



Supervisor

Matt Letourneau

Dulles District



FY23 Budget Report

Introduction

On April 5, the Loudoun County Board of Supervisors voted 7-2 to approve our Fiscal Year 2023 budget, which includes both operating and capital expenses and will go into effect on July 1, 2022. I voted in favor of the budget. The budget sets a tax rate of .89/\$100 assessed, a 9 cent reduction from the current tax rate, but above the equalized rate, and lowers the Personal Property Tax rate to \$4.15, starting with the second collection this year.

This was a unique budget year for the County for a few reasons. As we've covered in previous newsletters, assessments rose significantly based on the red hot real estate market. In addition, the County began facing some unusual pressures for us - revenue growth was down from previous years, and the strain on services and our workforce is very high. The COVID-19 pandemic has a lot to do with both.

This budget has been criticized both for being too high, and for not funding enough for schools and other services. That reflects the difficult balancing act the Board has. On one hand, some citizens want the lowest possible tax rate, but on the other, many wouldn't like the impact on virtually every aspect of our operations if we made significant cuts.

Matthew F. Letourneau

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Loudoun County Board of
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Over the years, the Board has been able to keep the tax rate going down while property values went up. However, this particular market is unlike anything we've seen. The 9 cent reduction in the tax rate is probably the highest in our history, yet the average tax bill will still go up by \$225. There are huge variances between types of properties - commercial properties behaved very differently than residential (by law we can only have one tax rate), and even within the residential category some unit types went up by much more than others. In fact, I was looking at a random sample of addresses in my district, and I noticed that some will actually see a tax cut this year.

The story is even more wild for personal property tax such as cars. The vehicle market is absolutely insane, and most cars appreciated instead of depreciated in value. A shortage of chips for new vehicles drove manufacturing way down, and demand is outpacing supply which is affecting the used car market. The Commissioner of Revenue uses actual dealer transaction data to determine car values. The Board decided to reduce the assessment by 20% this year to try to account for some of that change in value, but some vehicles went up by more than that. The Board ended up reducing the personal property tax rate from \$4.20/\$100 assessed to \$4.15 for the second collection, which will occur in October.

The County budget each year consists of both the operating budget, which funds County departments and keeps the local government running throughout the year, and the six-year Capital Improvement Program (which I'll be referring to as the CIP), a funding plan for road, school, and infrastructure projects. The two components of the budget are funded differently. The operating budget is funded primarily through local tax revenue. The CIP is funded from a variety of different sources and is fiscally constrained, which means we can't fund everything we want every year. In any given budget cycle, CIP projects receive funding from sources such as General Obligation Bonds, local tax

[Dulles Area Transportation Association](#)

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collection, Northern Virginia Transportation Authority Funds, and state revenue matching grants. Since timelines and funding sources change annually in the CIP, I'll be highlighting projects of interest in the Dulles District.

I do want to note that the County once again received AAA bond ratings from the nation's leading credit rating agencies, which allow us to borrow money for capital projects at the lowest possible interest rate.

County Government FY23 Operating Budget

The total County Government operating budget for FY23 is \$2.5 billion. During the budget process, the Board goes through each department individually to evaluate any enhancement requests or reduction proposals. During the process, the Board ended up reducing the County Administration's proposed budget by about \$6 million, which reduced the tax rate by a half a penny.

Transportation

Staffing in the area of transportation has grown significantly over the past several years. This is primarily driven by the County's aggressive Capital Improvement Program (which I address later) and growing transit operations. In addition to funding four new positions to support the CIP, the Board also supported my motion to add a data analyst and operations planner for transit. As we prepare for Metro to arrive in Loudoun during FY23, these positions will be instrumental in tracking the trends and needs of our transit services to ensure that we are growing where needed and not having underutilized services in other areas. Because our transit footprint has been relatively small until now, our staffing has been lean in this area, making it difficult to properly plan services. The Board also approved adding a mobility services position to increase access to transit services by seniors and residents with disabilities. As we have been evaluating our transit offerings, it has become clear that many of our residents don't have

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access for a variety of reasons. This position, along with several accessible vans, will help increase address that issue.

