



GrandSKY Budget Request 2023-2025 Biennium

GrandSKY respectfully requests \$22M from the State of North Dakota, in the upcoming biennium, for investment in infrastructure at the business park located on Grand Forks AFB, Grand Forks County, ND.

The State of North Dakota has invested \$28 million in GrandSKY since 2013. Those funds have gone towards infrastructure at the park. Specifically, the funds have been used for new roads, stormwater and wetlands management, electric distribution, natural gas, potable water, sanitary sewer, security, fire suppression water systems, fire trucks, fire station, security gatehouse, micro-weather forecasting tools and the development of small UAS capabilities for infrastructure, building, perimeter and natural resource assessment and mapping at the park.

Previous funding efforts have been through the Department of Commerce and labeled “EUL Grant.” The “EUL Grant” label is used because the land is leased from the US Air Force using a tool called Enhanced Use Leasing (EUL), which allows the Department of Defense to grant long-term land leases to public and private organizations for terms of up to 50-years. The land that GrandSKY is built on is leased by the Air Force to Grand Forks County and then sub-leased to Grand Sky Development Company LLC. GrandSKY is in year eight of its fifty-year lease.

An economic impact report was commissioned in 2022 for the 2023-2025 biennium so that the State could measure the return on its investment. More detailed information, including the full report is available upon request. To date, the state’s \$28M investment has yielded development at the park which supports the following key metrics:

- GrandSKY’s economic impact includes 330.5 direct, indirect, and induced jobs in 2021-2022. This number represents a reduction in indirect and induced jobs due to Covid impacts over that time period. However, Direct jobs, those working directly for GrandSKY and our tenants, grew from 192 to 231.7.
- GrandSKY’s state and local tax payments from annual operations grew from \$1.309 to \$2.106M over the past 2 years.
- GrandSKY also contributed \$952,127 in taxes from construction activities in the last two years.
- The private sector has invested over \$100M in facilities because of the State’s \$28M investment.
- Total wages attributable to GrandSKY grew from \$29.18M to \$40.78M (Direct, Indirect, Induced wages) with an average salary for Direct employees at GrandSKY growing from \$90,586.05 to \$123,422.70.

Since the commissioning of the previous economic impact report, GrandSKY has enjoyed significant growth and new mission announcements. Specifically, General Atomics, an anchor tenant at GrandSKY has begun, and as of 1/1/2023, close to completing construction on a new, larger hangar. General Atomics has listed 22 more positions within their GrandSKY operation. Northrop Grumman has been awarded a contract to repurpose and modernize 24 former US Air Force Global Hawk aircraft and turn them into Range Hawks to support a crucial national defense mission. Northrop Grumman has posted 18 new positions for employment at GrandSKY as they work to increase the size of their operations to support this new contract. Between all the GrandSKY tenants, we expect to open and fill over 100 new positions in the coming 36 months.

In furtherance of the Northrop Grumman contract, a Department of Defense organization, the Test Resource Management Center (TRMC) has announced that GrandSKY will be the future home of its “Sky Range” operation. Northrop Grumman and General Atomics both provide support to this effort as well as Kellogg Brown and Root, Blue Halo, Honeywell, Stratolaunch, and a variety of other companies. TRMC has already moved 24 former Air Force Global Hawks to GrandSKY at record speed. These aircraft are conservatively valued at just over \$1.5B and without the generous investment from the State of North Dakota for infrastructure, the Air Force, Northrop and GrandSKY would not have been able to ensure delivery of those aircraft to GrandSKY instead of other locations around the country thus securing the Sky Range mission in North Dakota. TRMC has begun negotiations with GrandSKY for the development of hangars to house the 24 aircraft once they are modernized. These hangars will be used for storage as well as ongoing maintenance, sustainment and integration of new sensors and communication equipment. TRMC also plans a new operations center at GrandSKY that will support Sky Range operations around the world on a 24/7 basis. There are numerous smaller projects that will result from TRMC and Sky Range being located at GrandSKY but current estimates are for approximately \$80 million in operations facilities and hangars. All of these new facilities will be developed with private sector capital and leased on a long-term basis to TRMC.

Photo of RQ-4 Global Hawks at GrandSKY. GrandSKY is the largest Global Hawk base in the world..



GrandSKY's future looks very bright. The announcements made by TRMC to establish the Sky Range program at GrandSKY represents a significant financial commitment to North Dakota. Sky Range will require roughly \$80M in new facilities that will begin construction in 2023. These facilities include a state-of-the-art operations center that will facilitate mission management anywhere in the world. TRMC is currently negotiating with GrandSKY to secure private financing for the construction of these facilities. GrandSKY is prepared to provide the private capital needed to develop these facilities and is working with local banks and the Bank of North Dakota to execute the transaction. The Sky Range program will grow GrandSKY's economic impact in the following ways:

- Construction tax revenue (during construction period) over \$3M
- Increase in taxes from ongoing operations from \$2.1M per year to over \$3.5M
- An additional 100 or more Direct employees at an annual salary of \$100,000 or more

These economic impacts suggest full payback of the \$22M requested in less than seven years.

Photo of Grand Sky and its connection to the Grand Forks AFB runway with inset detail of the Grand Sky ramp.



GrandSKY requests \$22 million to support specific investment at the park:

- \$12M for the construction of a new taxiway that will extend to the west, on existing GrandSKY property and offer multiple new hangar locations. This project includes the design and construction of the taxiway, supporting aprons, diversion of a stormwater drainage ditch, a new perimeter road around the new taxiway, new stormwater culverts, relocation of wetlands, and a new security perimeter compliant with US Air Force and FAA security requirements.
 - This project is a true “one-time” investment.
 - The land and environmental permits are already in place and the project will begin construction as soon as funding is secured.
 - The taxiway is needed to support the new TRMC missions coming to GrandSKY.

