

COASTAL CONSERVANCY

Staff Recommendation  
February 6, 2020

**CRYSTAL COVE BEACH COTTAGES RESTORATION**

Project No. 19-045-01  
Project Manager: Rodrigo Garcia

**RECOMMENDED ACTION:** Authorization to disburse up to two million dollars (\$2,000,000) to the Crystal Cove Conservancy to restore 17 historic cottages on North Beach of the Crystal Cove Historic District at Crystal Cove State Park in Orange County and adoption of findings under the California Environmental Quality Act.

**LOCATION:** City of Laguna Beach, Orange County

**PROGRAM CATEGORY:** Lower Cost Coastal Accommodations

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*EXHIBITS*

- Exhibit 1: [Project Location 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: [California Coastal Commission Coastal Development Permit No. 5-16-0552](#)
- Exhibit 6: [Project Letters](#)

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**RESOLUTION AND FINDINGS:**

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31411-31414 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed two million dollars (\$2,000,000) to the Crystal Cove Conservancy (“the grantee”) to restore 17 historic cottages on North Beach of the Crystal Cove Historic District for the purpose of increasing lower cost coastal accommodations in California.

Prior to commencement of the project, the grantee shall submit for the review and written approval of the Executive Officer of the Conservancy (Executive Officer) the following:

1. A detailed work program, schedule, and budget.
2. Names and qualifications of any contractors to be retained in carrying out the project.
3. A plan for acknowledgement of Conservancy funding.
4. Evidence that all permits and approvals required to implement the project have been obtained.
5. Evidence that the grantee has entered into an agreement with the landowner sufficient to enable the grantee to implement, operate, and maintain the project.

The grantee shall enter into and record an agreement pursuant to Public Resources Code 31116(c) sufficient to protect the public interest in the improvements.

The grantee shall ensure that the project follows the rental rates for the cottages established by the California Coastal Commission in the Coastal Development Permit No. 5-16-0552 as referenced in Exhibit 5.”

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 Chapter 10 of Division 21 of the Public Resources Code, regarding Lower Cost Coastal Accommodations.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Crystal Cove Conservancy is a nonprofit organization organized under section 501(c)(3) of the U.S. Internal Revenue Code.
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.”

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#### **PROJECT SUMMARY:**

Staff recommends authorization to disburse up to two million dollars (\$2,000,000) to the Crystal Cove Conservancy (“the grantee”) to restore 17 historic cottages on North Beach of the Crystal Cove Historic District for the purpose of increasing lower cost coastal accommodations in California.

The Crystal Cove Historic District is a 12.3-acre coastal portion of the 2,791-acres 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 near the mouth of Los Trancos Creek. It is one of the last remaining examples of early 20<sup>th</sup> century Southern California coastal development. With the passage of time, the cottages have deteriorated and have been closed to the public due to safety risks. The cottages are now undergoing restoration under the direction of the grantee in accordance with the Crystal Cove Historic District Preservation and Public Use Plan (November 2003) adopted by the California Department of Parks and Recreation.

The California Department of Parks and Recreation (CDPR) and the grantee began restoration of the Historic District in 2003 and have completed restoration of 29 historic structures, including 24 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 Park and Marine Research Facility. The Crystal Cove Historic District won the 2007 Governor's Award for Historic Preservation.

The historic and lower cost coastal accommodation opportunity at the Crystal Cove Historic District drew statewide attention when the facilities opened 13 years ago. There continues to be 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 are visited by 24,000 guests annually. The park overall is enjoyed by 2,000,000 visitors per year.

The proposed project will complete the restoration of the Crystal Cove Historic District through the rehabilitation of 17 cottages for overnight use. One of the 17 restored cottages, cottage #20, will be an "open bed dorm" style cottage that will be used to bring in groups of underserved students for at least 36 overnight visits as part of the grantee's outdoor STEM education programs. The other sixteen restored cottages will be open to the public through CDPR's reservation system, Reserve California. The proposed project also includes the construction of a 650-foot service path and boardwalk in front of the cottages, based on the historic boardwalk that was previously there. This boardwalk will provide full public and ADA access for future guests and park visitors. Upon completion, the Crystal Cove Historic District will be able to welcome 48,000 overnight guests each year.

