



MEMORANDUM

Date: July 13, 2016

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the typed name "C.H. Huckelberry".

Re: **World View Updates**

Attached is a construction progress photograph associated with World View (Attachment 1). As you can see, the manufacturing facility frame has been erected. Also, the SpacePort has been largely constructed. We believe World View will occupy this fully functional facility by December 2016. At this time, there are no obstacles or issues associated with completing the facility in the time required.

Recently, World View presented before the Tucson Airport Authority Board of Directors regarding their operations and how their operations are fully compatible with operation of Tucson International Airport (TIA), including all safety requirements. The meeting was attended by a number of representatives of the commercial airlines, the Business Aircraft Owners Association, the Aviation Advisory Group of Arizona, the Federal Aviation Administration (FAA), Federal Air Traffic Control and FAA Office of Commercial Space Transportation as well as the 162nd Wing of the Arizona Air National Guard, and Southern Arizona Leadership Council (SALC). At the conclusion of the meeting, it was clear the operation of the SpacePort imposes no flight capacity operations on TIA; and all commercial balloon operations can be accomplished safely and under the direct supervision of Federal Air Traffic Controllers. The FAA Air Traffic Control liaison to TIA and World View compared the traffic impact of a balloon launch to "a single Cessna taking off on a Friday morning." Since not all airlines serving Tucson participated, a follow-up meeting is being scheduled to address any ongoing concerns prior to discussion of a Resolution of Support at the next Tucson Airport Authority Board meeting scheduled for August 3, 2016.

World View continues to be successful in attracting and developing commercial business and defense applications for "stratollite" applications of steered balloon technology in the stratosphere.

World View executives also testified before the US Congress regarding regulations that would be necessary for one business line. They have, unfortunately, received a great deal of notoriety about space tourism; even though 90 percent of their current business model relies on commercial communication, research, business and defense applications of their balloon technology. A recent *Inside Tucson Business* report on World View's Congressional testimony is Attachment 2 to this memorandum.

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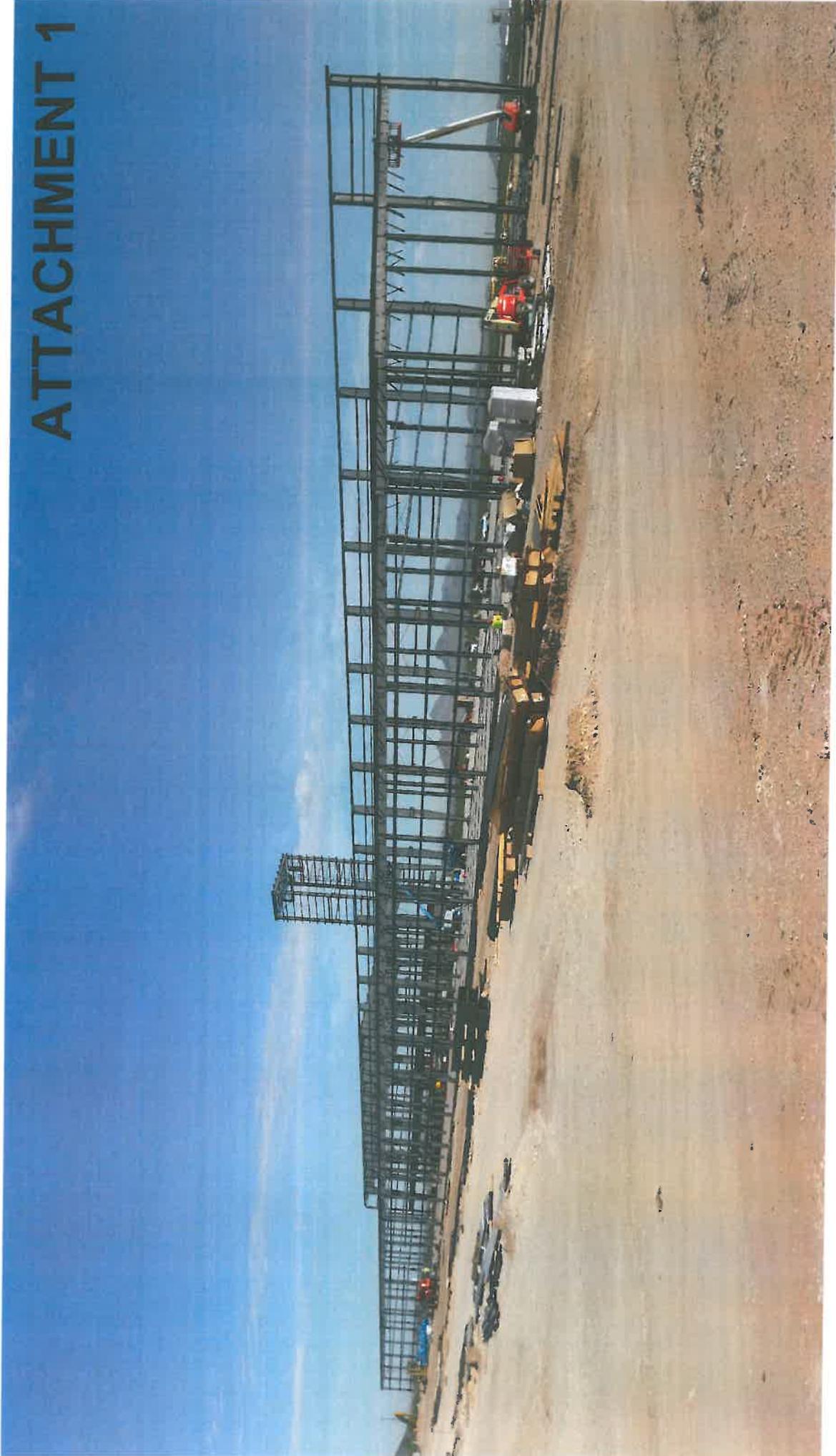
We had hoped the County's Motion to Dismiss the Goldwater Institute litigation would be before a Pima County Superior Court Judge on July 11, 2016. The Goldwater Institute claims they never received notice of the hearing; hence, it has been postponed until August 22, 2016. Any further delay means the Motions to Dismiss the lawsuit will not be heard until after World View is fully operational in their new facility.

