File No. 120530 Committee Item No. 5
Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

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Board of Supervisors Meeting **Date** 7/17/12

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Completed by: Victor Young **Date** July 6, 2012
Completed by: Victor Young **Date** 7-11-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

FILE NO. 120530 RESOLUTION NO.

[Ground Lease - Retention and Expansion of the San Francisco Wholesale Produce Market]

Resolution: 1) authorizing a lease of real property and improvements known as the San Francisco Wholesale Produce Market, near 2095 Jerrold Avenue, to the San Francisco Market Corporation, including the lease of the property at 901 Rankin Street; 2) adopting findings pursuant to the California Environmental Quality Act; 3) adopting findings that the transactions contemplated are consistent with the City's General Plan and Eight Priority Policies of the City's Planning Code; and 4) authorizing the City Administrator, or designee, to execute documents, make certain modifications, and take certain actions in furtherance of this resolution.

WHEREAS, The San Francisco Wholesale Produce Market ("SFWPM") is an assemblage of dedicated produce and food professionals, co-located at one distribution center along Jerrold Avenue near Highway 280, is the largest facility dedicated to a wholesale marketplace in Northern California, is comprised of approximately 30 produce and food-related businesses, is responsible for the employment of over 650 people in the Production, Distribution and Repair ("PDR") industries, and is committed to being the Bay Area's leading source of produce; and

WHEREAS, The SFWPM has operated at its current location since 1963, following passage of a proposition establishing a municipal market, approved by the voters of San Francisco in 1959 which created Section 92.1 of the then-Charter of the City, when produce wholesalers relocated from the area near the current Maritime Plaza and Golden Gateway redevelopment project area in downtown San Francisco; and

WHEREAS, The City and County of San Francisco Market Corporation ("CCSFMC"), a California non-profit corporation, was formed for the express purpose of helping the City establish a produce market at its current location; and

WHEREAS, The SFWPM currently occupies approximately 350,000 square feet of City-owned warehouse and industrial space under the terms and conditions of a 50-year master lease between the City (as Landlord) and the CCSFMC (as Tenant), scheduled to expire on January 31, 2013; and

WHEREAS, The SFWPM delivers significant public benefit to the residents and businesses of San Francisco both for the high-quality PDR jobs its operations provide, and for the important role the market plays in food distribution to the City's many restaurants and grocery stores, which supports San Francisco's reputation as a world class food destination; and

WHEREAS, The SFWPM serves as an informal anchor to other PDR activities in the industrial areas of the Bayview district, attracting food-related businesses, such as beverage distribution, seafood wholesale and distribution, and dry goods vendors; and

WHEREAS, The City is committed to preserving space for critical industries related to PDR activities in Bayview's industrial district, as demonstrated by recent actions to update the zoning designation of the SFWPM site and surrounding area, with the intent to encourage the introduction, intensification, and protection of a wide range of light and contemporary industrial activities; and

WHEREAS, Although there is continuing demand for space in the SFWPM, including expansion needs of existing market occupants that are not currently being met, most of the buildings are nearing the end of their useful life and are in need of significant repair or upgrade; and

WHEREAS, The current site and building configuration of the SFWPM pose limitations to addressing evolving food and operational safety issues, more demanding regulatory environment, and long-term growth needs of the market; and

WHEREAS, The City and the San Francisco Market Corporation ("SFMC" or "Tenant"), a California non-profit corporation formed to facilitate the successful continued operation of the SFWPM, desire to enter into a new long-term, mutually-beneficial relationship upon expiration of the current lease, and to retain and make improvements to the SFWPM's facility, furthering the SFWPM's essential future role in the City's food distribution system; and

WHEREAS, Pursuant to Administrative Code Chapter 29, the proposed improvements to the SFWPM's facility ("the Project") triggered review by the Board of Supervisors to determine the fiscal feasibility of the Project; and

WHEREAS, After reviewing a report on the proposed Project ("the SFWPM Fiscal Responsibility and Feasibility Report") containing information as required by Administrative Code Section 29.3, the Board of Supervisors adopted findings of fiscal feasibility for the Project on November 3, 2009, by enacting Resolution 434-09, on file with the Clerk of the Board of Supervisors in File No. 091112; and

