

0150-11128-0000

TRANSMITTAL

TO Eugene D. Seroka, Executive Director Harbor Department	DATE APR 26 2018	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 15	

**PROPOSED APPROVAL OF PERMIT NO. 937 WITH SPACE EXPLORATION
TECHNOLOGIES CORPORATION (SPACE X) TO CONSTRUCT AND OPERATE
A RESEARCH, DESIGN, AND MANUFACTURING FACILITY**

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.


Ana Guerrero

MAYOR

RHL:ABN:10180090t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 26, 2018

CAO File No. 0150-11128-0000

Council File No.

Council District: 15

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Correspondence from the Harbor Department dated April 12, 2018; referred by the Mayor for report dated April 23, 2018

Subject: **PROPOSED APPROVAL OF PERMIT NO. 937 WITH SPACE EXPLORATION TECHNOLOGIES CORPORATION (SPACE X) TO CONSTRUCT AND OPERATE A RESEARCH, DESIGN, AND MANUFACTURING FACILITY**

RECOMMENDATIONS

That the Mayor:

1. Approve the Harbor Department (Port) Board of Harbor Commissioners' Resolution No. 18-8269 authorizing proposed Permit No. 937 with Space Exploration Technologies Corporation (SpaceX) to construct and operate a research, design, and manufacturing facility; and,
2. Return the Resolution to the Port for further processing, including Council consideration.

SUMMARY

The Harbor Department (Port) Board of Harbor Commissioners (Board) requests approval of Resolution No.18-8269 authorizing proposed Permit No. 937 (Permit) with Space Exploration Technologies Corporation (SpaceX) to construct and operate a research, design and manufacturing facility for the development and launch of advanced rockets and spacecraft parts. SpaceX plans to build the facility at the 19-acre Port of Los Angeles (POLA) site formerly used for the Southwest Marine facility at Berth 240 (Berth 240). The Port states that the completed rockets would be too large to transport over land by road and therefore SpaceX plans to transport the rockets over the water, on a barge or ship to the launch sites. The means of transportation necessitates that the proposed facility be adjacent to a body of water. The Port states that the value of the tenant improvements at Berth 240, and related areas, will transfer back to the Port at the end of the Permit.

The proposed Permit negotiated by the Port and SpaceX includes an initial ten-year term, with two ten-year renewal options, pursuant to the lease provisions, for a total potential term of 30 years. The Port states that the initial annual rental compensation will be approximately \$1.38 million and is adjusted annually with the Consumer Price Index (CPI). In addition, the Port will charge a fee of ten percent of the annual rent for the first year of every renewal option exercised by SpaceX. According to the Port, the fee for the first renewal option term is estimated at \$224,000 and for the second renewal option will be approximately \$274,000.

PROPOSED AGREEMENT HIGHLIGHTS

SpaceX plans a rocket and spaceship facility at the POLA. SpaceX is a private company founded in 2002 to revolutionize space technology through the design, manufacture, and launch of advanced rockets and spacecraft. The company is considered one of the fastest growing providers of launch services and develops reusable rockets to transform space exploration by developing reliable space craft at comparatively reduced cost. The proposed SpaceX facility at the POLA is for research, design and development of rockets and spacecraft parts. The rockets will serve a wide range of technological missions. SpaceX plans to build a system at the facility that will only be movable by barge or ship, which necessitates a port location.

The company has more than 5,000 employees at its headquarters in Hawthorne, California, near the POLA. SpaceX has launch facilities in various areas throughout the United States. Pursuant to Permit 937, SpaceX has agreed to lease approximately 19 acres of POLA property. The facility at the POLA will have the potential to employ approximately 700 people. According to the proposed Permit, the Port states that SpaceX shall strive to achieve the goals of local job participation in the use and operation of the site and the Living Wage Ordinance of the City. In addition, SpaceX will pay, and require all of its construction contractors and subcontractors to pay prevailing wages who perform construction, alteration, demolition, installation, or repair work at or on the property.

The initial construction includes an 80,000 square foot building and upgrades and repairs to wharves, land, submerged water space, paving and utilities. According to the Port, the facility can be expanded to over 200,000 square feet. Use of the facility is water dependent, because the products to be developed at the site will be of a size that precludes reasonable transport by other means. Regarding the use of truck transport, SpaceX is to notify individuals and companies that trucks serving the project site must confine their route to the designated Wilmington route. The Port states that SpaceX will not have to pay rent to the POLA for approximately two decades because of rental credit offsets that the company will receive for the renovation, upgrade and construction of the project site.

