



Tucson to Tesla Motors: Your Building Permit is Ready

By Gabriela Rico Gabriela Rico grico@azstarnet.com July 31, 2014

Tesla Motors has received a \$3 billion building permit for construction of a battery assembly plant in Tucson.

The permit is for a one-story building of up to 5 million square feet in size at an address “to be determined.” It was issued by the city of Tucson development services department.

Tucson is one of several sites that Tesla is considering for a “gigafactory” to make batteries for its electric vehicles. The company has said the factory would employ about 6,500 people. Cities in California, Nevada, New Mexico and Texas also are finalists.



Mayor **Jonathan Rothschild** sent the permit and a brief memo to Tesla officials Wednesday.

“Attached is a City of Tucson permit, ready for your signature,” the memo reads. “Just letting you know the City of Tucson is ready to proceed as soon as you are.”

During a recent visit to Tucson, Tesla officials expressed concern that the project might get delayed due to permitting red tape, Rothschild said.

“This is a concrete sign that, not only can we act expeditiously, but we’re ready,” Rothschild said.

The mayor would not disclose how many site visits Tesla has made to Tucson.

Tesla officials could not be reached for comment but have said previously that the company wants to pick one or two sites this year and begin battery production at one of them by 2017.

Issuing the permit was a good move for Tucson, said **John Boyd Jr.**, principal of the location-consulting company The Boyd Co. Inc. of Princeton, New Jersey.

“It’s largely window dressing, but it’s a smart thing to do,” he said. “One of the few things the city’s leadership can do is to make it clear that zoning and permits won’t be an obstacle.”

Strategically, Boyd said, the gesture affords Tesla the ability to move forward without holding public hearings for zoning permits and the company can maintain anonymity if multiple sites are considered.

Since news of the proposed gigafactory broke earlier this year, officials in all the finalist states have made various overtures to lure Palo Alto, California-based Tesla.

States have offered discounted electricity and free land, and have introduced bills to allow direct sales of Tesla’s vehicles, which states such as Arizona currently ban.

Last month, Texas Gov. **Rick Perry** cruised by the California state Capitol in a Tesla Model S sedan, and California Gov. **Jerry Brown** has offered various financial incentives, low taxes and reduced red tape to woo Tesla.

“This is the most coveted economic development project in 30 years,” Boyd said. “Local leaders have done a good job trying to land this thing.”

He believes Tucson is a strong contender because of the city’s location, interstate and rail access and a large population of veterans, whom Tesla CEO **Elon Musk** has made a priority of hiring.

“In our judgment,” Boyd said, “Tucson would be a very smart place for Tesla to consider putting its gigafactory.”

While the granting of the permit was largely symbolic, local commercial brokers — who say they’ve haggled with the city in the past to get building permits to recruit companies — applauded the move.

“I’m really proud of how hard we’ve gone after this,” said **Ike Isaacson**, managing director of the Tucson office of CBRE, a commercial real estate firm. “Historically there have been some opportunities that we haven’t chased as hard as we could have, but with Tesla we’ve put our best foot forward and have done everything we can do to make Tucson attractive.”

Hank Amos, president of Tucson Realty & Trust, said Tesla has repeatedly expressed concern about delays in building the factory due to permitting issues.

“This is one slice of the pie that is important to them,” he said. “In some communities, it takes a long time to get a building permit.

“It was smart for the city to take care of that,” Amos said. “They’re saying, ‘Look — it’s done.’ ”