



Supervisor Letourneau Supports FY2016 Loudoun County Budget

Last night, the Board of Supervisors voted to adopt a \$2.2 billion budget funded with a \$1.135 tax rate on a 7-2 vote. This budget is the product of months of hard work by staff and the Board of Supervisors, and I was proud to support it. As is my custom, I have prepared an comprehensive look at the highlights of this year's budget so that you can understand how your tax dollars will be spent. As always, I welcome feedback and questions.

Staff began work on this budget last summer with direction from the Board on our priorities mostly reflected in the County Administrator's budget proposal. The process went smoothly this year. On the County side, this is to be expected, as the County Administrator by now has a very good feel for what the Board will be looking for. The biggest change this year was the new spirit of transparency and cooperation from Loudoun County Public Schools, under the leadership of the new Superintendent, Dr. Eric Williams.

The FY2016 tax rate of \$1.135/\$100 assessed represents the "equalized rate"—meaning that at this tax rate, the owner of a property assessed at the average value will be paying the same as last year. While the rate has been reduced by two cents to account for growth in the County's revenue, assessments of individual properties will vary depending on housing type. Even with the equalized tax rate, this budget increases overall funding because of revenue that has come from new residential and increased commercial growth - a sign that the Board's economic development efforts continue to pay off. I recognize that some of you will still pay more with this rate. In general, the County saw increases in the assessed value of single family homes, and decreases in the value of multi-family units. Since I've taken office, the Board has reduced the tax rate from \$1.285 to \$1.135. These reductions have been made to take into account the increase in assessed values of homes and commercial property in the County.

Details on some specific projects are below, but I wanted to highlight a few of the most important items for the Dulles District upfront. As we prepare for construction to begin on the **Dulles South Multipurpose Center expansion**, the approved budget provides \$159,066 to begin staffing the facility ahead of opening next fiscal year. I was also successful in securing the funding needed to lease buses to serve the new East Gate lot while we wait for our purchased buses to arrive. As I have shared before, we expect a delay in those buses due to a nationwide production shortage and I was concerned that we wouldn't have the buses in place this summer.

On the Capital Budget side, the Board approved the acceleration of an **elementary school for Dulles North and a middle school for Dulles South** while maintaining funding for Hanson Park and the Academies of Loudoun to be constructed as scheduled.

I was also able to secure prior year's fund balance to fund two traffic safety projects in the South Riding area. In both cases, the County will be converting temporary interim solutions to permanent long term ones. These projects are the traffic circle at **Poland and Edgewater** and the turn restrictions at **Loudoun County Parkway and Center Street**. County staff had previously proposed funding them later in the CIP, but now they will be funded this year.

We have also maintained funding over the next six years for the **widening of Belmont Ridge Road, the extension of Northstar Boulevard from Tall Cedars Parkway to Brambleton**, and the construction of **Arcola Boulevard**, which will be a new connection between Route 50 and Evergreen Mills Road.

Overall, in FY16 we are spending \$252.5 million on rail and road projects, and \$179.6 million on school projects. The approved six year Capital Improvement Program (CIP) includes a total of \$794.4 million on rail and road projects and \$661.3 million on school projects. I will discuss individual departments, including Loudoun County Public Schools, below.

LOUDOUN COUNTY PUBLIC SCHOOLS

Operating Budget: This year's school operating budget process went much smoother than the past three years. Dr. Williams and the School Board proposed a transparent, realistic budget that met the school system's needs. Among the highlights of the School Board's proposed budget are:

- Step (salary) increase for teachers
- Reducing high school class sizes
- Restoration of summer school programs
- New technology programs, such as Virtual Loudoun (online high school credit courses)

-Expansion of full day kindergarten for at risk students

The approved budget funds the School Board requested \$982.1 million. This is an increase of \$70.1 million (7.7%) over last year and requires an additional \$57.8 million (9.6%) in local tax funding. The school system expects an increase of 2,522 (3.4%) new students next school year.

The Board was able to fund this request and maintain the equalized tax rate through the use of \$2.6 million in new state funding allocated for teacher salaries by utilizing \$17.6 million in prior fiscal year fund balances. While these fund balances are generally not used to fund operating budgets, we are able to allocate this portion for onetime costs such as capital expenses or debt repayment. These additional funding sources combined with increased revenue already incorporated in the County Administrator's proposed budget was enough to close the estimated gap in funding at the \$1.135 rate. A few of my colleagues opposed using fund balance for this purpose, and one referred to it as a budget "gimmick." I reject that notion. The reality is that midway through Fiscal Year 2015, the County already has accrued a \$29 million surplus. Of the \$17.6 million in fund balance allocated, about \$10.8 million is coming from FY2015, with the rest from FY2014 that was previously allocated specifically for this purpose. It is true that using current year fund balance is somewhat unusual, but some of the funds will eventually be allocated for similar purposes anyway, and my view is that we might as well allocate them now. Even with this allocation, the Board will still be able to fully fund our reserves and pay down additional debt, which is how we have historically used fund balances. The only real change is allocating the funding now instead of waiting until the end of the fiscal year. There is every reason to expect that the overall fund balance—or surplus—is going to grow larger by the end of the year. It makes sense to me to keep the tax rate lower and more attractive for new businesses (and affordable for homeowners) and use surplus funds when possible.

