

COASTAL CONSERVANCY

Staff Recommendation  
June 18, 2020

**CRYSTAL COVE BEACH COTTAGES RESTORATION**

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

**RECOMMENDED ACTION:** Authorization to disburse up to \$2,900,000, provided by the Department of Parks and Recreation, to augment the Conservancy grant of \$2,000,000 authorized on February 6, 2020, 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.

**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: [February 6, 2020 Conservancy Authorization](#)

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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 up to two million nine hundred thousand dollars (\$2,900,000), provided by the California Department of Parks and Recreation (State Parks), to augment the Conservancy grant of two million dollars (\$2,000,000), authorized on February 6, 2020, to the Crystal Cove Conservancy to restore 17 historic cottages on the North Beach of the Crystal Cove Historic District for the purpose of increasing lower-cost coastal accommodations in California. This authorization remains subject to the same conditions contained in the Conservancy’s February 6, 2020 authorization.”

Staff further recommends that the Conservancy adopt the following finding:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that the proposed project remains consistent with the Conservancy’s findings under its February 6, 2020 authorization.”

**PROJECT SUMMARY:**

Staff recommends that the Conservancy authorize disbursement of up to \$2,900,000 provided by the California Department of Parks and Recreation (State Parks) to augment the Conservancy grant to the Crystal Cove Conservancy 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 Conservancy authorized disbursement of up to \$2 million for this project on February 6, 2020. The State Parks funds were transferred to the Conservancy in an interagency agreement for purposes of granting to the Crystal Cove Conservancy for this project.

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 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 State Parks.

State Parks 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 February 6, 2020 authorization cited a total of \$24,500,000 needed in funding for the restoration of 17 cottages on North Beach. This included secured funding, unsecured funding, and money from the State Parks deferred maintenance fund. The \$2,900,000 in secured funding from State Parks has been transferred to the Conservancy by an interagency agreement so that the Conservancy could grant these funds as efficiently as possible. This will enable the grantee to quickly complete rehabilitation of three cottages, making them available for overnight use while fundraising is completed for the remaining 14 cottages. The restored cottages will be open to the public through State Parks' reservation system, Reserve California.

The proposed project meets many of the goals of the Conservancy's Explore the Coast Overnight program. The final restoration of these cottages would provide additional lower-cost accommodations in the Coastal Zone and would provide a method to connecting underserved population with the area's unique coastal ecosystems.

**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 cottages that will be restored with this grant include cottage #3, cottage #12, and cottage #31. The three are clustered together close to the beach. 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 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 the 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:** On February 6, 2020 the Conservancy authorized disbursement of up to \$2,000,000 of Proposition 68 Lower-Cost Coastal Accommodations funds for this project. Subsequent to that approval, the Conservancy entered an interagency agreement with State Parks under which State Parks has provided \$2,900,000 to the Conservancy for purposes of efficiently granting the funding of this project.

Additional project history is described in detail in the attached February 6, 2020 staff recommendation (Exhibit 2).

## PROJECT FINANCING

Coastal Conservancy (February 6, 2020)	\$2,000,000
State Parks (via an interagency agreement with SCC)	\$2,900,000
State Parks Deferred Maintenance Fund	\$7,000,000
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>\$28,000,000</b>

The source of funds for this proposed augmentation come from an interagency agreement between State Parks and the Conservancy. The source of the State Parks funds is a General Fund appropriation for cottage restoration in Crystal Cove State Park.

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

The proposed project remains consistent with the Conservancy's February 6, 2020 authorization with respect to the Conservancy's enabling legislation. (See Exhibit 2).

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

The proposed project remains consistent with the Conservancy's February 6, 2020 authorization with respect to the Conservancy's 2018-2022 Strategic Plan goals and objectives. (See Exhibit 2).

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

The proposed project remains consistent with the Conservancy's February 6, 2020 authorization with respect to the Conservancy's project selection criteria and guidelines. (See Exhibit 2).

**CEQA COMPLIANCE:**

The proposed project remains consistent with the Conservancy's February 6, 2020 authorization with respect to the CEQA compliance. (See Exhibit 2).