

COASTAL CONSERVANCY

Staff Recommendation
September 25, 2008

CRYSTAL COVE HISTORIC DISTRICT RESTORATION

File No. 08-093-01
Project Manager: Greg Gauthier

RECOMMENDED ACTION: Authorization to disburse an amount not to exceed one million dollars (\$1,000,000) to the Crystal Cove Alliance to assist with restoration of the Crystal Cove Historic District at Crystal Cove State Park in Orange County.

LOCATION: Crystal Cove State Park Historic District, Orange County.

PROGRAM CATEGORY: Educational Projects and Public Access

EXHIBITS

- Exhibit 1: [Project Location and Site Map](#)
 - Exhibit 2: [Crystal Cove Historic District Images](#)
 - Exhibit 3: [Crystal Cove Historic District Preservation and Public Use Plan](#)
 - Exhibit 4: [Crystal Cove Historic District Preservation and Public Use Plan Final Environmental Impact Report including Mitigation and Monitoring Program](#)
 - Exhibit 5: [Project Letters](#)
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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31119 and 31400-31400.3 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed one million dollars (\$1,000,000) to the Crystal Cove Alliance to assist with restoration of the Crystal Cove Historic District at Crystal Cove State Park, Orange County, subject to the following conditions:

1. Prior to the disbursement of any Conservancy funds for construction, the Crystal Cove Alliance shall submit for the review and approval of the Executive Officer of the Conservancy:

- a. Evidence that the Crystal Cove Alliance and/or California Department of Parks and Recreation has obtained all necessary permits and approvals and adequate funding to complete the project.
 - b. A detailed, final work plan, a project schedule and budget.
 - c. The names and qualifications of any contractors to be used in the completion of the project.
2. The Crystal Cove Alliance and California Department of Parks and Recreation shall enter into an agreement consistent with Section 31116(c) of the Public Resources Code, to protect the public's interest in the constructed improvements at the project site.
 3. The Crystal Cove Alliance shall install and maintain signs on the project site, the design, number and placement of which has been approved by the Conservancy's Executive Officer, acknowledging Conservancy funding participation.

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with the purposes and objectives of Section 31119 and Sections 31400 *et seq* of Division 21 of the Public Resources Code.
 2. The proposed authorization is consistent with the Project Selection Criteria and Guidelines last updated by the Conservancy on September 20, 2007.
 3. The proposed project will serve greater than local needs.
 4. The Conservancy has independently reviewed the Crystal Cove Historic District Preservation and Public Use Plan Final Environmental Impact Report, adopted by the California Department of Parks and Recreation on February 25, 2003, attached to the accompanying staff recommendation as Exhibit 4, and finds that there is no substantial evidence that the project, as mitigated, will have a significant effect on the environment, as defined in 14 Cal. Code Regulations Section 15382.
 5. The Crystal Cove Alliance is a nonprofit organization existing under Section 501(c)(3) of the United States Internal Revenue Code, whose purposes are consistent with Division 21 of the California Public Resources Code.”
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PROJECT SUMMARY:

Staff recommends authorization to disburse up to one million dollars (\$1,000,000) to the Crystal Cove Alliance (CCA) to assist with restoration of the Crystal Cove Historic District for the purpose of improving public access and recreational opportunities on the coast.

The Crystal Cove Historic District is a 12.3-acre coastal portion of the 2,791-acre Crystal Cove State Park. The federally listed Historic District is an enclave of 46 vintage coastal cottages originally built in the 1920's and 1930's that are nestled around the mouth of Los Trancos Creek. It is one of the last remaining examples of early 20th century Southern California coastal development. The cottages are now undergoing restoration under the direction of the CCA and the Crystal Cove Historic District Preservation and Public Use Plan.

The California Department of Parks and Recreation (State Parks) and the CCA began restoration of the Historic District in 2003 and have completed 22 historic structures, including: thirteen cottages that are available by reservation as overnight accommodations. Other rehabilitated cottages now serve as the Beachcomber Café, the Park Visitors' Center, the rotating exhibits facility, the Park Interpretive Store and cultural center, and the newly completed Park and Marine Research Facility. The Crystal Cove Historic District was a winner of the 2007 Governor's Award for Historic Preservation.

The historic and affordable overnight coastal lodging opportunity at the Crystal Cove Historic District drew statewide attention when the facilities opened two years ago and continues to be in overwhelming demand. There is no comparable experience for coastal access and lodging in the state. Cottage rentals have experienced greater than 95% occupancy rates and have been visited by 44,000 people since they were opened in June 2006. Demand for rental cottages far exceeds availability with approximately 14,000 people per month vying for availability of 400 nightly rentals.