The proposed Permit will be subject to the terms, limitations, conditions, restriction and reservation contained in the Los Angeles (L.A.) City Charter, L.A. Administrative Code Sections (LAAC) and the State (of California) Tidelands Trust Agreement with the POLA. According to the Port, upon termination of the Permit, the title to all real property improvements shall be transferred to the POLA. The Permit will become effective on the date of approval by City Council, per Charter Section 606, and execution by the Port Executive Director, after approval by the City Attorney as to form and legality. SpaceX will manage and operate the site as maritime transport related to an industrial facility supporting rocket and space development and exploration.

SpaceX has agreed to accept the POLA property "as is." The Port states that SpaceX, as the tenant, is responsible for all utilities, maintenance and capital improvement costs associated with the use of the POLA property. SpaceX will be responsible for the construction of all new improvements on the project site. SpaceX agrees to pay the Port for any applicable Tariff charges, as additional rent. SpaceX coordination with the POLA and other governmental agencies, will include, but is not limited to, telecommunications equipment, Wilmington truck route usage, and other provisions of the Permit.

TENANT IMPROVEMENT ALLOWANCE FOR SPACE X

SpaceX will be entitled to rental offsets for Tenant Improvement Allowance (Tenant Improvement) for tenant developments, improvements and construction of the project site. For the initial 10-year Permit term and if the first 10-year renewal option is exercised, the Port will provide SpaceX a proposed Tenant Improvement Allowance of approximately \$40 million. The rental credit offset for the Tenant Improvement for SpaceX will offset the \$40 million in rental compensation due to the Port during the initial 20-year period of the Permit. Beginning in the 21st year, under the second potential 10-year renewal option, the Port will start collecting rental compensation from SpaceX estimated at approximately \$3 million per year, or an estimated total of \$30 million during the final ten years of the 30-year term of the Permit.

Under the Tenant Improvement, the Port is providing SpaceX with an additional contingency rental offset on the possibility of discovering more environmental contamination than "as is" during site development. This contingency rental offset will be based on agreed upon costs that are beyond five percent of the total construction expense, or not to exceed \$2.1 million. The Ports states that the total rental offsets for the Permit will not exceed \$44.1 million.

The Port states that the rental offsets for the Tenant Improvement Allowance are limited to improvements to the real property sites of the POLA. The tenant improvement allowances will be structured in two phases. Phase one construction costs estimate is \$27 million and Phase two cost estimates is \$15.75 million. The two phases of the Permit will include the square footage for seven parcels for land and water sites. Initial annual payment of approximately \$1.38 million represents rent costs for Parcels 1 through 4, subject to annual CPI adjustments. Additional parcels, subject to request and approval, include Parcels 5 through 7. The parcels will be used for the development, build up and construction of wharves and waterfront, submerged and backlands, as follows:

Phase 1	Initial Parcels	Square Footage/POLA Property
	Parcel 1	194,983 sq. ft. (waterfront land)
	Parcel 2	196,414 sq. ft. (backland)
	Parcel 3	38,911 sq. ft. (wharf)
	Parcel 4	44,924 sq. ft. (submerged land)
	Total	475,232 sq. ft. (or 10.9 acres)
Phase 2	Additional Parcels	
	Parcel 5	83,278 sq. ft. (backland)
	Parcel 6	214,277 sq. ft. (backland)
	Parcel 7	54,703 sq. ft. (waterfront land)
	Total	352,258 sq. ft. (or 8.1 acres)

Pursuant to the Board report, SpaceX has the right to add additional parcels (Parcels 5 through 7) upon providing written notice to the Port. In addition, SpaceX has the first right of refusal if other parties request to occupy Parcels 5 through 7. The Permit is for Parcels 1 through 4, and the optional period may include Parcels 5 through 7 (in option Year 10 or thereafter).

