

COASTAL CONSERVANCY

Staff Recommendation

February 3, 2022

CRYSTAL COVE BEACH COTTAGES RESTORATION

Project No. 19-045-01

Project Manager: Rodrigo Garcia

RECOMMENDED ACTION: Authorization to disburse up to \$21,000,000 provided by the Department of Parks and Recreation to augment the Conservancy grant of \$8,400,000 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](#)

Exhibit 5: [September 23, 2021 Conservancy Authorization](#)

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 twenty-one million dollars (\$21,000,000) to augment the Conservancy grant of eight million four hundred thousand (\$8,400,000), 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 authorization is consistent with Chapter 10 of Division 21 of the Public Resources Code, regarding Lower Cost Coastal Accommodations.
2. The proposed project is consisted 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.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends that the Conservancy authorize disbursement of up to \$21,000,000 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 a disbursement of up to \$2 million of Conservancy funds 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 (Exhibit 4). On September 23, 2021, the Conservancy authorized an additional disbursement of up to \$3,500,000 (Exhibit 5) of Conservancy funds for the restoration of additional cottages.

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 deteriorated and had to be closed to the public until restored. The cottages are now undergoing restoration, in three phases, 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 Parks 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 restored 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 Crystal Cove State Park 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 the remaining 17 cottages, which are all located in the area identified as North Beach. This included secured funding, unsecured funding, and money from the State Parks deferred maintenance fund. The Conservancy's initial authorization of \$2,000,000 and subsequent authorization of \$2,900,000 transferred to the Conservancy from State Parks enabled the Crystal Cove Conservancy to work on the rehabilitation of four cottages (cottages #3, #4, #12, and #31) and 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 March 2022.

The Conservancy's authorization on September 23, 2021 allowed the Crystal Cove Conservancy to continue restoration of the remaining 13 cottages. The September 23, 2021 Staff Recommendation stated Crystal Cove would restore cottage #20 and #36 with this authorization but after consideration and authorization from the Conservancy's Executive Director, the Crystal Cove decided to restore Cottages #6 and #7 instead because they are immediately adjacent to Cottages #3, #4, #12, and #31. Both cottages, #6 and #7, are expected to be fully restored and available to the public in approximately 48 months.

Due to the efficacy of the first interagency agreement between the Conservancy and State Parks, the additional \$21,000,000 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 and continue restoration of the remaining cottages.

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 an opportunity to connect underserved populations 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 cottages #3, #4, #12, and #31 and expects to make these available to the public by March 2022. The four cottages are clustered together closer to the beach. With the funds approved on September 23, 2021, the Crystal Cove Conservancy has begun restoration on cottages #6 and #7. 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 the development rights to the Crystal Cove Historic District and one in 2008 for Phase II of the restoration of cottages. 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. In addition, the Crystal Cove Conservancy has successfully managed the current grant and will fully restore four cottages within budget by March 2022. The same staff will continue to work 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:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on September 23, 2021, in the following respects:

Selection Criteria

1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.

See the "Consistency with Conservancy's Strategic Plan" section below.

2. Project is a good investment of state resources.

The proposed project provides benefits to Californians by restoring 17 historical beach cottages at Crystal Cove State Parks and increasing the availability of lower-cost coastal accommodations in Orange County.

The proposed project is also consistent with the Explore the Coast Overnight Assessment (2019) by improving existing lower-cost coastal accommodations within one and one-half miles of the California coast; ownership of the cottages by State Parks ensures they will be affordable and available for all Californians and to NGOs and public entities that support programs for young or under-resourced populations.

3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.

Environmental review including consultation with local Native American Tribes for the proposed project was originally completed in 2003. This resulted in regular consultation efforts with different tribes including groups associated with the Ajachemen/Juaneño and Tongva/Gabrieleno nations. More recently, the Crystal Cove Conservancy developed the Crystal Cove Indigenous Program in conjunction with the community-based organization Sacred Places for indigenous Peoples to provide Indigenous youth to take part in on-the-water cruises, participate in a summer surf and beach camp, and take part in intergenerational cultural events.

4. Project benefits will be sustainable or resilient over the project lifespan.

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.

5. Project delivers multiple benefits and significant positive impact.

The proposed project will provide an increase of overnight options in Newport Beach, a location identified in the Explore the Coast Overnight Assessment (2019) as having a low concentration of lower-cost coastal accommodations in a county with a high occupancy rate for coastal accommodations.

Once the restoration is completed, Californians 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 Science, Technology, Engineering, and Math (STEM) education programs at the park.

6. Project planned with meaningful community engagement and broad community support.

Throughout the development of the Crystal Cove Historic District Preservation and Public Use Plan, the Crystal Cove Conservancy held an extensive public comment and engagement period that lasted over a year. Additionally, during the permitting phase of the project, stakeholders were invited again to provide additional input that helped shape the restoration of the historic district. Crystal Cove Conservancy is supported by a broad membership based throughout Southern California.

PROJECT FINANCING

Coastal Conservancy (February 6, 2020 authorization)	\$2,000,000
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CRYSTAL COVE BEACH COTTAGES RESTORATION

State Parks (via the Conservancy; June 18, 2020 authorization)	\$2,900,000
Coastal Conservancy (September 23, 2021 authorization)	\$3,500,000
State Parks (via the Conservancy)	\$21,000,000
Project Total	\$29,400,000

The source of funds for this proposed augmentation is 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 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 regarding the “Crystal Cove Historic District Preservation and Public Use Plan Final Environmental Impact Report” certified by State Parks on February 25, 2003 (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.