CHH/anc

Attachments

c: Dr. John Moffatt, Director, Economic Development Office

ATTACHMENT 1



World View exec testifies in Congress about space tourism regs

Jim Nintzel, Inside Tucson Business | Posted: Friday, July 8, 2016 4:00 am

As Pima County's World view moves closer to entering the space tourism biz, there are regulatory issues to be sorted out.

World View co-founder and Chief Technology Officer Taber MacCallum recently testified in front of the U.S. House of Representatives Committee on Transportation and Infrastructure's Subcommittee on Aviation with suggestions on how the federal government should regulate commercial flights to the edge of space.

Congress first began regulating commercial space traffic in late 1980s as more private operators began launching satellites.

But as years rolled by, more companies started looking at space tourism—or the idea of taking people on a fun (albeit expensive) ride to the edge of space.

So in 2004, Congress established new rules for those companies designed to protect people and property on the ground while allowing passengers to travel at their own risk. It was called a “learning period” as companies developed the technology and aircraft for the job.

“Some really ingenious legislation was crafted in 2004 that basically said that if you’re going to fly humans in space, the FAA will give you a license to do that so you can charge a fee for flying a person into space and we’re going to regulate the safety of people on the ground,” McCallum told ITB after his testimony. “But we’re not going to regulate the safety of the people inside the spacecraft because this is sort of like skydiving or other adventure tourism, like scuba diving. We should let this nascent industry evolve and develop new technologies and sort of minimize the regulation.”

That learning period was extended last year until 2023, but MacCallum is hoping to start addressing the next step now. He is suggesting two types of regulation: The current rules would apply for companies like World View, with passengers signing waivers and flying at their own risk. At the same time, companies that want to do upper-atmosphere flights that are designed to transport people from, say, New York to London would be required to get a special license, as they are offering more of a traditional air flight experience, so some of their passengers could be flying because of work obligations or other reasons and not just as space tourists.



World View

Up, up and away!

World View or its competitors could pursue the more advanced license if they felt it was in their interest.

“Let’s set up these two parallel systems so (future regulation) isn’t such a threat and we can work in a more cooperative sense with the FAA and the rest of the industry,” MacCallum said. “The idea is kind of born out of finding a way to foster the development of these regulations without industry feeling threatened for the process.”

Back here in Tucson, Pima County has begun construction on a building and launch pad that World View will be leasing, with a plan to complete construction by December of this year. The facility is expected to cost an estimated \$15 million to build and World View is projected to spend \$23.6 million by the end of its 20-year lease, at which point it can buy the headquarters from the county for \$10.

World View is not just in the space tourism biz. It also has corporate and government clients and recently unveiled a plan to launch what company officials have dubbed “stratollites,” or high-altitude balloons that can do some of the jobs of satellites at a fraction of the cost.

The company recently landed \$15 million in venture capital investment.

The deal between the county and World View is the subject of a lawsuit brought by the Phoenix-based Goldwater Institute, who said the terms of the deal violate the Arizona Constitution’s gift clause and other state laws requiring competitive bidding for property leases. County officials believe they are on solid legal ground and the first court hearing is scheduled for mid-July.

Tucson business leaders have been supportive of the World View lease and have asked the Goldwater Institute to withdraw the lawsuit.

While four of the five supervisors have supported the World View project as a boost to the local economy and an opportunity to develop more high-tech jobs in the region, Pima County Supervisor Ally Miller voted against the contract and celebrated the Goldwater lawsuit.

MacCallum said that he had been out to the construction site it was “great to see that kind of progress.”

He said World View was already hearing from “other industries that are starting to see Tucson as an interesting place to bring manufacturing to. We really hadn’t been in the commercial space arena as a community before but we’re really perfectly set up to do it. Raytheon has created a solid employment base in aerospace and we’ve got fabulous environment for testing and a very business-friendly environment. So we’re starting to get lots of calls—I can’t say any names at this point—but they are from companies that are interested in moving into the new aerospace parkway that the county is putting together.”