The Port states that the land leased to SpaceX will revert back to the Port at the end of the 30-year Permit. Due to the Tenant Improvements of this property, the Port estimates that the future land value may be approximately \$36 million and future tenant improvements may be approximately \$55

million at the end of the 30-year term of the Permit. Since there are no acquisition costs for POLA land, the Port states that its property assessment compares land uses and rents with comparable industrial real estate markets. The estimated overall Rate of Return for the permit is approximately 6.75 percent and is reflective of the above valuation and reversion of property improvements at the end of the 30-year Permit term. The Port states that the Permit will allow the POLA to build on the science and technology jobs that have been envisioned at the Port and public waterfront.

Pursuant to the proposed Permit, SpaceX will indemnify and defend the City from any and all liability, claims, demands, costs, damages, proceedings, judgments and litigation arising from and against any design defects and construction contracts, contractors, subcontractors and other entities identified in the contract provisions. Per the Permit, SpaceX will be required to obtain and maintain insurance for itself and its consultants and contractors at its own expense for the project site and City, Port, and its employees. The insurance obligation includes property damage, risk, and worker's compensation insurance coverage by an insurance company authorized to do business in the State.

ENVIRONMENTAL ASSESSMENTS

The Port states that the overall objective of the project is to improve terminal facilities to accommodate the development and manufacture of specialized large commercial transportation vessels and optimize the use of existing land at the terminal to accommodate direct transportation of SpaceX products via water consistent with the Port's tidelands trust obligations.

The Port states the proposed action is administratively exempt pursuant to the California Environmental Quality Act (CEQA) under Article 2, Section 2(i), because it has been environmentally assessed in compliance with CEQA. According to the Port, this action was assessed in the Final Initial Study/Mitigated Negative Declaration (Final IS/MND) for the former Southwest Marine facility (Berth 240) Transpiration Vessels Manufacturing Facility Project (Board Resolution No. 18-8259). The attached Final IS/MND is dated in February 2018 and was approved by the Board on March 15, 2018. The Final IS/MND was prepared by the Port as lead agency under the CEQA to address the environmental effects of the proposed project and recommend mitigation measures to avoid or minimize impacts. SpaceX, as the tenant, was responsible for costs associated with preparing this CEQA document. SpaceX will be responsible for remediation of any existing contamination on POLA property.

Attached to this report are copies of the Port's Mitigation Monitoring and Reporting Program (MMRP) and the Port's Environmental Policies, which are also Exhibits in the proposed Permit. The Port states that the purpose of the MMRP is to memorialize the mitigation measures from the CEQA document and monitor such measures through thorough reporting. According to the Port, the MMRP is a standard attachment to Port leases where some form of mitigation is being required. It is a result of the CEQA process and is the mechanism whereby mitigation measures resulting from the CEQA process become a condition of the lease itself.

CITY COMPLIANCE ISSUES

The City Attorney has approved the proposed Amendment as to form and legality. In accordance with Charter Section 606, the Council must approve the proposed Amendment since the term of the

Permit exceeds five years. SpaceX is required to procure and maintain the insurance policies stated in the Proposed Permit.

SpaceX is required to comply with the City and/or State Policies for the Labor Code of the State of California (Prevailing Wage) and with applicable provisions of the City's Living Wage Ordinance. This includes compliance with the following provisions: Affirmative Action; Service Contractor Worker Retention and Living Wage Policy requirements; Wage and Earning Assignment Orders; Equal Benefits Policy; State Tidelands Act; Disclosure Laws; and other applicable contract provisions. The Port states that Charter Section 1022 is not applicable to rental agreements and this Permit.

The Port states that the proposed action is in the best interest of the City and POLA despite the following facts: (1) the estimated rate of return on investment does not meet the stated policy targets as enacted by the Board, and has been waived and, (2) the proposed Permit was not a result of a public solicitation or request as this action has the potential to result in 700 job and the site has not been occupied by a tenant since October 2005.

FISCAL IMPACT STATEMENT

Approval of the proposed Permit 937 between the Harbor Department (Port) and SpaceX to design, construct and operate a research, design and manufacturing facility to develop and launch advanced rockets and spacecraft. The Permit is for a ten-year initial term, with two ten-year renewal options, for a total of 30 years. Initial annual rent compensation payable to Port is estimated at more than \$1.38 million and will be adjusted annually by CPI to attain an estimated \$2.7 million in compensation by Year 20, for a total cumulative compensation of approximately \$40 million. As part of the Tenant Improvement Allowance, due to development and improvements of the project site, SpaceX will receive an estimated \$40 million for the initial 20-years of the Permit, which include the initial 10-year contract term and the first 10-year renewal option. Beginning in Year 21, the Port will collect approximately \$3 million annually and total of \$30 million during the final 10 years of the 30-year proposed Permit. At the end of the 30-year Permit, the land and improvements committed under the Permit to SpaceX will revert back to the Port.

