

TESTIMONY OF
ROBERT J BECKLUND
EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE
BEFORE THE
ECONOMIC IMPACT COMMITTEE
SEPTEMBER 14, 2016

Madam Chairman and Members of the Committee:

I am Robert Becklund, Executive Director of the Northern Plains Unmanned Aircraft Systems Test Site (NP UAS TS) and here to provide you an update since my last report to you in May 2016 (attached).

The Northern Plains UAS Test Site (NP UAS TS) continues to be the nation's preeminent UAS test site and helping position North Dakota as a hub for UAS activity. Through strong relationships with the FAA and other organizations, the NP UAS TS is performing increasingly advanced UAS research, development and testing activities. These capabilities, in combination with other North Dakota assets such as the Grand Sky business park and our research universities, are attracting private companies to North Dakota and enabling growth of the private sector cluster of UAS activity that has come to exist in North Dakota. The NP UAS TS is taking an increasingly important role in facilitating innovative UAS operations that will keep North Dakota at the forefront of the UAS industry and continue to establish North Dakota as a destination for new business opportunities. Our efforts are contributing to new federal UAS regulations such as Federal Aviation Regulation Part 107 released on August 29, 2016 allowing for commercial UAS operations without need for an Exemption. This is the first step in what will be an ever-expanding effort to broaden commercial UAS operations in the United States and the NP UAS TS are proud to play a role in it.

North Dakota's investments in UAS to date have allowed us to earn a position of influence in the UAS sector and we are just now beginning to see a return on investment. Again, the March 2013, Association of Unmanned Vehicle Systems International (AUVSI), *The Economic Impact of Unmanned Aircraft Systems Integration in the United States* report anticipates the economic impact of US airspace integration will grow to more than \$82.1 billion between 2015 and 2025. Most notably, the report says: "While we project more than 100,000 new jobs by 2025, states that create favorable regulatory and business environments for the industry and the technology will likely siphon jobs away from states that do not." With the FAA UAS Test Site program now being extended through September 2019 by legislative action, it is important that North Dakota keeps up the momentum.

There is no shortage of interest by companies looking for a place to operate their aircraft legally. As an example, in May I reported we had exceeded the entire previous year's flight statistics supporting 11 projects with 12 different aircraft flying 172 sorties; but as of today, we are up to 20 projects and have supported over 1400 sorties just this year. July 2016 all FAA Test Sites flew a combined 703 sorties, of those, North Dakota flew 462! Our corporate engagement has not slowed down either. As of today, we have had detailed discussions with over 225 companies resulting in twenty current/completed contracts valued at approximately \$1M, and another four that are in the final stages of execution. Some of these contracts leveraged our internal matching funds, some were funded under UND/NDSU research projects through the Research ND Program (with a total value of over \$4M), and some were funded entirely by external sources using public and/or private funds.

Our pursuit of unique authorizations from the FAA intended to set us apart from the other test sites and create opportunities for industry continues as well. Our request to operate from the Grand Sky UAS Business Park without the need for ground-based visual observers or chase aircraft is progressing through the FAA. This authorization will be significant because the costs associated with providing visual observers and/or chase aircraft are typically prohibitive for any company, large or small. We expect this authorization to be approved by the end of the calendar year positioning North Dakota to be the only place in the nation where flights under these conditions are possible.

The end goal of this investment and effort is to support the development of a new industry and position North Dakota as the prime location for UAS companies to establish operations. Already, we have seen notable successes including Altavian selecting North Dakota as the primary location for their UAS manufacturing operations; SharperShape establishing an office in Grand Forks and are now hiring local staff; private donors committed \$25M to construct a new UAS building at the University of North Dakota Aerospace bolstered by the reputation and capabilities of the NP UAS TS; and the development of Grand Sky UAS Business Park at Grand Forks AFB with their first anchor tenants, Northrop-Grumman Corporation and General Atomics, recently celebrating ground-breakings for their buildings and each are in the process of hiring staff. Additionally, Grand Sky has other clients either already committed or in serious negotiations for lease options. And the NP UAS TS is either directly involved, or closely aligned, with all of them.

The operating budget for the NP UAS TS for the 2017-19 biennium is estimated at \$3,500,000. With anticipated carry-over of approximately \$1,000,000 in unexpended 2015-2017 funds, a Governor's budget option of \$2,500,000 is required to provide the necessary funds to operate the NP UAS TS through the next biennium. Operations costs are intended to be offset, and ultimately entirely covered, by external contracts as operations expand, but this budget request does not rely on external revenue even though we are already beginning to see external income. This budget request is prudent to ensure that North Dakota continues to play a key role in its development without reliance on a commercial UAS market still in its infancy.

It is clear that UAS hold tremendous potential to serve the benefit of mankind in countless ways, create lasting jobs, diversify our economy and further advance North Dakota as a leader in technology and innovation. With everything that North Dakota has to offer the UAS industry, UAS is a crucial area of economic development worthy of continued pursuit. The resources committed by North Dakota to the Northern Plains UAS Test Site have been used prudently to maximize our impact on the national industrial effort in collaboration with the broader state efforts to develop the commercial UAS industry and to promote economic development in North Dakota. Because we are receiving no funding from the FAA for the test site program, North Dakota's prospects to build a UAS industry in the state would be dramatically diminished. None of the successes and the many accomplishments of the NP UAS TS would be possible without the past, current, and continued state support.

On a personal note, I have recently been appointed by the Governor to serve full time as the Deputy Adjutant General and will soon be leaving my position as the Executive Director of the Northern Plains UAS Test Site. I would like to personally thank you all for your interest and support these last three years. It has been an incredible honor and privilege to establish and lead the NP UAS TS and I am very grateful for the opportunity. And, in my new role, I will look forward to continued involvement with the NP UAS TS as a member of the Northern Plains Unmanned Systems Authority. Again, thank you very much and am glad to answer any questions.