TRAVERSE CONNECT



UNLOCKING THE SKIES AND SHORES

The Strategic Opportunity for the Uncrewed Aerial and Marine Drone Industry in the Traverse City Region of Michigan.



Unlocking the Skies and Shores:
The Strategic Opportunity for the Uncrewed Systems Industry in the Traverse City Region of Michigan

Overview
An outline of the transformative potential of the uncrewed aerial and marine drone industries in the Traverse City region of northern Michigan and the creation of the **NorthSky Consortium** to support the convergence of regional assets, state policy, and national trends to leverage a once-in-a-generation economic development and national security opportunity.

Vision Statement
Establish Traverse City and northern Michigan as the **NorthSky Uncrewed Innovation Zone** – a national hub for Uncrewed Aerial Systems (UAS), Uncrewed Marine Systems (UMS), and Advanced Aerial Mobility (AAM) innovation, commercialization, and workforce development.

Key Takeaways
The Traverse City area of northern Michigan is well-positioned as a regional testbed, production location, and policy incubator for scalable drone integration.

Northwest Michigan's low population density, rural landscapes, Great Lakes shoreline, infrastructure, and institutions make it ideally suited for pilot projects, strategy development, and beyond visual line of sight (BVLOS) zones.

Traverse City's dynamic regional economy includes Michigan-based manufacturers, technology firms, community colleges, and research centers in a robust workforce pipeline and prototyping ecosystem.

The U.S. combined market value of UAS and UMS is expected to exceed $150 billion by 2030, spanning military, commercial, and scientific applications.

Northsky's objectives are strategically aligned with federal and state initiatives in marine technology and aerial systems for commercial and national security needs.

The NorthSky Consortium convenes regional stakeholders, public safety agencies, military leadership, universities, and private firms to co-develop protocols, regulations, and data governance.

The NorthSky Consortium is actively advocating for federal and state resources to build shared-use infrastructure to serve commercial, defense, and emergency response needs.

The NorthSky Consortium is engaging with the U.S. Department of Defense, the Michigan Department of Transportation (MDOT), and the Federal Aviation Administration (FAA) to pilot dual-use acquisition pathways to help bridge the gap between innovation and deployment for platforms with both commercial and defense applications.

Executive Summary

Traverse City and the broader northern Michigan region are emerging as a premier destination for investment in the rapidly expanding uncrewed aerial and marine drone industry. Backed by a $150 billion projected U.S. uncrewed systems market by 2030, the region offers a rare convergence of geographic, institutional, and policy advantages that position it as a national leader in Advanced Aerial Mobility and Uncrewed Systems innovation.

Why The Traverse City Region?

- **Strategic Location**: Uncongested airspace, diverse terrain, and proximity to Lake Michigan make the region ideal for BVLOS testing and maritime operations incorporated in a comprehensive **NorthSky Uncrewed Innovation Zone**.
- **Institutional Strength**: Home to Michigan's first FAA UAS CTI program at Northwestern Michigan College (NMC), the Freshwater Research and Innovation Center, and supported by the U.S. Coast Guard Air Station and Cherry Capital Airport.
- **Infrastructure Ready**: The Yuba UAS airfield offers 72 acres of dedicated drone testing facilities, **Class G Airspace**, and a BVLOS zone connecting Camp Grayling to Traverse City is under development.

Market-Driven Use Cases

- Defense applications located near the Camp Grayling Joint Maneuver Training Center
- Rural healthcare delivery (Munson Healthcare system)
- Infrastructure inspection (roads, utilities, telecom)
- Maritime logistics and emergency response
- Agricultural and environmental monitoring

Public-Private Momentum

The **NorthSky Consortium**, a collaboration between technology incubator **20Fathoms**, education provider **Northwestern Michigan College**, and the economic development organization **Traverse Connect**, is driving a coordinated regional strategy to attract investment, scale workforce development, and commercialize drone technologies. The Consortium's six-pillar strategy includes business attraction, research integration, BVLOS zone development, and the establishment of a UAS Center of Excellence.