Public Safety

The Sheriff's Office has a budget this year of around \$114 million, which is up from last year's total of \$109 million. The FY23 budget includes an inmate program manager to increase access to programming by inmates at the Adult Detention Center. One of the things I'm most pleased with in the entire budget is the addition of four new Traffic Safety Deputies for deployment directly to LCSO stations around the County. This added resource will provide a dedicated Deputy to work on traffic issues such as speeding in each station area. They will be able to focus on hot spots and provide extra attention to problem areas as needed. I have long advocated to decentralize traffic deputies for this purpose and was glad to see this as one of the priority requests from the Sheriff.

One of the non-essential cuts that the Board chose to make was to delay the second phase (of three planned phases) of the body-worn camera program for LCSO deputies. The Board initially only reduced the number of cameras to what could be managed by existing staffing, which I did not support at the time. However, as our budget process went on, we found that Loudoun is slated to receive federal funding for this purpose, and that helped us decide to completely delay phase 2 until the other source of funds became available.

For the Commonwealth's Attorney's Office, the Board added four positions that will establish a new Sexual Assault Response Division as well as a Liaison to the Loudoun Abused Women's Shelter and two positions to provide support for the General District Court. There have been significant concerns from the community and those in the domestic violence services arena about how the office has been handling sexual assault and domestic violence cases – specifically that offenders have not been held

accountable, recidivism has been high, and victims have been pressured to not press charges. These accusations are alarming and the Board has provided additional resources to the Commonwealth's Attorney, Community Corrections, and for the first time this year, a new position to serve as a liaison between the Commonwealth's Attorney and the Loudoun Abused Women's Shelter. Hopefully, this will help bridge the gap that exists between victims and the legal system. The Commonwealth's Attorney had requested several more positions, but most of us felt that they were not justified by the data. Furthermore, in my opinion, a lot of the issues have more to do with philosophy than funding, and some of us have differences on those issues.

Loudoun County Combined Fire and Rescue System also received increased funding. Their budget totals \$128.5 million, up from \$112.7 million last year – a nearly \$16 million increase. New positions include career staffing to back fill coverage that could no longer be maintained by volunteers in Lovettsville and Sterling. There have been several high-profile house fires in the County involving improperly discarded rags and smoking materials, so it is more important than ever to have a strong and efficient Fire and Rescue department. For information and resources on fire prevention, click [here](#).

Disposable Plastic Bag Tax Fund

During our budget process, the Board authorized the establishment of a fund to dispense of money we receive from the new disposable plastic bag tax. I did not support the addition of this 5 cent tax at the time because I favor other, less punitive approaches. However, since majority of the Board did, a dedicated fund had to be created for the revenue. Funds raised from the tax must be used for environmental cleanup, providing educational programs designed to reduce environmental waste, mitigating pollution and litter, or providing reusable bags to SNAP and WIC recipients. If the tax has its desired effect of reducing plastic bag consumption in

the County, it'll be a diminishing tax and revenue will be less each budget cycle. Evidence about the effectiveness of the tax is mixed.

Parks & Recreation

Parks & Recreation always has a lower percentage of local tax funding because many of the services provided are funded through user revenue. The pandemic impacted PRCS more than most other departments because that revenue dropped suddenly and significantly. The County made the decision to keep employees on the payroll during this period because it was the right thing to do and because we didn't want to have huge staffing issues when users did return, but it did have a budget impact. Total expenditures in FY23 for the Department of Parks, Recreation, and Community Services are \$73.4 million (of which only \$40 million comes from local tax funding) – up from \$62.8 million last year.

The FY23 budget includes recreation programmers for the Lovettsville District Park and Douglass Community Center, as well as management staff for the Ashburn Recreation and Community Center that will be coming onboard during FY23 to prepare for opening the new facility. Last year, we funded staff positions for the Hal and Berni Hanson Regional Park, which will be opening this spring.

