



STATE PARK AND RECREATION COMMISSION MEETING STAFF REPORT COVER PAGE

JW Marriott Desert Springs Resort & Spa
Palm Desert, CA March 26, 2025

AGENDA ITEM: Consent Calendar

STAFF: Megan Boisvert, Concessions Specialist

SUBJECT: Old Town San Diego State Historic Park Concession
Contract

I. STAFF RECOMMENDATION

Recommend State Park and Recreation Commission take action and deem concessionaire compatible with classification and general plan.

II. BACKGROUND

The Department of Parks and Recreation (Department) requests the State Park and Recreation Commission (SPRC) determine the continued operation and development of Historic Retail, Restaurants, and Hotel Concession at Old Town San Diego State Historic Park (OTSDSHP) through a concession contract is compatible with the unit classification and the General Plan. This project is presented in accordance with Public Resources Code § 5080.20 because the estimated annual gross sales and investments are in excess of \$1,000,000.

III. ATTACHMENTS

- Staff Report
- Memo



STATE PARK AND RECREATION COMMISSION

JW Marriott Desert Springs Resort & Spa

Palm Desert, CA

March 26, 2025

STAFF REPORT: Agenda Item 11a: Consent Calendar – Determination if the Old Town State Historic Parks Concession Contract is Compatible with the Park Unit's Classification and General Plan

STAFF: Megan Boisvert, Concessions Specialist

SUBJECT: State Park and Recreation Commission Determination that the Proposed Negotiation of a New Concession Contract or Extension of an Existing Concession Contract at Old Town San Diego State Historic Park is Compatible with the Classification and General Plan of the Park Unit

OBJECTIVE

The California Department of Parks and Recreation (State Parks or Department) requests the State Park and Recreation Commission (SPRC) to determine that the proposed new concession contract or extension of an existing concession contract for the Mexican Commercial Corner, El Opal Restaurant, and Casa de Bandini, and The Cosmopolitan Hotel is consistent with the classification and General Plan of Old Town San Diego State Historic Park (OTSDSHP).

INTRODUCTION

State Parks requests the SPRC determine the continued operation and development of Historic Retail, Restaurants, and Hotel Concession at Old Town San Diego State Historic Park through a negotiation of a new concession contract or extension of an existing concession contract is compatible with the unit classification and the General Plan. This project is presented in accordance with Public Resources Code § 5080.20 because the estimated annual gross sales and investments are in excess of \$1,000,000.

DESCRIPTION

Old Town San Diego State Historic Park presents the opportunity to experience the history of early San Diego by providing a connection to the past. Old Town became a state historic park in 1968, when work began to restore and stabilize its buildings, particularly the original adobes. Five of these have been restored

and other buildings have been reconstructed. There are several museums within the Park. Restored and reconstructed buildings in OTSDSHP are now museums, shops, and restaurants that capture the energy of the community between 1821 and 1872. The park receives between 3 – 4 million visitors each year. It is located adjacent to a major transit center that includes train, trolley, and bus services making it very convenient to access. It is also one of the top tourist attractions in the area. The area known as Old Town San Diego contains over 30 restaurants and approximately 35 historic sites.

The current concession is operated by Old Town Family Hospitality Corp. for the existing concessions for Mexican Commercial Corner, Casa de Rosario Aguilar, and Casa de Bandini at OTSDSHP. They encompass the historic operations of retail, restaurants, and a hotel. Old Town Family Hospitality Corp. generates close to \$20,000,000 annually as the highest-grossing concession in the Park.

State Parks intends to negotiate a 30-year concession contract in accordance with Public Resources Code § 5080.18(a)(5) for the continued operation and development of Historic Retail, Restaurants, and Hotel services at OTSDSHP. A minimum requirement of annual rent of one million dollars (\$1,000,000) or the following percentage(s), whichever sum is greater:

Five and a half percent (5.5%) of Monthly Gross Receipts for this Restatement's Contract Years 2024 – 2029 and five and three-quarter percent (5.57%) of Gross Receipts for Restatement Contract Years 2030 – 2034. Six percent (6%) of Gross Receipts for Restatement Contract Years 2035 – 2055.

