

TOWN OF

Leesburg

ANNUAL REPORT

Strong, Steady Growth

I am both proud and a little sad to present this report on the Town of Leesburg's operations for Fiscal Year 2014 (July 1, 2013 through June 30, 2014). Proud, because the Town has accomplished so much as an organization and as a community. Sad, because this annual report will be my last as Leesburg's Town Manager. After 10 years with the Town, and over 35 years in municipal government, I will be retiring on October 3, 2014. I am confident that I am leaving the Town in good hands and Leesburg will continue to grow and prosper long after I leave. As I reflect on my years with Leesburg, here are the three accomplishments of which I am most proud:

- ♦ **The reorganization of the land development process.** The old process nearly brought new development in the Town to a standstill. Now, Leesburg's reputation as a great place to do business is restored.
- ♦ **The long-range financial plan.** This plan ensures that you will continue to receive quality services at a stable tax rate. Plus, the Council and staff have the means to respond to unexpected financial situations.
- ♦ **Leesburg's Triple A bond rating.** Having a Triple A bond rating means that Leesburg is among the very best communities in the country, from a fiscal responsibility perspective.

A few highlights from the past year: Our business incubator, the Mason Enterprise Center (MEC), is at capacity. A large part of the MEC's success is due to our designation last year as a HUBZone and the Town Economic Development staff's aggressive marketing of our HUBZone to the federal contracting community. Crescent Place, a mixed-use development on the old Barber & Ross plant site, started construction. A similar project was ready to break ground in 2008 when the economic downturn hit, so seeing dirt moving on that site is a great sign of progress. We've also seen a significant drop in commercial vacancies, in both retail and office space. As these spaces fill up with new or expanding businesses, those businesses create good jobs for Leesburg residents.

Be proud of Leesburg. It's a great community and I see a bright future ahead for it.

With a fond farewell,



John Wells
Town Manager



Clockwise from top right: the aircraft parking ramp of the Leesburg Executive Airport during the 2013 Airshow, the annual Classic Car Show in downtown Leesburg, and the Thomas Balch Library.

Leesburg Makes “Best Places to Live” List

For the second time, CNN Money Magazine ranked the Town of Leesburg in the top 50 of

its biennial “Best Places to Live” list, placing the Town in the number 35 spot. The magazine highlighted Leesburg’s charming downtown, commitment to preserving the historical architecture and proximity to amenities like the Northern Virginia wine country.

The list ranks communities across the country with populations from 10,000 to 50,000, on factors such as median family income, median home prices, job growth, school test scores, crime rates and commute times. Leesburg was one of only two Virginia towns to make the Top 50 list, along with the Town of Vienna, which came in at number three.



Town Branch Riparian Buffer Clean Up

In April 2014, as a part of the annual Keep Leesburg Beautiful town-wide clean up effort, members of the Loudoun Wildlife Conservancy, the Piedmont Environment Council, the Leesburg Environmental Advisory Commission, staff members from the Loudoun County Department of Building and Development and staff members from the Leesburg Departments of Public Works and Planning & Zoning spent an afternoon sprucing up the riparian buffer along Town Branch, a stream that feeds into Tuscarora Creek, near the Village Lanes Bowling Center on Catoctin Circle.



In June 2009, more than 200 trees were planted along Town Branch, a project that was funded by the Chesapeake Bay Restoration Fund and the Virginia Department of Forestry’s Water Quality Improvement Fund. Planting trees in the riparian buffer improves water quality by reducing the amount of stormwater that enters streams because trees soak up and hold large quantities of water.

This year, the all-volunteer group collected trash from the area, weeded and mulched the trees, and repaired or replaced the tree shelters (the plastic mesh tubes around the tree trunks that protect the trees from deer and rodent damage). A concerted effort was made to salvage trees that have sustained beaver damage over the past five years. Finally, they fertilized the freshly mulched trees with the Town’s own Tuscarora Landscaper’s Choice (TLC) biosolids soil amendment product, produced by the Town’s Utilities Department. An added advantage of TLC, in addition to the soil nutrients, is that it discourages deer from browsing!

Efforts like this riparian buffer maintenance are an important component of Leesburg’s ongoing stormwater management program to reduce pollutants that enter area waterways through stormwater runoff. It also helps the Town maintain our MS4 permit issued by the EPA, as well as comply with the Virginia Stormwater Management Act.



By the way, did you know that Leesburg residents can get TLC for free? It is available in 25 and 50 pound bags from the Water Pollution Control Facility on East Market Street.