Library Services

The budget for Library Services this year was \$24.3 million, up from \$22.5 million last year. In addition to funding for personnel costs, maintenance, and materials, we were able to upgrade existing Library Aide positions to make them Library Assistants to encompass expanded needs. We also added a Finance Specialist position to ensure compliance with state and County mandates.

Health & Welfare

Board funding for the Department of Family Services this year is \$35.2 million, up from last year's amount of \$30.8 million. This is an area that saw major strain during the pandemic. Family Services provides crucial functions in our community. We were able to fund five new positions for the Child Protective Services unit to address unacceptably high case rates. New positions in this area include record clerks, case aides, a program assistant for administrative duties, and a family services specialist to receive, screen, and validate referrals for CPS. We also added seven Internal Support staff positions: three administrative support staff to support the director of the department, two assistant directors, and three administrative assistants to support various departmental programs. Of note, we also funded six family services specialists and one supervisor mid-year FY22 due to overwhelmed departments.

Our Department of Mental Health, Substance Abuse, and Developmental Services has been steadily growing over the years. Mental health is a crucial component of overall health, and I've been happy to see Loudoun funding important initiatives such as the Adult Drug Court and the youth crisis stabilization unit in recent budgets. This year, the department's budget eclipsed \$66 million, \$51.5 million of which is sourced from local tax funding. At operating levels before the FY23 budget was passed, the County would have faced an unmet need for individuals with serious mental illness in the coming year. In this budget, we were able to include funds for five proffered Mental Health Supervised Living Condominiums, which will help address the issue. I am excited to see program expansion for this and other Mental Health initiatives in future years when our budget is not so constrained. Our goal should be to eliminate all waitlists associated with Mental Health services in the County so that everyone gets the treatment they deserve immediately.

The Board dedicated \$2.2 million of funding derived from the newly established cigarette tax toward meeting unmet affordable housing needs in the

County. We also established new annual guidance to dedicate one half penny of the tax rate (in FY23, about \$5.9 million) as a recurring revenue source for the implementation of goals contained in our recently adopted Unmet Housing Needs Strategic Plan. It was also a Board priority to add seven full time employees to our UHNSP staffing. These new positions will be spread out across departments and will coordinate to implement action items in the plan.

One reduction we made in this area was to postpone local administration of the Health Department for another year, which reduced the number of new staff needed. If you recall from past newsletters, the General Assembly is now allowing localities to administer their branches of the Virginia Department of Health locally. While this won't change operational procedures, it streamlines administration for efficiency and guarantees personnel that have local knowledge of their own departments. The importance of local Health Department administration became evident during the COVID-19 pandemic, when state bureaucratic bloat and needless red tape slowed down the delivery of important medical services and the dissemination of timely information. The Board elected for a phased-in approach which will ensure a smooth transition and save some taxpayer dollars this year. In time I think we will receive better value by having local administration, which is now slated to fully occur in July 2023.

Employee Compensation

90% of our annual operating budget consists of personnel costs. The Board conducted a Classification and Compensation study to ensure that we are paying Loudoun employees competitive wages compared to neighboring jurisdictions. Oftentimes when we are discussing the tax rate and the impact it will have on homeowners, I hear that the Board should simply spend less and thereby reduce operating costs. Since the vast majority of our

annual budget is spent on paying employee salaries, that is much easier said than done.

This year, the budget includes a 5% merit increase for the general workforce, a one-step increase for public safety, and an adjustment of 3% to employee pay scales. This is consistent with other governments in the region and should keep wages competitive. It ends up costing more money in the long run to have high turnover because of decreased productivity and training costs, and I am concerned about some of the turnover rates in certain departments. I will be keeping a close eye on this during the coming year.

