



HISTORIC HEART. MODERN BEAT.

CITY OF MANASSAS DEPARTMENT OF ECONOMIC DEVELOPMENT | 2017 ANNUAL REPORT



MESSAGE FROM THE DIRECTOR

2017 was another great year to be the Director of Economic Development in Manassas, Virginia. A supportive, pro-business City Council that is making investments in community development and an innovative and progressive City Manager make my job easier to do. Manassas has a City staff and senior leadership who excel at their jobs and put customer service first, creating the team environment that is necessary to help our businesses community succeed.

In addition to the highlights of new and expanding businesses you'll read about in this report, we include the key performance indicators used to track our progress. Almost all of these are trending in the right direction. The employment rate closed the year at 96.5% (by all measures extremely high), household incomes and median home prices rose, the number of business establishments increased, meals and sales tax receipts went up and the number of visitors to our City increased year over year.

Not every indicator is rosy, however, and we have a few areas of weakness that include relatively flat population growth (resulting in part from the high cost and scarcity of developable residential real estate) and commercial property assessments that did not increase despite vacancy rates that are below regional averages.

We must also be careful with success. There is plenty of opportunity for job and wage gains, but a tightening labor market can present challenges for existing businesses. In a recent survey of several major employers we identified over 100 vacancies in engineering, software development and programming, clinical professions, and technicians—all higher wage, higher skill jobs. Many of these positions can be filled through career and technical education or by certifications. As a community we should stress these career choices and attract new residents with these in-demand skills.

I am looking forward to another great year in 2018, and as always, want to express my gratitude for the opportunity I have to serve the citizens of Manassas.

PATRICK J. SMALL, CEcD
Economic Development Director

33

Median Age

41,149

Population

\$74,371

Median Household Income

38%

Associates Degrees or higher

AAA

Bond Rating

EXPANDING OUR ECONOMY

In 2017, the Economic Development Department provided assistance to 105 current and prospective businesses. The result: 14 expansions and 16 new businesses. *Note: the department only counts those businesses to which we provided direct assistance.*

105

Businesses Assisted

14

Expansions

16

New Businesses

SPOTLIGHTS

DOMINION MECHANICAL

Dominion Mechanical relocated its fabrication business to the City investing close to \$1 million in equipment and capital improvements to the former Arlington Iron Works. The 62,500 square foot facility will be used to fabricate the entire firm's copper, steel, PVC and cast iron piping system. Founded in 2002, Dominion Mechanical, which employs almost 300 individuals, is one of the fastest growing companies in the Washington metro area ranked third in their industry by the Washington Business Journal.

LEIDOS

In May 2017 Leidos acquired two hangar facilities at the Manassas Regional Airport with over 51,500 square feet of office and hangar space. The Manassas facility will serve as the global hub for all Leidos aviation operations. The new facility offers an FAA approved part 145 repair station with over 800 airframes on its capabilities. Leidos currently has 45 employees at the Manassas Airport and is hiring 100 additional employees by the end of 2018.

KO DISTILLING

KO Distilling completed a \$900,000 expansion which includes a new 30-foot high copper and brass column still that more than triples their production capacity creating new jobs. The expansion for the producer of small batch whiskies and American-style gins was made possible in part due to a \$25,000 grant from the Virginia Governor's Agriculture and Forestry Industries Development (AFID) Fund and a matching grant from the City of Manassas.

HERITAGE BREWING COMPANY

Heritage Brewing Company announced it will invest \$8.9 million to expand its craft brewery in Manassas, and with it, create 66 new jobs. The expansion to a 35,000 square foot space at The Landing at Cannon Branch will triple production capacity of its craft beers. The expansion was made possible in part due to a \$250,000 grant from the Governor's Agriculture and Forestry Industries Development (AFID) Fund and a matching grant from the City of Manassas. Heritage is veteran-owned and operated and has quickly grown to become one of the Commonwealth's largest craft breweries.



