



City Council Agenda Item

City Council Meeting Date: December 6, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Dean Albro, City Manager
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SUBJECT: Presentation by Pale Blue Dot Ventures, Inc. of Concept & Feasibility Study and Experience Design Plan for Proposed Development of a Space Center Project on Approximately 82 Acres Including and Adjacent to Ken Adam Park; and Approval of a Sixth Amendment to the Memorandum of Understanding to Extend the Exclusive Negotiating Period

Recommendation:

Staff recommends the City Council:

- 1) Receive a presentation by Pale Blue Dot Ventures, Inc. (Pale Blue Dot) of its Concept & Feasibility Study and Experience Design Plan for a proposed development of a space center project on approximately 82 acres of City-owned land including and adjacent to Ken Adam Park; and
- 2) Decide whether to approve the requested Sixth Amendment to the Memorandum of Understanding (MOU) (Attachment 1) with Pale Blue Dot (Sixth Amendment), which would extend the exclusive negotiating period under the MOU, which currently expires on December 31, 2022. An extended exclusive negotiating period will allow the City and Pale Blue Dot the time needed to work towards the next step under the MOU – negotiating a Disposition & Development Agreement to govern development of the property and its sale to Pale Blue Dot.

Background and Discussion:

At its meeting of July 16, 2019, the City Council approved the MOU (Attachment 2). The purpose of the MOU is to provide a period during which the City will negotiate exclusively with Pale Blue Dot toward a proposed eventual development of a space center project on approximately 82 acres of City-owned property including and adjacent to Ken Adam Park (Property). Until the MOU expires, the City may negotiate with no entity other than Pale

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Presentation and Sixth Amendment to Pale Blue Dot MOU

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Blue Dot regarding the Property, and may consider approval of no new development use for the Property other than Pale Blue Dot's proposed project.

During the exclusive negotiating period, the MOU calls for Pale Blue Dot to meet a capital fundraising requirement, and to prepare and present a Concept & Feasibility Study and Experience Design Plan. The next step in the MOU is the City and Pale Blue Dot would negotiate and attempt in good faith to reach agreement on a Disposition and Development Agreement (DDA) governing the development and eventual sale of the Property to Pale Blue Dot.

The City Council approved extensions of MOU deadlines, at Pale Blue Dot's request, at the City Council meetings on April 21, 2020; October 6, 2020; April 6, 2021; November 16, 2021; and August 15, 2022 (Attachments 3 through 7).

The current deadlines under the MOU are as follows:

- proof of completing seed funding (\$750,000 with at least \$500,000 in cash) was due September 30, 2022;
- presentation of a Concept & Feasibility Study and Experience Design Plan is due by December 31, 2022 (that presentation is this agenda item);
- the exclusive negotiations period (and thus the MOU) will expire on December 31, 2022.

Seed Funding

On the September 30, 2022, deadline, Pale Blue Dot submitted to the City evidence of certain fundraising in both cash and in-kind services. The City engaged a consultant, Kathe Head and Tim Bretz of Keyser Marston Associates, to evaluate the submission. Based on their analysis, on November 4, 2022, the City sent Pale Blue Dot a letter (Attachment 8) stating the following:

- (1) Pale Blue Dot has met the requirement of \$250,000 in in-kind services; and
- (2) The City can verify that \$285,986 in cash has been made available directly to the project. To reach \$500,000, additional documentation must be submitted to demonstrate that at least \$214,014 of the expenses Pale Blue Dot claimed as additional cash raised, were expenditures directly related to the project.

As of November 30, 2022, Pale Blue Dot has not submitted the additional documentation to the City.

Concept & Feasibility Study and Experience Design Plan

Section 3.C.2. of the MOU requires Pale Blue Dot to submit and present a "Concept & Feasibility Study and Experience Design Plan". That presentation is scheduled for this agenda item tonight.

Exclusive Negotiating Period

Pale Blue Dot has requested the exclusive negotiating period under the MOU be extended to permit the City and Pale Blue Dot the time needed to proceed with the next step in the project – negotiating a DDA to govern the development and sale of the property to Pale Blue Dot. DDA agreements usually provide that the City will sell the property to the developer when all planning and land use entitlements have been approved by the Planning Commission and City Council, all project construction financing has been secured, and building permits are ready to be issued.

The amount of time needed to negotiate a DDA and bring it to City Council for consideration and approval is difficult to estimate, as it depends on the complexity of the issues that arise during negotiations and the number of issues upon which the parties disagree. Provisions contemplated to be negotiated and included in a DDA are on pages 9 to 10 of the MOU¹.

At this time, if the City Council wishes to extend the exclusive negotiating period and proceed to negotiating a DDA with Pale Blue Dot, an initial four month period would be reasonable. Thus, the draft extension² extends the exclusive negotiating period to May 1, 2023. That is only a suggested date – the City Council may choose any length of extension it wishes. Or, the City Council may take no action and simply let the MOU expire on December 31, 2022.

The entire MOU expires when the exclusive negotiating period expires. The City Council is under no obligation to extend the exclusive negotiating period and MOU past the current December 31, 2022, expiration date.

As required by the MOU, Pale Blue Dot has already deposited \$25,000 with the City, and has replenished that deposit with an additional \$22,000, to cover the City's costs associated with negotiations of a potential disposition and development agreement (Deposit). As did the First, Second, Third, Fourth, and Fifth Amendments, the Sixth Amendment allows the City to draw from the Deposit to cover the City's legal costs for the preparation of this staff report and the Sixth Amendment.

Fiscal Impact:

The City's legal costs related to the Sixth Amendment are covered by the Deposit. As stated when the MOU, First, Second, Third, Fourth, and Fifth Amendments were presented to the City Council for approval, anticipated development of space center facilities in the City would add significantly to the economics of the City's General Fund, as well as the community's businesses. The actual projections for such economic benefits would be part of the *pro forma* provided by Pale Blue Dot.

¹ Attachment 2

² Attachment 1

Conclusion:

The City Council should receive Pale Blue Dot's presentation of its Concept & Feasibility Study and Experience Design Plan, and then determine whether to extend the exclusive negotiating period under the MOU to proceed with the next step in the project, or let the MOU expire on December 31, 2022.

Respectfully submitted,

Dean Albro, City Manager



Jeff Malawy, City Attorney

- Attachments:
- 1) Proposed Sixth Amendment to MOU, requested by Pale Blue Dot
 - 2) MOU
 - 3) First Amendment to MOU
 - 4) Second Amendment to MOU
 - 5) Third Amendment to MOU
 - 6) Fourth Amendment to MOU
 - 7) Fifth Amendment to MOU
 - 8) November 4, 2022, City's Response Letter to Fundraising Submission