RHL:ABN:10180090

Attachment

ATTACHMENT

MITIGATION MONITORING AND REPORTING PROGRAM (MMRP)

The Attachment lists the applicable Mitigation Monitoring and Reporting Requirements and a list of Environmental Policies, Rules and Directives of the Port for SpaceX as the tenant throughout the proposed Agreement term. The purpose of the MMRP is to memorialize the mitigation measures from the CEQA document and monitor such measures through thorough reporting. According to the Port, the MMRP is a standard attachment to Port leases where some form of mitigation is being required. It derives from the CEQA process and is the mechanism whereby mitigation measures resulting from the CEQA process become a condition of the lease itself.

Mitigation Reporting Requirement: SpaceX (Tenant) shall maintain records and supply supporting written documentation to demonstrate compliance, including, but not limited to, purchase records and material safety data sheets. Records shall be maintained onsite and will be made available for review upon request by the Harbor Department (LAHD). Tenant is required to submit a summary report annually.

The reporting documents will include the following: Mitigation Monitoring and Reporting Forms are the documentation to be completed by the Tenant and submitted to the LAHD, along with all necessary verification and backup documentation, to certify compliance and that the mitigation measures and lease measures have been implemented. Templates for construction and operational mitigation monitoring and reporting forms are an attachment to this MMRP. The mitigation monitoring and reporting forms will be prepared by the Tenant and submitted to the LAHD - Environmental Management.

MITIGATION MONITORING AND REPORTING PROGRAM

Document considered draft until Board considers document

Berths 240 Transportation Vessels Manufacturing Facility Project Initial Study/Mitigated Negative Declaration



February 2018

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APP No. 170117-008
SCH No. 2017121023



Mitigation Monitoring and Reporting Program

Introduction/Background

A Final Initial Study/Mitigated Negative Declaration (Final IS/MND) for the proposed Berth 240 Transportation Vessels Manufacturing Facility Project to be operated by WW Marine Composites, LLC was certified by the Los Angeles Board of Harbor Commissioners (Board) on March 15, 2018 (SCH #2017121023 and APP No. 170117-008). The Board also approved the project itself, including improvements to the existing Berth 240 container terminal (alternatively referred to as Project). The Board then issued and approved a Level II Non-Appealable Coastal Development Permit (CDP #18-05) on May 3, 2018. The overall objective of the Project is to "improve terminal facilities to accommodate the development and manufacture of specialized large commercial transportation vessels and optimize the use of existing land at the terminal to accommodate direct transportation of products via water in manner consistent with LAHD's tidelands trust obligations." This improvement would be achieved through waterside and landside improvements at the site. The Final IS/MND was prepared by the City of Los Angeles Harbor Department (LAHD) as Lead Agency under the California Environmental Quality Act (CEQA) to address the environmental effects of the proposed project and recommend mitigation measures to avoid or minimize impacts to less than significant.

The proposed Project consists of issuing a lease, harbor engineering permit, and a coastal development permit for the construction and operation of a facility to develop and manufacture prototypes and first-generation specialized transportation vessels. The proposed Project would be developed on an approximately 18-acre site along the Harbor's Main Channel and includes portions of the former Southwest Marine shipyard that is currently vacant. The proposed Project site has been inactive since 2006 except for temporary filming uses. It consists of abandoned industrial buildings, unused paved areas, unused compacted dirt area, and an unused wharf. The proposed Project would include the demolition of one structure that is approximately 9,150 square feet and 45 feet tall (not a historic building). As part of the proposed project, an approximately 203,450-square-foot prefabricated building (approximately 105 feet tall) would be built. The proposed Project would also include up to four above ground storage tanks (approximately 12,000 gallons each, or equivalent) in an ancillary tank farm to store materials needed for the manufacturing process, as well as paving improvements. Project construction is anticipated to include repairs to the existing wharf at the facility to allow for transfer of completed products and would consist of pile capping, encasement of damaged pile areas, replacement of fender piles, removal of damage and repair with concrete and epoxy areas of the front stem column above the fender beam and the wharf deck.