Entering this year's budget discussion, there were still concerns expressed by some that the Board of Supervisors was not keeping up with growth in the school system. When I took office in FY2012, Loudoun was spending an average of \$11,014 per pupil. With this year's budget, that number for FY2016 is now \$12,705. That means that even accounting for growth, the system is now spending over \$1,600 more per student. That said, I understand that prior Boards made actual cuts in school funding due to the recession. What I have consistently said is that the recovery in the school budget must be sustainable, and can't be made up for overnight or it will ultimately be subject to the same boom and bust cycle as it fell victim to in 2009. The bottom line is that with this budget, this Board has increased school funding by \$225.1 million (29.3%) during our term, when enrollment has increased by 10,087 (15.3%) students.

I have also heard from some of you regarding full day kindergarten. This budget request included a request of \$2.5 million to expand full-day kindergarten to serve up to 1,620 students. This would increase the percentage of LCPS students attending the program from 11% to 33%. The focus would be on covering at-risk students and it would be located only at schools with the available space. Any additional spaces would be made available by lottery. This is as much as the School Board has requested at this juncture, and it

understandable why. While many counties have added full day kindergarten, virtually none have done so while experiencing the level of growth that Loudoun is. In discussing the issue with the School Board, they remain very concerned about the lack of space in schools, and the impact that doubling the number of kindergarten sections would have on overall class sizes. Some have suggested that LCPS simply build bigger schools, but the reality is that Loudoun's elementary schools are already designed as the largest in the Commonwealth, and retrofitting many schools with additions is much easier said than done. Dr. Williams mentioned that LCPS would be conducting a new cost and feasibility analysis of full day kindergarten for the School Board, so that will bring some fresh data and perspective to the discussion.

Capital Budget: This was actually the most challenging part of the school budget this year, both to fit projects in and to do while maintaining those that were my top priorities such as Hanson Park. Here is a rundown on changes to already approved and newly funded projects of interest to the Dulles District.

ES-31: A Dulles North elementary school that was added to the CIP due to increased enrollment numbers. Design is funded in FY16 and construction is funded in FY17 with a planned opening for 2018. The School Board is currently in the process of acquiring a site. Total funding of \$38.4 million.

MS-7: A Dulles South Area Middle School that was originally funded in FY19 and scheduled to open in 2021. Due to increased enrollment numbers, this has been accelerated for design funding in FY17 and construction funding in FY18 with a planned opening for 2019. A site has been selected on Braddock Road west of Northstar Boulevard. Total funding of \$60.8 million.

HS-9: A Dulles South Area High School that was originally funded in FY20 and scheduled to open in 2022. Due to increased enrollment numbers, this has been accelerated for design funding in FY18 and construction funding in FY19 with a planned opening for 2021. No site has been identified yet. Total funding of \$127.2 million.

C.S. Monroe/Douglas Conversion: The budget was amended last night to delay until at least FY2021 the the \$44.5 million conversion of C.S. Monroe Technology Center into the County's alternative school in order to move the \$39 million Crosstrail Boulevard extension back into the Capital Plan. I opposed this motion, but was in the minority. The extension of Crosstrail was proffered to be built by a developer as part of a large housing rezoning (which I also didn't support). Since that proffer is in place, I did not view Crosstrail as a major priority, and I question why the Board would approve a rezoning in order to get a road built, and then immediately want the County to build the same road. In addition, I think that finding a different solution than housing alternative high school students in an old facility shared with preschool and community programs is long overdue. The School Board's concept is to move technology students from Monroe to the new Academies of Loudoun, and to renovate the existing building and then house the alternative school there. While we frequently focus our efforts on our exceptional students with schools such as the Academies of

Loudoun, we still have an obligation to provide education for all students, including those who might have encountered difficulties along the way.

COUNTY BUDGET HIGHLIGHTS

Although they are funded differently, I'll include both operating and capital budget projects in my breakdown below by department. For Capital Projects, it is important to note that everything you see here has been vetted by the Board and by our outstanding Management and Financial Services team. All of these projects (as well as school capital projects) fit within existing, planned debt limitations and will not jeopardize the County's AAA credit ratings.

TRANSPORTATION

The approved CIP maintains funding over the next six years for the major projects that were added last year including the widening of Belmont Ridge Road from Truro Parish to Croson, the extension of Northstar Boulevard from Tall Cedars Parkway to Brambleton, and the construction of Arcola Boulevard, which will be a new connection between Route 50 and Evergreen Mills Road.