From left: Sean Arroyo, Co-Owner Heritage Brewing Co.; Manassas Mayor Harry J. Parrish II; VA Governor Terry McAuliffe; Secretary of Agriculture and Forestry Basil Gooden

PROGRAM HIGHLIGHTS

FAÇADE AND LANDSCAPE IMPROVEMENT GRANTS

The City strategically uses local incentives to attract new businesses and encourage the expansion of existing ones. Highly successful Façade and Landscape Improvement Grants continue to result in private investment in real property.

Projects included: landscape improvements along the berm on Wellington Road between Hampton and Dumfries Roads; Sinistral upgrades included new paint on the exterior of the building, trim and window replacement and repair of broken sidewalks.

8

Total Grants

\$31,549

Total of Grant Awards

\$94,647

Leveraged in Private Investment



VA ECONOMIC GARDENING PILOT PROGRAM (VEGPP)

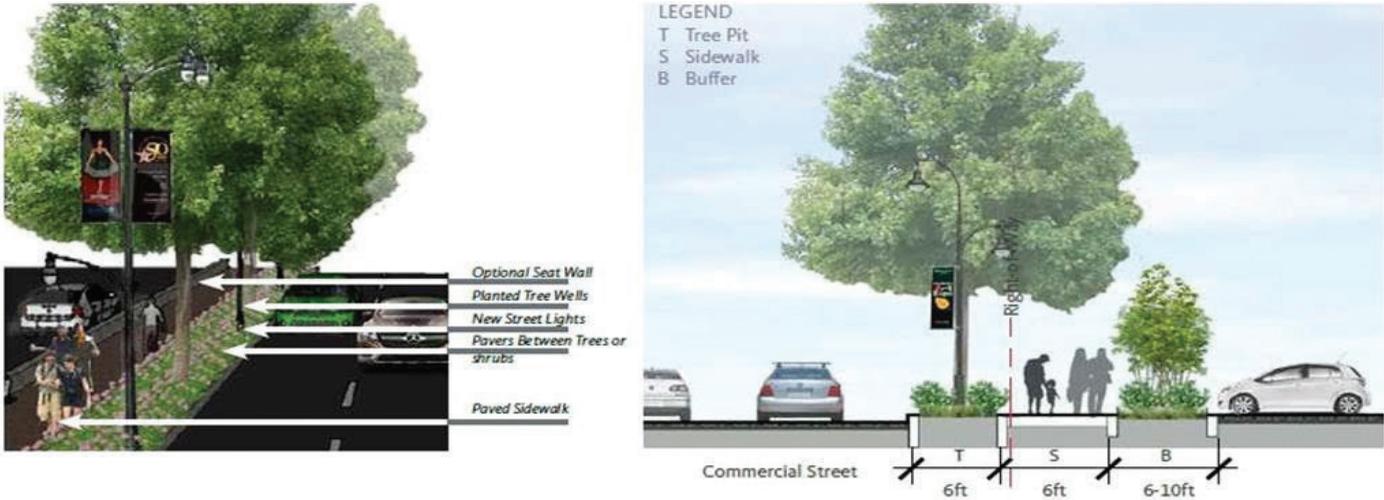
At the City's recommendation Hepburn and Sons LLC, Risk and Strategic Management Corp., and R&K Cyber Solutions were selected to participate in the state-wide pilot program targeted at second-stage companies; the most of any locality across the Commonwealth and the only ones in Northern VA. The program is designed to enable high-growth companies to achieve the next level of success by addressing strategic growth issues. Second-stage companies are a key driver of local job creation and revenue generation. Having three companies from Manassas selected underscores the tremendous talent base we have in the City.

BUSINESS APPRECIATION BREAKFAST

In May, Manassas joins with the Commonwealth of Virginia to recognize the many contributions that private enterprise and entrepreneurs make to the quality of life for our community. In addition to declaring May as "Business Appreciation Month," the City hosts a breakfast at the Center for the Arts. The third annual event in 2017 was attended by over 100 business leaders and included keynote remarks from Penny Lee, Chief Strategy Officer for 1776, the largest network of entrepreneurial incubators in the northeast corridor.

