

CITY OF MANASSAS
DEPARTMENT OF
ECONOMIC DEVELOPMENT

2018

Annual Report



HISTORIC HEART MODERN BEAT

MESSAGE FROM THE DIRECTOR

I don't know about the rest of you, but I had the best year of my career in 2018. I've been an economic development director for 23 years in very diverse communities and previously worked with two other companies planning to invest more than \$1 billion. Few companies make investments that large, and most developers never work with one – it's the proverbial white whale. Imagine my excitement when I learned Micron was considering building a new semiconductor plant and that Virginia *might* be considered.

As a community, we knew Micron was happy here but that the facility was undersized compared to sister and competitor plants. The company had not expanded since buying it from Dominion Semiconductor in 2002, and we suspected the facility would be slated for closure at some point. This was later confirmed.

Micron owns the only fabrication plant in Virginia, employs over 1,500 highly skilled and technical workers, and is our largest employer, taxpayer and utility customer. It is also Virginia's largest exporter. Losing Micron would be devastating. Getting the company to expand would be transformative.

Economic development takes a team, and landing the largest capital investment in Virginia history took the best. We put that together, but one of the most important factors in securing the expansion was the local management at Micron. These men and women had to persuade their own company to spend \$3 billion of shareholder capital and influence state and local officials to put their best deal forward.

You know the outcome of this story; Manassas landed the largest investment in Virginia history (sorry, Amazon) and guaranteed the longevity of its most important employer. The deal involved dozens of people, a year of negotiations and thousands of hours of work to make the business case. Companies don't locate in communities to do them a favor, and this deal was no exception. Manassas earned this.

As for me, I live in a "what have you done for me lately" world. So, I'm just hopeful this project will answer that question for a little while because it's going to be hard to top. For now, I'm thankful for this experience.



PATRICK SMALL



EXPANDING OUR ECONOMY

97.7% Employment
21,846 Employed Civilian Workforce
\$77,501 Median Household Income

New businesses often grab headlines, but this was the year of unprecedented business **EXPANSION** in the City of Manassas. Two of the City's largest employers announced significant investments to existing facilities, adding thousands of new jobs and joining 16 other businesses growing operations here in Manassas.



AURORA FLIGHT SCIENCES

Aurora is headquartered in Manassas and was acquired by the Boeing Companies in 2018. Operated as an independent, wholly owned subsidiary, Aurora is a worldwide leader in autonomous vehicle systems. It garnered international news when it recently tested the world's first autonomous air taxi at the Manassas Regional Airport. Shortly after the company's acquisition, Virginia Governor Ralph Northam announced Boeing would be investing \$13.75 million to build an advanced robotics laboratory and would create 135 new jobs in Manassas with an average salary of \$105,000 – well in excess of the City's prevailing annual wage rate of \$61,000. Aurora currently employs 450 worldwide and more than 250 in the City.

NOVANT HEALTH UVA HEALTH SYSTEM

In 2018, a \$38 million master facility project was completed at the Prince William Medical Center in Manassas to improve the patient experience and access to care. The project is the largest of numerous capital investments in buildings and equipment made or planned by the hospital group across its three hospitals and many business units. The hospital is the City's second-largest employer with 1,150 employees and contributes to Manassas having one of the 10 highest weekly wages in Virginia for healthcare professionals.

APP JET CENTER

The Economic Development Authority approved a \$15,000,000 million industrial revenue bond for APP Jet Center – a first-class aviation company with Fixed Base Operation (FBO) facilities and hangars in major markets across the country. Its Manassas FBO was voted the number one FBO in the Washington, D.C. metro area by Aviation International News (AIN). Funds will finance the acquisition, renovation, improvement, furnishing and equipping of three aircraft storage hangars and associated office space totaling approximately 65,500 square feet, all located at the Manassas Regional Airport.



CHANTILLY AIR

Chantilly Air is an aviation services company providing aircraft maintenance, charter, management, storage, ground support, aircraft sales and acquisitions. In 2018, the company received a franchise and ground lease from the City to construct a new FBO at the Manassas Regional Airport. The \$13 million state-of-the-art facility will include over 60,000 square feet of hangar space and approximately 30,000 square feet of office space as well as tank additions at the fueling station. Chantilly Air is one of the largest and most established jet operators based in the D.C. metro area.