Loudoun County Public Schools

Nothing receives more discussion than the school budget, especially this year. Unfortunately, I think the budget discussion between the School Board and the Board of Supervisors took a step back from where it has been the last few years. The School Board this year requested a \$1.6 billion budget, a 5.9% increase over the current budget despite a student enrollment growth projection of only 1.7% for FY23 (3% below where they were in FY21). This amounted to a \$75.2 million increase in local tax funding to a total of \$1.07 billion.

The Board of Supervisors voted 7-2 to transfer \$53.7 million of local tax funding to LCPS, which by our math still funds priorities such as a 5% average salary increase for teachers across the board (inclusive of planned step increases), allows for staffing at the new Elaine Thompson Elementary School, and should cover other expenditure increases. There was a motion to reduce the transfer by \$12 million, which failed 2-7. I understand the frustration with LCPS coming from a lot of corners, but a transfer amount that far below the School Board's request could really have impacted teachers and staff, and I couldn't support that.

I think one of the challenges is that the School Board and Superintendent were clear that they didn't want

the Board of Supervisors to really evaluate the programming requests and need for funds. Rather, they wanted us to pick an amount essentially without providing an explanation as to why. This has been an ongoing debate and it's not an approach I've ever been comfortable with. I understand and respect the School Board's authority to make determinations about school issues, but the ultimate taxing authority rests with the Board of Supervisors and I have to be able to justify to all of you how your money is being spent. The Constitutional Officers all have their own responsibilities and authority and yet still choose to engage in a very detailed level with the Board of Supervisors on exactly what they are requesting.

I'll end on a bright spot, however. For the last several months I have been discussing with my colleagues a new approach to the school budget - a revenue sharing policy that would be established outside the budget cycle in which the County government and schools each received a set amount of revenue. This approach would mean that when times are good, both entities should plan on increases, and when they are not, both will need to tighten belts. I think this could relieve some of the tension that is built into the process. Supervisor Buffington and I worked on an amendment that directs this topic to be discussed in the Finance Committee this year, with an eye toward crafting a proposal. The entire Board supported that motion.

School-Related Capital Projects

ES-32

ES-32 is a Dulles South elementary school and will be co-located with Lightridge High School and Hovatter Elementary School on the Lightridge parcel. ES-32 will serve grades K-2, while grades 3-5 will use Hovatter. Construction is funded in FY24, with total funding at \$63.5 million. Right now, we expect ES-32 to be operational for the 2025-2026 school year and serve 960 elementary students.

ES-34

ES-34 is a Dulles North elementary school on a proffered site in the Silver District West development. Construction is funded starting in FY27, with an estimated completion date of FY30. Total funding is anticipated at \$76.9 million.

HS-14

HS-14 will be a Dulles North high school, site to be determined but to be co-located with MS-14 (which is situated on the Rouse Property on Evergreen Mills Road and should be operational in the fall of 2024; the site will one day house an elementary school as well). Construction funding has been moved up to FY25 with the total anticipated cost being \$202.9 million. Project completion is estimated in FY29.

Facility renewals and alterations

\$342.4 million is set aside in the next six years for replacements, repairs, and updates to critical systems such as heating, air conditioning, ventilation, etc. at LCPS facilities Countywide.

School bus replacement and acquisition

\$60.3 million is set aside in the next six years for annual school bus replacement and acquisition.

School bus radio replacements

\$24.8 million is set aside in the current CIP for periodic updates to radio systems on the County's school buses.

School security improvements

\$14.5 million is set aside in the next six years for security improvements to LCPS facilities Countywide. Security enhancements will include door hardware, exterior door electronic access locks, upgraded intrusion detection systems, electronics and

controls at building entries to manage visitor access, additional security cameras, and interim security vestibules.

FY23-FY28 Capital Improvement Program

The approved CIP totals approximately \$3 billion over the next six years. The largest single category of projects is transportation at 37% of the total. When I was first elected in 2011, the County was not in the road construction business and the Commonwealth was no longer meeting their obligations on transportation infrastructure. The Board at the time acted quickly to dedicate two cents from the tax rate for transportation projects and added several projects to our CIP. Many of those have been completed already, such as Tall Cedars Parkway, Loudoun County Parkway, Claiborne Parkway, and Route 606. Many more are currently underway, such as Arcola Boulevard, Northstar Boulevard, and Belmont Ridge Road.

