



CITY OF LONG BEACH

R-9

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

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October 13, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Increase appropriations in the Queen Mary Fund (TF 410) in the Public Works Department (PW) by \$1,000,000 for various improvements and maintenance projects, offset by Queen Mary lease revenue. (District 2)

DISCUSSION

Under the terms of Lease No. 22697 (Lease), between the City of Long Beach and Save the Queen, LLC, successor in interest to Queens Seaport Development, Inc. (Lessee), the City is required to maintain a Queen Mary Repair Reserve (Reserve) for necessary capital improvements to the ship. The Reserve is funded in the form of pass-through rent from the Lessee in the amount of \$189,000 annually, and use of the funds requires approval of the City Manager. While the Lessee is required under the terms of the Lease to provide for routine and capital maintenance of the ship, the ship remains a City-owned capital asset and the City is responsible for capital repairs.

The proposed projects to be funded include:

- **Marine Survey (Approximately \$350,000)**

The Marine Survey will determine the existing general condition of the ship, including the structural conditions, water-tight integrity of the riveted steel hull, and viability of the ship systems. The survey will identify and prioritize issues and areas of concerns, consider the useful life of the vessel, and provide recommendations for repairs and corrective actions, with a feasibility study and estimated costs for the recommended repairs.

Important primary data collected on the ship's existing general condition will be presented in a final Marine Survey Report that will support development of an efficient and effective conditions monitoring, testing and treatment program that may be implemented over the short- and long-term as part of the Queen Mary Base Maintenance Plan and the Conservation Management Plan. Additionally, the survey is a primary step in the conservation program for the ship as identified in the Conservation Management Plan. The findings and recommendations of the survey will inform and guide future preservation efforts.

- **Historic Structures Report (Approximately \$100,000)**

The Historic Structures Report (HSR) will provide narrative and graphic information about the ship's history, alterations and existing conditions, in support of the preservation management goals for the continued and future use of the ship. The HSR report will record the findings of the research, survey and analysis, and will provide a thoughtfully considered plan for short- and long-term preservation treatment and maintenance.

The HSR will include historic context, construction and alteration history, architectural description, detailed description of as-found conditions, maintenance plan for high-integrity features, rehabilitation plan for low-integrity features, and replication-plan for missing features.

- **Repair Reserve Fund Analysis (Approximately \$22,000)**

The Conservation Management Plan identified significant investments to address current and ongoing preservation and maintenance issues on the ship. The HSR and Marine Survey will provide additional recommendations for both short- and long-term capital investments on the ship. The current Reserve is likely not sufficient enough to address these needs. Funding will be utilized to evaluate the current funding mechanism under existing lease terms, and identify potential modifications to the lease that would provide greater benefit to the Reserve.

The remaining appropriation increase of \$528,000 is requested to quickly address unforeseen or emergency repairs, such as repairs to the hull, utility lines, and safety/accessibility resources as required under the Lease.

This matter was reviewed by Principal Deputy City Attorney, Gary J. Anderson on September 23, 2015, and by Budget Management Officer Victoria Bell, on September 25, 2015.

TIMING CONSIDERATIONS

City Council action on this matter is requested on October 13, 2015, to facilitate ongoing and upcoming capital projects at the Queen Mary.

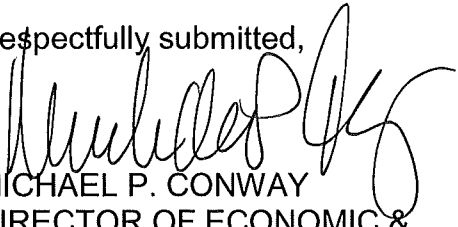
FISCAL IMPACT

Sufficient lease revenue has accumulated in the Queen Mary Repair Reserve account to support the proposed expenditures. An appropriation increase of \$1,000,000 is requested in the Queen Mary Fund (TF 410) in the Public Works Department (PW) for the proposed Queen Mary improvements and maintenance projects. There is no significant local job impact as a result of this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC &
PROPERTY DEVELOPMENT

MPC:JLR:jmv



ARA MALOYAN, PE
DIRECTOR OF PUBLIC WORKS

APPROVED:



PATRICK H. WEST
CITY MANAGER