

Background/History

The Pendleton UAS Range (PUR), which is wholly-owned and operated by the City of Pendleton, was established in 2013. PUR exists as part of the Pan Pacific UAS Test Range Complex, a coalition formed between Alaska, Oregon and Hawaii, for the purpose of procuring one of the original six FAA-approved UAS (drone) test sites mandated by Congress. The State of Oregon invested considerable resources in helping Oregon to secure FAA-approved test ranges. In reality, the actual test site award was given to the University of Alaska Fairbanks, which grants Oregon and Hawaii permission to operate test ranges under their purview. The FAA test sites were created for the purpose of facilitating the safe integration of UAS (unmanned aerial systems or drones) into the national airspace system (NAS). The Pendleton UAS Range (PUR) operates as one of only four individual Oregon UAS ranges within the greater Pan Pacific UAS Test Range Complex (test site). The other Oregon ranges reside in Warm Springs/Bend, Tillamook, and McMinnville. Those other ranges are owned and operated by an Indian Tribe and two private companies, which present both unique benefits and unique challenges.

It is an understatement to say that the UAS (drone) Industry is rapidly evolving in both the civil and defense marketplaces. Unmanned aerial systems (UAS) have been and will remain the fastest growing segment of aviation for decades to come, and the UAS industry is one of the primary focuses of Business Oregon. Every year, there are billions upon billions of private sector dollars being invested into developing new platforms (vehicles) and payloads (sensors), for a nearly countless number of different purposes. Unlike most test sites/ranges around the country, and the world, from the outset Pendleton approached the test range as a long-term economic development endeavor, versus a short-term money-making endeavor. From the very beginning, Pendleton remained more focused on creating jobs, investment and local/regional commerce, than on short-term returns. That is a strategy that surprisingly few ranges/sites around the Country adopted. Unlike most places, Pendleton's range prices were deliberately kept affordable for companies wanting to come and test new technology, with the hopes that R&D success would lead to companies setting deeper roots in the community. This marketing and pricing strategy proved very attractive to industry and Pendleton quickly started attracting companies from around the Country, many of which that would have never come to Oregon otherwise. UAS companies were quickly enamored with the professional staff, good flying weather, unparalleled UAS infrastructure, and wide variety of restaurants and lodging, as well as the affordable pricing structure.

At present, the Pendleton UAS Range (PUR) is without question the most active unmanned vehicle test range in the Northwest, surpassing well over 3000 unmanned operations in 2020. It's likely the most active UAS range on the West Coast, and probably the most active in the Western United States. Over the last 5 years, the range has attracted over \$20 million in city, state and federal investment in the form of grants and low-interest loans. That investment created over 75 FTE and hundreds of transient workers, many millions of dollars of local and regional commerce, and has more than doubled the Airport's historical average annual revenue. There are few parts of the local and regional economy that have not been touched: lodging; dining; apartment rentals; real estate; construction; electricians; painters; air service; rental cars; sign makers; rental equipment; pest control; Internet providers; port-a-potties; catering; cleaning services; etc. Remote launch and recovery site fees have brought new revenue to numerous private landowners and airports/landing strips outside of Pendleton's city limits. After seeing one new hangar get built every 10-15 years prior to the UAS range, the Airport has seen 7 new hangars built in 5 years. After attracting almost no new tenants over the previous decade, six UAS

SB315: Pendleton UAS Range Testimony
Steve Chrisman, Airport Manager & Economic Development Director

companies now lease out over 63,000 sf of hangar and warehouse space and over 270,000 sf of ground at 5-6 times historic lease rates. The UAS range has been a resounding economic success and the City and State would like to see that success continue for the foreseeable future. The City, State, and Economic Development Administration just completed construction of a \$15 million UAS industrial part, which already has two companies operating in it.

