'first due' area. Because senior care facilities have historically been heavy users of our emergency response system, several stations are now working with their facilities to improve quality of care for residents and reduce non-emergency calls. Other projects include increasing awareness of Hands Only CPR, working with Washington County to increase safety in tax-exempt properties and prioritize road improvements on the Major Streets Transportation Improvement Program (MSTIP) project list, and perform smoke alarm checks in high risk apartments. Additionally, the District was the first fire department in Oregon to implement the life-saving PulsePoint mobile application. PulsePoint enables subscribers, who have indicated they are CPR trained, to be alerted to a cardiac arrest event simultaneously with TVF&R's firefighters EMT/paramedics. Since being implemented in February 2012, our PulsePoint app has several thousand subscribers and has alerted over a dozen citizens to a multitude of cardiac incidents.

Following the successful transition of top management in the organization, we continue to focus on succession planning and leadership development for our next generation of managers. We believe this is a continual process to ensure competent leaders at every level are available to integrate into the operation when and where they're needed.

Message from the Fire Chief, continued

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 up for reaccreditation in two years.

SIGNIFICANT BUDGET ITEMS

Personnel. This budget represents a total of approximately 463.67 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 three light brush units in the Capital Bond Fund. Other fleet vehicles are planned to be purchased from the Capital Improvements Fund.

Fire Stations and South Operating Center. The budget reflects the construction of Station 68, seismic enhancements of Stations 51 and 52, and the beginning of design work for Station 35 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 a levy for debt service for outstanding bond issues, estimated to total approximately 13 cents per \$1,000 (AV). We anticipate tax receipts of the levies at a 93.7% collection rate and an assessed value growth 2.75%.

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 2013-14 budget to you.

Sincerely,

Tualatin Valley Fire and Rescue



Michael R. Duyck
Fire Chief/Administrator