Transit Buses: Over the next six years the County will utilize \$8.9 million dollars, some of which is coming from the Commonwealth, for the procurement of transit buses that will serve Metro. \$1.5 million is funded in FY16 to continue a series of purchases that began last year. As I mentioned earlier, we have been advised of a nationwide delay in production that would cause a number of our buses to not be received until spring of 2016. This is almost a year after the East Gate Park and Ride Lot would be open for use. I was able to secure \$1 million in gas tax fund balance to lease buses that will be used as a stopgap for service for the East Gate lot and others in the County when the lots open for service. The details on the cost to use the service and the number of buses dedicated to East Gate is not set yet, but I expect 2-3 buses to start with some additional funding available if demand is high enough. These buses would run a continuous loop between East Gate and Metro similar to express service currently offered at other lots in the County.

Loudoun County Parkway and Center Street: In the spring of 2013 we implemented a restriction on turns from Center Street onto Loudoun County Parkway to address major safety concerns. Following a study period, the County, VDOT and South Riding Proprietary determined that the solution was working and should become a permanent fixture.

I was able to secure \$600,000 in fund balance to fund the project in FY16. This is two years sooner than what was included in the proposed budget. The design will still need to be prepared and approved by VDOT, it should be a vast improvement over what is in place today.

Poland Road and Edgewater Street: I worked with the South Riding Proprietary and the Ridings at Blue Springs HOA to address concerns over safety at this intersection and share a pilot program VDOT had for an “off the shelf” roundabout. Both HOAs endorsed the idea of the roundabout and VDOT completed installation in the fall of 2013. While the general consensus has been that the roundabout is working, we have quickly found out that the maintenance headaches have been an issue and some drivers tend to drive over the roundabout instead of around it. To resolve the maintenance concerns and make it less of an eyesore, I sought funding to construct a permanent roundabout in this location.

I was able to secure \$950,000 in fund balance to fund the project in FY16. This is three years sooner than what was included in the proposed budget. As with the Center Street project, a design will still need to be completed and approved by VDOT. I should be able to provide a timeline when the project officially gets started.

PUBLIC SAFETY

Sheriff's Office: The Board approved additional Truck Safety and Traffic Safety Deputies, School Resource Officer positions, Adult Detention Center staffing and positions for the Western Loudoun Sheriff's Station. Total budgeted amount is: \$82,333,280, an increase of 424,517.

Fire-Rescue: The Board approved additional funding to cover needed staffing improvements in the department as well as the Fire Marshal's Office. We also took steps to create a contingency to provide funding for staffing requests that come from volunteer companies that are no longer able to field the manpower to cover all shifts with volunteers. The Board has been hit outside the budget process with these requests in the past and we felt that a contingency was needed to make sure the funding is in place to provide this vital service to all communities. Total budgeted amount is \$64,164,444, an increase of \$2,110,413.

PARKS, RECREATION AND CULTURE

Parks and Recreation: The Board approved the needed positions to prepare for the opening of the Dulles South Multipurpose Center expansion. The three positions will oversee activities ahead of the facility opening to the public in FY17. These positions were funded through strategic reallocations within the existing budget and did not require any additional tax funding.

We also maintained the funding for the Moorefield Station Community Park in FY16 and Hanson Park in FY17. These will help add much needed athletic facilities and recreational opportunities for our portion of the County.

Libraries: The budget includes funding for a new Training Coordinator in Library Services. This position will help provide coordinated training to the staff in our libraries. Today this is done on an as needed basis and there is no comprehensive training program for staff. I see this as a benefit to the employees in the department including our own Gum Spring Library.

COUNTY EMPLOYEES

FY2016 Salaries: The Board allocated funds for an average of a 3% percent performance based pay raise for County employees. This salary increase proposed is projected to maintain salaries at a competitive level consistent with other local jurisdictions.

In Summary

This year's budget marks my fourth since beginning my term in 2012. While every year has its challenges, this year's process was certainly the smoothest I have seen. Importantly, we have been able to improve the coordination between the Superintendent and the County Administrator as well as between the School Board and the Board of Supervisors. I hope to continue these improvements in future years.

We have also been able to maintain a tax rate that provides needed enhancements within the school system, public safety, and transportation while limiting the impact on those less fortunate and our efforts to increase commercial business development. The Board has to balance a number of factors each year to make sure we are accommodating growth while fostering a climate that makes us attractive to new or expanding businesses. This includes retail and restaurant sector businesses that we want so badly in Dulles South.

I tried to address all the new or changed items included in this year's budget, but there are many other valuable things that were maintained that I didn't address. For more on the budget, click [here](#). If you have any specific questions, please feel free to contact me at matt.letourneau@loudoun.gov.