FY 2014

Town Council

Kristen C. Umstattd, Mayor
David S. Butler, Vice Mayor
Kelly Burk

Thomas S. Dunn, II
Katie Sheldon Hammler
Fernando “Marty” Martinez
Kevin D. Wright

Town Manager
John Wells

Town's Long Term Financial Plan Garner's VML Award

In October 2013, the Town of Leesburg was recognized by the Virginia Municipal League with an Achievement Award for the Town's long-term financial sustainability plan.

In 2006 – two years prior to the 2008 recession – new housing construction in Leesburg came to a near standstill. This slowdown was not due to the economy, but because the Town was approaching build-out of developable land. Town management realized that Leesburg could no longer rely upon growth to generate new revenue. As a result, as part of the FY 2008 Budget, the Town Council created a \$1.4 million Revenue Stabilization Reserve to provide additional financial resources in the face of build-out and moderating real estate revenues. This reserve was created just as the housing bubble collapsed in the fall of 2008 and the "Great Recession" began.

As it became clear that recovery would be slower than anticipated, the Town Council proposed the development of a long-term sustainable budget plan in its strategic goals. Over the next several years, Town management implemented a series of actions, including staff reductions and restructuring of the Town's debt, to achieve cost savings with minimal impact to service delivery. However, those efforts were aimed at the short-term budget crisis, and the Council wanted a long-term plan to balance the Town's finances with a stable tax rate.

In March 2012, Town management recommended, and the Town Council adopted, a plan for long-term financial sustainability that consisted of these five elements: Two-Year Budget Cycle, Six-Year Capital Improvements Program, Long Range Pro Forma, Capital Asset Replacement Reserve and Debt Service Reserve.

Taken as a whole, the long-term financial sustainability plan requires the Council and staff to focus on the effects that budget decisions made in the current year have on future years, making it easier to prioritize current demands on the Town budget and to exercise financial discipline. In addition, the Council and staff keep the plan an active part of on-going decision making throughout the year, not just during budget deliberations.



Virts Corner Intersection Realigned *New Gateway to Town Created*



Virts Corner is the intersection of South King Street (Route 15), Masons Lane and Gleedsville Road at the southern corporate limits of the Town. The previous "K"-shaped intersection was controlled by stop signs on Masons Lane and Gleedsville Road. The unconventional geometry of the intersection tended to cause driver confusion, which resulted in safety and traffic capacity issues.

The intersection now consists of two "T" intersections; one controlled by a traffic signal and the other controlled by stop signs. Masons Lane was realigned to create a right-angle intersection with South King Street. A traffic signal was installed and right-turn lanes on South King Street were added, to further ease congestion. The intersection of Gleedsville Road and Masons Lane was moved further away from South King Street and remains controlled by stop signs. The most visible improvement to Virts Corner is the new gateway sign on the northbound side of South King Street that now welcomes drivers to the Town of Leesburg.

The \$2 million project was funded with \$1 million in revenue sharing funding from the Virginia Department of Transportation, \$506,000 in gas tax funding through Loudoun County and \$494,000 of Leesburg general obligation bonds.

GENERAL FUND BUDGET

Revenue

\$49.4 million

Airport Revenue
\$1.1m (2%)

Parks & Recreation Fees
\$4.9m (10%)

Fees, Fines & Interest \$1.5m (3%)
Land development fees, parking & traffic tickets, parking garage and meter revenue, interest and other charges for Town services.

Other Local Taxes \$13.0m (26%)
Motor Vehicle and Business Licenses and Meals, Hotel, Bank Franchise, Cigarette, Daily Rental and Utility Consumption Taxes.

Personal Property Taxes \$1.8m (4%)

Real Estate Taxes \$11.6m (24%)
73% residential
27% commercial

Transfers & Donations \$2.1m (4%)
Transfers from the enterprise funds, cash proffers from developers, and other contributions.

Intergovernmental Revenue - \$13.4m (27%)
Funding from the federal, state and county governments, including sales and communications taxes, funding for highway maintenance and law enforcement, and state relief for personal property tax.

Expenditures

\$47.8 million

Ensuring Quality of Life - \$10.9m (23%)
Parks & Recreation, Thomas Balch Library, Plan Review, Planning & Zoning, and the Boards & Commissions related to community development.

Seizing the Future \$1.4m (3%)
Economic Development Office and Leesburg Executive Airport.

