



Supervisor Letourneau's FY2018 Budget Report

Last night, the Board of Supervisors voted to adopt a \$2.5 billion budget funded with a \$1.125 tax rate on a 8-1 vote. That rate is 2 cents lower than the current rate and 1 cent lower than the equalized tax rate, which represents the rate that the owner of a home at the average assessed value would pay the same in taxes as they did the year before. I voted in favor of the budget because I felt it funded many of my priorities while establishing a reasonable tax rate given the assessment growth seen in the County this year.

I entered this budget process concerned with making sure we were able to provide funding to handle increased workloads in Child Protective Services, Mental Health and other areas that are seeing growing demand for services. We also have several new facilities coming online that I have been fighting for that need to be fully staffed. The final budget accomplishes all of those things and adds new positions in County Government to handle many of the areas most impacted by population growth, increased funding to LCPS and funding for staff pay increases all while lowering the tax rate. This was all accomplished after months of work by staff and the Board of Supervisors. I have prepared a comprehensive look at the highlights of this year's budget so that you can understand where your tax dollars are being spent.



Matthew F. Letourneau
Dulles District Supervisor
Loudoun County Board of Supervisors

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Each year, our work on the budget begins over the summer with preliminary revenue estimates. Over the course of the fall, the Commissioner of Revenue completes property assessments, and those numbers are updated in January. During this particular year's budget process, the actual numbers beat revenue estimates, which left us in a more favorable position.

The approved FY2018 tax rate of \$1.125/\$100 is one cent less than the equalized tax rate. This means that the owner of a home at the average assessed value would see a reduction of \$90 in their annual real estate tax bill. Many in the Dulles District have actually seen an increase in the assessed value of their home that exceeds other parts of the County, so this tax rate may not result in an actual reduction in property tax bills, though I suspect that very few will see an increase. When I took office in 2012, the tax rate was \$1.285, so the rate itself has been decreased as assessments increased at roughly the same ratio.

I want to emphasize that my decision on the tax rate was not driven by an arbitrary desire to cut taxes, or to get to a certain tax rate, but rather by a department-by department analysis of the needs of the County and the most prudent funding levels. This is particularly true for the school budget, which I will discuss in detail below.

On the capital side, in FY18 we are spending \$116.8 million on transportation projects and \$159.4 million on school projects. The approved six year Capital Improvement Program (CIP) includes a total of \$806.9 million on transportation projects and \$649.9 million on school projects.

I say this every year-and it warrants repeating again: my philosophy is to find the best balance and value for the taxpayer. I believe we have a responsibility to keep the tax rate reasonable, but I also believe that citizens value quality services and do not want to see a degradation simply to save a few dollars a year. I know for certain that holding the line on taxes has helped

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attract new businesses to the County (and keep existing ones), which ultimately brings in more revenue, so that is always a consideration. This year's budget funds over 211 new full-time equivalent positions in the County, and is projected to fund about 460 new full-time equivalent positions for the schools, while boosting service levels in multiple areas-and still reduces the tax rate. That's exactly the kind of balance I strive for.

LOUDOUN COUNTY PUBLIC SCHOOLS

Operating Budget: The approved operating budget provides an increase of \$82.8 million (8%) over last year and requires an additional \$53.2 million (7.7%) in local tax funding. If you factor in bus purchases that had been included in the operating budget and were converted to capital expenses by the County, overall, LCPS receives \$88.1 million more -- or an 8.5% increase. In total, this budget funds approximately 99% of the School Board's budget request. The school system expects an increase of 2,957 (3.8%) new students next school year. While the School Board has the final say over how these additional funds will be spent, based on their request, the amount provided could be used to fund:

- Increases due to enrollment growth
- Salary increases for teachers
- Expansion of full day kindergarten

When I took office in FY2012, Loudoun was spending an average of \$11,014 per pupil. With this year's budget, that number for FY2018 is now \$13,688. That means that even accounting for growth, the system is now spending over \$2,674 more per student than FY2012. These numbers demonstrate a significant investment by the Board and the taxpayers into public education.

My decision not to support the entire School Board request was based on specific items in the request that I didn't think were justified. For example, the School Board request contains a one time "bonus" payment of \$1.3 million to a certain subset of employees because

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LCPS is transitioning its pay period schedule. Those employees wouldn't actually receive less money, but just be paid at a slightly different time. Also, I am very supportive of teacher salary increases, but the proposed budget targets beginning levels (called STEP levels) for increases of nearly 6%, despite the fact that those same STEP levels are already the highest paid in the entire Washington region, including the Maryland counties.