WHEREAS, On May 11, 2011 a Draft Initial Study/Mitigated Negative Declaration ("IS/MND") for the Project was prepared and published for public review. The Draft IS/MND was available for public comment until May 31, 2011; and

WHEREAS, The City's Planning Department issued a Final Mitigated Negative Declaration ("FMND"), dated July 5, 2011, with respect to the proposed Project, and the CCSFMC has entered into an Agreement to Implement Improvement and Mitigation Measures identified by the Planning Department in the FMND (the "Mitigations Implementation Agreement"). A copy of the FMND and the Mitigations Implementation Agreement is on file with the Clerk of the Board of Supervisors in File No. 120530; and

WHEREAS, The Planning Department reviewed and considered the Final Mitigated Negative Declaration and found that the contents of said report and the procedures through which the FMND was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"), 14 California Code of Regulations Sections 15000 et seq. (the "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"); and

WHEREAS, The Planning Department found the FMND was adequate, accurate and objective, reflected the independent analysis and judgment of the Department of City Planning, and that the summary of comments and responses contained no significant revisions to the Draft IS/MND, and approved the FMND for the Project in compliance with CEQA, the CEQA Guidelines and Chapter 31; and

WHEREAS, The Board of Supervisors has reviewed and considered the FMND for the Project, issued by the Planning Department, and the record as a whole, and finds that there is no substantial evidence that the Project will have a significant effect on the environment with the adoption of the mitigation measures contained in the Mitigation and Monitoring Report ("MMRP") to avoid potentially significant environmental effects associated with the Project, and hereby adopts the FMND; and

WHEREAS, The Board of Supervisors hereby adopts the FMND and its MMRP for this Project, which are incorporated by reference as though fully set forth herein. All required mitigation measures identified in the IS/MND and contained in the MMRP are included as conditions of approval; and

WHEREAS, The Board of Supervisors further finds that since the FMND was finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the FMND due to the involvement of new significant environmental effects or an increase in the severity of previously identified

significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the FMND; and

WHEREAS, On September 6, 2011, the City Planning Department found that the actions related to the Project, as contemplated in the Lease, were consistent with the City's General Plan, and with the Eight Priority Policies of City Planning Code Section 101.1. A copy of this letter is on file with the Clerk of the Board of Supervisors in File No. 120530, and is incorporated by reference as though fully set herein. The Board adopts these findings as its own; and

WHEREAS, The Board of Supervisors has considered the description of the Project and the proposed source of funds for the Project and hereby finds that the construction by SFMC of the Project in the manner contemplated in the Lease does not constitute a public work or public improvement and accordingly contracts entered into by or on behalf of SFMC in connection with the Project in the manner contemplated by the Lease are not subject to the requirements of Chapter 6 of the City's Administrative Code, however the Lease shall require Tenant to comply with the prevailing wage provisions of subsection (b) of San Francisco Charter Section A7.204 and Section 6.22(E) of the San Francisco Administrative Code with respect to the construction of the Project; now, therefore, be it

RESOLVED, That in accordance with the recommendation of the Director of Property, the City Administrator and Director of Property are hereby authorized to take all actions on behalf of the City and County of San Francisco, as landlord, to lease warehouse and industrial space, collectively known as the SFWPM and located near 2095 Jerrold Avenue, to the San Francisco Market Corporation ("SFMC"), as Tenant. A copy of the proposed lease ("Lease") is on file with the Clerk of the Board of Supervisors in File No. 120530, and is hereby declared to be a part of this resolution as if set forth fully herein; and, be it

FURTHER RESOLVED, That the Lease for the SFWPM shall be for the term of approximately sixty (60) years beginning on the commencement date, as defined in the Lease, and terminating on January 31, 2073; and, be it

FURTHER RESOLVED, That the Lease shall initially include the premises presently occupied by the SFWPM under the existing lease, and, in order to improve operations on the SFWPM site and to provide better controls for food safety with the SFWPM site, shall eventually include certain portions of improved and papers streets which presently bisect the SFWPM site upon the completion of a vacation of certain portions of rights of way and jurisdictional transfer of said lands to Department of Real Estate as outlined in the Lease and as submitted to the Board of Supervisors under companion legislation; and, be it