Administering Efficient Government - \$2.0m (4%)
Town Manager's Office, the Town Attorney, the Clerk of Council and the Town Council.

Debt Service \$4.4m (9%)
Payments on the Town's general obligation and revenue bonds.

Providing the Necessities \$12.1m (25%)
Streets, Grounds and Building Maintenance Divisions, Traffic Management, Trash Collection & Recycling, Fleet Maintenance and Fleet Inspections.

Supporting Activities \$3.9m (8%)
Finance, Human Resources and Information Technology Departments.

Keeping Us Safe - \$13.1m (28%)
Leesburg Police Department and the Town's contributions to the Leesburg Volunteer Fire Company and Loudoun County Rescue Squad.

Budget Basics

Town Budget Staying on Track *Stable Tax Rate, Quality Services*

Every year, as the Town starts its annual budget process, the goal of the Town Council and staff is the same. How do we maintain a stable tax rate without compromising the high quality services that we provide to our taxpayers? Both the Council and staff take our responsibilities as stewards of the Town's fiscal resources very seriously.

We also take our responsibilities to conduct the Town's business, particularly the financial business, as transparently as we can. As soon as the proposed budget for next fiscal year is completed, before the Town Council holds any public hearings or work sessions on the proposed budget, the proposed budget document is made available to the public via the Town website. The Town Council goes over the proposed budget and discusses it with staff at a series of open public meetings, culminating in two public hearings at which members of the public can offer their opinions.

Once adopted, the current fiscal year budget document, as well as 10 years' worth of past budgets, is posted on the Town's website. The Town's annual Comprehensive Annual Financial Reports (CAFRs) are also posted online. The budget document is a prediction of how much revenue the Town will receive in the coming year, how we will spend that money and what we will accomplish. The CAFR is created after the audit has been completed for the previous year, and shows how much revenue we did receive and how it was spent.

Another aspect of the Town's financial transparency is our procurement process. Every purchase that the Town makes must meet the standards set by the Virginia Public Procurement Act (VPPA). The intent of the VPPA is to ensure that vendors have equal opportunity to compete for government contracts. Every Town purchase over \$30,000 is posted on the Town's online bid board, so that all potential vendors have the same information about the contract and can submit their best offers to the Town.

By making our budget, accounting, and purchasing processes available to the public through the Town's website, members of the public can assure themselves that the Council and staff are providing the quality services that Leesburg residents expect as cost-efficiently as possible.

For more information about the Leesburg budget, visit the Town website at www.leesburgva.gov/budget

Fiscal Year vs. Tax Year

The fiscal year runs from July 1st to June 30th. It is the 12-month period designated as the operating year for accounting and budgeting purposes. The tax year is the same as the calendar year (January 1st to December 31st) and is based on the January real estate assessments.

General Fund

FY 2014 Total: \$49.4 million

The General Fund is the Town's primary operating fund and accounts for all revenues and expenditures not designated for specific use by statutes or the Town Charter. The General Fund budget increased 3.6% from FY 2013 to FY 2014.

Capital Projects Fund

FY 2014 Total: \$19.2 million

The Capital Projects Fund accounts for the purchase and/or construction of major capital facilities, such as roads, buildings, and recreational facilities, and the operating budget for the Capital Projects Department. The revenue for this fund comes from developer proffers, grants, funding from the state and federal governments, bond proceeds, and transfers from other funds.

Utilities Fund

FY 2014 Total: \$20.3 million

The Town of Leesburg Utility Department is self-supporting—the revenues generated by the services provided fund the operations of the department. No tax revenue goes into the Utility Department budget. The budget is maintained as a separate fund, also known as an Enterprise Fund.

Budget Process

The annual budget process begins in September with revenue projections. In December, each department submits a budget request to the Town Manager. In February, the Town Manager submits the proposed budget to the Town Council. Public hearings are held in March, and in April, the Town Council sets the tax rate and adopts the budget.

NVTA Funding Provides New Revenue for Needed Transportation Improvements

In 2013, the Virginia General Assembly passed an additional 0.7% sales and use tax for Northern Virginia jurisdictions. This new revenue will go to the Northern Virginia Transportation Authority (NVTA) for the construction of new roads and other transportation infrastructure projects that will ease traffic congestion.

Two projects in Leesburg received funding from NVTA in FY 2014. Loudoun County sought funding for a new Park and Ride facility that will be located on the east side of Leesburg. The Town received \$1 million toward the concept design work needed for the future interchange at Edwards Ferry Road and the Bypass. The Town expects to receive additional funding in the future for the Edwards Ferry Road interchange, as well as the interchange at Route 7 and Battlefield Parkway.