STREETSCAPE STANDARDS FOR MATHIS AVENUE

The City was awarded a technical assistance grant from the Metropolitan Washington Council of Governments for the development of a streetscape plan and actionable design standards for Mathis Avenue. Streetscape standards were developed to serve as a catalyst for establishing a distinct character for the corridor that results in developing a sense of place and arrival, improving pedestrian connectivity to the City's two historic districts and creating a more predictable regulatory environment for future development. Standards were endorsed by City Council and included in the City's Design and Construction Standards Manual.



CENTERFUSE

The result of a public-private partnership, this unique shared workspace opened in the spring of 2017 in Historic Downtown Manassas. CENTERFUSE is designed to enable entrepreneurs, remote workers and other independent professionals to share knowledge, resources and networks. Incubation services are offered to help start-up companies grow, and includes an 8-week program with Osborn High School's Career and Technical Education (CTE) students.

Grand Opening



COMMERCIAL UPDATE

94

Commercial Permits Issued

\$1.8M

In Property Values

17%

Increase

THE LANDING AT CANNON BRANCH

The Landing at Cannon Branch is a \$250 million mixed-use development, the largest in the City's history. Buchanan Partners broke ground on this 40-acre project in December 2016. The master planned development will include 274 luxury townhomes by Stanley Martin Homes, 250,000 square feet of Class A office space, specialty retail, dining and a hotel. The commercial component of the project is clustered along the waterfront and features Heritage Brewing Company as the anchor tenant. Lease terms and site plans have been approved for Heritage Brewing Company. Construction is expected to begin in the summer of 2018 with the goal of opening by early 2019.



www.thelandingatcb.com

“ We are proud to partner with the City of Manassas on this project and look forward to working collectively to create a space where members of the community can come to live, work, and play. ”

- BRIAN BENNINGHOFF, BUCHANAN PARTNERS

GATEWAY BUSINESS CENTER

This 7.5 acre property was developed into 80,000 square feet of speculative flex space, divided into two buildings. The Pruitt Corporation invested nearly \$10 million in the project that is now fully leased.

VACANCY AND RENTAL RATES:

Commercial vacancy rates in the City continue to index below regional averages, thanks in part to competitive rental rates and the pro-business environment in Manassas.

	Vacancy Rate	Rental Rate
Retail	5.4%	\$20.11
Office	7.5%	\$18.49
Industrial/Flex	3.30%	\$9.21

RESIDENTIAL UPDATE

32

Residential Permits Issued

\$3.2M

In Property Values

11%

Increase

STANLEY MARTIN

Plans have been approved for the development of 274 luxury townhomes and condominiums at The Landing at Cannon Branch. Stanley Martin Homes began construction on the first three residential buildings, which includes 14 townhouses and 12 two-over-two condominium units that will be ready for occupancy in spring 2018. Stanley Martin is one of the most respected names in new home construction and development in Virginia and often recognized for its high-quality craftsmanship.



Historic Downtown Manassas is not only drawing new businesses and people seeking to experience its vibrant culture, it is also attracting real estate developers. In 2017, two new apartment complexes began construction within walking distance to the district's many restaurants, shops and train station.

“ We enjoyed working with Manassas City officials on our previous Manassas location, The Courts at Historic Manassas. When the opportunity arose to develop this new property, it just made sense.

- CRAIG HAVENNER, CHRISTOPHER COMPANIES



MANASSAS STATION

Christopher Companies began construction on the three-story, 105-unit complex in 2016 and is on track to begin leasing in February 2018. Christopher Companies is one of the leading builders of EnergyStar certified homes in the region. This new development incorporates those standards in each of its one- and two-bedroom studio apartments which range in price from \$1,300- \$1,700 per month.

MESSENGER PLACE

Messenger Place is a five-story, 94-unit complex that will include 3,500 square feet of ground floor retail. Weber Rector began construction in 2017 and will be ready for lease by summer of 2018. Rents for the one- and two- bedroom apartments will range from \$1,500 to \$2,000. Residents will have access to a 24-hour gym, lounge and office area.

MAKING HEADLINES

BOEING ACQUIRED AURORA FLIGHT SCIENCES

Aurora, a world-class innovator, developer and manufacturer of advanced aerospace platforms and autonomous systems will operate under Boeing Engineering, Test & Technology as a subsidiary called Aurora Flight Sciences, A Boeing Company. It will retain an independent operating model while benefiting from Boeing's resources and position as the leading provider of aerospace products and services. Headquartered in Manassas, Aurora has more than 550 employees.

