



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JANUARY 18, 2017

FROM: WATERFRONT & COMMERCIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - SECOND AMENDMENT TO
REVOCABLE PERMIT NO. 15-19 WITH SPACE EXPLORATION
TECHNOLOGIES CORP. DBA SPACEX**

SUMMARY:

Staff requests approval of the Second Amendment to Revocable Permit No. 15-19 (RP 15-19) with Space Exploration Technologies Corp. (SpaceX) to increase permit premises by approximately 83,815 square feet of land and water areas to more safely and efficiently conduct its rocket recovery operations including rocket offloading, removal of unexpended fuel and hazardous materials, and preparation for transport. The Second Amendment also provides for the payment of any Harbor Department expenses related to the rocket recovery operations.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 4(6) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Approve the Second Amendment to Revocable Permit 15-19 with Space Exploration Technologies Corp.;
3. Authorize the Executive Director to execute and the Board Secretary to attest to the Second Amendment to Revocable Permit 15-19;
4. Adopt Resolution No. _____.

SUBJECT: SECOND AMENDMENT - REVOCABLE PERMIT 15-19 WITH SPACEX**DISCUSSION:**

Background: On January 7, 2016, the Board approved RP 15-19 to SpaceX for the use of 35,000 square feet (s.f.) of land and 77,000 s.f. of water at Berths 51 and 52 along Miner Street in San Pedro (Transmittal 1). The revocable permit allowed for: berthing rights for the Marmac landing barge and auxiliary vessels; construction of landside improvements including the installation of rocket support pedestals on a concrete pad; and installation of temporary perimeter fencing, an office trailer, a guard shack and portable restrooms. SpaceX's premises are utilized to berth vessels that recover expended rockets and capsules from over 100 miles offshore and return the respective equipment for land based transportation to various locations.

In response to a Board concern regarding insurance limits and coverage under self-insurance, the First Amendment to RP 15-19 increased insurance requirements to provide superior insurance coverage, thereby reducing the Harbor Department's financial risk exposure arising from SpaceX's operations.

Proposed Second Amendment (Transmittal 2) Summary: Staff requests Board approval to increase permit premises by an additional 41,862 s.f. of land and 46,000 s.f. of water, and correspondingly adjust compensation from \$11,122.22 per month to \$23,735.35 per month. The additional areas provide SpaceX with access to a wider area such that it can conduct its operations more safely and efficiently, and also reduce the length of time that Miner Street is shut down, thereby lessening the impact of SpaceX operations on neighboring tenants.

Currently, to allow for a planned January 16-21, 2017 recovery, Temporary Entry and Use Permit No. 1622 grants use of the subject areas from January 4 to February 15, 2017. Amending RP 15-19 to include the subject areas eliminates the need to provide temporary entitlements to cover the intermittent recovery operations. Additionally, the revocable permit language provides more comprehensive permit conditions that are more suitable for SpaceX's permitted uses than the current TEUP. The Second Amendment will be effective February 16, 2017.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a Second Amendment to Permit No. 15-19 with SpaceX to increase the permit premises to allow for a safer rocket recovery operation. As an activity involving temporary use of land having no permanent effect on the environment, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article III Class 4(6) of the Los Angeles City CEQA Guidelines.

SUBJECT: SECOND AMENDMENT - REVOCABLE PERMIT 15-19 WITH SPACEX

FINANCIAL IMPACT:

Based on a target ten percent rate of return on the 2016 estimated land values of \$22 per square foot for the Berths 51-52 area and \$29 per square foot for the Berth 53 area, and \$7.33 per square foot for submerged land at both Berths 52 and 53, the total compensation, which includes the Second Amendment, meets the target rate of return. The Second Amendment also provides a mechanism to charge SpaceX for fees and/or costs incurred by the Harbor Department as a result of accommodating the recovery operations.

The Second Amendment to RP 15-19 increases Harbor Department revenue by \$151,357.56 a year, a 113.4 percent increase over its current annual rent of \$133,466.64.

CITY ATTORNEY:


The Office of the City Attorney has reviewed and approved the Second Amendment as to form and legality.

TRANSMITTALS:

- 1. Site Map
- 2. Second Amendment

FIS Approval: MB (initials)
 CA Approval: Gal (initials)


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APPROVED:


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 Executive Director

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