In addition to funding for regional projects like the ones mentioned above, the Town will also receive approximately \$1.75 million annually as its share of the 30% of the revenue that goes directly to the localities. That amount of money equals almost 3 cents on the Town's real estate tax rate and will be dedicated to the Capital Projects Fund, for road improvement projects.



Police Conduct "Active Shooter" Training

During the past year, the Leesburg Police Department's emergency preparedness and response teams focused on developing Active Shooter/Active Violence response plans. Following the Sandy Hook tragedy in Connecticut, Leesburg Police



began a comprehensive training and exercise program in coordination with the Loudoun County Sheriff's Office, the Volunteer Fire & Rescue companies and Loudoun County Public Schools.

In addition to conducting a series of exercises to test response plans, the department also provided employee training to a number of Leesburg businesses, including Wegmans, Inova Loudoun Hospital, and the Leesburg Corner Premium Outlet Center.

★ ★ ★ ★ ★ Movies in the Park

In response to Town Council direction during the approval of the budget, the Town's Parks & Recreation Department introduced Movies in the Park, a summer series of movies shown under the stars at Ida Lee Park. For the inaugural series, movies were shown on the 3rd Friday evenings of June, July and August. This year's series included the family classics *Goonies*, *The Lego Movie*, and *Back to the Future*, which was the people's choice through an online survey.

Movies in the Park is a free event, and attendees were encouraged to bring chairs, blankets and picnics. Attendance at each showing ranged from 80 to almost 300. The Town hopes to expand next year's Movies in the Park series to four movie nights, starting in May rather than June.

Living Legacy Project

One tree for every soldier killed in the Civil War. That is the goal of the Journey Through Hallowed Ground (JTHG) Partnership's Living Legacy Project: To plant 620,000 trees along the Route 15 corridor from Monticello to Gettysburg. A signature palette of native trees, including redbuds, red oaks, red maple and red cedar, have been selected to represent the valor of the soldiers being honored and remind visitors that they are, indeed, on hallowed ground. Each tree will be geo-coded and linked to a specific soldier.

Leesburg, of course, sits right in the middle of the JTHG National Heritage Area. The Town is participating in the Living Legacy Project by including trees from the selected palette in the landscaping plans for capital projects. To date, 209 trees have been planted and dedicated as part of the South King Street widening and Virts Corner realignment projects. An additional 187 trees will be included in the second phase of the South King Street widening. Capital Projects staff is coordinating with JTHG on adding trees along the extension of Battlefield Parkway from the Dulles Greenway to Route 15. For more information about the Living Legacy Project, visit www.hallowedgroundtrees.org.

HIGHLIGHTS

Annual Water Quality Reports Now Available Online

Do you know what's in your tap water? Well, the Leesburg Utilities Department does!

In order to ensure the safety and quality of your water, Leesburg Utilities staff test for over 120 substances and possible contaminants like lead, barium, nitrates, fluoride, chlorine, and coliform bacteria. Leesburg water meets or exceeds all federal and state standards for these substances. In addition, your water is tested for regulated volatile and synthetic chemicals like pesticides, herbicides and industrial chemicals. The Utilities Department is pleased to report that none of these contaminants are in your water.

The Utilities Department publishes an annual report that details not only what is in your water, but what isn't in your water, and how your water is processed, tested, and analyzed throughout the year to ensure its quality. That report is now available on the Town website at www.leesburgva.gov/waterqualityreport.

For 10 consecutive years, the Leesburg Utilities Department has received the Virginia Department of Health's "Excellence in Waterworks Performance Award." So you can rest assured that your water is safe and pure.

Downtown Lots to Become Mervin Jackson Park

In January 2014, the Leesburg Town Council officially designated the two empty lots on Loudoun Street adjacent to the Town Hall Parking Garage as a park that will be named for the Town's late Vice Mayor Mervin Jackson. Over the years, various development options for the two parcels have been proposed, including an expansion of Town Hall. However, none of these proposals ever came to fruition and, over time, sentiment grew that the space should remain open and green.

The Parks & Recreation Department held a series of public input sessions, at which residents reviewed a range of park

amenities and features that could be included. The final design for the park, shown at left, will connect the new park to the Town Hall Rose Garden, through the Loudoun Museum Garden, and allows for future amenities such as public restrooms and an interactive fountain. The park will be completed in December 2014.



