

COASTAL CONSERVANCY

Staff Recommendation
September 23, 2021

CRYSTAL COVE BEACH COTTAGES RESTORATION

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

RECOMMENDED ACTION: Authorization to disburse up to \$3,500,000 to augment the Conservancy grant of \$4,900,000, previously authorized 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 Newport Beach, Orange County

EXHIBITS

- Exhibit 1: [Project Location Map](#)
 - Exhibit 2: [Project Progress Photos](#)
 - Exhibit 3: [February 6, 2020 Conservancy Authorization](#)
 - Exhibit 4: [June 18, 2020 Conservancy Authorization](#)
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RESOLUTION AND FINDINGS

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes a grant of an amount not to exceed three million five hundred thousand dollars (\$3,500,000), to augment the Conservancy grant of four million nine hundred thousand (\$4,900,000), previously authorized 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. This authorization remains subject to the same conditions contained in the Conservancy’s February 6, 2020 authorization.

Findings:

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

1. The proposed project remains consistent with the Conservancy's findings under its February 6, 2020 authorization.
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STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends that the Conservancy authorize disbursement of up to \$3,500,000 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 (Exhibit 3). On June 18, 2020, the Conservancy authorized an additional disbursement of up to \$2,900,000 provided by the California Department of Parks and Recreation (State Parks) transferred to the Conservancy in an interagency agreement for purposes of granting to the Crystal Cove Conservancy for this project (Exhibit 4).

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 20th 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 Crystal Cove Conservancy in accordance with the Crystal Cove Historic District Preservation and Public Use Plan (November 2003) adopted by State Parks.

State Parks and the Crystal Cove Conservancy 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 in 2006. 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 \$28,000,000 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 was transferred to the Conservancy through an interagency agreement so that the Conservancy could grant these funds as efficiently as possible. This enabled the Crystal Cove Conservancy to continue working on the rehabilitation of four cottages (cottages #3, #4, #12, and #31) to make them available for overnight use. The four

restored cottages are expected to open to the public through State Parks' reservation system, Reserve California, in January 2022.

The additional funding will allow the Crystal Cove Conservancy to continue restoration of the remaining 13 cottages. With the additional funding, the Crystal Cove Conservancy will immediately begin restoration of cottage #20 and cottage #36. Cottage #36 sleeps eight people and is adjacent to cottage #20. Cottage #20 will offer open-bed hostel-style accommodations, providing both an extremely affordable option for travelers and a new facility to host an overnight component of the Crystal Cove Conservancy's High School Coastal Dynamics program, adding a critical element to their suite of STEM education programs, offering underserved high school students from inland communities the opportunity to participate in inspiring coastal engineering program retreats. Both cottages are expected to be fully restored and available to the public in 48 months.

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.

With the February 6, 2020, and subsequent augmentation of funding from California State Parks on June 18, 2020, the Crystal Cove Conservancy is already restoring cottage #3, cottage #12, and cottage #3/31 and expects to make these available to the public by January 2022. The four cottages 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 Crystal Cove Conservancy 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.

Grant Applicant Qualifications: The Crystal Cove Conservancy 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 Crystal Cove Conservancy has successfully completed the restoration of 29 cottages to date between Phase I and Phase II restoration projects. The Crystal Cove Conservancy is currently managing

100% of the Phase III infrastructure project, which is a \$19,000,000 project. In addition, the Crystal Cove Conservancy has successfully managed the current grant and will fully restore four cottages on time and within budget by January 2022. The same staff will continue to supervise the proposed project. As the official non-profit partner of the Crystal Cove State Park, the Crystal Cove Conservancy 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.

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 3).

PROJECT FINANCING

Coastal Conservancy	\$3,500,000
Coastal Conservancy (February 6, 2020 authorization)	\$2,000,000
State Parks (via an interagency agreement with SCC; June 18, 2020 authorization)	\$2,900,000
State Parks (<i>unsecured</i>)	\$21,000,000
Historic Tax Credits (<i>unsecured</i>)	\$2,272,000
Project Total	\$31,672,000

The expected source of funds for this project is the FY 2021/22 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 the development of 17 lower-cost overnight accommodations on the coast through the 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).

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 3).

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 3).

CEQA COMPLIANCE:

The proposed project remains consistent with the Conservancy's February 6, 2020 findings and authorization with respect to the CEQA compliance. (See Exhibit 3). The project has not changed and there are no changed circumstances or information that would trigger the need for additional CEQA documentation.