MICRON TECHNOLOGY INC. EXPANSION

\$3B Capital Investment **1,100** New Jobs

Micron announced the largest capital investment in modern Virginia history in 2018. The **\$3 billion** capital investment will include roughly \$700 million for the construction of two new clean rooms and associated physical plants as well as \$2.3 billion in new equipment at the company's semiconductor manufacturing plant in Manassas. Micron will create at least **1,110 new high-wage jobs** and will increase exports from Virginia by more than \$1 billion annually. Micron is the City's largest employer, tax payer and utility customer and the state's largest exporter. The company currently employs 1,500 and contributes to Manassas having the fourth highest weekly wage in Virginia for professional and technical services. Construction on Phase I began in 2018 and will be completed in 2020, resulting in new tax revenues of \$2 million annually on real estate and machinery. The expansion solidifies the company's future in Manassas and will make the City a worldwide center of excellence for memory and storage solutions primarily focused on the automotive, industrial and networking markets.



"For almost two decades Micron and Manassas have been partners in the manufacturing of semiconductors and community development, as the City was with IBM before them. The significant benefits that the company brings Manassas by virtue of their employment and investment help us make advances in public education, infrastructure development and in maintaining a stable tax rate for all of our citizens."

— Mayor Harry J. Parrish II



Manassas has quickly become one of the Commonwealth's most highly sought after locations for technology companies and is dramatically improving our economy. In Virginia, the City now boasts:


10th-highest weekly wages in Virginia


16th-highest per capita income


Fourth-highest wages in professional and technical jobs

PROGRAM HIGHLIGHTS



EXISTING BUSINESS VISITATION PROGRAM

The City's Department of Economic Development conducts its Existing Business Visitation Program (EBVP) because we know that business retention and expansion is the cornerstone of any successful economic development program. Additionally, we want to help ensure that businesses survive economic instability, promote job creation and improve competitiveness.

Over the course of the year, the Department visited with more than 120 existing businesses to reinforce the City's commitment to fostering a business-friendly environment as part of the program. These calls enhance the City's pro-business reputation, strengthen community relations, identify companies that are growing or expanding and allow us to support businesses that need assistance. Ninety-one percent of businesses visited expressed satisfaction with the City's business climate and 95% would select Manassas if making a site-location decision today.

EBVP calls are in addition to the work we do with major employers and businesses that reach out to us directly for help and support. There are no restrictions on the type or size of companies we work with because each and every business is important to the local economy and our Department is charged with supporting them all.

MATHIS AVENUE

Revitalization of the Mathis Avenue corridor continues to be a top priority for the City. Streetscape standards have been approved by Council and were incorporated into the DCSM. These standards establish a distinct character and sense of place for the aging corridor. A concept plan and a 10 percent

design are underway and anticipated to be complete early 2019. The City is moving towards establishing Mathis as a Capital Improvement Project in 2019 and will apply for federal grants to undertake additional design work.

BUSINESS APPRECIATION BREAKFAST

Each year 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 in our community. In addition to declaring May as "Business Appreciation Month," the City hosts a breakfast at the Center for the Arts at the Candy Factory. The fourth annual event in 2018 was attended by over 100 business leaders and included keynote remarks from Scott Ralls, President of Northern Virginia Community College, the largest community college system in Virginia.

MANASSAS RECEIVES OPPORTUNITY ZONE DESIGNATION

Opportunity Zones were established as part of the Federal Tax Cuts and Jobs Act of 2017 to spur economic development across the country. The Opportunity Zone Program provides incentives for investors to reinvest unrealized capital gains into Opportunity Funds in exchange for tax deferral or relief. This is the first new community development tax incentive program enacted in decades, providing a unique opportunity for private investors to support the local business community. As a result, private investments made in the Route 28/Mathis Avenue corridor may now be eligible for preferential tax treatment. This is a welcome tool for the City of Manassas as revitalization of this corridor remains a high priority.

FAÇADE AND LANDSCAPE IMPROVEMENT GRANTS

The City's Façade and Landscape Improvement Grant programs were designed to enhance commercial properties along major thoroughfares and at gateway entrances into the City. They continue to result in increased private investment in real property. The City made 10 grant awards totaling \$121,163, leveraging \$698,440 in private investment.

CENTERFUSE



CenterFuse – the City's first co-working collaborative – continues to thrive in Historic

Downtown Manassas. The "Launch-A-Business" (LAB) business incubator program is now up and running, providing start-up companies with the resources and guidance needed to get off the ground.



CenterFuse and the City of Manassas also entered into a partnership with the Mason Small Business

Development Center (SBDC) to provide free business counseling, training and resources. Existing and aspiring small businesses in Manassas will no longer be forced to travel out of the area for these invaluable counseling services. Initially, the new SBDC office will be open one day a week beginning in January 2019. In addition to offering general business guidance and access to capital, it offers programs tailored to the specific needs of small retailers, restaurants and government contractors. The City's Economic Development Authority played an instrumental role in this partnership by providing funding for the program, further reinforcing the City's commitment to fostering small business growth.