- \$10M for the construction of additional infrastructure around the park which includes new utilities (natural gas, electric, sewer, water, roads, security, fire support, weather support, snow plowing, etc.). This sum also includes new flight operations support structures like antenna towers at the north end of the park and elevated command and control towers for safe flight observation and support.
 - When GrandSKY was originally proposed, total infrastructure requirements were estimated to be about \$43.5M total. Inflation and changes in types and size of facilities required at GrandSKY may change that original estimate but the \$10M requested would bring the total State investment to \$38M for infrastructure.
 - This investment will allow GrandSKY the flexibility to meet tenant requests for flight support infrastructure (that all tenants can use) as well as utility infrastructure. GrandSKY anticipates the need for significantly more power and fiber optics for communications to support the headquarters operation center for a worldwide, 24/7 mission like Sky Range.

Some key points about how State infrastructure investments are used:

1. No state funds are used for GrandSKY or GrandSKY tenant sustainment or salaries. GrandSKY is self-sufficient for its and its tenant’s operations. However, infrastructure is a difficult cost to recover through traditional tenant rents which is why GrandSKY requests funding support specifically for infrastructure.
2. GrandSKY does not provide infrastructure to tenants on their leased property. GrandSKY brings infrastructure to a property line and then it is the financial responsibility of the tenant through their lease or use of their own funds to connect their facilities to the infrastructure.
3. All infrastructure is available for use by ALL tenants. A key proponent of our philosophy on how best to use state funds is that they should go toward projects that all tenants can benefit from. For example, aircraft pavement improvements benefit all apron accessible tenants. The weather system under development allows all tenants to make flight decisions with highly accurate information.

GrandSKY looks forward to continuing the growth trend the park and overall UAS ecosystem has been on. The \$22M in continued support will help accelerate the ability of GrandSKY to bring more, high quality jobs to North Dakota as well as provide deeper links into DoD activities that cement North Dakota as a premier location for UAS related support.

GrandSKY 2023-2024 funding request

One-time ask for Taxiway extension

1900 LF of 75' wide 12" Concrete taxiway	4,023,117.00
1900 LF of 100' wide 7" Asphalt Taxiway Shoulder	3,343,655.00
Stormwater Culverts East End	639,000.00
Stormwater conveyence relocation west end	533,000.00
Perimeter Access Road	2,062,260.00
Utility Extensions	1,400,000.00

12,001,032.00

Ongoing infrastructure investments

Concrete Apron Repair	1,500,000.00
Lady Hawk extension south	1,750,000.00
Utility extensions south and west	900,000.00
Alert Road Gate Replacement	450,000.00
Secure communications install	400,000.00
Site Security system upgates	550,000.00
C2 antenna and operations tower support system	600,000.00
Advanced Air Mobility Test Center	1,950,000.00
2 acre Drone pad expansion	1,900,000.00

10,000,000.00

* - GrandSKY will take any risk of overrun over \$12M for taxiway extension

Additional information and News clips:

<https://www.msn.com/en-us/news/technology/global-hawk-has-left-beale-air-force-base-for-good/ar-AA10xk3a?ocid=msedgdhp&pc=U531&evid=26db0728d5d147499cbf52569b2e90e7>

<https://www.defensenews.com/unmanned/2022/09/16/skyrange-uncrewed-aircraft-to-speed-hypersonic-testing-by-2024/>

<https://www.washingtonpost.com/climate-environment/2022/09/17/first-drone-collect-weather-data-us-launches-this-fall/>

<https://uasmagazine.com/articles/2586/creating-a-powerful-ecosystem-to-support-advancements-in-new-technology>

<https://news.northropgrumman.com/news/releases/northrop-grummans-rq-4-rangehawks-embark-on-new-mission>

Frequently Asked Questions:

How much is GrandSKY asking for in 2023 and how will the funds be used?

GrandSKY is asking for \$22M from the legislature. \$10M will be used for continued infrastructure investment (roads, aircraft operating areas, support systems like weather and security, and utilities). grandSKY is also asking for \$12M in “one-time” funding for extension of a taxiway to create more developable property with access to the Air Force Base runway.

How much has the State invested so far?

North Dakota has invested \$28M to date. This investment has been leveraged with over \$100M in private sector investment to date. Investment requested in the current legislative session will be used for additional utilities and infrastructure to leverage \$80M in expected investment over the next 24 months.

How much private sector investment is in the project?

Northrop Grumman, General Atomics, and Grand Sky MT1 LLC have all invested in facilities with a total value of approximately \$100M at Grand Sky. These investments represent facilities, parking lots, physical plant and associated costs. The companies have another \$100M in equipment like simulators, aircraft, ground equipment and other capabilities that allow them to conduct work at GrandSKY. Finally, the US Government has entrusted the GrandSKY team with managing over \$1.5B in aircraft that will be retrofitted and upgraded for new missions beginning in 2023.

How much money does the developer have in the project?

Grand Sky Development Company LLC and our affiliated companies, Grand Sky Airfield Operations and Grand Sky MT1 LLC have invested over \$10M in facilities and infrastructure at Grand Sky. The bulk of the private investment at GrandSKY currently is from General Atomics and Northrop Grumman. Grand Sky Development Company is currently arranging financing for the new tenant

facilities to support TRMC in the future and expect to invest the \$80M needed to construct those facilities.