

Staff Report 72

PROPOSED ACTION

Review a proposed tideland oil revenue expenditure in an amount not to exceed \$5,000,000 by the City of Long Beach for one capital improvement project located on legislatively granted sovereign land in the City of Long Beach.

GRANTEE:

City of Long Beach

AREA, LAND TYPE, AND LOCATION:

Granted sovereign tide and submerged lands located in the city of Long Beach, Los Angeles County.

BACKGROUND:

The City of Long Beach (City) is a trustee of sovereign tide and submerged lands granted by the Legislature under Chapter 676, Statutes of 1911 and as amended; Chapter 102, Statutes of 1925 and as amended; and Chapter 158, Statutes of 1935. There have been many revisions to the statutes granting the City these lands. In 1964, the City's statutory trust grant was amended to authorize the City to spend tideland oil revenue for specific uses and to require the City to notify the Commission of proposed tideland oil expenditures (Chapter 138, Statutes of 1964, First Extraordinary Session).

Tideland oil revenue must be expended for uses and purposes consistent with the City's granting statutes and be for statewide purposes as opposed to purely local interests and benefits. The City is required to file a detailed description of any proposed capital improvement expenditure exceeding \$100,000 with the Commission 60 days before disbursement.

The proposed \$5,000,000 expenditure of tideland oil revenue is to fund one project located on the Long Beach tidelands as shown on Exhibit A. The project, as proposed and described by the City, is as follows:

1. QUEEN MARY DESIGN AND INFRASTRUCTURE

The City has leased the Queen Mary and adjacent facilities to seven different lessees over the last 40 years. Part of the lease agreements held the leaseholders responsible for the costs of operation, maintenance, and capital improvements of the ship. These expenses have been covered by the lessees from the revenue generated at the facility. The bankruptcy court approved the termination of the most recent lease as part of the lessee's bankruptcy proceedings and returned the responsibility for the Queen Mary to the City. The City has inspected, surveyed, and evaluated the condition of the Queen Mary and determined that approximately \$5 million in critical repairs are necessary for the health and safety of future occupants. The repairs that the City contends need immediate attention include:

- **Remove 22 Lifeboats.**

The lifeboats exert undue stress on their support system and the ship's structure. The project will abate lead-based paint (if present) within the lifeboats. 20 replica lifeboats will be removed and disposed of and two original lifeboats will be placed in storage at the ship for historical assessment.

- **Install 11 Bilge Pumps and an alarm system.**

The project includes installation of 11 bilge pumps and an alarm system. The pumps will activate automatically when water is present from firefighting activities or water intrusion due to a leak in the ship's hull. The alarm system will sound in case of water intrusion to warn the operator.

- **Install 5 Bulkheads.**

The project will extend the existing transverse steel walls that separate the ship into six separate watertight compartments. The bulkheads existed but were cut and modified to accommodate visitors. They will be partially rebuilt to contain water intrusion within separate compartments and prevent water from freely flowing to the adjacent compartments.

The City requests that the Commission review a \$5,000,000 expenditure for the aforementioned project.

PROPOSED EXPENDITURE: \$5,000,000

TOTAL ESTIMATED PROJECT COST: \$5,000,000

PRELIMINARY SCHEDULE:

Lifeboat Removal

- Design: Not applicable
- Bid: December 2021
- Demolition: February 2022
- Completion: Spring 2022

Install Pumps and Alarm System

- Design: December 2021
- Bid: January 2022
- Construction: Spring 2022
- Completion: Spring 2022

Bulkhead Repairs

- Design: December 2021
- Bid: January 2022
- Construction: Spring 2022
- Completion: Spring 2022

STAFF ANALYSIS AND RECOMMENDATION:

The City's statutory trust grant allows various uses of the oil revenue derived from the existing oil fields on the City's granted Public Trust lands.

Section 6(c) of Chapter 138, as amended, authorizes the expenditure of tideland revenues for the construction, repair, operation, and maintenance of bulkheads, piers, earthfills, streets, roadways, bridges, bridge approaches, buildings, structures, recreational facilities, landscaping, parking lots, and other improvements on or adjacent to the Long Beach tidelands or on, or adjacent to, the Alamitos Beach Park Lands.