Operations would involve research and development of transportation vessels and would likely include general manufacturing procedures such as welding, composite curing, cleaning, painting, and assembly operations. Constructed vessels would be too large to be transported by road and thus the facility needs to be adjacent to the water. The lease would also accommodate relocation of the existing ongoing recovery operations undertaken by Space Exploration Technologies to bring to shore vehicles returning from space that are retrieved by an autonomous drone ship offshore.

Monitoring and Reporting Procedures

Mitigation measures and lease measures will be implemented in accordance with this MMRP. Construction bid specifications, if necessary, shall include all applicable construction measures and the contractor(s) work plans shall be provided to LAHD Environmental Management Division (EMD) for review and approval. Operational mitigation measures and lease measures will be monitored by EMD and any specified responsible parties designated by EMD.

The LAHD shall be responsible for implementing the MMRP and ensuring that all parties comply with its provisions. The LAHD may delegate monitoring activities to staff, consultants, or contractors. Tenant shall include all appropriate construction mitigation measures in the bid specifications in order to document how the contractor intends to comply with all measures applicable to the contract including application of Best Management Practices (BMPs). All mitigation measures and leasing policy requirements will be included in leases and lease amendments. The LAHD will ensure that monitoring is documented through periodic reports and that deficiencies are promptly corrected. The designated environmental monitor will track and document compliance with mitigation measures, note any problems that may result, and take appropriate action to rectify problems.

Mitigation Monitoring and Reporting Program Implementation

Pursuant to Public Resources Code 21081.6 and CEQA Guidelines Section 15097, this MMRP was prepared to verify compliance with individual mitigation measures. This MMRP identifies each mitigation measure by discipline as well as the entity (organization) responsible for its implementation and the timing.

Mitigation Measures, Lease Measures and Implementation

The mitigation measures and lease measures have been derived from the Final IS/MND for the Berth 240 Transportation Vessels Manufacturing Facility Project. This MMRP was adopted by the Board of Harbor Commission (Board) in March 2018 along with certification of the Final IS/MND.

The measures contained in the MMRP (and herein) reflect the project at full build out which included but are not limited to the following project components:

- demolition of one structure that is approximately 9,150 square feet;
- construction of a 203,450-square-foot prefabricated building;
- installation of four above ground storage tanks;
- pavement improvements; and
- repairs to existing wharf.

The implementation discussions within Table 1 establish the methods for complying with the mitigation measures and lease measures. Sample reporting and documentation forms required for the Tenant can be found as Attachment 1. The Tenant may establish their own forms with relevant information as provided for reference in the sample forms.

Table 1. Mitigation Monitoring and Reporting Program Summary for the Berth 240 Transportation Vessels Manufacturing Facility Project

Mitigation Measure (MM) or Lease Measure (LM)	Timing and Methods	Responsible Parties
Air Quality and Meteorology		
MM AQ-1. Architectural Coatings. The tenant shall exclusively use zero VOC architectural coatings.	<p>Timing: Throughout construction and operation</p> <p>Methods: Tenant shall maintain records and supply supporting written documentation to demonstrate compliance, including but not limited to purchase records, and safety data sheets. Records shall be maintained onsite and will be made available for review upon request by LAHD. Tenant to submit a summary report annually.</p>	<p>Implementation: Tenant and LAHD will monitor implementation of MM AQ-1 during construction and operation.</p> <p>Monitoring and Reporting: Annual summary report to LAHD, Environmental Management Division</p>
LM AQ-1. VOC-Containing Material Usage. The tenant shall limit usage to the equivalent of 7 gallons of VOC-containing materials per day and 7,700 square feet of pre-impregnated material per day.	<p>Timing: Throughout construction and operation</p> <p>Method: Tenant shall maintain records and supply supporting written documentation to demonstrate compliance, including but not limited to purchase records and daily logs of amounts/volumes of material used. Records shall be maintained onsite and will be made available for review upon request by LAHD. Tenant to submit a summary report annually.</p>	<p>Implementation: LAHD will include LM AQ-1 in the lease agreement with tenant. Tenant and LAHD will monitor implementation of lease measures during construction and operation.</p> <p>Monitoring and Reporting: Annual summary report to LAHD, Environmental Management Division</p>
LM AQ-2: Ridesharing. The tenant shall ensure that a minimum of 10% of the workforce carpools.	<p>Timing: Throughout operation</p> <p>Methods: Tenant shall maintain records and supply supporting written documentation to demonstrate compliance for the prior year, including but not limited to employee carpool surveys, rideshare records and Rule 2202 compliance. Records shall be maintained onsite and will be made available for review upon request by LAHD. Tenant to submit a summary report annually.</p>	<p>Implementation: LAHD will include LM AQ-2 in the lease agreement with tenant. Tenant and LAHD will monitor implementation of lease measures during operation.</p> <p>Monitoring and Reporting: Annual summary report to LAHD, Environmental Management Division</p>
LM AQ-3: Tugboats. Tugboats shall meet U.S. Environmental Protection Agency (EPA) Tier 3 engine standards, or cleaner at all times during operation.	<p>Timing: Throughout operation</p> <p>Methods: Tenant shall maintain supporting written documentation of all tugboat activity, including</p>	<p>Implementation: LAHD will include LM AQ-3 in the lease agreement with tenant. Tenant and LAHD will monitor</p>

