

25. QUEEN MARY PROJECT.

In response to the State Lands Division's report regarding expenditures of tideland trust monies by the City of Long Beach, Mr. Robert W. Parkin, Deputy City Attorney representing the City of Long Beach, presented the City's rebuttal. In his testimony, Mr. Parkin stated it was the City's position that the City's use of the tidelands trust monies was all made in accordance with the City's tideland grants and Chapter 138. Chapter 138 requires that the City spend its share of the tideland oil revenue for:

"(d) The construction, reconstruction, repair, operation, and maintenance of . . . maritime museum . . . and related facilities",

which is what the Queen Mary is today--a maritime museum and related facilities.

Mr. Parkin re-emphasized his statements made at the meeting of December 20, which included the City's rejecting completely the legal theory on which the State Lands Division's staff based its decisions, that the City has always considered the entire Queen Mary to be a maritime museum, including the passenger accommodation areas, etc. He stated that the State Lands Division staff overlooked the fact that the City's responsibility, as owner, is to provide for protection and preservation of the ship and to have available necessary facilities for the public coming on board.

Mr. Parkin continued by saying that one significant factor in the report is its lack of consistency in advancing what the City considers to be an erroneous idea that some expenditures were made for trust and some for non-trust purposes, which he discussed in detail.

Mr. Parkin presented rebuttals to various statements the staff made regarding improvements on the Queen Mary and the parking areas and adjacent areas.

Mr. Parkin stated that the City has never kept its plans for this project a secret, as the report claims. The staff was provided with complete copies of the plans and specifications for conversion of the Queen Mary on October 14, 1968. He questioned why it has taken the staff from October 14, 1968, to December 20, 1973, to reach its conclusions. Mr. Parkin stated it seems strange to the City that the contractors could review these same plans and specifications, determine the costs involved and submit bids within a period of less than 60 days, while the State Lands Division staff, some six years later, reports that it cannot determine where some of the work was performed.

Mr. Parkin continued by saying that Chapter 138 did not change the uses to which trust revenues could be applied. It merely established a procedure for the City to follow in spending the City's share of tideland oil revenue, which procedure the City has followed.

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In referring to the financial aspects of the project, Mr. Parkin admitted that it has not met the City's full expectations. However, he stated the City and museum management are working together to improve the museum and increase the attendance.

Mr. Parkin commented on the report's references to the "CER Package".

Mr. Parkin brought up the fact that at the December 20 meeting, Mr. Warren J. Abbott, Deputy Attorney General, singled out for discussion only those items where the amount allocated exceeded the estimates, which may have misled the Commissioners and members of the public.

Since the staff report raised questions concerning the quality of the trust management by the City of Long Beach, Mr. Parkin thought it mandatory to review that trust management, at which time he did. He stated, among other things, that the City of Long Beach has developed the oil reserves underlying its tidelands, which other tideland grantees refuse to do so. He stated that this tideland oil development has produced more than \$521 million profit for the State of California so far and that it is estimated that over the remaining life of the Wilmington Oil Field, the State will receive an additional \$1.1 billion. In addition Mr. Parkin stated that the City has developed millions of dollars of recreational facilities along its shoreline that can be enjoyed by all people. He ended by saying that the City is proud of their tideland developments and the management of their trust.

In order to evaluate the City's response and the staff's report, the Commissioners agreed that the matter would be considered again at the March Commission meeting.