



## Supervisor Letourneau's FY2019 Budget Report

There is a lot to talk about in this year's Loudoun County budget, and this serves as my report to you about what's in it. The Board voted 9-0 to adopt the County's \$2.6 billion budget with a tax rate of \$1.085, 4 cents lower than the current rate and half a cent lower than the equalized tax rate. The equalized tax rate takes into account the change in assessed value, and represents what the rate would be if the bill were to stay the same for the owner of a home assessed at the average assessed value in the County. This is the first unanimously approved budget since I joined the Board of Supervisors in 2012.

The County was very fortunate this year to have seen extremely strong revenue growth from economic development, which is really what allows us to continue to meet all of our needs and provide improvements without having to raise taxes.

While I did not agree on every decision the Board made during our budget deliberations, I voted in favor of the overall budget because it did fund many of the items I've been working on over the past year. 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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One of the areas that I wanted to focus on headed into this year's budget was addressing compensation for our County employees. As I have shared in the past, the Board has initiated a classification and compensation study and the first phase provided data showing that we were only paying about 86% of the market for our positions countywide. The approved budget includes a 3% across the board compensation increase in addition to a 3.5% merit based increase. This will begin to implement a multi-year compensation adjustment that will be needed to bridge the gap with the jurisdictions we compete with for talent. It is very easy to say that the County needs to do more with less, but the bottom line is that we have been for quite some time, and the reality is that on the County side of the ledger, our turnover rates are high and we simply aren't paying employees competitive wages. In the long run, it ends up costing us more money because we aren't as efficient, have to fill some vacancies with overtime, and our service delivery is impacted. So, this year's budget accomplished step 1 of what will be a multi-year approach to bring employee compensation up to where it needs to be.

The budget also adds new positions in County Government to improve delivery of human services and provide better oversight to Capital Projects, and increased funding to LCPS all while lowering the tax rate. This was all accomplished after months of work by staff and the Board of Supervisors.

The approved FY2019 tax rate of \$1.085/\$100 is half a 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 \$46 in their annual real estate tax bill. When I took office in 2012, the tax rate was \$1.285, so the rate itself has been decreased even as assessments increased.

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.

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### Contact Me

**Mailing Address:**

1 Harrison Street, S.E.,  
5th Floor  
P.O. Box 7000  
Leesburg, VA 20177-7000

**E-Mail:**

[matt.letourneau@loudoun.gov](mailto:matt.letourneau@loudoun.gov)

**Office Phone:**

(703) 771-5069

**Chief of Staff:**

[Monica Filyaw](#)

**Legislative Aide:**

[Tom Parker](#)

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On the capital side, in FY19 alone we are spending \$142.2 million on transportation projects and \$47.7 million on school projects. The approved six year Capital Improvement Program (CIP) includes a total of \$1.3 billion on transportation projects and \$484.3 million on school projects. This is the first time that transportation projects make up more than 50% of our total CIP.

I say this every year-and it warrants repeating again: my philosophy is to find the best balance and value for the taxpayer. While I do believe that we should do our best to keep the tax rate low, I am not looking to arbitrarily cut budget items simply so we can pass on a small amount of savings. I always approach the budget item by item, department by department. I think that citizens value quality services and do not want to see a degradation simply to save a few dollars a year. That said, I know for certain that holding the line on taxes has helped attract new businesses to the County (and keep existing ones), which ultimately brings in more revenue, so that is always a consideration.

### **LOUDOUN COUNTY PUBLIC SCHOOLS**

**Operating Budget:** The approved operating budget provides an increase of \$73.9 million (6.7%) over last year and requires an additional \$49.5 million (6.6%) in local tax funding. The school system expects an increase of 1,870 (1.8%) more students than the FY18 budget.

The approved budget is \$14.9 million less than what had been requested by the School Board. The original fiscal guidance provided to the School Board was to prepare a budget based on an estimated tax rate of \$1.09. At that amount, the gap was about \$10.8 million, and the rate of increase was 7%. That was the amount that I was comfortable with based on a review of their budget request. I opposed the motion to cut that additional \$4.1 million which increased the gap, but that motion passed 5-4. The Board specified during our final budget adoption that if the state, which has not yet passed its budget, completes the special legislative

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session setting aside more money for schools than our budget estimates, we will allocate that money to the school system.