The proposed project will continue the restoration of the Crystal Cove Historic District. It includes the rehabilitation of four cottages as an Educational Commons and addition of whole access pathways throughout the commons area. The project will also include the repair and refurbishment of two additional overnight rental cottages to help meet overwhelming demand from the public. One additional cottage will be converted to a house museum and lifeguard station which will be open to the public on a daily basis. The project will also involve restoration of the bank of Los Trancos Creek, conversion of several garages to park operations support facilities, and utility infrastructure improvements. An existing garage structure will undergo extensive restoration and conversion to a public restroom. At this time there is only one public restroom facility in the Crystal Cove Historic District. All of the above mentioned facilities are in an advanced state of deterioration and must be restored soon or it will become impossible to save the structures.

With the completion of the Historic District restoration, the CCA anticipates an increase in the number of students and visitors that will be accommodated for all of its programs.

The school visitation program, now serving 4,000 children annually, could serve 8,000 plus elementary and middle school students. The education program meets several of the California Department of Education's content standards for California Geology, Biology, Environmental and Earth Science. The revitalization of the Education Commons also creates an enlarged venue for developing new public lecture series and educational programs related to the underwater park, the dolphin birthing site and issues surrounding, water quality and urban runoff.

This phase of the restoration project is scheduled to begin in October of 2008 and conclude in March 2010. Architectural and engineering construction documents have been prepared and the CCA has initiated a construction bid process. If approved, the CCA anticipates initiating the construction contract in October. Final construction work will be completed in March 2010.

The CCA is uniquely qualified to undertake this project. It has successfully completed restoration of 22 cottages to date. Uses of these facilities include overnight public rental cottages, a café, a park and marine research facility, visitor service and park operations facilities. CCA was specifically established as a nonprofit organization with the mission to "to restore, renovate and preserve for future generations the Crystal Cove Historic District's unique cultural, natural and historic resources by creating living experiences for the education and enjoyment of all."

Site Description: Crystal Cove is located in Orange County between Newport Beach and Laguna Beach. The Crystal Cove Historic District is a 12.3-acre coastal portion of the 2,791-acre Crystal Cove State Park. The federally listed Historic District is an enclave of 46 vintage coastal cottages originally built in the 1920's and 1930's that are nestled around the mouth of Los Trancos Creek. It is one of the last remaining examples of early 20th century Southern California coastal development. The cottages are now undergoing restoration under the direction of the CCA and the Crystal Cove Historic District Preservation and Public Use Plan.

Crystal Cove State Park has 3.2 miles of beach and 2,400 acres of undeveloped woodland. The park is used for a variety of recreational activities including hiking, biking, horseback riding, surfing, diving, fishing, kayaking and tidepool exploration.

The offshore waters are designated as an underwater park. Rare and endangered species within the park include the California gnatcatcher, the Western Snowy plover, a variety of tidepool species, and plants such as Turkish rugging (*Chorizanthe staticoides*) and multi-stemmed dudleyas (*Dudleya multicaulis*).

Project History: Early residents of the Crystal Cove Historic District lived in seasonal tents. Eventually 46 seasonal cottages were built as vacation and year-round residences under long leases with the landholder, the Irvine Company. The land was sold to State Parks in 1979 for eventual public use and that same year the cottages that make up the Crystal Cove Historic District were listed on the National Register of Historic Places.

CCA was founded in 1999 with a mission “to restore, renovate and preserve for future generations the Crystal Cove Historic District’s unique cultural, natural and historic resources by creating living experiences for the education and enjoyment of all.”

After years of planning, State Parks, with CCA’s assistance, completed the beginning of the Historic District restoration in 2006, with 22 cottages fully completed at a cost of \$14 million. Thirteen of these cottages are now available by reservation as overnight accommodations. The Crystal Cove Historic District was a winner of the 2007 Governor’s Award for Historic Preservation. Other rehabilitated cottages now serve as the Beachcomber Café, the Park Visitors’ Center, the rotating exhibits facility, the Park Interpretive Store and cultural center, and the newly completed Park and Marine Research Facility.