In addition, the concessionaire shall contribute two and a half percent (2.5%) towards the Facility Maintenance Improvement Account, one percent (1%) towards a Capital Improvement Account, and one-quarter of one percent (0.25%) towards Park Marketing.

The concessionaire is also required to make a minimum investment of three million dollars (\$3,000,000) for the capital improvement projects to demolish and reconstruct the property known as El Fandango and updates to the existing facilities and grounds which include -

1. New construction of the interior and exterior of the El Fandango building, including but not limited to landscape plans and improvements.
2. Improvements to the architectural elements of the interior and exterior of the historic buildings, including but not limited to landscape plans and improvements.
3. Additions to facilities and grounds including but limited to the existing retail stores, walkways, seating areas, and ornamental landscape.

4. The construction of pedestrian access between the properties known as the Land of the First People exhibit area and the historic core of OTSDSHP.

CLASSIFICATION AND GENERAL PLAN

Park Classification: The Park is classified as a State Historic Park. The El Fandango building located at 2734 Calhoun Street is a former concession building that has been sitting vacant for some time. The General Plan for OTSDSHP indicates the 2734 Calhoun Street property was built on the historic Machado and Alvarado properties. Research indicates that in 1868 E.W. Nottage occupied the building. It was called the “Cast Iron” and served as a store and residence.

The addition of the El Fandango building to the concession contract for purposes of Capital Improvement is consistent with the General Plan as the building will be used for retail/ food service depicting the era between 1820 and 1972.

Consistent with the General Plan: The SPRC approved the General Plan in March 1977. The General Plan showcases services including museums and concessions with historical components including furniture, lighting, fixtures, and costumes. The goal of the General Plan is to provide an authentic interpretive period from the years 1821 - 1872 within a 6-block area of preserved, restored, or reconstructed buildings in the historic plaza.

A primary visitor service goal for OTSDSHP and its concessions is consistent with the General Plan because it accounts for the historical component throughout all concession buildings. Providing visitors with a glimpse of what the area looked like in the 1800s.

Current concessionaire, Old Town Family Hospitality Corp. provides 19 historic retail shops, 3 restaurants, and 1 hotel.

PREVIOUS COMMISSION ACTIONS

The original contract with the previous concessionaire, Delaware North Companies was approved by the SPRC and on December 21, 2004 and approved by the Department of General Services (DGS). The concession contract was for the renovation, maintenance, and operation of concessions located in OTSDSHP in the historic properties known as Mexican Commercial Corner currently operated by Concessionaire as Fiesta De Reyes, Casa de Rosario Aguilar currently operated by Concessionaire as Barra Barra Saloon, and Casa de Bandini, currently operated by Concessionaire as the Cosmopolitan Hotel. The contract was assigned to Old Town Family Hospitality Corp. who took over the concession contract on June 1, 2005. Additionally, on February 27, 2015, SPRC approved the contract extension for an additional ten (10) years.

LEGAL ISSUES

There are no known legal issues relating to the SPRC's determination that the proposed new concession contract or extension of the current concession contract is consistent with the classification and General Plan of OTSDSHP.

FISCAL IMPACT TO STATE

Following is the fiscal impact during the last five reported years of this concession operation.

Fiscal Year	Gross Sales	Rent to State
22/23	\$23,917,621	\$2,064,609
21/22	\$20,242,854	\$1,857,625
20/21	\$13,428,483	\$700,698
19/20	\$14,925,213	\$1,221,166
18/19	\$20,792,108	\$1,781,909

RESULT OF NO ACTION BY COMMISSION

If there is no action by the SPRC the term of the current concession contract will expire and will operate on month-to-month status. The Department will lose the opportunity for increased revenue as well as facility improvements established through the competitive bid process.