Mitigation Measure (MM) or Lease Measure (LM)	Timing and Methods	Responsible Parties
	advanced written confirmation of each tugboat deployment to demonstrate compliance. Records shall be maintained onsite and will be made available for review upon request by LAHD. Tenant to submit a summary report bi-annually.	implementation of lease measures during operation. Monitoring and Reporting: Bi-annual summary report to LAHD, Environmental Management Division
<p>LM AQ-4: Off-Road Construction Equipment (except vessels, harbor craft, on-road trucks, and dredging equipment). All off-road construction equipment greater than 50 hp must meet USEPA Tier IV emission standards, unless the contractor provides a written finding consistent with project contract or lease management requirements and obtains written approval from the Lead Agency that such equipment is unavailable.</p>	<p>Timing: During specified construction phases</p> <p>Methods: Tenant will include LM AQ-4 in its contract specifications for construction.</p> <p>In the event that USEPA Tier IV emission standards cannot be met for a piece of construction equipment, Tenant shall ensure that its construction contractor shall provide a written finding to demonstrate that one of the following circumstances exist:</p> <ul style="list-style-type: none"> ▪ The equipment is unavailable within the required Tier level, within the state of California, including through a leasing agreement. ▪ The contractor has applied for necessary incentive funds to put controls on a piece of uncontrolled equipment planned for use on the project, but the application process is not yet approved, or the application has been approved, but funds are not yet available. ▪ The contractor has ordered a control device for a piece of equipment planned for use on the project, or the contractor has ordered a new piece of controlled equipment to replace the uncontrolled equipment, but that order has not been completed by the manufacturer or dealer. In addition, for this exemption to apply, the contractor must attempt to lease controlled equipment to avoid using uncontrolled equipment, but no dealer within 200 miles of the project has the controlled equipment available for lease. 	<p>Implementation: LAHD will include LM AQ-4 in the lease agreement with tenant. Tenant and LAHD will monitor implementation of lease measures during operation.</p> <p>Monitoring and Reporting: 30 days prior to start of construction and updated every six (6) months throughout construction to reflect receipt of any new equipment.</p>