Section 6(d) of Chapter 138, as amended, allows tideland revenue to be expended on construction, repair, operation, and maintenance of small boat harbors, marine stadiums, a maritime museum, marine parks, beaches, waterways, and related facilities on or adjacent to the Long Beach tidelands or on, or adjacent to, the Alamitos Beach Park Lands.

Based on the information provided by the City, the proposed capital improvement project appears consistent with the uses set forth in Sections 6(c) and (d) of Chapter 138, as amended by Chapter 941, Statutes of 1991. As required by the statutory trust grant, the proposed expenditure is for the benefit and use of the

statewide public and for uses and purposes not inconsistent with the City's statutory trust grant.

OTHER PERTINENT INFORMATION:

1. Pursuant to Chapter 138, Statutes of 1964, as amended by Chapter 941, Statutes of 1991 (Chapter 138), the Commission has 60 days to notify the City that a proposed capital improvement is not consistent with Chapter 138. Commission staff received notice from the City of the proposed expenditure on November 17, 2021.
2. The City's grant requires that it maintain separate tidelands accounts identified as the Harbor Fund, Tidelands Fund, and Tidelands Oil Revenue Fund. The proposed capital improvement project will be funded with tideland oil revenue from the Tidelands Fund.
3. In June 2021, staff sent a letter to the City regarding the potential transfer of Pier H and the Queen Mary to the Harbor Department. Staff understands that operator mismanagement over the last several years has prevented urgent structural repairs from being completed, leaving the Queen Mary in need of at least \$41 million in critical repair work. Staff is concerned the Port will incur the costs associated with the upkeep up the Queen Mary and requested the City perform a thorough fiscal and management analysis of the potential impacts to future Port operations before authorizing the transfer.
4. The proposed action is consistent with the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021- 2025 Strategic Plan.
5. Reviewing the proposed tideland oil revenue expenditure for consistency with Chapter 138 is not a project in accordance with the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes to the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15060, subdivision (c)(3).

EXHIBIT:

- A. Location and Site Map

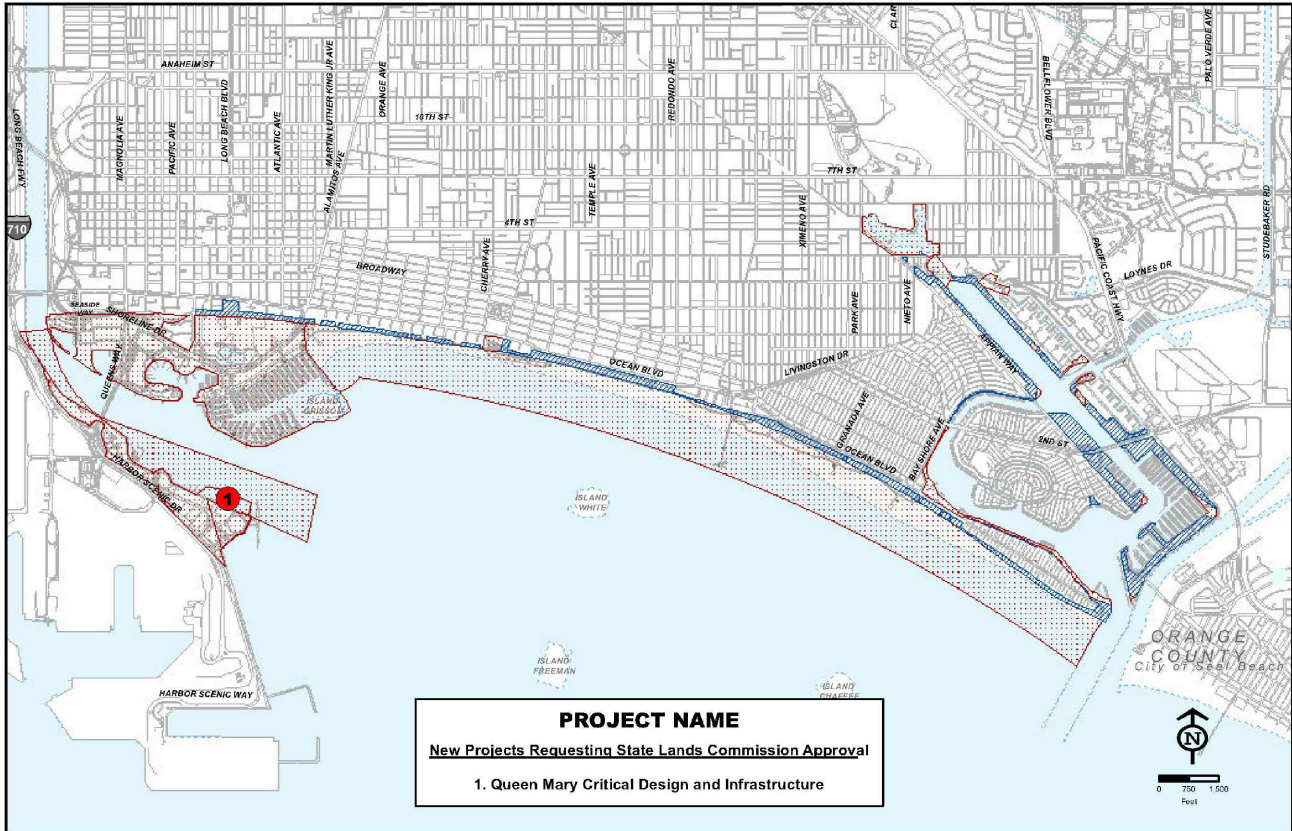
RECOMMENDED ACTION:

