

NEWS

Proposed land swap between port, city would provide \$12M for Queen Mary repairs



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Mayor Rex Richardson speaks at a press conference in front of the Queen Mary on Monday, April 24, 2023. Photo by Brandon Richardson

The city will be able to pump at least \$12 million into fixing the historic Queen Mary over the next several years, under a proposed land swap with the Port of Long Beach, officials announced Monday—but the ship will need a far larger investment to stay afloat in the years to come.

The deal announced Monday would transfer control of nearly 14 acres of city land to the port, which would lease out the property to third parties and split any net revenue with the city equally. The land in question is a collection of smaller parcels (the largest is 6 acres) scattered around the west side of the port, most of which contain inactive oil operations.

The City Council will vote on the proposal next week; the Harbor Commission gave it the OK last week.

“This partnership will provide investment for the Queen Mary while in turn strengthening two Long Beach industry sectors: tourism and hospitality, transportation and logistics,” Mayor Rex Richardson said.

It’s not a long-term solution. The \$12 million the port will give the city as part of the deal is billed as a loan that will carry 5% interest, to be repaid from the city’s share of lease revenue, and the ship needs an unknown—but undoubtedly large and costly—amount of maintenance.

Richardson said the \$12 million “will be used to fund the Queen Mary’s many reopening amenities and activities, ongoing restoration projects and infrastructure needed at the site. This is going to help expedite the Queen Mary’s return to profitability.”

Richardson and City Manager Tom Modica said it’s too early to name any specific projects the money will support, though Modica noted that investing in future development of the area could be on the table.

“So you’re also standing on about 25 acres of open land, 43 when you include the Carnival (cruise ship terminal),” Modica said. “This is a huge development opportunity to do something real special over here. So part of it is starting to invest in that process.”



City Councilmember Cindy Allen speaks in front of the Queen Mary, surrounded by city and port officials at a press conference on Monday, April 24, 2023. Photo by Brandon Richardson

The history of what's been done to fix the ocean liner, which first sailed in 1936, is a bit spotty.

After years of creeping neglect by a string of operators, Long Beach in 2017 issued \$23 million in bonds so then-leaseholder Urban Commons could complete emergency repairs to address structural and safety issues. But a few years later, the operator was verging on default of its lease, the bond money was gone and not all the work had been done.

A review by the city auditor and extensive reporting by the Long Beach Post found that various missteps by the operator and lax oversight from the city resulted in the city overpaying for some of the work, some maintenance not being done to acceptable standards, and other projects not done at all.

The city alleged in 2020 court filings that tens of millions in critical repairs had not been completed, and a 2021 survey put a specific number on it: **Another \$23 million was urgently needed** to address issues including the hull's structural integrity and watertightness, compromised sewage holding tanks and nonfunctional boilers.

Last May, the city had all but two of the ship's severely deteriorated lifeboats removed to relieve stress on the vessel's structure. Since then, improvements have been made to the ship's bulkheads and bilge pump systems, and an emergency generator has been installed.

In late December, the city **reopened the ship after two and half years to guided tours**, but only offered a few to limited areas of the ship. Public tours began more broadly earlier this month.

Most recently, the city spent \$1 million on safety fixes such as new boilers and heat exchangers, which provide hot water throughout the ship—a requirement for hotel, restaurant and bar operations, and another \$1 million on things like carpet repair and new room locks to improve the guest experience. Hotel and restaurant operations are **expected to resume next month**.

Other projects the city has stated will be completed ahead of next month's broader reopening include upgrades to the ship's main boarding entrance, elevator and restroom repair, kitchen and restaurant improvements, as well as painting, lighting and other enhancements.

Long-term, the ship likely requires hundreds of millions of dollars for additional preservation and maintenance, and so far no funding has been identified.

Long Beach officials had hoped in 2021 to convince the port to take over responsibility for the Queen Mary and all the needed repairs, but that proposal doesn't appear to have progressed beyond some closed-door discussions. Some harbor commissioners have expressed reservations about taking on the ship and its expenses; port officials commissioned their own survey of its condition that should be done in a few months.

“We're not at a point for that decision to be made, either by the city or the port,” Noel Hacegaba, deputy executive director for the port, told the Post when asked if the potential transfer of the vessel to the Harbor Department is still on the table. “And we still have this study that's under way as we continue with our due diligence.”

As for how the port will use the land, Hacegaba said that while the parcels are small, they still present an opportunity to generate revenue.

“Demand for real estate at the port is so high that the companies that we typically lease land to can make use of virtually any type of property in any configuration or condition it is,” Hacegaba said.

At some point, though, city leaders will face a big decision: Can they find an operator who will make enough money—whether from the ship itself or, more likely, from potential future development alongside it—to keep up with repairs, or should they look for a way to remove what’s become a costly albatross from around the city’s neck?

The Pacific Merchant Shipping Association, for its part, pushed back against further use of public funds on the ship for the time being.

Pointing to a 2016 marine survey that found \$289 million in critical repairs would be needed for the vessel to remain viable, the association said in a statement, “that survey was done almost ten years ago.”

“Before more public funds are spent on the vessel, it would be prudent to wait for the latest marine engineering survey to be completed and made available to the public,” the statement continued, “so that everyone can have a complete understanding of the structural integrity of the ship and the scope and size of needed repairs.”

Editor’s note: This story has been updated with more information from the city, port and PMSA. It has also been updated to clarify comments from the mayor and city manager on which projects the \$12 million will support.

Queen Mary sells out first weekend of tours; hotel stays start mid-May