FURTHER RESOLVED, That in order to facilitate the improvement and expansion of the SFWPM the Lease shall expand the premises to include an adjoining currently City-owned parcel of land known as 901 Rankin Street, subject to a right by SFMC to terminate the lease of 901 Rankin Street prior to delivery of such property by City; and, be it

FURTHER RESOLVED, That the leased premises if so expanded to include 901 Rankin Street, shall be placed under the jurisdiction of the Department of Real Estate (rather than the Department of Technology), to facilitate the management of the entirety of the leased premises in a more cohesive manner; and, be it

FURTHER RESOLVED, That the Lease shall include a Scope of Development and Schedule of Performance and shall require periodic updates to the development plan to hold the Tenant accountable for delivering an improved facility within a reasonable schedule and budget; and shall require the Tenant to comply with the terms of the Mitigations Implementation Agreement, be it

FURTHER RESOLVED, That the Lease shall allow the Tenant to accrue revenues from subleasing the premises and operating the market and to secure financing to fund the

phased improvements of the facility, with a revenue stream from net income from subleases and market operations accruing to the City's General Fund following successful completion of said improvements and establishment of adequate funding of capital, operating and maintenance reserves; and, be it

FURTHER RESOLVED, That the City shall have significant input and approval rights with respect to facility's renewal project, including budget and construction reviews; and be it

FURTHER RESOLVED, That the Lease shall require SFMC to use good faith efforts to achieve market rent in subleases whenever possible and to enter into subleases with terms that are reasonable in light of the market conditions existing at the time of such sublease, with City review and input upon any requested deviations from a baseline market rent leasing schedule; and, be it

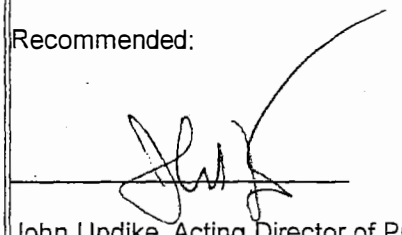
FURTHER RESOLVED, That all actions heretofore taken by the officers of the City with respect to such Lease is hereby approved, confirmed and ratified; and, be it

FURTHER RESOLVED, That the Director of Property is authorized to take all necessary actions to transfer the jurisdiction of 901 Rankin Street to the Department of Real Estate, in the event that the leased premises are so expanded to include 901 Rankin Street; and, be it

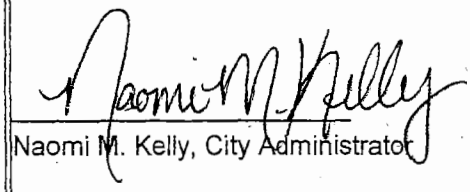
FURTHER RESOLVED, That the Board of Supervisors authorizes the City Administrator or Director of Property to enter into any amendments or modifications to the Lease (including, without limitation, the exhibits) that the City Administrator or Director of Property determines, in consultation with the City Attorney, are in the best interest of the City, do not materially increase the obligations or liabilities of the City, are necessary or

advisable to effectuate the purposes of the Lease or this resolution, and are in compliance with all applicable laws, including the City Charter.

Recommended:



John Updike, Acting Director of Property



Naomi M. Kelly, City Administrator

Mayor Lee, Supervisor Cohen
BOARD OF SUPERVISORS

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Item 5 File 12-0530	Department: Real Estate

EXECUTIVE SUMMARY

Legislative Objective

- The proposed resolution would authorize the execution of a 60-year ground lease, from February 1, 2013 through January 31, 2073 between the City, as lessor, and the San Francisco Market Corporation, as lessee, for the lease of the real property and improvements known as the San Francisco Wholesale Produce Market (SFWPM), a central distribution center for approximately 30 wholesale produce businesses and produce distributors. Included under the proposed lease are the SFWPM Main Site and 2101 Jerrold Avenue which comprise the property included in the existing lease and the adjacent City-owned property at 901 Rankin Street.