SB315: The Need for Passage

Oregon was grossly outspent in the pursuit of the FAA test site status, which was actively pursued by over 25 states. Oregon was very fortunate to land the four UAS ranges it did receive. There is still fierce competition for UAS projects between the various states that claim to have test ranges/sites within their borders (over 12 states now). There is also considerable international competition for these UAS projects as well. Despite that fierce competition and far less financial backing, Pendleton has remained the West Coast leader for UAS testing. As mentioned above, a considerable part of that success has stemmed from Pendleton's public service/public infrastructure business approach, focused more on long term economic development than on short term returns. This is in no way meant to disparage other ranges/sites inside or outside of Oregon, but Pendleton's approach is one that is unlikely to be adopted by a range operated by a private sector company, which will almost always be primarily focused on growing its own business and increasing its own profitability. When you combine that unique economic development approach with Pendleton's existing infrastructure, skilled staff, low air traffic, low population, limited ground cover, good flying weather, and existing FAA permissions to fly high, far and frequently, then it is safe to assume that any business that Pendleton were to lose, would be more likely to go test out of state, at a state-subsidized range elsewhere, than to test at a for-profit range with less infrastructure, support, and good flying weather. That would result in Oregon losing out on all the positive economic impacts that come from bringing a new high-paying, hi-tech aerospace company(ies) to town, which is why the City, County and State invested so heavily in the Pendleton range in the first place. Again, that is in no way intended to disparage the other ranges, which we have worked closely with in the past, it is just a reality of the different business models that exist. Pendleton is the State's only low-cost public option, which is often a key gateway to getting testing in the state.

Many, if not most, of these UAS companies are coming here to conduct R, D, T & E (research, development, test and evaluation) of new unmanned technology, often intended for markets that do not yet exist (FAA permissions required), and often with stiff domestic and international competition. These companies are understandably very protective of what they are working on, where they are working on it, how much they are spending on it, and any associated IP (intellectual properties) that is created. Premature release of positive or negative information could cause very real harm to company reputations and stock value. Therefore, companies are very attracted to testing in places that can protect their identity, at least through the initial development phase. For example, Pendleton was the site of A3 by Airbus' Project Vahana, an effort to develop an unmanned autonomous flying taxicab. This was a highly successful project that spent many millions of dollars in Pendleton/Oregon over a 3 1/2-year period, and brought Oregon considerable international press. The range staff knew they were coming for 1.5 years prior to their arrival, but were asked to not say anything publicly. The company threatened that any early release of information, regardless how small, would result in them taking their project to another state, which they had been rumored to have done before choosing Pendleton. It was difficult, but Pendleton's staff managed to keep a lid on the project for almost the entire time they were here, which was very much appreciated by the company and helped build our reputation. This

need for confidentiality is standard in the industry, and the first thing prospective range users ask is for the City to sign a non-disclosure agreement (NDA). Without some assurance of protection of their identity, activities, and proprietary information, then companies just simply will not come to Oregon with this cutting-edge technology. Pendleton is believed to be the only one of the Oregon test ranges that is subject to the public records disclosure rules, which presents a competitive disadvantage for Oregon's most successful test range. There is no ominous or illicit motive to the Pendleton UAS Range's desire to protect information relating to their business relationships. In fact, quite the contrary, we believe the considerable economic benefits that the range is able to bring to Oregon, clearly outweigh the public's interest in disclosure. Without the passage of SB315, Oregonian's will not realize the full economic benefit of the range they helped create, resulting in a loss of jobs, commerce and investment.

Legal Precedence

The Pendleton UAS Range (PUR) provides the environment for the drone industry to create intellectual property and data. Its customers are a part of an industry which works with sensitive business and proprietary information and are secretive and protective of information about them which, if disclosed, could become a competitive disadvantage. The test range has the protections of public records law exemptions for trade secrets, some business records and federal law protections of the FAA. However, customers have concerns about the test range's ability to secure information and data and want blanket assurance.

Being the only publically run test range, this potential lack of security for clients puts us at a competitive disadvantage. Similarly, records of private business data gleaned in the process of collecting lodging, marijuana sales and provision of utilities are specifically exempted from public disclose to prevent the competitors of the disclosing businesses from attaining trade information. Furthermore, these protections have for many years been utilized in Business Oregon's business recruitment process, so the precedent already exists and is in regular practice with the support of the legislature.

A parallel example of this concept having been enacted by the Oregon legislature is the public records law exemption for the City of Klamath Falls from disclosure of business, commercial and financial information involved in its operation of the Klamath Cogeneration Project. The exemption exists to protect a municipal agency in providing a paid service to its community in a private and competitive industry. The Pendleton UAS Test Range is in exactly the same position and needs the same specific protection from public records requests which could severely damage its customers and cause competitive disadvantage to the Range.

The State of Oregon has invested in the Pendleton UAS Test Range because of its unique ability to meet the needs of a growing industry with tremendous future potential. In order to function effectively, the Test Range customers need the assurance of non-disclosure of information about them.