



Supervisor Letourneau's FY20 Budget Report

Earlier this week, the Board of Supervisors voted 9-0 to approve Loudoun County's FY20 budget, which will take effect when our fiscal year starts on July 1. This is the second straight year that the full Board has unanimously voted for the budget, which I think is a great accomplishment and demonstrates our bipartisan ability to get things done. That's pretty rare in today's political climate. As Chairman of the Board's Finance, Government Operations and Economic Development Committee, I have been working on this budget since July of last year. My committee held budget development meetings in the summer and fall and led the Board's review of the capital improvement plan.

Background on the Budget and Economic Development

This report is my annual communication with you about our County budget, which this year comes in at \$3.2 billion with a \$2.4 billion Capital Improvement Plan (CIP). The Board adopted the budget based on the equalized tax rate of \$1.045. This rate is four cents lower than the current rate, and half a cent lower than the residential 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 a home at the average assessed value



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in the County. Assessed values vary widely throughout the County and between different unit types, so not everyone will see a reduction in property taxes, although the average resident will. Home values in the Dulles District in particular have been on the rise in recent years, thanks to increased market demand in our part of the County. But the reduction in the tax rate helps offset those assessment increases. To give you some perspective, when I took office in 2012, the tax rate was \$1.285/\$100.

Loudoun's ability to continue to reduce the tax rate is unique among jurisdictions in the D.C. metro area and is driven by our extremely strong economic growth. This growth has allowed us to continue to meet growing needs and provide improvements without raising taxes. Property taxes on computer equipment, which applies to data centers, represent the largest area of growth, contributing over \$200 million to the County budget this year. While data centers are not always everyone's favorite type of development, at this point they are accounting for over \$1,000 in tax savings for the average Loudoun homeowner. Obviously, we must ensure that data centers go in the right parcels and are good neighbors, but their growth means money in your pocket because they consume very few County resources. Of course, data centers are not the only development that Loudoun has attracted - in fact, we continue to lead the Commonwealth of Virginia in job growth. The County's Department of Economic Development spends much of its time and energy recruiting commercial businesses here and abroad, with great success.

You may recall that I opened last year's budget report by talking about employee compensation. Loudoun is currently in the midst of a three year process to get compensation for County employees more closely aligned with market competitive rates. A recent Classification & Compensation study found that on average, we only pay 86% of market average. That has led to high turnover rates and inefficiency. High turnover costs us more money in the long run.

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In addition to increasing salaries for employees, this year's budget adds 206 new positions in Loudoun County. These positions are necessary to meet demand and keep pace with the growing population and infrastructure. They will be slotted in to a number of departments such as Family Services: many of these departments are explained below.

Along with the annual operating budget is the Capital Improvement Plan. This year the CIP contains \$2.4 billion in projects that are slated for construction over the next six years. These projects range from road construction to intersection improvements to new schools and renovations. When I took office in 2012, the County had almost no money set aside for new road projects. This deficiency is one of the main reasons our infrastructure was lagging so far behind exploding residential growth. We have worked since then to fund road construction and general transportation improvements; I am happy to report back that we have consistently budgeted hundreds of millions of dollars annually for infrastructure development.

As I say every year when analyzing the budget post-approval, I seek to find the best balance between value to the taxpayer and continued funding of crucial County projects. We need to keep our tax rate low to attract and retain businesses, but I also know that citizens expect quality services.

Loudoun County Public Schools

LCPS has an operating budget funded by the County and state, with the bulk coming from the County. This year, the School Board's request met the fiscal guidance provided by the County Administrator, which is the first time that's happened in my memory. Ultimately, the final transferred amount of \$1.284 billion is just \$2 million less than what the School Board requested, with the difference being entirely on the state budget side. The budget increase from last year is \$94.6 million.

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In the past, I have mentioned that the School Board's request is fiscally unconstrained, which can make it frustrating from the Board's perspective. This year, however, the effort to stay within the Board's fiscal guidance made for a much easier process. With the amount provided, the School Board will be able to fund increases due to enrollment growth, teacher and staff salaries raises and market adjustments, full day kindergarten, continued participation in Thomas Jefferson High School in Fairfax County, and other priorities.

Our increase in funding to LCPS is \$76.3 million, or a 9.6% increase based on student growth projections. The School Board is estimating 1.5% enrollment growth from actual FY19 numbers to projected FY20 numbers. That would represent growth of about 1,277 students by next year - bringing the anticipated total to 83,762 students in Loudoun County. While student growth rates have slowed from the pace that we witnessed in the past, we continue to expect healthy increases in the years to come.