I continue to be frustrated with the way that the School Board prepares its budget request. It would be a far better and more productive conversation if the School Board prepared a budget that actually fit within the County's fiscal guidance, as all other departments in the County do. That would not preclude the School Board from asking for more funds, but it would enable the Board of Supervisors to understand exactly what could be funded at the fiscal guidance amount, and what the impacts of either cuts or additions to the budget would be. Without that information, it is always difficult to evaluate the request. However, as best as I can tell, at the level that the Board settled on, LCPS should be able to accommodate:

- Increases due to enrollment growth
- Salary increases for teachers
- Expansion of full day kindergarten to 100% of students

When I took office in FY2012, Loudoun was spending an average of \$11,014 per pupil. With this year's budget, that number for FY2019 is now \$14,277. That means that LCPS is now spending \$3,263 more per student than FY2012.

I have been supportive of teacher salary increases, but the proposed budget targeted mid-career steps that they believe they have been unable to attract with very high proposed raises. While the salary for these mid-career steps may be 4th out of the 5 comparator jurisdictions, the WABE guide, which is the economic comparator that LCPS uses for other jurisdictions, actually shows that when factoring in benefits, Loudoun's total compensation was at or near the top for every category. Loudoun also has the highest starting salary out of the 5 comparators. So, unlike the County side, I don't believe that LCPS has proven a need for year to year

salary increases as high as 9.5% in some cases, which is what they were requesting.

Another factor is the year over year carryovers of unspent funds that LCPS has been carrying. While fund balance in a budget that is created 18 months in advance is not unusual, especially on the County side where we can see larger than anticipated growth in certain types of property tax revenues, LCPS doesn't have this type of revenue fluctuation. But, their carryover percentage has grown over the past several years, leaving unspent funds that are more than enough to cover the gap left in the approved budget each year. So that leaves me less concerned with a gap between the funding request and the final budget.

**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:

- **School Security Projects:** I personally requested that projects to improve school security at schools around the County be accelerated. These improvements will include the construction of security vestibules at schools that do not have them currently as well as installation of electronic locking systems. Total cost is \$25.8 million in FY19-FY20. I am pleased that the School Board and Board of Supervisors have been able to collaborate on this.

- **ES-23:** A Dulles North elementary school with a planned location on the Arcola Center site. Funding has been accelerated by one year for design in FY19 and construction in FY20 with a planned opening in the fall of 2021. Total funding of \$44.2 million.

- **ES-29:** A Dulles South elementary school to be located adjacent to Lightridge High School, south of

Braddock Road near the intersection of Lightridge Farm Road. Funding has been accelerated by two years for design in FY19 and construction in FY20 with a planned opening in the fall of 2021. Total funding of \$44.2 million.

**- Elementary School Classroom Additions:** The approved CIP includes funding in FY21 for additions at four elementary schools. Locations to be determined as it gets closer, completion is planned for fall of 2022. Funding is \$12.4 million.

**- Arcola ES/Northstar Connection:** In conjunction with the County's planned connection of Northstar Boulevard from Tall Cedars to Route 50, LCPS is planning to construct a second access point for Arcola. The access would improve traffic flow on the site and provide some additional parking as well. Cost is \$2.3 million.

**- MS-14:** A Dulles North middle school, site to be determined. Design is funded in FY22 and construction is funded in FY23. Planned opening fall of 2026. Total funding \$100.4 million.

**- Lightridge High School:** Located on Lightridge Farm Road, south of Braddock Road. I worked to accelerate this school in prior budgets. Design and construction were already funded and FY19 provides final funding to outfit the school for opening. Planned opening fall of 2020. Total funding is \$125.5 million.

**- HS-14:** A Dulles North high school, site to be determined. While not specifically funded within the next six years, this school is expected to be needed for the fall 2030 school year. Planning well into the future for our school capacity needs!

**- High School Stadium Turf and Track Resurfacing:** Briar Woods and Freedom are the final two high schools to receive funding for the installation of turf fields. The CIP provides \$4.15 million to complete both of these fields during the 2019-2020 school year.

## **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 once again that the capital plan is fiscally constrained, meaning that we can't simply fund everything we want to whenever we want to (regardless of the tax rate). We can only take on so much debt at one time, and that is very carefully managed. The capital projects you see here 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. The availability of these funds may impact the funding schedule from year to year within the CIP, and as I mentioned in my newsletter, the current version of the General Assembly's Metro bill could threaten NVTAF funds in the future.

## **TRANSPORTATION**

The approved budget continues to add resources to our Department of Transportation and Capital Infrastructure that will help them to complete our planned Capital Projects quicker. In total, 8 positions are being added to the department. These positions will support the implementation of a coordinated intersection improvement program, shorter timelines for the land acquisition process, and increased oversight and review of all Capital Projects.