Miller Drive Extension Completed

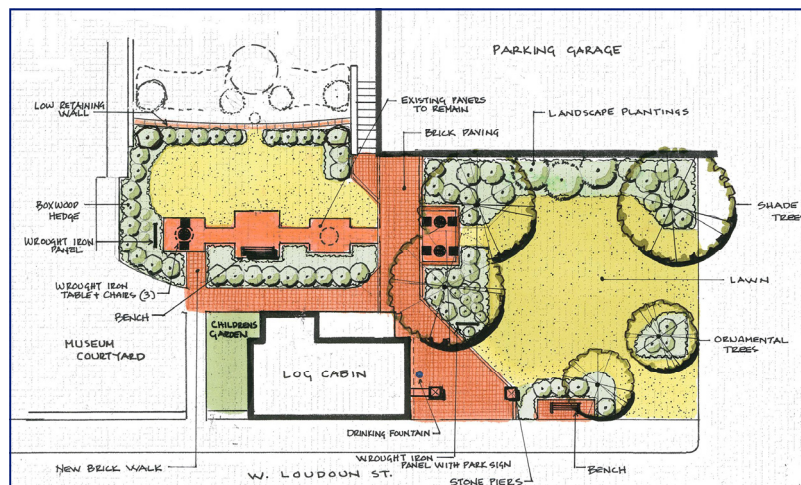
The Town of Leesburg relies on proffers from developers to construct much of the infrastructure—like roads—needed to support the Town's businesses and residents. However, proffers usually are triggered by new construction and when that new construction is delayed, sometimes, the Town needs to step in to ensure that the needed infrastructure is completed in a timely fashion.

The extension of Miller Drive is one such case. Just 900 feet separated one end of Miller Drive in the Airpark Business Center from another piece of Miller Drive that ended at Tolbert Lane. In December 2013, the Town's Capital Projects Department completed this "missing piece" of Miller Drive, easing traffic congestion on Sycolin Road and providing Airpark Business Center businesses with an alternate route to Battlefield Parkway and the Dulles Greenway.

Economic Development Hosts "Virtual Realty Tour"

As the economy continues to recover, demand has grown for retail and office space in the Town. In order to help businesses looking to locate in Leesburg, as well as the commercial real estate brokers who have available properties on the market, the Town's Economic Development Office added a new annual event to its business attraction efforts.

On September 19, 2013, the first annual Leesburg "Virtual Realty Tour" was held at King Pinz Bowling in the Village at Leesburg. At the event, brokers showcased a variety of both for-sale and for-lease retail and office properties to prospective businesses, who got to see everything at one event in one place, rather than having to visit multiple locations throughout Town. Following the broker presentations, a panel of Town staff and private developers discussed the issues surrounding development of new residential units in Leesburg's Historic Downtown.



Crescent Place Construction Begins

For more than 10 years, the old Barber & Ross window and door manufacturing plant on Harrison Street has sat dormant. Shortly after Barber & Ross moved out, the property was the subject of a rezoning to allow a mix of retail and office uses fronting along Harrison Street with 350 townhomes and condominiums on the interior of the 12 acre site. Unfortunately, the plans for this development were approved just as the housing market collapsed.

In 2012, Lansdowne Development Group acquired the property and submitted a new land development application for the property, which will include 224 townhomes and condominiums and 32,000 square feet of retail and office space. The new development, known as "Crescent Place," will be the first major redevelopment project within the Crescent District revitalization area.

On March 25, 2014, in the midst of a light snow, Lansdowne Development Group officially kicked off the construction of the project, by starting demolition of the old Barber & Ross plant (pictured at right).

A sales office is expected to open on the site in Fall 2014, with the first new homes to be delivered in mid-2015.



Balch Library Foundation Created

A long-time goal of the Thomas Balch Library Commission and the Friends of the Thomas Balch Library was realized in November 2013, with the creation of an endowed foundation to support the library. In December 2009, the Library received a \$250,000 bequest from the estate of Virginia L. Bowie, one of the library's many dedicated volunteers.

Ms. Bowie's bequest, along with money raised by the Friends at their annual fundraising gala, form the basis of the endowment.

Interestingly, in 2013, the Town actually had to seek approval from the Virginia General Assembly to create the foundation, because the Thomas Balch Library is a special collections library, not part of the public library system.



the hometown of the 21st century

*Town of Leesburg
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www.leesburgva.gov*

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