



Date: December 31, 2019

To: Thomas B. Modica, Acting City Manager 

From: John Keisler, Director of Economic Development 

For: Mayor and Members of the City Council

Subject: **Queen Mary Lease Management Update**

On November 4, 2019, the City Manager provided a written update to the Mayor and City Council regarding management of Lease No. 34432: Amended and Restated Lease and Operations Agreement of Queen Mary, Adjacent Lands and Improvements, Dome and Queen's Marketplace (Lease). In that update, City staff identified issues with recent monthly inspection reports that required additional review and committed to work with an independent third-party engineering firm to: (a) review the Queen Mary inspection process, (b) verify statements from recent draft reports, and (c) make recommendations to improve and strengthen oversight and management of the Queen Mary. The purpose of this memorandum is to provide a progress report regarding those follow-up actions and provide a summary of next steps.

Background

Regular inspection and documentation of issues is a normal practice of good lease management. Monthly inspection reports are intended to provide a spot check of conditions on the Queen Mary relative to the Base Maintenance Program (BMP), and to identify issues with important systems such as structural, plumbing, HVAC, safety, and signage that may need further inspection or repair. The City has maintained a contract with a consultant to perform monthly inspections regarding the status of maintenance and repair on the Queen Mary for over 20 years. The results of monthly inspections are documented in draft monthly reports which are reviewed by the City, operator, and inspector for clarification and further study before they are finalized and made public. Typically, inspection reports are finalized and made public about 30 days after they are submitted by the inspector.

On October 23rd, the City commissioned Moffat & Nichol, an established engineering firm with marine experience, to review recent draft inspection reports and to make preliminary recommendations for improvements to the inspection process, report structure, and methodology. The three most recent draft inspection reports from July (#390), August (#391), and September (#392) were provided to Moffat & Nichol for review. On November 14th, Moffat & Nichol conducted an onsite visit to the Queen Mary to provide the review team a better understanding of the range and scale of current maintenance and repair activities.

Findings

On November 20th, Moffat & Nichol delivered a summary review of the current inspection reports and recommended improvements necessary to professionalize the process such as (a) utilizing appropriate industry standards and codes, (b) developing a standardized rating

system to reduce ambiguity, and (c) establishing a system to prioritize repairs. A summary of these recommendation is provided in the exhibit below:

Exhibit: Moffat & Nichol Memorandum 9300-25, November 20, 2019

Topic Area:	Recommended Improvement:
<p>Formalize reporting process and reference applicable codes and standards when referring to issues:</p>	<p>Currently, when discussing areas of concern there is no mention of applicable state and local building codes or the Queen Mary's BMP. By basing the reporting process on applicable codes and standards, the inspection can reference the relevant code section. This helps reduce ambiguity when communicating issues encountered and provides a path to enforcement.</p> <p>It is recommended that a new reporting process using appropriate industry standards and codes be drafted. Examples of such codes and standards include the California Building Code (CBC), International Organization of Standardization (ISO 14001), and American Society of Civil Engineers (ASCE).</p>
<p>Separation of life safety / structural from operations / hospitality issues:</p>	<p>The provided reports blend operations / hospitality concerns with structural, fire & life safety, and accessibility issues in the same body of text, making it difficult for the reader to prioritize items.</p> <p>It is recommended that the inspection report be split into two separate sections. One section should cover structural, fire & life safety, and accessibility (e.g., ADA) issues. While a separate section (which could follow the same format) should cover aesthetic and guest experience issues that are relevant to running a public attraction.</p>
<p>Defect rating system:</p>	<p>In conjunction with formalizing the inspection and reporting process, a defect rating system should be implemented. A standardized rating system can help remove subjectivity when discussing issues. For example, No Damage, Minor, Moderate, Major, and Severe to characterize condition of structural and non-structural systems' integrity and 'fitness-for-purpose.' Guidance for each defined rating category is developed for each system (e.g., structural, mechanical, electrical, corrosion, etc.).</p> <p>Due to the unique nature of the Queen Mary, a custom rating system should be developed, one which considers the current functions and history of the ship.</p>
<p>Report photographs:</p>	<p>Provide photographs for all major / severe defects. For minor and moderate defects, a single representative photograph is appropriate. The photographs should highlight the extent and severity of defects.</p> <p>Include an engineering scale (for size reference) where appropriate.</p>
<p>Tracking system:</p>	<p>The current reports highlight many relevant issues throughout the property and many of these issues may take a significant period of time to resolve. Currently, the reader must track backward through multiple reports to understand the evolution of a given topic.</p> <p>It is recommended to develop a separate defect tracking system to allow for the monitoring of specific maintenance issues by the City.</p>
<p>Prioritization system:</p>	<p>Along with implementing a tracking system that monitors the status of routine maintenance and specific repair issues, it is recommended to develop a system to prioritize the repair activities.</p>