Key Points

- Included in the proposed lease are tenant capital improvements to the current location of the SFWPM, which the San Francisco Market Corporation would be solely responsible for funding in their entirety. The tenant capital improvements would be conducted under a phased development plan to expand the existing SFWPM.

- The project would be completed in four phases, commencing no later than February 1, 2016 and is anticipated to be completed in full no later than three years from the commencement of the fourth phase, or by February 1, 2036.

- The proposed lease anticipates that the City would vacate certain portions of Jerrold Avenue, Selby Street, and other streets bisecting or adjacent to the SFWPM in order to provide better controls for food safety within the SFWPM site and reduce conflicts between operations on the SFWPM site and vehicles of parties not doing business at the SFWPM site. This street vacation is necessary in order to comply with California Environmental Quality Act (CEQA) requirements and is subject to separate Board of Supervisors approval.

Fiscal Impacts

- In accordance with the existing ground lease, no rent is paid directly by the City and County of San Francisco Market Corporation (CCSFMC) to the City. Under the proposed lease, prior to completion of the tenant capital improvements, the San Francisco Market Corporation would deposit net revenues into a Project Development Account to fund the planned tenant capital improvements. Once the tenant capital improvements, at an estimated cost of $107,785,000, are completed and net revenues (gross revenues less operating expenses and any debt service payments) are positive for a period of three consecutive months, the San Francisco Market Corporation would pay the City directly, on or before the fifteenth day of each calendar month, monthly rent equal to net revenues for the previous month.

- In addition, the San Francisco Market would pay the City $11,862 a month, or $142,344 annually, for the relocation of the Department of Technology and MTA in the form of additional rent for 15 years of the 60-year ground lease, commencing on the date the City delivers the 901 Rankin Street premises to the San Francisco Market Corporation, resulting in a total of $2,135,160.

- The total estimated cost of the tenant capital improvements is $107,785,000 over the approximately 20 years of the project. The proposed lease stipulates that financing the tenant capital improvements would be the responsibility of the San Francisco Market Corporation and that the City bears no responsibility for funding those improvements.

Policy Considerations

- The Budget and Legislative Analyst notes that there are various factors pertinent to the tenant capital improvements which are not yet known. These unknown factors include the method of financing for the tenant capital improvements and the costs of the Department of Technology's relocation and rent in its new location. In addition, the rent that the City will receive from the San Francisco Market Corporation, equal to net revenues that the San Francisco Market Corporation receives from the San Francisco Wholesale Produce Market operations, the approximate date that the City will start receiving that rent and the total estimated rent that the City will receive over the proposed 60-year lease are also not yet known. Based on these unknown factors, the decision to approve the proposed resolution is a policy decision for the Board of Supervisors.

Recommendation

- Approval of the proposed resolution is a policy decision for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

In accordance with City Charter Section 9.118(c), any lease exceeding ten years and/or having anticipated revenue of $1,000,000 or more is subject to approval by the Board of Supervisors.

Background

San Francisco Wholesale Produce Market

The San Francisco Wholesale Produce Market (SFWPM) is a City-owned facility on 19.6 acres adjacent to Rankin, Toland, Jerrold, and Innes Avenues in the Bayview, which provides a central distribution center for approximately 30 wholesale produce businesses and produce distributors. The SFWPM has operated at its current location since 1963 and currently consists of two subareas, the Main Site and 2101 Jerrold Avenue, with 275,185 square feet of warehouse, dock, and office space.

In 1961, a non-profit corporation, the City and County of San Francisco Market Corporation (CCSFMC), was created to provide financial and other assistance to the City in the acquisition of land and construction of facilities for use as a wholesale produce distribution center, including the issuance of $4,600,000 in revenue bonds to purchase the property from the U.S. General Services Administration and construct the Wholesale Produce Market. The $4,600,000 in revenue bonds was fully repaid on August 2, 1983.

