



2021 ENHANCED USE LEASE REQUEST

The current request, passed by the North Dakota Senate, is for **\$7M in new funding to support growth of utilities and infrastructure at the park and \$3M of carryover from the 2019-2021 biennium**. Grand Sky requested the \$7M to support accelerated growth in response to the growth of the UAS market nationally and the expected rapid growth of the North Dakota UAS market that will see quicker growth than the national average with the roll-out of the Vantis statewide BVLOS network.

Grand Sky is self-sufficient with respect to its operations. All past and future State investments are used for the development of new utilities and infrastructure at the park that benefit all tenants. The Enhanced Use Lease grant is funding that will support new investment in utilities and infrastructure that includes; security, roads, electric, sanitary sewer, natural gas, water, fire suppression (hydrant system), storm water and wetlands, airfield apron concrete repair, taxiway lights, taxiway paving, airfield striping and painting, flight support facilities, firefighting equipment, communications (fiber optics), software and licenses for flight operations support, fencing/gates, and common area parking. No funds will be used to subsidize Grand Sky operations with the exception of investment in new roads, utilities, and infrastructure as referenced above.

As mentioned above, Grand Sky is self-sufficient with respect to its ongoing day-to-day operations. However, funding for utilities and infrastructure is needed to continue to grow the park. At the outset, Total utility investment required for the entire park is estimated at \$41M. If approved, the current \$7M request would bring total infrastructure investment to \$28.5M.

THE NEED:

- The tenant base at Grand Sky is growing as is the need for more space.
- Grand Sky will be developing “Phase 2” of the park which includes additional security and communications requirements, along with the pre-development of expansion of the flight operations aprons to promote the possibility of a crosswind runway along with expanded apron space to encourage more tenants to establish operations at the park. Simply put, the park needs to grow its utility and infrastructure footprint to support growth from existing tenants and new tenants.
- We request permission to use some portion, up to \$2M, for engineering, planning, and similar services in support of the development of new utilities and infrastructure. No funds will be used in support of tenant facilities.

THE HISTORY

- To date the state has invested \$21.5M in utilities and infrastructure at the park.
- The Enhanced Use Lease Grant (Grand Sky) which has been leveraged with \$68.75M in private sector investment in the form of new office buildings, hangars, and other support facilities completed in 2020.
- The private sector has invested \$3.19 for every \$1 the state has invested.

- Since 2015, over \$90M in privately funded construction has been completed at Grand Sky yielding a ratio of \$4.18 (privately funded) to \$1 (State funds).

JOBS CREATED

Annual employment and wage impacts from Grand Sky's ongoing operations (Grand Sky and tenant operations) include the following:

- Grand Sky and its tenants employ 187 people annually. Those 187 jobs generate almost \$17M in annual wages with an average salary of \$90,586.05 per year. (Note: Average Salary derived by dividing Total Reported Salary of \$16,966,768.00 by 187.3 reported jobs.)
- Grand Sky and its tenants create an Indirect economic impact of \$7,282,724 in wages from 143.4 jobs. (Note: Based on IMPLAN estimates)
- Grand Sky and its tenants create an Induced economic impact of \$4,935,297 in wages from 120.0 jobs. (Note: Based on IMPLAN estimates)
- Total ANNUAL Grand Sky economic impact, including Direct, Indirect and Induced economic impacts from employment is \$29.18M over 450.7 jobs. (SOURCE: Project Technical Memorandum from Jeffrey Donohoe Associates, LLC regarding "Grand Sky Economic Impact Evaluation" dated 2/26/21)

BENEFITS TO THE STATE

- Currently, Grand Sky generates \$1,309,000 per year in state and local taxes from the following four sources: Employee Compensation, Tax on Production and Imports, Households, Corporations. (SOURCE: Project Technical Memorandum from Jeffrey Donohoe Associates, LLC regarding "Grand Sky Economic Impact Evaluation" dated 2/26/21)
- Over the next 20 years, assuming no new employment, no changes in compensation rates, changes in tax rates, or changes in state and local taxes, Grand Sky will generate state and local taxes in excess of \$26M.