A \$19 million capital improvement project is currently underway to improve the infrastructure for the North Beach cottages prior to the restoration phase. This project started in December 2018 and is ahead of schedule, under budget, and is expected to be completed by July 2020. Selected cottages have already been dismantled and put in storage to make room for large construction equipment, waste lift stations, and new underground utilities. With the selected cottages out of the way, the construction team is better able to access the area to install retaining walls to stabilize the hillside as well as other infrastructure before returning the cottages to their original locations.

The proposed project meets many of the goals of the Conservancy's Explore the Coast Overnight program. The final restoration of the Crystal Cove Cottages would provide a range of lower cost accommodations in the Coastal Zone and would provide a method to connecting

underserved populations with the area's unique coastal ecosystems. The proposed project will also restore a cottage that will be used to bring in groups of underserved students for overnight visits and educational programs.

**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. To date 29 of the cottages have been fully restored and are now in use as lower cost overnight accommodations, educational facilities, and food concession operations for the public to enjoy.

The site has fully functioning infrastructure including electricity, running water, sewer system, access roads, and complimentary Wi-Fi for cottage guests. The grantee also provides wheelchairs with high-flotation tires so people with mobility issues can fully enjoy the park and beach.

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.

**Grantee Qualifications:** The grantee successfully managed two grants from the Conservancy for the preservation of the Crystal Cove Historic District, one grant in 2001 to acquire development rights to the Crystal Cove Historic District and one in 2008 for Phase II of the cottage's restoration. With additional help from other supporters, the grantee has successfully completed the restoration of 29 cottages to date between Phase I and Phase II Restoration Projects. The grantee is currently managing 100% of the Phase III Infrastructure Project, which is a \$19,000,000 project. This same staff will supervise the proposed project. As the official non-profit partner of Crystal Cove State Park, the grantee was awarded a concession contract set to expire or renew in 2056, which allows them to manage the cottages, foodservice operations, and shuttles in the park unit.

**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-term leases with the landholder, the Irvine Company. The land was sold to CDPR 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.

The grantee (formerly known as The Crystal Cove Alliance) 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."

In 2001, the Conservancy authorized \$2,000,000 to help CDPR acquire and retire development rights to the Crystal Cove Historic District and maximize public access to the Historic District and the adjoining beach. After years of planning, CDPR, with the grantee's assistance, completed

the first phase of the Historic District restoration in 2006, with 22 cottages fully completed at a cost of \$14 million. One year later, the Crystal Cove Historic District was a winner of the Governor’s Award for Historic Preservation.

In September 2008, the Conservancy approved a grant of \$1,000,000 to the grantee for Phase II of the Crystal Cove Historic District Renovation Project. That project repaired and refurbished two additional cottages for overnight accommodations to help meet overwhelming demand from the public. The current and final campaign will ultimately complete the restoration of the entire Historic District.

**PROJECT FINANCING**

<b>Coastal Conservancy</b>	<b>\$2,000,000</b>
California State Parks’ Deferred Maintenance Fund	\$7,000,000
California State Parks	\$2,900,000
California State Parks ( <i>unsecured</i> )	\$14,600,000
Private Donations ( <i>unsecured</i> )	\$1,000,000
Earned Income from Concession Operations ( <i>unsecured</i> )	\$500,000
<b>Project Total</b>	<b>\$11,900,000</b>

The expected source of funds for this project is the FY 2019/20 appropriation to the Conservancy from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68, Public Resources Code Sections 80000-80173). Chapter 9 of Proposition 68 (section 80120-80121) allocates funds to the Conservancy to enhance and protect coastal and ocean resources, and, in particular, to grant funds to public agencies and nonprofit organizations for lower cost coastal accommodations. (Public Resources Code Section 80120 (b)).