While you may recognize many of the projects below from past discussions, the information here is the latest and most accurate we have regarding timelines and funding amounts. Some of the projects have remained the same from last year, and some may have changed as projects hit certain milestones in the process. Supply chain shortages and the reality of the pandemic meant unfortunate delays for many projects, but we were able to accelerate some as well. I'm only covering projects that are still in our CIP for future planning here. I continue to discuss completed and in-progress projects in my monthly newsletters, which you can find [here](#).

Arcola Mills Drive

Arcola Mills Drive (previously Evergreen Mills Road) will be widened from Belmont Ridge Road to Stone Springs Boulevard at a total cost of \$57.6 million. Construction funding will begin in FY25, with an estimated completion year of FY30. This portion of Arcola Mills Drive will be a three-lane

roadway with a continuous left turn lane and right turn lanes spaced between Belmont Ridge and Stone Springs. Construction includes intersection improvements at Belmont Ridge and Stone Springs and a new bridge over the South Fork of the Broad Run. The road will feature a sidewalk on one side and a shared use path on the other.

Braddock Road Widening

We were able to significantly accelerate the widening of Braddock Road from the eastern entrance of Paul VI to Loudoun County Parkway. Revenue programmed for the Northstar Boulevard widening project from Tall Cedars Parkway to Braddock was redirected to allow land acquisition and construction on the Braddock segment to begin one year earlier. Construction will now begin in FY27, while the programmed revenue for the Braddock project was moved to Northstar to allow for construction of that piece in FY28. This did not impact the timeline already planned for that project. Braddock will be widened to four lanes with a median and shared use paths on both sides. The total project cost is \$44 million.

As I reported last year, Braddock is being widened from Royal Hunter Drive to Gum Springs Road through a developer proffer tied to the Hogan Kent Greene application. We are also wrapping up right of way acquisition for the widening at the Supreme and Summerall intersection to get construction started on that project in the near future.

Croson Lane

Croson Lane will be widened to four lanes between Claiborne Parkway (Route 901) and Old Ryan Road (Route 722). A sidewalk will be constructed on one side and a shared use path on the other. Estimated completion is FY27, with construction funding starting in FY25. The total anticipated cost is \$18.8 million.

Dulles West Boulevard

The four-lane median divided roadway between Arcola Boulevard and Northstar Boulevard will cost \$78.7 million and include shared use paths on both sides of the road and a bridge over the South Fork of the Broad Run. Estimated completion is FY27.

Northstar Boulevard

Northstar Boulevard will be widened from Tall Cedars Parkway to Braddock Road; the project is budgeted at \$39 million with the bulk of construction funding becoming available in FY27. The current anticipated completion is FY30. I have asked that the design for this project incorporate a grade-separated pedestrian crossing to access the school campuses on the west side of Northstar.

Route 50 Northern Collector Road

I have written before that the Route 50 Northern Collector Road would serve as an alternative to 50 that would connect from Tall Cedars Parkway to Route 28 at the Air and Space Parkway interchange. We continue working with MWAA and Fairfax County on the necessary cooperation to keep this project a reality. The current cost in the CIP is \$246.9 million, with construction not yet in the six-year plan. Design is funded in FY26 and land acquisition is funded in FY28. Our loose estimate for a completion date is currently FY33. I remain hopeful that we can get this project started in the not-too-distant future, as I believe it will reduce congestion on 50 and on the regional road network in general. However, I would still call this project uncertain given the challenges we face regarding cooperation from MWAA and Fairfax County.

Route 50/Loudoun County Parkway Interchange

The County has begun the process for the required Interchange Access Report for this project. This is expected to take approximately 18 months to

complete. That is a formal process with VDOT to determine if an interchange is justified and what type of design it will have. Construction funding is not included in the current CIP because it's estimated to cost \$300 million and will require regional, State, and federal dollars to bring that large of a project to fruition.