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 FY19. Total funding is \$43 million.

- Widening from Shreveport to Evergreen Mills Road, funded at \$21.1 million FY22-FY24.

- **Prentice Drive:** Parallel route north of the Greenway from the Ashburn Metro Station to Lockridge Road. \$102.3 million total. Design is already funded with construction funding scheduled for FY20-FY24.

- **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 FY20-FY21. Construction funding scheduled for FY23. Total cost is \$126.75 million.

- **Westwind Drive:** From State Street to Ladbroke Drive. Funding is scheduled FY19-FY23, construction after FY2023. Total cost is \$51.3 million.

- **Northstar Boulevard:**

- Tall Cedars Parkway to Route 50- We are in design on this currently. The final allocations of construction funding are scheduled for FY19-FY20. Total cost: \$47 million. This is the closest segment to actually getting under construction.

- Route 50 to Shreveport Drive- Design has begun on this project. The final allocations of construction funding are scheduled FY20 and FY22-24. Total cost: \$88 million. This is the segment that we just received the TIGER grant for, so our NVTa request will now be for less money. It will be hard to be under construction before FY2024 due to design and right of way acquisition challenges even if funding becomes available sooner.

- Tall Cedars to Braddock- Widening of this section is scheduled for design funding in FY22 and construction funding in FY24. Total cost: \$28.4 million.

- **Dulles West Boulevard:**

- Dulles Landing to Arcola Boulevard- with a priority on completing to Hutchinson Farm first to provide another access point to Dulles Landing. A total of \$17.2 million is allocated FY19-FY22.

- Arcola Boulevard to Northstar Boulevard- \$43.7 million funded FY21-FY24.

- **Arcola Boulevard:** From Route 50 to Route 606. This project is funded at total of \$63.5 million, allocations began last fiscal year and run through FY23. We hope to be able to break the project into phases. The first phase would connect Route 50 at the location where Gum Spring Road currently ends to Dulles West Boulevard. The second phase would continue across Evergreen Mills Road to Route 606.

- **Evergreen Mills Road:**

- Widening from Northstar Boulevard to Stone Springs Boulevard- \$30.9 million funded FY20-23.

- Widening from Stone Springs Boulevard to Loudoun County Parkway- \$38 million funded FY21-FY23.

- **Braddock Road:**

- Widening from Gum Spring Road to Fairfax County line, added as a future project in the CIP (meaning beyond the next 6 years). Total cost estimate \$154.8 million.

- Widening from Gum Spring Road to Royal Hunter, funded at \$6.1 million with funding allocated FY20-FY22.

- **Croson Lane:** Widening between Claiborne Parkway and Old Ryan Road. Design funding of \$2.9 million should become available in FY21-FY22 with construction funding expected in FY24. Total cost: \$20.9 million.

- **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 FY19. Total funding is \$6.3 million.

- **Elk Lick/Tall Cedars Intersection:** VDOT recently began implementation of the first phase of the project

to close the median on Route 50 at Elk Lick Road. As weather permits, we will also be restriping Defender Drive to create a center turn lane for the length from Elk Lick to South Riding Blvd. As I have said, we are waiting for full implementation and a settle in period to evaluate the intersection at Elk Lick and Tall Cedars. In the case that changes are needed, I have requested funding for a signal at that intersection be included in the CIP. It is currently scheduled for FY22 at a cost of \$1.57 million, though if it is needed earlier, I may be able to get that moved up.

**- Loudoun County Parkway:** Widening to six lanes from Ryan Road to Shellhorn Road. This is a new addition to the CIP, at my request. Design funding becomes available in FY24, with land acquisition and construction funding to be scheduled in future years. Total cost: \$22.2 million.

**- Route 50:**

- Interchange at Route 606- We have been planning for this interchange for several years. A concept design has been endorsed by the Board, however there is no funding in our six-year CIP for the estimate \$500 million cost to construct. We will likely need State involvement to get this project moving.

- Corridor Improvements- We have budgeted \$6.77 million to complete several intersection and turn lane improvements at high profile intersections along the Route 50 corridor. The individual improvements were recommended in the recent corridor study that was completed. The design funds are available in FY19 and construction funds are available in FY20.