When I took office in 2012, the County was spending about \$11,000 per pupil. That number, as of FY20, is now \$15,240. This increase demonstrates the Board's commitment to education. Our schools continue to perform well, and we have one of the lowest teacher turnover rates in the region. While spending money isn't the only fast track to increasing academic output, quality educational infrastructure helps provide an environment where students can learn and grow more freely.

School-Related Funding

- **Security projects:** Over the last year, we spent \$25.8 million on heightened school security measures in the County that was funded in the FY19 budget. My primary push was for the installation of security vestibules at the entrances of schools that don't currently possess them. In the FY20 LCPS operating budget, \$10.4 million is set aside this year for increased security enhancements including school safety

specialist positions. A major work plan initiative this year was increasing security measures at school athletic events. As I mentioned in my most recent newsletter, the Board of Supervisors and School Board will consider adding additional School Resource Officers (SROs) at a joint meeting in May.

- **ES-23:** This school will be a Dulles North elementary school with a planned location on the Arcola Center site. Funding for design is in FY19 and construction in FY20 with a planned opening in the fall of 2021. Total funding is \$44.2 million.

- **ES-29:** This school will be 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 is \$44.2 million.

- **Elementary School Classroom Additions:** The approved CIP includes funding in FY21 for additions at four elementary schools. Locations will be determined as it gets closer, but 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:** MS-14 is a Dulles North middle school, site to be determined. Construction is funded in FY22. The planned opening is in the fall of 2024. Total funding, including debt service, is about \$100 million.

- **Lightridge High School:** This high school is currently under construction on Lightridge Farm Road, south of Braddock Road. I worked to accelerate this

school in prior budgets. Planned opening is in the fall of 2020. Total funding is \$125.5 million.

- **HS-14:** HS-14 will be a Dulles North high school, site to be determined. While not specifically funded within the next six years, this school is anticipated for the fall 2028 school year. We are planning far ahead to make sure capacity keeps pace with need.

County Budget

Although they are funded differently, I'll include both the operating and capital budgets in my breakdown. For projects in the six-year Capital Improvement Plan, it is important to note once again that we are fiscally constrained, meaning we simply can't fund everything we want to whenever we want to for a number of reasons. These reasons include the ability of staff to effectively manage projects (we only have so much staff) and our debt limits. We can also only take on so much debt at one time, so that number is very carefully managed. The capital projects you see here fit within existing, planned debt limitations and will not jeopardize the County's outstanding AAA credit ratings. Funding for projects comes through many different sources including local tax funding, General Obligation bonds, developer proffers, Northern Virginia Transportation Authority funds and State revenue matching grants. The CIP changes annually due to limitations and alterations in funding structures. While the projects listed below are accurate now, they may be altered in the future - I'll be sure to provide further updates if that is the case.

Transportation

Every year the Board prioritizes adding funding to our Department of Transportation and Capital Infrastructure (DTCI), which is responsible for the projects found in our Capital Improvement Plan. This year, we were able to add DTCI positions in addition to more funding, which will increase project capacity and ensure quality programs from beginning to end. These new 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 Board also added a Chief of Staff position to this department to help coordinate all of this activity and provide some relief for the Department Director, who works an inordinate number of hours.

The approved CIP includes funding over the next six years for some major transportation projects, including many in the Dulles District:

- Waxpool Road/Loudoun County Parkway: The project will develop triple left turn lanes onto southbound Loudoun County Parkway and a channelized free flow right turn with acceleration lane from northbound Loudoun County Parkway onto eastbound Waxpool. The project will cost \$6.3 million.

- Route 50: With over 70,000 vehicles using Route 50 every day, traffic problems seem unavoidable. VDOT has set signals to maximum throughput, but there are simply too many cars for the road that is available. I have approached Route 50 in two phases - short term fixes and long term solutions. On the short term front, construction is funded in FY20 for Route 50 intersection improvements at Gateway Village Place and Medical Drive, Tall Cedars Parkway, and Pleasant Valley Road. There are also plans in the CIP for roundabouts to be installed at the Trailhead Drive (funded in FY20-21) and Everfield Drive (funded in FY24) intersections. Longer term, I have been working to gain momentum for the concept of a Route 50 North Collector Road that is planned as a parallel alternate to Route 50. This road could connect at Air and Space Parkway on Route 28. There is \$5.1 million budgeted for design in FY22, and \$17.3 million budgeted in FY24 to begin the needed right-of-way acquisition.