PROJECT FINANCING:

Coastal Conservancy	\$1,000,000
California Cultural and Historical Endowment	\$1,450,000
Earned Income	\$500,000
Private Support	\$84,000
Bond issue	\$1,966,000
Foundation Grants (applied for)	<u>\$1,000,000</u>
Total Project Cost	\$6,000,000

The expected source of the proposed grant funds would be the FY 02/03 appropriation (reappropriated in 2005) to the Conservancy pursuant to the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002 (Proposition 40), which allocates bond funds to the Conservancy for the purposes of Division 21 of the Public Resources Code. Consistent with the purposes of this funding source, the proposed project would be carried out in accordance with the provisions of Section 31119 and Sections 31400 *et seq* of Division 21 (see “Consistency with Conservancy’s Enabling Legislation” section below). Proposition 40 also gives priority to projects that include a commitment for a matching contribution. The CCA has obtained other funding for the Crystal Cove Historic District Restoration project from a variety of sources, including the local community and earned income through Park concessions. The Conservancy grant would be leveraging nearly \$5,000,000 in local, private and state funds.

In addition to \$110,000 in private donations, revenue from cottage rentals and food service has already funded the \$600,000 design and engineering phase of this project.

The bonds identified in the above budget would be issued only if CCA is unable to raise all of the funds necessary for phase 2 by the first of 2009. It plans to borrow any short fall through the issuance of State of California Tax free bonds. This is possible due to CCA being a 501 (c) 3 organization. The bonds will be issued by California Municipal Finance Authority (CMFA), which is licensed to issue bonds for small municipalities and nonprofit organizations. CCA will then borrow the revenue from CMFA and will enter into a loan agreement to repay the principal and interest over a 17 year period. There will

be early prepayment dates and it is expected that the bonds will be paid in full in less than 10 years. The source of repayment would be 100% from concession revenues.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This proposed project would be undertaken pursuant to Section 31119 (regarding education projects) and Sections 31400 *et seq.* (regarding public access to the coast) of the Conservancy's enabling legislation.

Section 31119 of the Public Resources Code enables the Conservancy to "undertake educational projects for pupils in kindergarten to grade 12, inclusive, relating to the preservation, protection, enhancement and maintenance of coastal resources," and to "award grants to nonprofit organizations, educational institutions, and public agencies for those purposes." Pub. Res. Code Section 31119(a)(1). The proposed project will create and improve space for the coastal resource educational exhibits and programs offered at the Crystal Cove Historic District.

Sections 31400 *et seq.* of the Public Resources Code authorizes the Conservancy to implement a system of public accessways to and along the State's coastline (Section 31400). Through the proposed authorization, the Conservancy would provide an important public coastal access opportunity for the general public as well as grade school and high school students.

Consistent with Section 31400, the proposed project would provide funding to the CCA to complete a facility that provides coastal access and interpretation to school children and other visitors. Completion of the Education Commons will enhance the quality of public access at the Crystal Cove Historic District and will increase the public's knowledge of important resource protection needs for the ocean and shore.

Consistent with Section 31400.1, the proposed project would help the CCA develop and operate the Crystal Cove Historic District, a visitor serving facility which meets greater than local needs.

Consistent with Section 31400.2, staff recommends approval of this project after evaluating the amount of funding provided by the Conservancy in light of the total amount of available funds for coastal educational/interpretive centers, the fiscal resources of the grantee, the urgency of the project relative to other eligible projects, and the application of factors prescribed by the Conservancy for the purpose of determining project eligibility and priority (see "Consistency with Conservancy's Project Selection Criteria & Guidelines" discussion below). The proposed authorization would leverage \$5,000,000 in matching funds from public and private sources.

Consistent with Section 31400.3, the Crystal Cove Historic District will provide the public with an enhanced coastal accessway and related functions in order to appreciate the coastal resources of Orange County.

**CONSISTENCY WITH CONSERVANCY'S
STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 2 Objective 2E**, the proposed project will provide reconstruction of dilapidated facilities at the Crystal Cove Historic District to increase and enhance coastal recreation opportunities for residents and visitors.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines last updated by the Conservancy on September 20, 2007 in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** The CCA is a nonprofit organization with a broad membership base from throughout Southern California. The proposed project is supported by these members and the thousands of visitors who, since the day of opening, have made use of the affordable lodging available at the Crystal Cove cottages as well as those that make day-use of the beach and facilities at the Crystal Cove Historic District. The project also is supported by CCA's partner organizations including the Laguna Canyon Foundation, the Ocean Institute, and the California State Parks Foundation.
4. **Location:** The proposed project would be located within the coastal zone of Orange County.
5. **Need:** The proposed project is scheduled to begin construction in October 2008. Conservancy funding is essential to allow the project to proceed on schedule and to provide the necessary match for funding from the California Cultural and Historical Endowment.
6. **Greater-than-local interest:** The historic and affordable overnight coastal lodging opportunity at the Crystal Cove Historic District drew statewide attention when the facilities opened two years ago and continues to be in overwhelming demand. There is no comparable experience for coastal access and lodging in the state. The recent completion of the Park and Marine Research facility and the development of the Education Commons and museum under this phase of the restoration ensure statewide and national interest in this coastal access resource.