It is recommended that the Commission:

Find that, based on the information provided by the City, the proposed expenditure of tideland oil revenue in the amount of \$5,000,000 for one capital improvement project located on legislatively granted sovereign land in the City of Long Beach appears consistent with the uses set forth in sections 6(c) and (d) of Chapter 138, as amended.

NO SCALE

SITE



ATTACHMENT B
**CITY OF LONG BEACH
PROPOSED TIDELANDS CAPITAL PROJECTS**

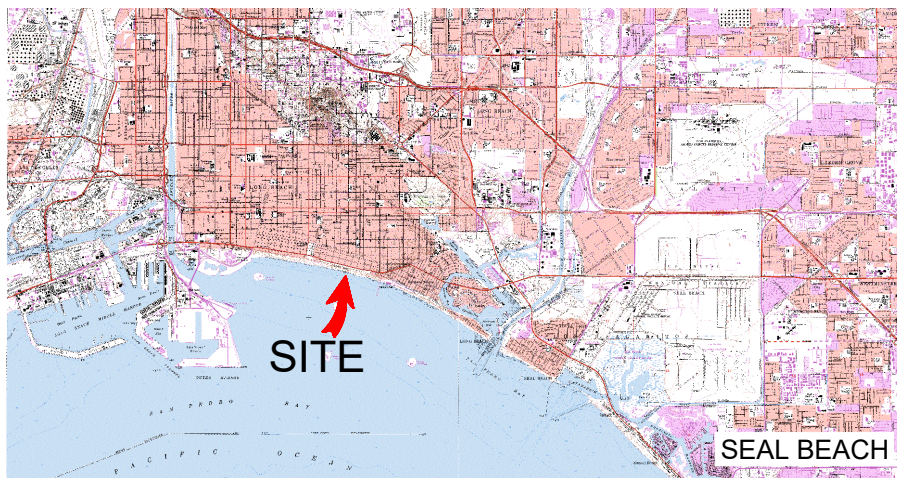
MAP FEATURES

- PROJECT LOCATION
- ▨ TIDELANDS
- ▨ CONTIGUOUS AREAS
- ▨ WATERWAY

LONG BEACH TIDELANDS

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit A

CITY OF LONG BEACH
G 05-03
EXPENDITURE OF
OIL REVENUE
LOS ANGELES COUNTY



TS 11/17/2021