Waxpool Road / Loudoun County Parkway

The intersection of Waxpool Road and Loudoun County Parkway is being improved for better traffic flow from the Dulles 28 center. The final plan is for triple left turn lanes onto southbound Loudoun County Parkway and a channelized free flow right turn with an acceleration lane from northbound Loudoun County Parkway onto eastbound Waxpool. The project is funded at \$10.5 million and the completion year has been pushed back to FY26.

Westwind Drive

Westwind Drive will connect from Loudoun County Parkway to Old Ox Road with a sidewalk on one side, a shared use path on the other, and a bridge over the Broad Run. The total cost is estimated at \$53.2 million with a targeted completion date of FY28.

Parks & Recreation Projects

Dulles South Community Park will be co-located on the Lightridge High School site. In this year's budget, I was able to accelerate the design of this park from FY24 to FY23 using proffer funds that we already had for that purpose. The park will cost about \$23.2 million and construction funding is planned through FY27. A completion date of FY29 has been estimated at this point, although I'll look for ways to accelerate the project in future CIPs.

In 2019, the Board of Supervisors directed the Loudoun County Parks, Recreation, and Open Space Board to develop a detailed implementation plan for an interconnected, Countywide linear parks and trails

system. In FY20, funding was provided to develop a strategic plan for the Linear Parks and Trails System. Following the completion of the Linear Parks and Trails Strategic Plan in the summer of 2021, funding was allocated to this project for the design, acquisition, and construction of the LPAT network. The LPAT Signature Project is now listed in our CIP and will include construction of pedestrian bridges in the Goose Creek and Broad Stream Valleys, restoration of the historic Toll House, parking/access points, trails, benches/seating areas, trailhead restroom facilities, a canoe/kayak launch in the Goose Creek Stream Valley, wayfinding signage for connectivity to major regional trail networks, and a pedestrian bridge with abutments and trail connections over Horsepen Run to complete connectivity to the Potomac Heritage Trail proximate to Algonkian Regional Park. The Signature Project will see design funding in FY24 with construction funding in FY25 and estimated completion in FY26. Please note that it will replace the Broad Run Stream Valley Park and Goose Creek Stream Valley Linear Park projects that were included in past CIPs.

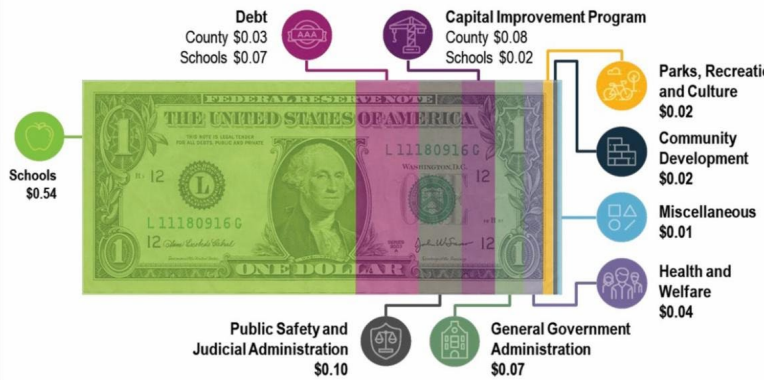
In Summary

No budget is easy, but crafting our FY23 budget was particularly difficult. I think we did the best we could to fund important positions and initiatives while keeping the tax rate as low as possible and attempting to offset high valuations. No one expected the last few budget cycles to be overshadowed by the economic impacts of the COVID-19 pandemic, but I am proud of the County's response. As always, please reach out at 703-771-5069 or matt.letourneau@loudoun.gov if you have any questions or comments. Keep an eye out for my April newsletter at the end of the month, and I look forward to seeing you all at events in the community as the weather gets warmer!

Your Tax Dollar at Work

FY 2023 Adopted Budget

Loudoun County
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