Consistent with the purposes of this funding source, the proposed project consists of development of 17 lower coast overnight accommodations on the coast through restoration of historic cottages. The project would be carried out in accordance with Chapter 10 of Division 21 regarding lower cost coastal accommodations (see “Consistency with Conservancy’s Enabling Legislation” section below).

The grantee’s project partner, CDPR, will supply some of the funds for direct restoration improvements. The grantee will hire contractors to complete landscape design, architect and engineering construction coordination, independent construction inspection, and will pay for the design and acquisition of period-appropriate furnishings, and fixtures. The grantee will also use the grant to pay a construction manager to manage the entire project.

**CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:**

The proposed project is consistent with Chapter 10 of Division 21 of the Public Resources Code, Sections 31411-31414. Pursuant to PRC Section 31412(a), the Conservancy may award grants and undertake projects as part of its Lower Cost Coastal Accommodations Program (Explore the Coast Overnight) to facilitate improvement of existing, lower cost accommodations within one and one half miles of the coast.

The proposed project is consistent with the Conservancy's Explore the Coast Overnight program because it will provide 17 lower cost accommodations located immediately behind the beach.

Consistent with Section 31412(b)(2), the proposed project is subject to rent rate controls required by Coastal Development Permit number 5-16-0552 (Exhibit 5), which makes the average cost of staying overnight at the cottages between \$19.57 - \$39.20 per person. When completed, the proposed project will also have a cottage available to bring in groups of underserved students for at least 36 overnight visits as part of the grantee's outdoor STEM education programs.

Consistent with Section 31412(c)(1), the proposed project was selected through a collaborative effort with CDPR and the California Coastal Commission.

Pursuant to Section 31413, the Conservancy's implementation of the Explore the Coast Overnight Program must be guided by a lower cost accommodations assessment. The Conservancy completed the "Explore the Coast Overnight - An Assessment of Lower-Coast Coastal Accommodations" (Assessment) on March 14, 2019. The proposed project will provide an increase of overnight options in Newport Beach, a location identified in the Assessment as having a low concentration of lower cost coastal accommodation in a county with a high occupancy rate for coastal accommodations.

**CONSISTENCY WITH CONSERVANCY'S [2018-2022 STRATEGIC PLAN](#) GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 3, Objective D** of the Conservancy's 2018-2022 Strategic Plan, the proposed project will design 17 overnight rental units of lower cost coastal accommodations along the coast.

Consistent with **Goal 3, Objective E** of the Conservancy's 2018-2022 Strategic Plan, the proposed project will create 17 overnight rental units of lower cost coastal accommodations along the coast.

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

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on October 2, 2014, 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. **Promotion and implementation of state plans and policies:**

Explore the Coast Overnight Assessment (2019): Consistent with the goals of the Explore the Coast Overnight Assessment, the proposed project will help improve existing lower cost coastal accommodations within one and one half miles of the California coast by renovating the remaining 17 cottages at the Crystal Cove Historic District. More specifically, the project is consistent with the following goals of the Assessment:

Consistent with goal 2, the proposed project will ensure the renovated accommodations will be affordable and available for all Californians by using the rental rates set by the California Coastal Commission on the Coastal Development Permit and using the reservations system managed by CDPR.

Consistent with goal 3, the proposed project will ensure that accommodations will be affordable and available to NGOs and public entities that support programs for young or under-resourced populations by including an "open bed dorm" style cottage that will sleep 11 people and will be used to bring in groups of underserved students for at least 36 overnight visits as part of the grantee's outdoor STEM education programs.

Consistent with goal 5 to preserve a variety of lower cost coastal accommodations that will serve the great diversity of California residents and enhance the public's experience when visiting the coast, the proposed project will renovate one-of-a-kind historical beach cottages within Crystal Cove State Park which allows guests to enjoy 2,400 acres of backcountry to hike in, explore the offshore Marine Protected Area and tidepools, enjoy casual or fine dining at one of the food concessions, and learn about the history of Crystal Cove at the visitor center.