It was the opinion of Moffatt & Nichol that professionalizing the inspection process will improve accountability for both the City and operator by creating unambiguous standards for quantifying, prioritizing, and tracking progress after issues are identified.

Next Steps

City staff has requested a full scope of work including cost information from Moffatt & Nichol, to develop a professional, robust, and effective inspection program at the Queen Mary that includes all the above recommendations. Staff recommends the following next steps:

- Commission Moffatt & Nichol to evaluate current plans and recommended repairs to address any urgent risks to Queen Mary.
- Commission Moffatt & Nichol to develop an inspection and reporting program for the Queen Mary pending scope, costs, and recommended funding source.
- Identify and appropriate funding for both one-time and ongoing costs to implement improved inspection process recommended by Moffatt & Nichol.
- Continue to meet monthly with Urban Commons to track progress on previously identified repair needs.
- Solicit request for proposals to hire new inspection engineering firm to implement the expanded inspection and reporting program.

Conclusion

Preserving the Queen Mary for future generations of residents and visitors is a key priority for the City. As directed by the City Council, staff will continue to meet with Urban Commons monthly to inspect maintenance, review construction plans, identify funding sources, and provide direction as needed. Additionally, staff will continue to produce regular written updates to City Council and to meet with the City Auditor on a quarterly basis to provide status reports on key elements of the Lease.

For any questions regarding these matters, please contact Business Operations Manager Johnny M. Vallejo at (562) 570-6792 or by email at johnny.vallejo@longbeach.gov.

ATTACHMENT

cc: CHARLES PARKIN, CITY ATTORNEY
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MONIQUE DE LA GARZA, CITY CLERK

MEMORANDUM

To: Johnny Vallejo and Lori Craig, Economic Development Department, City of Long Beach
From: Omar Jaradat, PhD, PE – Moffatt & Nichol (M&N)
Cc: Cheng Lai, PE; Benjamin Cook; Shelly Anghera, PhD; Mike Breitenstein, PE – M&N
Date: November 20, 2019
Subject: Queen Mary Inspection Report Review and Recommendations
M&N Job No.: 9300-25

Introduction

The City of Long Beach has maintained a contract with a consultant to perform specialized inspection services regarding the status of maintenance items and repair issues aboard the Queen Mary, the results of which are documented in monthly summary reports intended to summarize current maintenance activities and conditions relative to the Base Maintenance Program (BMP) for the ship and its ancillary structures and facilities. The inspection reports address Queen Mary systems such as structural, plumbing, HVAC, safety, and signage and highlight current, planned, and needed maintenance and repair efforts. Compliance with the BMP is verified on a “spot check” basis.

Inspection Report Review

Three monthly inspection reports (#390, #391, and #392) were provided to Moffatt & Nichol (M&N) for review to make preliminary recommendations for potential improvements to the inspection process and/or the report structure and methodology. The goal is to most efficiently assess the ship’s overall condition and most effectively provide information to assist the City in evaluating proposed maintenance and repair activities.

In addition to the inspection reports, an onsite visit was conducted by M&N on November 14, 2019 to provide the review team a better understanding of the range and scale of current maintenance and repair activities on the Queen Mary.