Additional Criteria

7. **Urgency:** There is extreme urgency in implementing the restoration as the facilities will continue to deteriorate, potentially beyond possible restoration, if the project does not proceed in a timely manner.

8. **Resolution of more than one issue:** The proposed project provides increased coastal access, increased recreational, educational and interpretive opportunities, as well as public facilities (restrooms) and whole access improvements.
9. **Leverage:** See the “Project Financing” section above.
11. **Innovation:** The proposed project continues the innovative approach to improving coastal access and recreational experiences through the renovation and use of uniquely historic California beach cottages.
12. **Readiness:** The CCA is underway with design and engineering for the project and will be ready to implement the project when funding is available.
13. **Realization of prior Conservancy goals:** With Conservancy funding, in 2001 State Parks acquired and retired development rights to Crystal Cove Historic District to maximize public access to the Historic District and the adjoining beach.
15. **Cooperation:** The CCA will carry out the proposed project in close cooperation with State Parks with additional support from its partner organizations and many volunteers.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

This project specifically implements the Crystal Cove Historic District Preservation and Public Use Plan (PPUP) which was approved by the State Parks and Recreation Commission on February 1, 2003. The PPUP was conditionally approved by the California Coastal Commission on June 11, 2003. Compliance with the approval conditions were completed in December 2003 and have been incorporated as refinements in the final PPUP.

The PPUP provides for public access and use through four adaptive use programs for the rehabilitated cottages: Park Interpretation and Education; Overnight Accommodations; Visitor Serving Concessions, and Park Operations. The PPUP includes an Amendment to the Crystal Cove State Park General Plan, an approved Public Works Plan. The Crystal Cove PWP Amendment 4-82-A2 was certified by the California Coastal Commission on December 12, 2003.

The proposed project specifically implements the following general goals and specific objectives of the PPUP:

General goals:

- Protect natural, cultural, and recreational resources.
- Expand recreational access and opportunities.
- Provide public opportunities to enjoy overnight stays in the Historic District.
- Involve the public in building a new Crystal Cove community.

Specific objectives:

Cultural Resources Preservation Objectives

- Preserve the historic elements and features of the Historic District landscape such as its spatial organization, structures and buildings, vegetation, circulation and water features, and topography.
- Rehabilitate as many cottages as practical for appropriate adaptive uses.
- Where possible, adapt cottages as some overnight rental “rustic” accommodations.
- Maintain structures according to federal and state standards and mandates.
- Rehabilitate cottages to preserve their significant “flow of history” changes through time.
- Where possible, new visitor support requirements will be met by rehabilitating and adapting existing structures.

Natural Resources Preservation Objectives

- Major site modifications (such as buttressing) will only be used to preserve cottages when such modifications can be done in a way that does not alter historic character or natural geologic condition.
- No new seawalls or shoreline armoring will be used to preserve cottages.

Accessibility/Recreational Opportunity Objective

- Provide general and varied access as feasible to park recreational opportunities and to as many cottages for visitors with diverse backgrounds, ages, and abilities.

Cottage Adaptive Use Goals and Objectives

- Select cottage adaptive uses consistent with the park’s Declaration of Purpose for a variety of public interests.
- Use indoor and outdoor cottage spaces to promote park interpretation, education, and research.
- Accommodate necessary park visitor support facilities.
- Provide a range of affordable overnight accommodation types.

Community-Building Goals and Objectives

- Involve local community interests, energy, and resources to fulfill the park’s mission, interpretive programs, and to build a public Crystal Cove Community.
- Create opportunities for community programs and partnerships.
- Provide opportunities for interaction and learning among visitors, educators, and “community facilitators.”

COMPLIANCE WITH CEQA:

The proposed project at Crystal Cove Historic District is analyzed in the Environmental Impact Report for the Crystal Cove Historic District and Los Trancos areas of Crystal Cove State Park, prepared and adopted by State Parks on February 25, 2003 (EIR) (See Exhibit 4).

As a responsible agency under the California Environmental Quality Act (CEQA), the Conservancy must independently analyze the components of the project it seeks to fund under this authorization.

Potential significant effects to historic resources, marine and shore habitat, vegetation, wildlife, stream resources including wetlands, paleontology, coastal processes, geology and erosion, archaeology, water quality, and traffic may result from the proposed project. The EIR identified the possible impacts of the proposed project and mitigation measures as discussed below.