**Route 50 Northern Collector Road:** The project that I think will have the biggest impact on improving the situation on Route 50 is a northern collector road that would connect from Loudoun County Parkway to Route 28 at the Air and Space Parkway interchange. While there is still a lot of work to be done, we are already having conversations with MWAA and Fairfax County on this concept. Currently \$8.2 million in design funding is scheduled for FY22 for the segment from Tall Cedars to Route 28. Construction funding

would need to be scheduled in future years. Total cost: \$92.7 million. The funding to extend from Tall Cedars to Loudoun County Parkway would be scheduled in future years at a total cost of \$77.38 million.

### **PUBLIC SAFETY**

**Sheriff's Office:** I've become a little bit concerned that we're getting too thin with the number of officers out in the field given population growth. The Sheriff requested just School Resource Officer positions for the new schools opening, but upon a review of response times, I asked him to provide the Board with some additional priorities for funding which he did. I then successfully had a number of positions added to the budget. Those include: an additional floater SRO to backfill for absences and assist in investigations as needed, two Traffic Safety Deputies, and four Field Operations Deputies to be deployed at the stations where the need is highest. In total, the Sheriff's Office budget is \$86.35 million.

**Fire-Rescue:** The Board has continued to invest heavily in growing our fire and rescue services. We added several positions to back-fill volunteer staffing shortages at the Purcellville Volunteer Fire Company. Additional positions in Fire and Rescue were: two Shift Commanders, four EMS Supervisors, a Volunteer Liaison Officer, as well as several positions to support this growing department. We also added funding for the establishment of a Behavioral Health Program to support the needs of our career and volunteer first responders. The total budgeted amount for the department is \$86.4 million.

### **PARKS AND RECREATION**

The Board provided funding to increase maintenance staff to care for our regional parks around the County. Also, staffing increases to support elder resources and expand the hours of the Franklin Park Arts Center. The Ashburn Recreation and Community Center maintains funding in the approved CIP, though the year has been moved back due to challenges with the site and design process. The final construction funding is scheduled for FY21. Total cost is \$86 million. Hal and Berni Hanson

Regional Park is also still in the design process. We were able to add \$15 million to the Hanson Park project (for a new total of \$89.1 million) to address a budget shortfall, and now we will finally be ready to go out to bid for construction in the next fiscal year. This facility will serve as the regional park for our area and dramatically improve field availability for leagues.

### **LIBRARY SERVICES**

The approved budget includes the funding necessary to provide teen services program staffing in the Sterling area as well as the authority to begin the processing of passports at one the system branches in Leesburg. This new service will begin in the new fiscal year. Total library budget is \$19.4 million.

### **OTHER COUNTY ENHANCEMENTS**

There was a focus this year on providing additional resources to the Department of Family Services to begin an affordable housing policy section and improve the delivery of services related to benefits, child protective services, and foster care. For the Mental Health Department, we continue to add care coordinators and early invention specialists to address growing caseloads within that department. We also added staff to accommodate more programs dedicated to outreach programs for at-risk youth in our community.

### **In Summary**

This is my seventh budget on the Board and each year presents a unique challenge or area of focus. Loudoun continues to grow, requiring certain staff levels to allow us to provide the level of service that our residents expect and to keep caseloads within manageable levels within our human service departments. While education is always a priority for me, I don't believe we should automatically fund every cent of the request made by the School Board. We should exercise the same due diligence as we would for any other department within the County. Even at the lower funding level, we continue to provide increases that significantly outpace student growth and allow new initiatives such as the expansion of Full Day

Kindergarten, even during a period of growth, which many other counties had challenges with. I remain focused on doing what I can to see commercial growth within the county to provide revenue that offsets the taxes needed from residential property owners. This budget continues to build upon the transportation projects that we worked hard to fund during the last term and begins to put in place options for improving Route 50 in the future. Many of the road improvements are taking far longer than I would like, and the Board is doing everything we can to provide resources to our transportation staff. Unfortunately, all of these projects face hurdles of various kinds, from regulatory issues or right of way acquisitions, and most of time there are no shortcuts. The only thing we can do is be patient and persistent, and I will continue to do both while fighting for the projects that I know we need to deal with our growth.

If you have any specific questions, please feel free to contact me at [matt.letourneau@loudoun.gov](mailto:matt.letourneau@loudoun.gov). More information on the budget is available at [www.loudoun.gov/budget](http://www.loudoun.gov/budget). The new fiscal year will begin on July 1, 2018 and by that time we will already start looking towards FY2020.

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Supervisor Matt Letourneau, 1 Harrison Street, S.E., 5th Floor,  
P.O. Box 7000, Leesburg, VA 20177

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