At the level that I supported, even teachers at those particular STEP levels could receive raises of greater than 3.5%, while others in the middle STEP levels could receive raises of nearly 5%. Simply making the adjustments I mentioned here could account for almost the entire \$5.5 million needed-without reducing any expansion of full day kindergarten or any other enhancement in the budget request.

There are two specific issues I want to mention because they've received additional attention this year:

Textbooks: The School Board's proposed budget request includes \$2 million in operating funds to pay for textbooks. Earlier this year, the School Board requested that the Board of Supervisors fund a portion of the text books using our surplus funding. The Board unanimously declined to do so, because those surplus funds are supposed to be used for one-time expenses-usually capital items. Also, we want the School Board to begin funding textbooks as a priority, and not divert funding from textbooks to other areas as they have done in the past. I do need to point out, however, that one of the reasons why textbooks have not been funded is because the School Board delayed policy decisions related to digital vs hard copy text books.

During the last budget worksession, Chair Randall made a motion to fund a portion of the text books using fund balance instead of the operating budget. I did not support that motion, for the same reasons why she (and I) didn't support it in December-text books are a reoccurring expense. Also, the Board has already allocated as much fund balance as we should in a

single budget-we need to maintain certain levels going forward for expenses that may not be anticipated. That vote does NOT mean that textbooks won't get funded-it just means that they will be funded out of the operating budget, and not using fund balance.

School Buses: The School Board's operating budget included \$7.2 million for 60 school buses. The Board of Supervisors elected to use \$4.265 million in fund balance to pay for 36 of the new buses that had been requested. We also allocated \$1 million in additional fund balance to convert an additional 8 buses from being leased to being purchased as a capital expense. I have argued for several years that school buses should be funded from the capital budget. They are a capital asset that depreciates, just like the County's transit buses. LCPS has never treated them that way, and as a result, new bus purchases ended up getting cut because the School Board allocates the money elsewhere. Both Boards agree that should not occur at this point because we need to replace school buses.

In the final budget, \$1.9 million remains in the operating budget for buses. The School Board made a last minute request that the Board fund the remaining amount from capital funds. While I support that in concept, as I mentioned, the Board of Supervisors has allocated as much fund balance as I'm comfortable with. I am pleased that we were able to make as much progress as we did moving buses into the capital budget, and I expect that to continue in future years.

School Capital Budget: The Capital Budget is a fiscally constrained plan. Within certain debt limits that are set to maintain favorable credit ratings, we must build all the things that need to be built and purchase capital assets like buses. Student population growth in the Dulles South and Dulles North areas continues to drive much of the capital needs of the school system. Here is a rundown on school building projects of interest to the Dulles District.

ES-28: A Dulles South elementary school to be located on a site adjacent to Champe High School. Design and

construction have both already been funded. Opening is planned for the fall of 2018. Total funding of \$38.8 million.

ES-31: A Dulles North elementary school, the School Board is still working on site acquisition. Design was funded in FY16 and construction funding is in FY18. Opening is planned for fall of 2019. Total funding of \$39.8 million.

ES-23: A Dulles North elementary school with a planned location on the Arcola Center site. Design is funded in FY20 and construction is funded in FY21 with a planned opening in the fall of 2022. Total funding of \$45.4 million.

ES-29: A Dulles South elementary school with a planned location adjacent to HS-9, south of Braddock Road near the intersection of Lightridge Farm Road. Design is funded in FY21 and construction is funded in FY22 with a planned opening in the fall of 2023. Total funding of \$47.5 million.

Elementary School Classroom Additions:

Classroom additions are currently planned and funded for the following elementary schools: Arcola, Creighton's Corner, Legacy, Liberty, Pinebrook and Rosa Lee Carter. Completion is expected by fall of 2018. Total funding of \$16.3 million. The approved CIP also includes funding in FY21 for additions at five more elementary schools. Locations to be determined as it gets closer, completion is planned for fall of 2022. Funding for this phase is \$15.5 million.

MS-7: A Dulles South middle school located on the south side of Braddock Road, west of Northstar Boulevard. Last year, this was accelerated a second time for design and construction funding in FY17. Opening is expected in 2018. The School Board has determined to open this initially as an intermediate school until HS-9 can be constructed to relieve overcrowding at Champe. Total funding of \$60.8 million.

