

SUBJECT: Approve a Lease of 2nd Street Parking Lot and Amend the 2025/26 Operating Budget

DEPARTMENT: City Manager's Office

STAFF: G. Harold Duffey, City Manager
Ricardo Noguera, Economic Development Manager

TITLE/RECOMMENDATION

Adopt a Resolution of the City Council of the City of Brentwood approving a Parking Lot Lease Agreement "Agreement" between DJA Properties, LLC and the City of Brentwood for the lease 715 and 739 2nd Street and amend the 2025/26 General Fund Operating Budget.

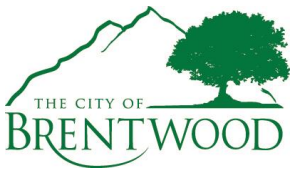
FISCAL IMPACT

If the Agreement is approved, the total FY 2025/26 cost would be \$38,000 (includes fencing costs, but excludes any insurance premium increase). The total Agreement and ancillary cost with optional extensions would be \$92,000 for the two-year term. The cost of the Agreement would be funded by the General Fund, which would require a budget amendment of \$38,000 for the FY 2025/26 costs. Since the City utilizes a "pooled insurance system", it is too early to determine what the City will be paying for insurance for this property.

The terms of the Agreement require that the first six month's rent of \$18,000 be paid within 30 days of approval of the lease agreement. The Agreement includes an option for the City to extend the term of the Agreement for up to three additional six-month periods, during which rent would be due on a monthly basis.

The Agreement requires that within ten days of commencement of the lease that the City installs fencing on the property boundary Oak Street. The estimated cost to install this fencing is \$20,000.

The Agreement also requires that the City's insurance coverage apply on a primary basis to the rented parcels and that the Owner be included as "added insured". The estimated cost for this coverage will be determined in the next few weeks.



The total cost of the Agreement by fiscal year is summarized below:

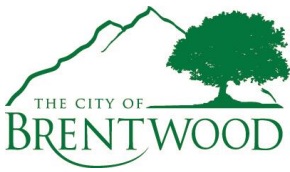
Agreement Cost by Fiscal Year	General Fund Cost
FY 2025/26 Six month's rent 30 days after approval	\$18,000
FY 2025/26 Estimated Fencing Cost	\$20,000
FY 2025/26 Estimated Insurance Cost	TBD
FY 2025/26 Total Cost	\$38,000
FY 2026/27 (Monthly rent beginning 11/1/2026)	\$24,000
FY 2026/27 Estimated Insurance Cost	TBD
FY 2026/27 Total Cost	\$24,000
FY 2027/28 (Monthly rent ending 4/30/2028)	\$30,000
FY 2027/28 Estimated Insurance Cost	TBD
FY 2027/28 Total Cost	\$30,000
Total Agreement Cost with Optional Extensions	\$92,000

If the Agreement is approved, the FY 2025/26 Operating Budget would need to be amended by \$38,000 and the FY 2026/27 and FY 2027/28 costs would be included in the draft 2026/27 – 2027/28 Operating Budget presented in June of 2026 for consideration of adoption by the City Council. Due to timing constraints these additional costs would not be included in the draft Operating Budget to be presented in May at the City Council Operating Budget workshop.

BACKGROUND

The City is seeking to lease this strategically located parcel immediately across the street from City Hall and City Park. The intent of leasing this 16,250 square foot property (2 parcels) is to preserve the lots for events and activate the property with programming that aligns with the Downtown Specific Plan, focused on entertainment and recreational use. This should preserve the flexibility while adding meaningful value to downtown.

The City's Park and Recreation Department is also planning to utilize the space to support Juneteenth and Music in the Park, while also expanding activities for the family-oriented downtown environment. There is also discussion about creating a "Winter Market" to support the sale of goods and foods/drinks in kiosks during the holiday season. Specifics related to the Winter Market are still being discussed but the thought is to create a dynamic holiday wonderland where locals and visitors alike will be drawn to Downtown and this site in particular to enjoy a festive environment.



Ultimately, the goal is to draw visitors to the Downtown area and support area businesses during the holiday season.

CITY COUNCIL STRATEGIC INITIATIVE

One of the City's key initiatives in promoting Economic Development is to establish a "Winter Market". As part of this effort, the Council has directed staff to develop a Downtown Winter Market program designed to attract visitors, support local businesses, and enhance holiday tourism.

The City's goal is to develop a Winter Market inspired by traditional European-style holiday markets, featuring festive lighting, tasteful seasonal decorations, and vendor booths that activate the down streets and public spaces.

The City Council has established a Winter Market Council Committee to provide policy guidance. Staff will convene bi-weekly coordination meetings with the committee to review concepts, provide progress updates, and receive direction throughout the planning process.

PREVIOUS ACTION

Previous Action by the City Council is included on Attachment 1.

DATE OF NOTICE

Not Applicable.

ENVIRONMENTAL DETERMINATION

Not Applicable.

ALTERNATIVE OPTION(S)

Alternative Options to the Staff Recommendation:

1. Do not approve staff's recommendation.
2. Modify staff's recommendation based on legally defensible findings.
3. Continue item with direction for staff to return with additional information.

ATTACHMENT(S)

1. Resolution No.
2. Previous Actions
3. Draft Lease Agreement
4. Aerial of Site