BUSINESS OF THE YEAR

The City of Manassas presented its first "Business of the Year Award" to...

MANAGEMENT AND TRAINING CONSULTANTS INC. (MTCI).

For over than 15 years, MTCI has specialized in federal and military recruiting, retention and personnel management.



ADDITIONAL WINNERS



KO Distilling
Emerging Business
of the Year



Aurora Flight Sciences
Tech Company
of the Year



**Vanderpool, Frostick
& Nishanian**
Business Excellence



Center for the Arts
Agnes L. Colgan
Community Service Award

CITY-WIDE CAPITAL IMPROVEMENT PROJECTS

PUBLIC SAFETY BUILDING

The City approved construction of a new Public Safety Facility located next to the Grant Avenue Shopping Center. Site and building design is under way. Construction is anticipated to begin in spring 2019 with a goal of late 2020 dedication.

FIRE STATION 21

A new Fire and Rescue Station at 10306 Dumfries Road has been approved. Site and building design is under way, and construction is anticipated to begin in September 2018 with a goal of building dedication in February 2020.

GRANT AVENUE STREETScape PLAN

The City finalized a plan for streetscape improvements to Grant Avenue from Lee Avenue to Wellington Road. This project will create a visually-appealing gateway to the City's Historic Downtown and includes a wider sidewalk along the western side of Grant Avenue, a shared-use path along the eastern side, planted medians, street trees and turn lanes. Design is expected to begin in mid-2018. Construction is anticipated to begin in mid-2019.

MARKETING AND OUTREACH

The City worked with ECU Communications to increase brand awareness and position Manassas as a regional destination for shopping, dining, entertainment and events. The branding and marketing strategy is focused on driving traffic to VisitManassas.org, connecting and retaining our social media audience and growing digital engagement.

18.5%

Increase in new user traffic to VisitManassas.org.

189,000

People reached with new Facebook likes; more than 5 million impressions.

14.8%

Growth in mobile users year over year.

The Department rolled out two new pieces of collateral material: the first Annual Report and a brochure on the City's economic incentives program. It also expanded the City's photo library to include high quality images of the business community.

TOURISM

Tourism is an important part of our local economy. Few localities have experienced such seminal events as Manassas did during the Civil War. The Manassas National Battlefield Park, Liberia Plantation and Manassas Museum continue to serve as key attractions. Increasingly, visitors are also drawn to the charm of Historic Downtown, its specialty shopping, dining and crowd-pleasing events.

In 2017 over 369,000 people attended one of the City's many popular events: **1st Friday's; Bands, Brews and Barbeque; Wine and Jazz Festival; Farmer's Market.**

According to the Virginia Tourism Commission (VTC), tourists spent more than \$68 million in Manassas last year and generated \$1.8 million in local tax revenues, not including indirect or multiplier impacts.

The City partners with organizations like VTC and Historic Manassas Inc. to promote Manassas as a tourist destination. In 2017, Prince William County elected to end its partnership with the City in Discover Prince William, the regional Convention and Visitor's Bureau. Subsequently, the City adopted a Tourism Plan designed to identify key elements of the City's current assets and efforts, and assign responsibility for asset development and promotions going forward.

\$68M

Spent by tourists

\$1.8M

Tax Revenue



CITY OF MANASSAS PERFORMANCE MEASURES

POPULATION

	2012	2013	2014	2015	2016
Total Population	40,742	41,725	42,081	41,764	41,483
Percent Change	3.50%	2.40%	0.80%	-0.75%	-0.67%

Source: U.S. Census Bureau, Population Estimates, Annual Estimates of the Resident

INCOME (MEDIAN HOUSEHOLD INCOME)