HS-11: A Dulles North high school to be located on a site adjacent to Hanson Park. Design and construction funding have already been provided and the school is planned to open in the fall of 2019. Total funding of \$121.9 million.

HS-9: A Dulles South high school located adjacent to ES-29 on Lightridge Farm Road, south of Braddock Road. This is another school that has seen its timetable accelerated multiple times. Last year I was successful in working to get design funded in FY17, construction funded in FY18 and outfitting the school funded separately in FY19. This allows the school to open another year earlier, in the fall of 2020. Total funding of \$125.5 million.

High School Stadium Turf and Track Resurfacing:

There are currently four high schools without an artificial turf field. They are Heritage, Dominion, Briar Woods and Freedom. The School Board originally requested all four of these to be funded for construction in FY19. However, the Board of Supervisors chose to utilize \$3.8 million in fund balance to move forward on the two oldest schools (Heritage and Dominion) funding the other two fields in FY19. Total funding \$7.9 million.

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 the school capital projects above) fit within existing, planned debt limitations and will not jeopardize the County's AAA credit ratings. Funding comes through many different sources including local tax funding, General Obligation bonds, proffers, Northern Virginia Transportation Authority funds as well as State revenue matching grants.

TRANSPORTATION

The approved CIP includes funding over the next six years for several major transportation projects, including:

- **Belmont Ridge Road**- Widening from Truro Parish to Croson. Design work has already been funded and the final installment of construction funding is approved for FY18. Total funding is \$43.9 million.

- **Prentice Drive**- Parallel route north of the Greenway from the Ashburn Metro Station to Lockridge Road, \$89.6 million, design is already funded with construction funding scheduled for FY20-FY21.

- **Shellhorn Road**- Parallel route north of the Greenway from Loudoun County Parkway to Pacific Boulevard. Design is already funded with funding for right of way acquisition, and utility relocation scheduled for FY18-FY20. Total for design, right of way, and utility relocation is \$24 million.

- **Westwind Drive**- From State Street to Ladbroke Drive. \$43.7 million for construction is scheduled for FY19-FY20.

- **Northstar Boulevard**- From Tall Cedars Parkway to Shreveport Drive. Design and right of way acquisition have already been funded and the project is in design currently. Construction is funded in FY18-FY19. Total project cost is \$96 million.

- **Dulles West Boulevard**- From Dulles Landing to Northstar Boulevard. This project has been broken into three phases. The first phase would complete a connection between Dulles Landing and Hutchinson Farm Drive and provide another connection from the south to access the retail area, funded at \$8.1 million in FY19.

The second phase would connect Hutchinson Farm Drive to the future Arcola Boulevard, funded at \$9.1 million in FY20.

The third phase would connect Arcola Boulevard to Northstar Boulevard, with land acquisition and design funded at \$22.7 million in FY21-FY22.

- **Arcola Boulevard**- From Route 50 to Route 606. This project has been broken into two phases. The first phase would connect Route 50 at the location where Gum Spring Road currently ends to Dulles West Boulevard, funded at \$10.8 million in FY19-FY20.

The second phase would connect Dulles West Boulevard across Evergreen Mills Road to Route 606, construction funding of \$23.4 million is scheduled for FY20-FY22, with \$18.1 million still needed in future years outside of the CIP window.

- **Evergreen Mills Road**- From Northstar Boulevard to Loudoun County Parkway. This is a pretty significant segment of road to widen. The segment from Belmont Ridge Road to Loudoun County Parkway is funded at \$56.5 million in FY20-FY22.

The segment between Northstar Boulevard and Belmont Ridge Road is scheduled for \$6.7 million in FY22 and would need \$45.6 million to be funded in future years.

- **Braddock Road and Supreme/Summerall**- The existing four way stop sign is planned to be replaced with a signal at the same time the segment of roadway between the transmission power line easement and the entrance to Virginia Manor is widened to four lanes. This project has seen an increase in cost due to an underestimation of the roadway widening needed. The balance of funding needed is scheduled for FY18.

Although not funded within the six year CIP, I was successful in adding the widening of Braddock Road from just west of Gum Spring Road to the Fairfax County line as a future project in the CIP. This will keep it in the County's long range funding plan and under consideration for funding in future years. Estimated at over \$100 million, this would certainly be a major undertaking for the County.