Opportunities

- **First-mover advantage** in a region prioritized by the State of Michigan for AAM development and home to a robust economy and startup environment.
- **Access to talent** through NMC's expanding UAS programs and partnerships with Michigan Tech, Central Michigan University, and Michigan State University.
- **Public funding leverage**: $30+M already allocated to Traverse City drone and marine technology initiatives
- **Scalable infrastructure** for testing, training, and deployment

Regional Advantages & Strategic Assets

Geographic and Environmental Strengths

The Traverse City region's low population density, geography, and environmental profile offer a compelling foundation for the development of uncrewed aerial and marine drone technologies. The region's uncongested airspace, diverse terrain, and proximity to Lake Michigan create an ideal environment for BVLOS testing and operations. These natural advantages support a wide range of drone applications, from rural package delivery and agricultural monitoring to maritime logistics and emergency response.

The area's low population density reduces regulatory complexity and enhances safety for experimental and commercial drone flights. Additionally, the region's mixed-use landscape—spanning forests, farmland, small cities, and coastal zones—provides a versatile testbed for real-world deployment scenarios. As a result, Traverse City is uniquely positioned to serve as the **NorthSky Uncrewed Innovation Zone** – a national proving ground for next-generation aerial and marine mobility solutions, reinforcing Michigan's strategy to lead in advanced mobility tech.

Institutional Anchors

The region's drone innovation ecosystem is anchored by local institutions that provide the technical, operational, and research backbone for the region's uncrewed aerial and marine systems industry. At the forefront is Northwestern Michigan College, home to Michigan's first FAA-certified UAS training program. NMC is expanding its curriculum to include Part 108 certification, preparing a new generation of drone professionals for advanced operations such as BVLOS missions.

Complementing this is the U.S. Coast Guard Air Station in Traverse City, which can play a critical role in integrating drone technologies into maritime operations, including search and rescue, oil spill response, and public safety. Additionally, Cherry Capital Airport and the Freshwater Research and Innovation Center provide essential infrastructure and research capabilities.

Infrastructure Readiness

Traverse City's infrastructure is uniquely equipped to support the rapid development and deployment of uncrewed aerial systems (UAS). At the center is the Yuba UAS Test Site, a 72-acre facility featuring two 800-foot runways, providing uncontrolled **Class G Airspace** that does not require ATC authorization, and a scalable environment for testing fixed-wing, multi-rotor, and vertical takeoff and landing (VTOL) drones. It also supports workforce training and research in collaboration with NMC.

Complementing this is the opportunity to develop a BVLOS zone connecting Camp Grayling to Traverse City. A FAA-aligned zone will enable long-range drone operations for defense, research, and commercial applications. Together, these assets offer seamless access to uncongested airspace across rural and maritime environments, making Traverse City a premier location for Department of Defense /commercial joint testing and development.

Economic Opportunity & Use Cases

High-Impact Use Cases

The Traverse City region's drone ecosystem is uniquely positioned to address a wide range of high-impact applications that serve both public and private sector needs. In rural healthcare, partners are piloting drone delivery systems to transport medical supplies and equipment to remote communities, improving access and reducing response times. Regional public safety and first responders are poised to develop best practices for the use of drone technology to improve outcomes. UAS technology is being deployed to monitor powerlines, roads, and telecommunications networks, offering safer, faster, and more cost-effective alternatives to traditional methods of infrastructure inspection. These rural use cases have a national impact.

The Lake Michigan coastline supports maritime drone use for shore-to-ship logistics, emergency response, and environmental monitoring. The region's proximity to the **Camp Grayling Joint Maneuver Training Center**, the largest National Guard training facility in the United States, provides unparalleled opportunity for military and national security applications. In agriculture and natural resource management, drones are enhancing productivity and sustainability through precision monitoring of vineyards, orchards, and forested areas.

Economic Development Potential

The development of the uncrewed aerial and marine drone industry in Traverse City, supported by NorthSky Consortium's coordinated regional strategy, is poised to deliver transformative economic benefits across northern Michigan. The region's strong economy, infrastructure, and regulatory readiness can attract startups, defense firms, and research institutions seeking to test, certify, and commercialize uncrewed aerial and marine systems. This influx of innovation will generate high-skill job opportunities in engineering, logistics, software development, and advanced manufacturing, sectors critical to Michigan's long-term economic resilience.