4. **Support of the public:** The grantee 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 proposed project is also supported by CDPR and by the local elected official, Cottie Petrie-Norris (California State Assembly) (see Exhibit 6).
5. **Location:** The proposed project would be located within the coastal zone of Orange County.
6. **Need:** The grantee is committed to completing this final phase of restoration and to completing the General Plan for the park. Without this funding, the grantee may need to adjust and extend the estimated final construction date and runs the risk of allowing the cottages to fall further into disrepair while costs continue to escalate.

7. **Greater-than-local interest:** Once the restoration is completed, Californian's will have twice as many opportunities to stay overnight in a historic cottage at the coast, and the impact to regional schools will be five times greater for students to experience Crystal Cove's outdoor classroom while participating in a variety of important outdoor STEM education programs at the park.
8. **Sea level rise vulnerability:** Concerns about sea level rise were extensively considered during the planning stages of this project. An engineering firm was retained to recommend design parameters to protect the improvements from ocean rise and wave runup damage. The result was that the design criteria of a 50-inch rise in sea level by 2050 was adopted. This resulted in several cottages planned to be raised by as much as 2.8 feet and installed on concrete caissons imbedded in bedrock and all other cottages will be on concrete caisson foundations. To further protect the cottages closest to the shore, the 650-foot boardwalk is also designed to provide protection from wave runup damage. All of the design details relative to sea level rise were closely reviewed by the California Coastal Commission and are specific requirements in the Coastal Development Permit.

#### **Additional Criteria**

9. **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.
10. **Resolution of more than one issue:** The proposed project provides an increase in lower cost coastal accommodations for Californians, increased coastal access and increased recreational, educational and interpretive opportunities.
11. **Leverage:** See the "Project Financing" section above.
12. **Readiness:** The grantee has obtained the necessary permits and completed the design and engineering for the project and will be ready to implement the project when funding is available.
13. **Realization of prior Conservancy goals:** See "Project History" above.
14. **Cooperation:** The grantee will carry out the proposed project in close cooperation with CDPR.
15. **Vulnerability from climate change impacts other than sea level rise:** Relative to fire protection the entire site will be protected by two 8-inch fire lines and the cottages will all have fire sprinklers installed. The fire protection design has been approved by the City of Newport Beach Fire Department.

Relative to erosion, the entire site will be protected when the infrastructure project is completed. The protection will include a massive landslide protection system designed to prevent landslides at the North Road and soil retaining walls behind all 17 cottages.

**CEQA COMPLIANCE:**

The proposed project is analyzed in the “Crystal Cove Historic District Preservation and Public Use Plan Final Environmental Impact Report” adopted by CDPR on February 25, 2003 (EIR) (See Exhibit 4).

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 the 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 CDPR 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 CDPR 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 coastal sage scrub 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 archeological resources include any trenching or excavation anywhere in the Historic District that would extend more than one 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 and 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.

No existing plan or mitigation program for greenhouse gas emissions has been adopted yet for Orange County. The South Coast Air Quality Management District (SCAQMD) also has not yet formally adopted greenhouse gas significance thresholds. According to the SCAQMD's Greenhouse Gases (GHG) CEQA Significance Thresholds document, available at [http://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-\(ghg\)-ceqa-significance-thresholds/ghgboardsynopsis.pdf?sfvrsn=2](http://www.aqmd.gov/docs/default-source/ceqa/handbook/greenhouse-gases-(ghg)-ceqa-significance-thresholds/ghgboardsynopsis.pdf?sfvrsn=2), "For the purposes of determining whether or not GHG emissions from affected projects are significant, project emissions will

include direct, indirect, and, to the extent information is available, life cycle emissions during construction and operation. Construction emissions will be amortized over the life of the project, defined as 30 years, added to the operational emissions...”

Since this project is a historic restoration, construction materials will largely consist of reuse and recycling of on-site materials whenever possible thus minimizing potential indirect emissions such as embodied energy in materials used.

Staff has independently reviewed the CDPR 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. There have also been no changes in the project that would require a supplemental EIR. Upon approval, staff will file a Notice of Determination for this project.