- Croson Lane- I added a project to widen Croson Lane between Claiborne Parkway and Mooreview Parkway to the CIP. Design funding of \$2.9 million should become available in FY22 with construction funding considered in future years.

- Waxpool and Loudoun County Parkway Intersection- This project constructs improvements to the intersection of Waxpool Road and Loudoun County Parkway. Design funding has already been provided with design considerations underway. The balance of construction funding is scheduled for FY18. Total funding is \$5.2 million.

PUBLIC SAFETY

Sheriff's Office: The Board provided the needed staffing to outfit the new Ashburn Station that is currently under construction, a School Resource Officer for Brambleton Middle School, as well as staffing to continue the Crisis Intervention Team partnership with Mental Health. In total, the Sheriff's Office budget is \$87.5 million.

Fire-Rescue: The Board has continued to invest heavily in growing our fire and rescue services. Forty full-time equivalent positions were added to staff the new **Kirkpatrick Farms Fire and Rescue** station that will be opening later this year. Kirkpatrick Farms will provide relief to the Dulles South station in South Riding, and be either the primary responding unit or a backup unit for most of Dulles South. We also provided funding for staffing to relieve volunteers that were unable to continue fully staffing equipment in the Sterling area, additional staff in the Fire Marshal's Office to ensure the safety of our residents and additional dispatchers at the Emergency Communications Center. The total budgeted amount for the department is \$81.5 million.

PARKS AND RECREATION

The Board provided the funding necessary to staff the expanded **Dulles South Multipurpose Center**. Both the recreation and senior centers are expected to open

this fall. Even though the facilities call for nearly 68 full-time equivalent positions, the funding needed for the rec center is covered by expected revenues generated in the new facility.

The **Ashburn Recreation and Community Center** maintains funding in the approved CIP. Last year, design funding was appropriated and I know that process is underway for the site located on Belmont Ridge Road near Broadlands. Construction funding is scheduled for FY18, total cost \$90.9 million.

Hal and Berni Hanson Regional Park is also still on the same funding schedule. This facility will serve as the regional park for our area. The balance of construction funding is provided in FY18. Total cost \$74.3 million.

LIBRARY SERVICES

The approved budget includes the funding necessary to staff the new **Brambleton Library** that is under construction and expected to open next year. The full complement of services that are at Gum Spring Library will be available at this branch, requiring 34.5 full-time equivalents. Funding was also provided for positions to work on teen services programming. Total library budget is \$16.7 million.

OTHER COUNTY ENHANCEMENTS

There was a focus this year on providing additional resources to the Department of Family Services to help address increased caseloads. This budget provides additional case workers in child and adult protective services, as well as making our current Veteran Services Coordinator position full-time.

Mental Health has also been an important topic of discussion during this year's budget. The approved budget provides funding for additional support staff to address waitlists as well as funding for contracts that will alleviate wait times for service. The Crisis Intervention Team staffing enhancement that I mentioned earlier under the Sheriff's Department also includes staff within Mental Health.

An additional \$856,000 was provided for employment and day support for individuals with developmental disabilities. We have seen extensive waitlists for these programs and the additional funding will help address a need that has emerged over the past two years due to changes in the state program in this area.

COUNTY EMPLOYEES

FY2018 Salaries: The Board allocated funds for an average of a 3% percent merit based pay raise for County employees. The County has begun work on a classification and compensation study that will continue through the next fiscal year. This will influence future decisions relative to how we are classifying employee categories and ensuring competitive pay.

In Summary

This marks my sixth budget on the Board and the process seems to improve every year. I know there are some that believe that the Board of Supervisors should automatically fund every cent of the request made by the School Board, but as the entity with taxing and budget authority, I don't believe we should be a rubber stamp for any department, including the school system. We continue to provide increases that significantly outpace student growth and allow new initiatives such as the Academies of Loudoun and expansion of Full Day Kindergarten, even during a period of growth, which many other counties had challenges with.

We need to continue our focus on encouraging commercial growth. The revenue seen from commercial taxes continues to erode the reliance on taxes from residents and helps us to maintain a reasonable tax rate while providing needed enhancements within the school system, public safety, and transportation. This budget continues to build new facilities that our residents need and want and put the infrastructure in place to provide the level of service that they expect.

For more on the budget, [click here](#). If you have any specific questions, please feel free to contact me at matt.letourneau@loudoun.gov.

The new fiscal year will begin on July 1, 2017 and by that time we will already start looking towards FY2019.

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