As the state's automotive sector transforms, the drone industry offers a compelling path for diversification, enabling suppliers and manufacturers to pivot into a high-growth, future-facing market. With strong public-private partnerships, federal involvement, and state-level support, Traverse City is positioned not only to lead in drone innovation but also to serve as a model for regional economic revitalization through advanced mobility technologies.

Workforce Development

The NorthSky Consortium is aligning academic innovation with industry needs by developing programs and training that reflect real-world applications in healthcare delivery, infrastructure inspection, and maritime logistics. Partnerships with universities, businesses, and state agencies can help to build a skilled talent pipeline that supports commercial, national security, and public-sector drone operations.

Northwestern Michigan College (NMC), which operates Michigan's first FAA-certified UAS training program, is actively expanding its curriculum to include FAA Part 108 certification, enabling students to train for advanced drone operations such as BVLOS missions. With enrollment expected to double over the next five years, the region is preparing to meet the rising demand for drone pilots, technicians, and engineers.

Pilot Projects & Investments

Traverse City is already seeing tangible momentum in drone innovation through targeted pilot projects and strategic investments. The region has secured over $30 million in state and federal funding to support initiatives that demonstrate the real-world value of marine technology and uncrewed systems across healthcare, infrastructure, and environmental sectors. A flagship example is the Freshwater Research & Innovation Center, which is leveraging drone technology for water sampling, bathymetric mapping, and emergency response testing on Lake Michigan.

These projects not only validate the region's technical capabilities but also attract public-private partnerships and accelerate commercialization. Collaborations with organizations like Munson Healthcare are advancing rural medical delivery, while partnerships with the U.S. Coast Guard and Northwestern Michigan College are enabling overwater research and public safety operations. These investments are laying the groundwork for Traverse City to become a national testbed for drone deployment, while also generating high-skill jobs and strengthening the region's innovation ecosystem.

Public-Private Collaboration

Public-private collaboration is a cornerstone of Traverse City's strategy to lead in uncrewed aerial and marine systems. The NorthSky Consortium is working to actively integrate regional initiatives with state-level AAM strategies and federal regulatory frameworks. By aligning with MDOT and the FAA, the Consortium can ensure that local drone operations—particularly BVLOS testing—are compliant, scalable, and future-ready.

The successful deployment of uncrewed aerial and marine systems in Traverse City hinges on proactive engagement with evolving regulatory frameworks at the federal, state, and local levels. The region's leadership in BVLOS operations, enabled by the development of a dedicated innovation zone from Camp Grayling to Traverse City, requires close coordination with the FAA to secure waivers, ensure compliance, and establish safe operational protocols.

Consortium Strategy & Governance

NorthSky Consortium Framework

The NorthSky Consortium is a regional alliance formed to position Traverse City and northern Michigan as the **NorthSky Uncrewed Innovation Zone** – a national leader in Uncrewed Aerial Systems (UAS), AAM, and Uncrewed Marine Systems (UMS). Led by Traverse Connect, Northwestern Michigan College, and 20Fathoms, the Consortium brings together public, private, academic, and defense stakeholders to drive innovation,

workforce development, and economic growth. This collaborative model ensures strategic alignment through planning, shared resources, and joint funding efforts.

In coordination with state agencies, FAA regulators, the Michigan National Guard, and local communities, the NorthSky Consortium is creating a scalable and sustainable ecosystem for drone innovation. This cooperative framework is essential to unlocking the region's full potential and attracting long-term investment in the drone and mobility sectors.

Six Strategic Pillars of the NorthSky Consortium

1. Community Engagement & Business Attraction
2. Industry Partnerships & Research Integration
3. Workforce Development & Academic Innovation
4. BVLOS Zone Development
5. UAS Center of Excellence at Yuba
6. State Engagement & Advocacy

1. Community Engagement & Business Attraction

Led by Traverse Connect, this pillar focuses on positioning northern Michigan as a premier destination for UAS, UAM, and AAM innovation.