2012	2013	2014	2015	2016
\$70,634	\$71,036	\$71,215	\$72,890	\$74,371

Source: American Community Survey 5-Year Estimates

TEN LARGEST EMPLOYERS

Largest Employers	Type of Operation	Estimated Number of Employees
Micron Technology	Memory Chip Manufacturing	1,500
Novant Health UVA Health System	Hospital/Health Care	1,142
Manassas City Public Schools	K-12 School System	1,050
Lockheed Martin	Electronic Design & Manufacturing	972
City of Manassas	Local Government	489
American Disposal Service	Trash & Refuse Removal	465
BAE Systems	Electronic Design & Manufacturing	280
S.W.I.F.T.	Financial Messaging Service	285
Aurora Flight Sciences	Remove Control Aircraft Design & Manufacturing	257
ARS (American Residential Services)	Plumbing and HVAC Service	193

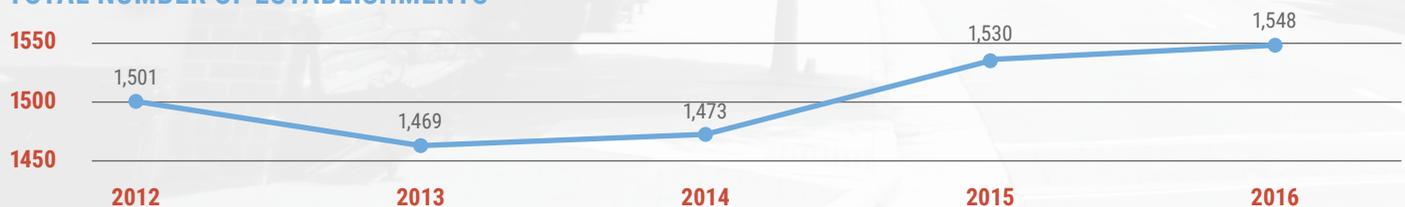
Source: City of Manassas Economic Development Department, December 2017

EMPLOYED CIVILIAN LABOR FORCE

	2012	2013	2014	2015	2016
Employed	20,733	21,088	21,227	23,299	23,246

Source: American Community Survey 5-Year Estimates

TOTAL NUMBER OF ESTABLISHMENTS



Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages

EMPLOYMENT RATE

Year	City of Manassas	Virginia
2012	94.4%	94%
2013	94.7%	94.3%
2014	95.1%	94.8%
2015	96.2%	96.5%
2016	96.5%	96.0%

Source: Virginia Employment Commission, Local Area Unemployment Statistics

MEAL TAX VALUE

Fiscal Year	Value
2012	\$2,894,531
2013	\$3,094,965
2014	\$3,315,080
2015	\$3,406,893
2016	\$3,728,988
2017	\$3,944,186

Source: City of Manassas 2017 Comprehensive Annual Financial Report (CAFR)

MACHINERY & TOOLS VALUE

Fiscal Year	Value
2012	\$705,817,165
2013	\$752,309,575
2014	\$759,133,720
2015	\$770,440,390
2016	\$709,057,765
2017	\$711,304,770

Source: City of Manassas 2017 Comprehensive Annual Financial Report (CAFR)

SALES TAX REVENUE

Fiscal Year	Value
2012	\$7,210,697
2013	\$7,811,499
2014	\$7,581,829
2015	\$7,555,344
2016	\$8,055,065
2017	\$8,489,013

Source: City of Manassas 2017 Comprehensive Annual Financial Report (CAFR)

PROPERTY VALUE

Tax Year	Residential	Commercial
2012	\$2,328,941,100	\$1,583,564,200
2013	\$2,491,207,000	\$1,613,906,800
2014	\$2,653,025,300	\$1,533,191,100
2015	\$2,774,454,700	\$1,653,210,000
2016	\$2,915,314,100	\$1,698,553,200
2017	\$3,186,424,400	\$1,796,000,400

Source: City of Manassas 2017 Comprehensive Annual Financial Report (CAFR)

CONSTRUCTION ACTIVITY-BUILDING PERMITS

Fiscal Year	Commercial Permits	Residential Permits	Value
2012	73	87	\$25,721,000
2013	83	76	\$37,113,000
2014	116	93	\$48,783,000
2015	48	120	\$41,580,000
2016	19	77	\$26,200,000
2017	94	32	\$34,100,000

Source: City of Manassas, Community Development Department, 2017



9027 Center Street | Suite 401 | Manassas, Virginia 20110
www.choosemanassas.org | 703.257.8881