- Route 50/Loudoun County Parkway: This project is planned in multiple phases. The County has long term plans for an interchange, but it will cost hundreds of millions of dollars and take a long time to build and is not in the 6 year capital plan. Shorter term, the

County has a project already in process to add a lane to Loudoun County Parkway southbound to turn right onto Route 50 westbound. We also plan to add a third left turn lane on Route 50 eastbound to go to Loudoun County Parkway. We are attempting to extend an acceleration lane on Route 50 westbound past the entrance to Dulles Landing, which could allow the Dulles Landing developer to add an exit from the shopping center.

- Arcola Boulevard: This new major collector roadway will connect Route 50 at the intersection of Gum Spring Road to Evergreen Mills Road and Route 606 (Old Ox Road) - relieving congestion on Stone Springs Boulevard, Route 50, and Evergreen Mills Road. As the result of a rezoning deal I helped negotiate, a developer is building the section of Arcola Boulevard from Route 50 to Dulles West Boulevard. The total allotted construction funding is \$66.2 million through FY23.

- Dulles West Boulevard: This project is part of the same rezoning deal as Arcola Boulevard, so I expect the developer to finish extending the road to meet Arcola Center on a similar timetable. It should be in place by 2021 when the Wegman's opens in Arcola Center. The collector roadway is planned in two separate stages. The first would be to construct a four-lane median divided roadway between Arcola Boulevard and Northstar Boulevard. Construction funding begins in FY21 with total project cost at \$43.7 million. The second phase is a four-lane median divided roadway between Dulles Landing Drive and Arcola Boulevard. Construction funding will begin in FY22, with total project cost estimated at \$17.2 million. The six year total is about \$60 million.

- Northstar Boulevard: Northstar Boulevard will connect from Tall Cedars Parkway in Stone Ridge across Route 50 to Shreveport Drive in Brambleton. Funds have been allocated by the Board in two phases. The section from Tall Cedars to Route 50 is still in the phase to acquire right of way. We have planned \$56.6 million of construction funding in FY19-FY20. The

northern segment from Route 50 to Shreveport Drive is just beginning the design phase with a contract expected to be approved in the fall of 2019. The total project will cost \$79.3 million and is planned for construction funding in FY20. This estimate is two years sooner than expected thanks to a \$25 million federal TIGER grant. Between this project, Arcola Boulevard, and Loudoun County Parkway, major traffic jams between Belmont Ridge and Evergreen Mills should be drastically reduced.

- Braddock Road: I have been working to put together plans to widen Braddock Road. We funded turn lanes and a signal at the intersection of Braddock and Supreme/Summerall. Our next project is widening Braddock Road. This year, we combined two planned widening projects and now plan to go forward in three segments. Braddock Road from Royal Hunter Drive to the eastern entrance of Paul VI High School is funded beginning this year (FY20), with final construction funding to be received in FY22. This segment will be partially funded by proffers. The second widening segment is from the Paul VI eastern entrance to Bull Run Post Office Road. There is no set date for funding. There is also no set funding date for the third segment, which widens Braddock from Gum Spring Road to the Fairfax County line. I will keep you updated as these last two segments are added to future CIPs.

- Northbound Route 28 Widening from Route 50 to McLearen Road: This widening project will expand northbound Route 28 from three lanes to four lanes between Route 50 and McLearen Road. It is intended to relieve congestion from heavy volume. This project is expected to cost \$23.5 million.

- Evergreen Mills Road: We are planning to widen Evergreen Mills in multiple segments over the next several years. Widening from Stone Springs to Northstar Boulevard will cost \$44 million and is not funded in the current CIP. The segment from Stone Springs Boulevard to Loudoun County Parkway is slated to receive \$52.8 million of construction funding in a future CIP. Realignment of Evergreen Mills at the

intersections of Reservoir Road and Watson Road is funded for construction already, with a total cost of \$14 million.

- **Westwind Drive:** This project in the Ashburn part of the Dulles District will provide an additional way to get between Loudoun County Parkway and Route 606 near the Greenway by completing the missing link between State Street and Ladbrook Drive to connect to Route 606. It will cost \$52.1 million and has a budget timetable of FY20-FY23, with construction beginning after that.