BUSINESS AWARDS

The City of Manassas presented its second annual "Business of the Year" award to Shining Sol Candle Company. Owner Pete Evick is a life-long resident of Manassas and is committed to building a strong sense of community, which has already become evident with the huge success he's achieved. Shining Sol has been a tremendous addition to Historic Downtown always striving to be a "good neighbor" and thinking outside the box when it comes to promotion, extended hours of operation and cross-merchant advertising. The company continued to grow in 2018 adding much needed production space at a second location.

Additionally, City businesses received top honors in eight of the 11 categories at the Prince William Chamber of Commerce Annual Award Dinner:

- **Tech Company of the Year:** Micron Technology
- **Excellence in Finance/Insurance/Real Estate:** Weber Rector
- **Community Outreach Award:** Jirani Coffeehouse
- **Excellence in Hospitality and Tourism:** Mariachi's Tequileria & Restaurant
- **Business Excellence Award (11+ Employees):** Hepburn and Sons, LLC
- **Innovative Practice or Partnership of the Year:** CoWork, LLC (CenterFuse)
- **Agnes L. Colgan Community Service Award, Health and Human Services:** Action in Community Through Service
- **Agnes L. Colgan Community Service Award, Arts and Education:** IMPACTO Youth



COMMERCIAL UPDATE

\$1.8B  **7% increase since 2013**

Property Values

THE LANDING AT CANNON BRANCH

Buchanan Partners is the City's master development partner for The Landing at Cannon Branch (formerly Manassas Gateway). The City-owned 40-acre, mixed-use development will include 274 luxury townhomes, 250,000 square feet of Class-A office space, retail space along a large water feature and a Tru by Hilton hotel. The anticipated capital investment is \$250 million, and the City expects to realize an estimated \$30 million in land sales and \$3.5 million in annual local tax revenues. Since 2016, the developer has paid the City \$8.8 million in land purchase proceeds and interest and invested \$9.1 million in site improvements.

Buchanan Partners is in plan review for a 20,000-square-foot office-over-retail project at The Landing. The estimated \$6 million construction cost includes new site improvements and infrastructure to establish interior roadways, pedestrian improvements, public spaces and landscaping to create the sense of place for the overall project. Construction will begin in Q2 2019. Buchanan has also begun design of the first 80,000-square-foot Class-A office building at The Landing to comply with the development agreement. Once designed and permitted, the building will enable the developer and the City to more easily and quickly attract new office tenants by speeding the time to market for new construction.



Stanley Martin Custom Homes, a subsidiary of Daiwa House Group, is a premier homebuilder and the residential developer chosen for The Landing. Since 2016, the company has purchased 134 lots from the developer and has sold 96 units

with an additional 44 under contract to be sold. Home prices range between \$330,000 and \$440,000, well in excess of the City's published median home price of \$307,000. All site construction is complete.



Tru by Hilton, Holladay Properties will begin construction on a \$15 million hotel at The Landing in Q2 2019. The proposed hotel is a 98-room Tru by Hilton property and will correct a deficiency in the local lodging market by providing new product in the upper mid-scale hotel classification scale. The City anticipates receiving \$350,000 annually in new property and lodging taxes at stabilization.

VACANCY AND RENTAL RATES

Commercial vacancy rates in the City continue to index well below regional averages thanks in part to competitive rental rates and the pro-business environment in Manassas. The office market experienced four consecutive quarters of unprecedented demand ending 2018 with a 3.9 percent vacancy (a 50 percent decrease). Such a tight market is nearly unheard of in our region. Manassas also outperformed the region in demand for quality flex and industrial space. At just over 2 percent vacancy, the City's flex and industrial market is nearly fully leased, which has put upward pressure on rents.

	Vacancy Rate	Rental Rate
Retail	5.1%	\$20.40
Office	3.8%	\$19.05
Industrial/Flex	2.2%	\$11.38





RESIDENTIAL UPDATE

\$307,000 ↑ 12%
year-over-year

Average Home Value

Historic Downtown Manassas is not only drawing new businesses and people seeking to experience its vibrant culture — it is also attracting real estate developers.



MANASSAS STATION

The Christopher Companies recently completed the first of two multi-family redevelopment projects that were announced in 2016 for Historic Downtown. Opened in 2018, the 105 upscale one- and two-bedroom units lease for \$1,300-\$1,700/month. Assessed for \$12.6 million, the project is fully stabilized with a 95 percent occupancy rate.



MESSENGER PLACE

Weber Rector Commercial Real Estate Services began planning a 94-unit luxury apartment building in the heart of Historic Downtown in 2016. This is the second multi-family project and is currently preleasing. It will be open for occupancy in Q2 2019. These upscale one- and two-bedroom units will command premium rents ranging from \$1,550 to \$1,700/month. This \$17 million redevelopment project contributes to the ongoing revitalization of the downtown historic district and will include 3,500 square feet of ground-floor retail.