Historic Resources: Since the Historical District is on a National Register of Historic Places, the proposed project may adversely change the historical resources from reconstruction of the buildings. Under CEQA, any changes to a historical resource are considered to be a significant impact. The EIR proposes mitigation measures which will mitigate the level of significance to an insignificant level. Project design and implementation will utilize appropriate historic property treatments, and preservation practices. All work tasks will be designed and implemented in compliance with the Secretary of the Interior's Standards for the Treatment of Historic Properties and Cultural Landscapes (Weeks and Grimmer 1995; Birnbaum and Peters 1996) and must be approved by a state park historian. CEQA utilizes these standards and guidelines as the benchmark for appropriate treatment to reduce potential effects and/or substantial changes to historical resources to a level below significance. If the dilapidated/destroyed sections of historic features represent original historic fabric, these features shall be replaced with identical type materials.

Proposed project activities that may affect the landscape plantings and landform within the Historic District must refer to Historic Landscape Management Plan (HLMP) for all specific historical landscape treatments, horticultural management and on-going maintenance, Los Trancos Creek management, and native vegetation and habitat management within the Historic District and adjacent vegetation transition areas.

Aesthetics: Implementation of the proposed project may potentially cause significant adverse temporary effects to aesthetics during construction. These temporary adverse effects include visual impacts associated with slope reconstruction, temporary relocation and replacement of cottages, construction associated with the historic property treatments, and temporary fencing necessary for health and safety. The EIR found that these impacts can be mitigated through the use of fencing, tenting and by moving programs to areas not affected by construction. Permanent adverse aesthetic effects shall be reduced below the level of significance through careful design, choice of compatible materials, and other screening strategies.

Water Quality: The proposed project may have the potential to adversely affect water quality. Best Management Practices shall be used to protect on site and nearby resources. Stormwater and pollutants shall be contained on site and evacuated offsite to an appropriate, approved facility. No pollutants or sediment shall be allowed to enter Los Trancos Creek or the ocean.

Increased Public Use: For activities that may affect coastal ecology, adaptive management will be used as mitigation for the project's potential to increase the public presence on site. Education both on-site and off-site will help visitors avoid or minimize impacts to intertidal areas. A SCUBA/skin diver pamphlet will be distributed to divers. Ongoing monitoring will provide data on the effectiveness of the management and more intensive tools will be utilized if needed. More intensive management includes increased Ranger or Lifeguard patrols and seasonally restricting public access to sensitive areas.

Biological Resources: For all activities that may affect biological resources, a state park ecologist must review and approve the final working drawings and plant palette in ecologically sensitive areas. An approved biologist will monitor construction activities. Temporarily disturbed areas will be replanted with appropriate plant species, either historic landscape plantings or CSS species depending on the pre-construction composition, location, fire department requirements, and historic landscape plan. Sensitive plants adjacent to the project area will be fenced and avoided.

Soil Disturbance: Adverse impacts to soils from project activities will be temporary. All soil disturbing activities including grading and excavating are subject to permit conditions and Best Management Practices will be used to avoid and minimize impacts associated with construction.

Archeological Resources: Activities that may affect archaeological resources include any trenching or excavation anywhere in the Historic District that would extend more than 1 meter below the surface and will be monitored or pre-tested by a qualified archaeologist. If cultural materials are discovered during monitoring, work shall be redirected until an archaeologist can determine the appropriate action for data recovery.

Coastal Processes, Geology and Erosion: For all activities that may affect Coastal Processes, Geology & Erosion the least invasive design for reconstruction of the slopes that is aesthetically pleasing and conforms to the Historic Landscape Management Plan while protecting the public from landslides will be used. No protection will be provided from wave up-rush of historic features and structures due to building new hardened protection devices. Sand bags or sand berms may be used to protect against flooding from Los Trancos Creek or waves. On site lifeguards and rangers will evacuate people, if necessary, to avoid placing the public at risk.

Paleontology: For all activities that may affect paleontological resources on site, a qualified paleontologist will develop a plan for salvaging and/or protecting paleontological resources during the construction phase of the project. If paleontological resources are found on-site, work will be redirected until the resource can be recorded and or recovered.

Staff has independently reviewed the State Parks EIR for the proposed project and recommends that the Conservancy find that the proposed project, as mitigated, does not have the potential for a significant effect on the environment, as defined in 14 Cal. Code

Regulations Section 15382. Upon approval, staff will file a Notice of Determination for this project.