Mitigation Measure (MM) or Lease Measure (LM)	Timing and Methods	Responsible Parties
Biology		
MM BIO-1: Prior to ground-disturbing activities and/or vegetation removal, a qualified biologist shall conduct surveys for the presence of nesting birds protected under the Migratory Bird Treaty Act (MBTA) and/or CDFW Code within areas of the proposed project Site that contain potential nesting bird habitat. Surveys shall be conducted 24 hours prior to the clearing, removal, or grubbing of any vegetation or ground disturbance. If active nests are located, then a barrier installed at a 50-foot radius from the nest(s) will be established and the tree/location containing the nest will be marked and will remain in place and undisturbed until a qualified biologist performs a survey to determine that the young have fledged or the nest is no longer active.	<p>Timing: Throughout construction, prior to vegetation removal</p> <p>Methods: Tenant shall include MM BIO-1 in the contract specifications for construction. Construction bid and contract specifications shall include the use of qualified avian biologists to evaluate and survey the Site to identify presence of nesting birds and/or active nests. Tenant shall monitor implementation of mitigation measures during construction or prior to any vegetation removal. Tenant shall supply written documentation to demonstrate compliance.</p>	<p>Implementation: Tenant shall include MM BIO-1 in the contract specifications for construction. Tenant and LAHD will monitor implementation of mitigation measures prior to vegetation removal.</p> <p>Monitoring and Reporting: Submit written documentation to LAHD, Environmental Management Division</p>
Transportation and Traffic		
<p>MM TRA-1: As a condition of the lease and Coastal Development Permit, the Applicant shall be required to establish shift start and end times outside of peak hours as follows:</p> <p>a) Shift start times shall not fall between 7 a.m. to 10 a.m., to be outside of a.m. peak hours; and</p> <p>b) Shift end and late shift start times shall not fall between 3 p.m. to 6 p.m., to be outside of the p.m. peak hours.</p>	<p>Timing: Throughout operation</p> <p>Method: Tenant shall maintain records and supply supporting written documentation to demonstrate compliance, including but not limited to employee shift schedules and timesheets.</p> <p>In the event that Caltrans and LADOT approves the restriping of the westbound leg of the intersection of Ferry Street at the SR-47 ramps from a left-turn and a right-turn under baseline conditions to a left-turn and shared left- and right-turn lane, the Tenant may have the restriction on shift start and end times lifted with the implementation of the intersection improvements as mitigation.</p>	<p>Implementation: Tenant and LAHD will monitor implementation of mitigation measures during operation.</p> <p>Monitoring and Reporting: Annual summary report to LAHD, Environmental Management Division</p>
Cultural		
<p>MM CULT-1 Unanticipated Discovery of Archaeological Resources Condition</p> <p>In the event that archaeological resources (sites, features, or artifacts) are exposed during construction activities for the proposed Project, all construction work occurring within 100 feet of the find shall immediately stop until a qualified archaeologist, meeting the Secretary of the Interior's Professional Qualification Standards, can evaluate the significance of the</p>	<p>Timing: Ground disturbing activities during project demolition and construction</p> <p>Method: Tenant shall ensure that its construction contract requires that construction bid and contract specifications include the use of an approved archaeologist to evaluate and survey the Site to</p>	<p>Implementation: Tenant and LAHD will monitor implementation of mitigation measures during operation.</p> <p>Monitoring and Reporting: Submit written documentation</p>

Mitigation Measure (MM) or Lease Measure (LM)	Timing and Methods	Responsible Parties
find and determine whether or not additional study is warranted. Depending upon the significance of the find, the archaeologist may simply record the find and allow work to continue. If the discovery proves significant, additional work such as preparation of an archaeological treatment plan, testing, or data recovery may be warranted.	determine if any materials are uncovered that are suspected of being associated with historical or prehistoric occupation. Tenant must retain an archaeologist and notify LAHD in writing if any materials are uncovered and the contractor shall cease construction activities within 10 meters of the discovery. LAHD to notify applicable Tribal representatives. Tenant shall monitor implementation of mitigation measures during ground disturbing activities. Tenant shall supply written documentation of, including but not limited to, the above requirements to demonstrate compliance.	to LAHD, Environmental Management Division
<p>LM CUL-1: Once a proposed project structure is identified, the LAHD shall make a determination on whether a Historical Resource Assessment is necessary to determine the presence of a historical resource, as defined under CEQA. If such an assessment determines that a historic resource is present, the LAHD shall determine the need to implement measures that might include, but are not limited to, one or more of the following to further avoid, minimize, or substantially reduce the identified impacts:</p> <ol style="list-style-type: none"> 1. A preservation architect meeting the Secretary of the Interior's Professional Qualifications Standards in historic architecture shall participate in preconstruction and construction monitoring activities to ensure continuing conformance with Secretary's Standards and/or avoidance of a material impairment of the historical resources; 2. Complete photographic documentation of the historic resource prior to implementing the project. Such documentation shall adhere to standards and guidelines for Historical American Buildings Survey (HABS), Historic American Engineering Record (HAER), and Historic American Landscapes Survey (HALS) documentation, as outlined in the November 2011 HABS/HAER/HALS 31 Guidelines set by the Heritage Documentation Programs instituted by the National Park Service (http://www.cr.nps.gov/hdp/standards/halsguidelines.htm). At a minimum, the level of photographic documentation shall be at the HABS/HAER Level II; and/or, 3. For certain projects it may be necessary to establish an environmentally sensitive area and put up barriers to ensure the protection of specific built environment features, such as buildings, structures, and landscape and hardscape elements. The environmentally sensitive area shall be outlined on project plans and the construction crew must be made aware of restrictions and requirements for protecting historical resources for the 	<p>Timing: During project demolition, construction and operation</p> <p>Methods: Tenant shall supply written documentation to demonstrate compliance.</p>	<p>Implementation: Tenant shall include LM CUL-1 in the contract specifications for construction. Tenant and LAHD shall monitor implementation of lease measures during demolition and construction.</p> <p>Monitoring and Reporting: Submit written documentation to LAHD, Environmental Management Division</p>