HASTINGS MARKETPLACE

Outside of Historic Downtown, Golden Eagle Group has begun construction on eight live/work units as part of this phased development anchored by Harris Teeter. The units will be available for occupancy in 2019.

CAPITAL IMPROVEMENT PROJECTS



PUBLIC SAFETY BUILDING

The City is constructing a new Public Safety Facility located next to the Grant Avenue Shopping Center. Site and building design is under way, and construction is anticipated to begin in the summer of 2020 with a goal of dedication in 2021.

This project and the proposed Grant Avenue Streetscape will significantly contribute to the revitalization of this corridor.



FIRE STATION 21

The City is constructing a new Fire and Rescue Station at 10306 Dumfries Road. The new station will provide enhanced four-minute emergency response times for the southern part of the City. Site and building design is underway and ground breaking is anticipated in June 2019 with a goal of dedication in February 2020.



MARKETING AND OUTREACH

This year the Economic Development Department doubled down on efforts to improve messaging and continue to tell the City's story across multiple platforms and outlets. **ChooseManassas.org** was launched to showcase Manassas as an exceptional place in which to do business and provide greater interactivity for brokers, developers and business owners searching out their next project or location. We have designed a website that is not only attractive and user-friendly, but that also enhances the information and economic development tools available to the community. ChooseManassas.org provides current statistics on the City's demographics and market trends, and showcases major development activity. Users can also find client testimonials, businesses making headlines and links to other important services the City provides.

A Facebook page and blog were also launched to complement the existing BusinessBeat e-newsletter, which is a bi-monthly publication with readership of over 1,500, that exceeds industry averages for engagement. In addition to the Annual Report, the City added two new pieces of collateral, including a Community Profile and City FAQ. Each serves as a tool to enhance the City's image by actively promoting economic activity within the City, including major efforts to enhance our commercial corridors and develop vacant properties to their highest and best uses.

CITIZEN SATISFACTION SURVEY

Results of the third City Citizen Satisfaction Survey completed in 2018 found that while there are always opportunities to improve, the residents of Manassas continue to express satisfaction not only in the provision of City services (like trash, utilities and public safety), but also in our enviable quality of life. Eighty-one percent of respondents rated the City as excellent or a good place to live.

Many also responded positively with regard to the City's ongoing work to foster a thriving local economy. Efforts to revitalize Historic Downtown, increase tourism and promote new restaurants and retailers received the highest accolades. Satisfaction with the City's ability to attract and retain private-sector jobs increased by almost **20 percent**, likely attributed to the major announcements by Micron and Aurora Flight Sciences earlier this year. Citizens also placed a high priority on efforts to improve commercial corridors and develop vacant commercial property; both areas in which the Department of Economic Development is increasingly focused.

This survey is performed every two years by ETC Institute to assess resident satisfaction with the delivery of City services, to help determine priorities for the future of the community and to measure trends from previous surveys and benchmark against other communities.



TOURISM

\$4.2M ↑ 6% increase
Meals Tax Revenue year-over-year

\$594.8M ↑ Almost 12%
Retail Sales since 2013



Tourism is an important part of our 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 serve as key attractions. Increasingly, visitors are also drawn to the charm of Historic Downtown, its specialty shopping and dining and crowd-pleasing events.

In 2018, **over 381,542** people attended the City's many popular events: First Fridays; Bands, Brews and Barbeque; Wine and Jazz Festival; and the Farmer's Market. Our year-round Farmer's Market continues to grow, attracting 50,000 visitors last year and was again named "The Best Farmer's Market in Northern Virginia" by Virginia Living Magazine.

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

FAST FACTS

- 83.2% of visitors were new user traffic to VisitManassas.org.
- 1,449 new Facebook likes and advertising reached 505,921 people with 1,688,367 impressions.
- 63.97% of total users were mobile users.

OUR TEAM



PATRICK SMALL, CEcD
DIRECTOR



NICOLE SMITH, CEcD
ECONOMIC DEVELOPMENT
COORDINATOR



HEIDI BAUMSTARK,
ADMINISTRATIVE
ASSISTANT



ABOUT THE CITY OF MANASSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

The City of Manassas fosters economic development through collaborative partnerships, sustainable fiscal management and supportive City services. The Department of Economic Development is directly responsible for business attraction, retention, expansion and tourism initiatives in the City. As a resourceful and collaborative organization, we work in partnership with our key stakeholders to ensure that we have what businesses need, including a highly educated and technical workforce with access to major universities and first-class training providers. We take an active leadership role in all that we do, serving as a community builder, collaborator and agent of economic growth.

FOR ADDITIONAL INFORMATION ON OUR PROGRAMS,
PLEASE VISIT CHOOSEMANASSAS.ORG OR CALL **703.257.8881**.



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