- Promoting the region's competitive advantages through unified marketing and storytelling.
- Leading community engagement to build public understanding and support for drone technologies.
- Attracting startups and business investment by leveraging assets like BVLOS corridors and uncongested airspace.

2. Industry Partnerships & Research Integration

This pillar fosters collaboration between businesses, research institutions, and public agencies to advance Maritime and AAM applications.

- Supporting projects like Munson Healthcare's drone delivery, the U.S. Coast Guard's search and rescue operations, and The Freshwater Center's water-based drone technology.
- Integrating regional research into Michigan's broader AAM ecosystem.
- Facilitating public safety and regulatory training through access to restricted airspace and facilities.

3. Workforce Development & Academic Innovation

Led by Northwestern Michigan College, this pillar aims to build a skilled talent pipeline

- Expanding NMC's UAS program to meet FAA certification standards.
- Build on existing marine technology, water studies, and maritime programs.
- Partnering with universities, businesses, and state agencies to prepare the future AAM workforce.

4. BVLOS Zone Development

Co-led by Camp Grayling and NMC, this initiative supports the planning and implementation of a BVLOS zone extending from Camp Grayling to Traverse City.

- Enable long-range drone operations for academic, industry, and government users.
- Strengthen connections between existing UAS test sites.
- Provide a critical resource for testing and deploying AAM technologies.

5. UAS Center of Excellence at Yuba

This dedicated facility will serve as a hub for drone innovation, training, and commercialization.

- Leverage NMC's Yuba airfield for UAS testing and workforce development.
- Provide access to BVLOS zones, training programs, and commercialization pathways.
- Support overwater BVLOS operations in partnership with the U.S. Coast Guard.

6. State Engagement & Advocacy

To ensure alignment with Michigan's AAM strategy, this pillar—led by Traverse Connect—will:

- Engage with state agencies and legislators to secure funding and regulatory support.
- Advocate for northern Michigan's role in statewide AAM development.
- Coordinate with public and private stakeholders to maximize policy impact.

Call to Action

Why Now?

The timing is critical for investing in Traverse City's uncrewed aerial and marine systems industry. At the federal level, new policies and sanctions are accelerating the shift away from foreign-made drone components, creating urgent demand for domestic manufacturing and trusted supply chains. Recent Presidential Executive Orders have outlined key policy opportunities in both Uncrewed Aerial Systems and the Maritime Industry. Michigan is responding with a coordinated statewide strategy to lead in AAM, as well as a new statewide Maritime Strategy. Northern Michigan is positioned to catalyze these initiatives.

Traverse City is a designated priority region for pilot projects and infrastructure investment across these technology areas. With over $30 million already allocated to local initiatives, the region is distinctly advantaged to capitalize on this momentum. The drone industry offers a high-growth economic diversification alternative to a state historically reliant on the automotive sector, with applications in healthcare, logistics, defense, and environmental monitoring. The Traverse City region is home to existing advanced manufacturing and technology firms, forming a basis for the growth of an industry cluster covering production, software development, and drone operations. By acting now, Traverse City and Michigan can secure a leadership role in this emerging

market, attract high-value jobs, and build a resilient, future-ready economy rooted in innovation and advanced mobility technologies.

Next Steps

Northwest Michigan is mobilized to work with state partners to lead the nation in uncrewed aerial and marine drone innovation. The NorthSky Consortium offers a collaborative platform for public and private stakeholders to shape the future of AAM, UAS, and UMS in northern Michigan. Investors, policymakers, and innovators are invited to engage with the Consortium to accelerate commercialization, workforce development, and infrastructure deployment.

Strategic investment in Traverse City's uncrewed ecosystem will unlock access to uncongested airspace, FAA-aligned BVLOS zones, and a growing talent pipeline. Support is also needed to advance policy frameworks and infrastructure for overwater and long-range drone operations. By joining this effort, stakeholders can help build a resilient, diversified economy while positioning Michigan and the Traverse City region as a national testbed for scalable, high-impact drone technologies across healthcare, logistics, defense, and environmental sectors.

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