Currently, the tenant at the Queen Mary is updating the BMP, which is the guiding document that describes the ship’s systems and their maintenance requirements. This update may provide an opportunity to include improved communication and reporting guidance.

The following inspection and reporting improvements could help to more effectively communicate the current conditions and the maintenance and repair activities of the Queen Mary to the City:

Topic Area:	Recommended Improvement:
Formalize reporting process and reference applicable codes and standards when referring to issues:	<p>Currently, when discussing areas of concern there is no mention of applicable state and local building codes or the Queen Mary's BMP. By basing the reporting process on applicable codes and standards, the inspection can reference the relevant code section. This helps reduce ambiguity when communicating issues encountered and provides a path to enforcement.</p> <p>It is recommended that a new reporting process using appropriate industry standards and codes be drafted. Examples of such codes and standards include the California Building Code (CBC), International Organization of Standardization (ISO 14001), and American Society of Civil Engineers (ASCE).</p>
Separation of life safety / structural from operations / hospitality issues:	<p>The provided reports blend operations / hospitality concerns with structural, fire & life safety, and accessibility issues in the same body of text, making it difficult for the reader to prioritize items.</p> <p>It is recommended that the inspection report be split into two separate sections. One section should cover structural, fire & life safety, and accessibility (e.g., ADA) issues. While a separate section (which could follow the same format) should cover aesthetic and guest experience issues that are relevant to running a public attraction.</p>
Defect rating system:	<p>In conjunction with formalizing the inspection and reporting process, a defect rating system should be implemented. A standardized rating system can help remove subjectivity when discussing issues. For example, No Damage, Minor, Moderate, Major, and Severe to characterize condition of structural and non-structural systems' integrity and 'fitness-for-purpose.' Guidance for each defined rating category is developed for each system (e.g., structural, mechanical, electrical, corrosion, etc.).</p> <p>Due to the unique nature of the Queen Mary, a custom rating system should be developed, one which considers the current functions and history of the ship.</p>
Report photographs:	<p>Provide photographs for all major / severe defects. For minor and moderate defects, a single representative photograph is appropriate. The photographs should highlight the extent and severity of defects.</p> <p>Include an engineering scale (for size reference) where appropriate.</p>
Tracking system:	<p>The current reports highlight many relevant issues throughout the property and many of these issues may take a significant period of time to resolve. Currently, the reader must track backward through multiple reports to understand the evolution of a given topic.</p> <p>It is recommended to develop a separate defect tracking system to allow for the monitoring of specific maintenance issues by the City.</p>
Prioritization system:	<p>Along with implementing a tracking system that monitors the status of routine maintenance and specific repair issues, it is recommended to develop a system to prioritize the repair activities.</p>

Recommended Next Steps

It is recommended that the City engage in developing a new inspection and reporting process that considers the multiuse character and history of the Queen Mary. The process will provide the City the information needed to assess the current condition, track tenant improvements, and establish priority maintenance and repair needs.

This effort would include:

- Develop Inspection and Reporting Program
 - Incorporate the recommended reporting improvements as outline above
 - Review and inclusion of applicable building codes and industry standards
 - Separation of hospitality / operation items from structural, fire & life safety, and accessibility items
 - Develop an item rating system based on industry best practices
 - Develop defined inspection effort levels and inspection frequency guidelines
 - Create general report formatting and template
 - Create an electronic reporting and tracking system for report items
- Perform Baseline Inspection
 - When the new procedure is in place, it is recommended that a thorough baseline inspection be performed to capture and document the in-situ condition of the Queen Mary. This inspection would become the basis for comparison for all future inspection and maintenance efforts.

References

The following table summarizes the reports reviewed for this effort:

Inspection Report #	Date of Inspection	Date of Submission
390	July 19, 2019	July 26, 2019
391	August 29, 2019	September 8, 2019
392	September 28, 2019	October 1, 2019

M&N appreciates the opportunity to provide engineering services to the City of Long Beach in service of the Queen Mary. If you have any questions, please do not hesitate to contact me at 562-426-9551 or via email at ojaradat@moffattnichol.com.

Sincerely,



Omar Jaradat, PhD, PE