- **Belmont Ridge Road Widening:** Belmont Ridge Road is being widened from Croson Lane to Route 7 in multiple phases. The section from Belmont Station Drive to Route 7, including the interchange, opened last summer. Widening between Truro Parish Drive and Croson Lane is already funded for construction and is expected to be completed by FY23. We have also added widening the segment from Shreveport Drive to Evergreen Mills Road. The project is expected to cost \$25.1 million but isn't budgeted for construction until FY24.

- **Loudoun County Parkway Widening:** Loudoun County Parkway is being widened from Ryan Road to Shellhorn Road with funding beginning in FY24. The road will be widened from four lanes to six lanes with a total cost estimate currently at \$23 million. Silver District West proffers are expected to complete this project years ahead of our current schedule.

Public Safety

The Sheriff's Office has a budget of \$93 million; about \$71 million of that will come from local tax funding. The Sheriff's Office budget is up from last year's total of \$86.35 million - nearly an 8% increase. Among the newly added projects are a firing range and a courthouse expansion. New staff positions include background investigators, who will be able to more quickly complete background checks on job applicants. These positions are part-time and are intended to attract

retired law enforcement officers who have experience in the field. A new computer technician is also needed as software and technical support requests have steadily increased over time. This position will convert an existing temporary part-time position into something more permanent and will be of great use to the Department. As mentioned before, the possibility of adding SROs will be discussed at a joint meeting in May. One sergeant is budgeted right now to oversee the SRO program and make sure everything is operating smoothly on that front.

The Board has continued to prioritize Fire & Rescue funding. The total amount of proposed expenditures for the department this fiscal year is about \$93.2 million, up from \$86.4 million last year. \$87.2 million of this year's budget will be tax-funded by the County. There were several staff positions added as well, including a Human Resource Specialist to alleviate workforce demands. A new Communications Specialist will backup the public information officer and will assist in the dissemination of media and the planning of events for the public. This budget also adds two civilian Fire Safety Inspectors, who will be responsible for permit and safety inspections.

Parks & Recreation

The Board once more provided funding to increase park maintenance around the County. This year, we were able to set aside \$51.5 million of funding for parks, recreation, and community services. New staff includes additional maintenance positions and custodians. I am expecting that Hanson Park will also be out to bid for construction this fiscal year, which brings us closer to the conclusion of that process.

Library Services

Board funding for library services this year was at \$20.4 million, which is up \$1 million from last year. The funding will go toward additional staffing, resources, materials, and maintenance. Library services are an important component of the academic culture we

have fostered here in Loudoun. Not only do school-aged children rely on libraries to get books and work on their studies, but people of all ages love to read and frequent our libraries.

Family Services

Under the umbrella of Health and Welfare, Family Services has been historically stretched thin. The department has not grown at the same rate as population, which means that existing employees were bearing an unreasonable workload as service calls increased. This year, we are adding eight new staff positions to Child Protective Services, as well as three new intake positions to handle the volume of calls and cases received. This will ensure continued quality service.

In the Department of Mental Health and Substance Abuse, we are adding one Compliance Specialist, one Health Information Management Specialist, one Outcomes and Evaluation Data Analyst, one Service Coordinator, and one Training Specialist. Similar to Child Protective Services, Mental Health has struggled as a result of increased workloads. Thanks to the tax revenue we are generating this year, we are able to continue supporting vital programs that contribute to the overall health of our collective community.

Classification & Compensation Study

As a result of the ongoing Classification and Compensation Study that found we only pay 86% of market competitive wages, we are increasing Loudoun employee pay in order to incentivize career building inside the County. This year, we have \$11 million budgeted for targeted individual salary increases identified as part of the study. We have also provided funding for a 2% across the board raise and a 3% merit based increase. These increases will help us get closer to market wages, which will reduce turnover and ensure that projects are seen through to completion by the same employees that started them.

In Summary

Each year's budget presents unique challenges. This year's budget demonstrates the value of continued economic growth, which is allowing us to add positions and increase pay while keep the tax rate level. Over the course of the year, the Finance Committee will continue to monitor revenues and County operations and expenditures. Next month, I will be attending meetings with Wall Street credit rating agencies, who will take a close look at our finances in anticipation of our next bond sale, which will fund budgeted projects.

If you have any specific questions, please feel free to contact me at matt.letourneau@loudoun.gov. More information on the budget is available at www.loudoun.gov/budget. The new fiscal year will begin on July 1, 2019.

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