

Presented by  
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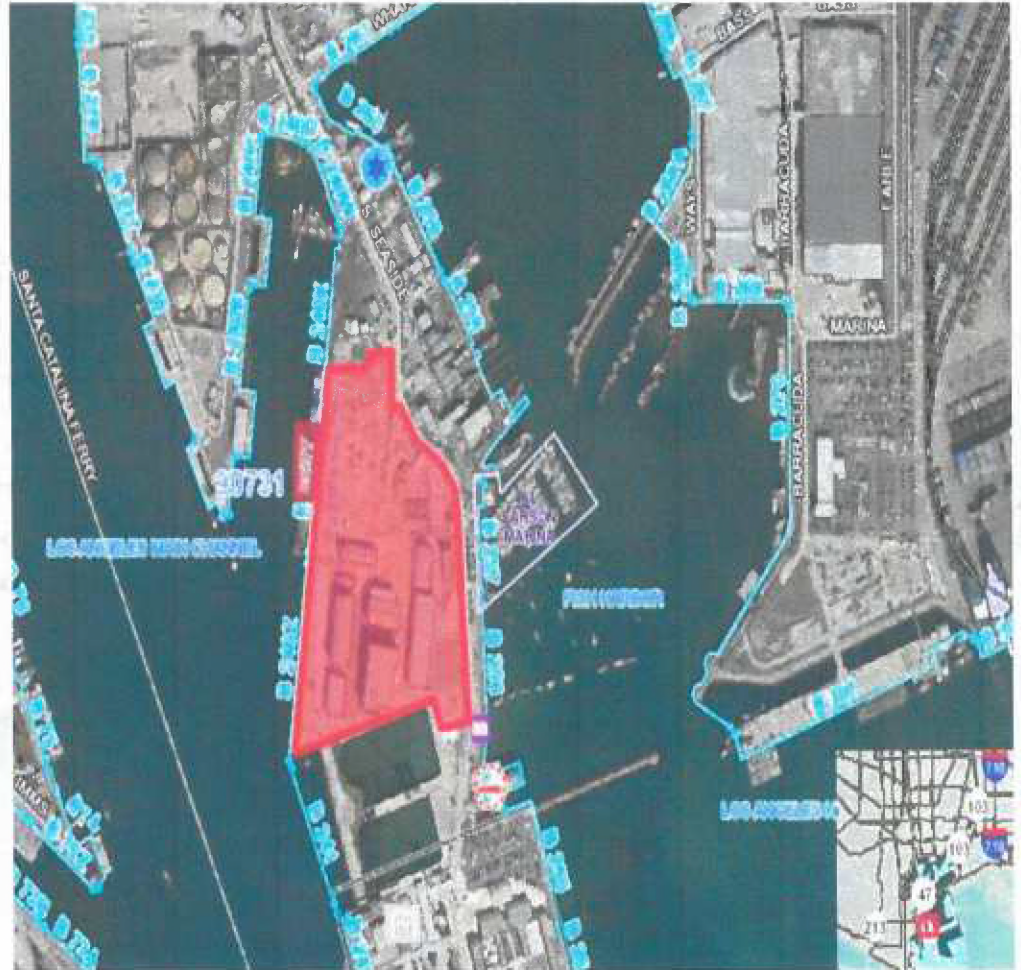
Date: 5-1-18  
 Submitted in: ITT Committee  
 Council File No. 18-0376  
 Item No. 1  
 Deputy: POLA



**REQUEST FOR APPROVAL OF  
 PERMIT 937 WITH SPACE EXPLORATION  
 TECHNOLOGIES CORPORATION (SpaceX)**

# BACKGROUND

- Late 2015 – Proposed tenant searched throughout the country for a new research and development/manufacturing site with water access
- 19 acres at former shipyard was identified (required environmental remediation)
- Mid-2016 - Environmental remediation was initiated and completed in late 2017
- October 2017 – Term Sheet was signed and CEQA process initiated
- March 2018 – CEQA approved by Board and final negotiations with SpaceX completed
- April 2018 – Permit 937 for Board consideration





# TERMS AND CONDITIONS

- Term: Ten Years with 2 ten-year option to extend
  - Option fee to exercise extensions
- Premises:
  - Initial Premises (Phase 1- Wharf, backland, submerged land, waterfront land) – 10.9 acres
  - Additional Premises (Phase 2- backland and waterfront land) – 8.1 acres
- Permitted use: Construction and Operation of a research, development, design and manufacturing of aerospace vehicles; water dependent recovery and transport operations
- Construction (by tenant) of an 80,000 square foot building (Phase 1) and an additional 120,00 square foot addition (Phase 2)
- CEQA, maintenance and repair costs are tenant's responsibility
- Prevailing wage rates required
- Privately funded with no public subsidies

# COMPENSATION

- Annual Compensation: \$1.38 million with annual Consumer Price Index based rent escalators
- Five-year market rent adjustments
- Tenant Improvement Allowance: Rent credits for real property construction cost up to \$42 million
  - Phase 1 – up to \$27 million
  - Phase 2 – Up to \$15 million
  - A 5% additional contingency or up to \$2.1 million for further possible environmental mitigation during development
- With reversion value of the premises, at the end of 30 years, the rate of return is 6.75%



# RECOMMENDATION

- Find CEQA exempt due to previous Board adoption of Mitigated Negative Declaration on March 15, 2018
- Find action in Best interest of City of Los Angeles and the Harbor Department:
  - Below rate of return policy (6.75%)
  - No public participation – creates up to 700 jobs, been vacant since October 2005 and site was contaminated from previous tenant
- Approve Permit 937 with SpaceX





# Questions