Mitigation Measure (MM) or Lease Measure (LM)	Timing and Methods	Responsible Parties
duration of the project. A qualified professional meeting the Secretary of the Interior's Professional Qualifications Standards may be required to monitor the project to ensure adherence to restrictions.		
Hazardous Materials		
<p>LM HAZ-1: Site Remediation Lease Requirement. Contamination associated with building demolition (including, but not limited to asbestos containing materials, lead-based paint, PCB-containing light ballast, etc.) shall be the responsibility of the Tenant and/or the Tenant's contractors.</p> <p>Unless otherwise authorized by the lead regulatory agency for any given site, the Tenant shall address all contaminated soils within proposed Project boundaries discovered during demolition, excavation, and grading activities. Any existing soil contamination discovered during development/construction shall be the responsibility of the property owner.</p> <p>Management of the building waste shall occur in compliance with local, state, and federal regulations and as directed by the appropriate lead regulatory agency. Any soil disturbance (including trenching, grading, or excavation) and/or remediation necessitated as a result of the demolition process shall be coordinated through the APP process and will require Harbor Department EMD consultation and oversight. Soil removal needed during demolition of the Compressor Building or redevelopment anywhere on the property, shall be completed as defined and established in the DTSC and USEPA-approved Southwest Marine Soil Management Plan (SGI, Pending). All imported soil to be used as backfill in excavated areas shall be sampled to ensure that it is suitable for use as backfill and that the soil meets the requirements of the Harbor Department's Import Fill Standards (LAHD, 2016).</p> <p>LAHD shall require Tenant to comply upon lease approval.</p>	<p>Timing: During project demolition and construction</p> <p>Methods: Management of the building waste shall occur in compliance with local, state and federal regulations and as directed by the relevant lead regulatory agency.</p>	<p>Implementation: Tenant shall include LM HAZ-1 in its contract specifications for construction. Tenant and LAHD shall monitor implementation of mitigation measures during construction.</p> <p>Monitoring and Reporting: Environmental Management Division, Construction Contractor</p>

EXHIBIT - PORT ENVIRONMENTAL POLICIES

APPLICABLE ENVIRONMENTAL POLICIES, RULES AND DIRECTIVES OF CITY'S HARBOR DEPARTMENT

1. Port of Los Angeles Environmental Management Policy, as amended, or its successor policy. Available at: <http://www.portofla.org/img/Env Mgmt Policy.gif>
2. San Pedro Bay Ports Clean Air Action Plan, as amended, or its successor plan/document. Available at: <http://www.cleanairactionplan.org>.
3. Port of Los Angeles and Port of Long Beach Water Resources Action Plan or its successor plan/document. Available at the website of <http://www.portoflosangeles.org/DOC/WRAP Final.pdf>
4. Port of Los Angeles Green Building Policy (2007), as amended, or its successor policy.
5. Port of Los Angeles Sustainable Construction Guidelines (2008), as amended, or its successor document.
6. Resolution No. 5317 - Policy for Operation of Hazardous Waste Transfer, Storage and Disposal (TSD) Facilities on Harbor Department Property and any amendments or successor resolution.

Tenant (SpaceX) acknowledges that City has provided copies, or made copies available via the Port's website, of the above policies to the Tenant.