In 1963, the City, as lessor, entered into a 50-year ground lease, which expires on January 31, 2013, with the CCSFMC, as lessee, for the SFWPM property. CCSFMC subleases the warehouse, docks and office space to approximately 30 SFWPM merchants[1], primarily produce distributors and grocery/produce stores. Under the provisions of the existing ground lease between the City and the CCSFMC, sublease revenues received by the CCSFMC must be used to pay for the retirement of the (a) $4,600,000 in revenue bonds (previously noted as paid in full), (b) SFWPM's operating costs, and (c) for repair and replacement of the SFWPM. Under the existing ground lease, no rent is paid directly by the CCSFMC to the City.

In addition, the CCSFMC entered into a separate 50-year management agreement with the San Francisco Produce Association (SFPA)[2] for operation and management of the Wholesale Produce Market which expires on September 30, 2012. Under that agreement, the CCSFMC has overall responsibility for the improvements and maintenance of the infrastructure of the SFWPM, while the SFPA is responsible for the daily operations and management of the SFWPM and is involved in produce trade issues. Currently, in accordance with the management agreement, the SFPA initially pays for both the CCSFMC's and the SFPA's expenses and then subsequently the SFPA is reimbursed by the CCSFMC for its share of those expenses on a monthly basis. These reimbursements for operating expenses are reviewed and approved by the Controller's Office.

In 1999, $4,523,000 of additional capital improvements were made to the SFWPM in order to provide for two new SFWPM tenants, Whole Foods and Earl's Organics, at 2101 Jerrold Avenue. The $4,523,000 was funded through (a) a $900,000 credit line which was issued to CCSFMC by Bank of America, (2) SFWPM reserves, and (3) SFWPM's annual operating funds. The $900,000 credit line was fully repaid by CCSFMC to Bank of America on August 21, 2002.

901 Rankin Street

The City owns an adjacent parcel of land, which includes a warehouse with office space at 901 Rankin Street, currently used by two City Departments, the Department of Technology and the Municipal Transportation Agency (MTA). The Department of Technology's Public Safety Communications Division, which repairs and installs mobile data devices in public safety vehicles and maintains the City's emergency communication network and facilities, utilizes the space at 901 Rankin Street for the storage of equipment. MTA houses its Meter and Traffic Signal Divisions at 901 Rankin Street. According to Mr. John Updike, Acting Director of the Real Estate Division, neither City Department pays rent to the City for its use of 901 Rankin Street.

Anticipated Expiration of Ground Lease

In order to meet evolving food industry standards, the age of the SFWPM facilities, and the demand for more space at the SFWPM, the CCSFMC began exploring possible renovations to

[1] According to Mr. John Updike, Acting Director of the Real Estate Division, the average sublease is for a stall containing 2,640 square feet with current rents at $2,825 per month, or $1.07 per square foot per month.

[2] The San Francisco Produce Association (SFPA) is a trade association comprised of the approximately 30 merchants which operate in the Wholesale Produce Market.

the entire SFWPM facility in order to provide a modern facility which both increases available space and meets current food industry standards. In anticipation of the CCSFMC's existing ground lease's expiration on January 31, 2013, the CCSFMC proposed to the City Administrator that a new long-term ground lease be entered into that expands the area to include the existing Main Site and 2101 Jerrold Avenue, as well as 901 Rankin Street and that improvements be made to the SFWPM facility to expand and modernize the facility as well as address various changes in food safety regulations, handling procedures, and food security concerns which have evolved since the SFWPM was originally constructed in 1963. The CCSFMC submitted a report to the Board of Supervisors on the fiscal feasibility of the proposed project on September 9, 2009. On November 3, 2009, the Board of Supervisors determined the proposed project to be fiscally feasible (Resolution No. 434-09).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the execution of a new 60-year ground lease, from February 1, 2013 through January 31, 2073, between the City, as lessor, and the San Francisco Market Corporation, as lessee, for the lease of the real property and improvements known as the San Francisco Wholesale Produce Market (SFWPM). Included under the proposed lease are the SFWPM Main Site, adjacent to Rankin, Toland, Jerrold, and Innes Avenues in the Bayview, and 2101 Jerrold Avenue which comprise the property included in the existing lease and the adjacent City-owned property at 901 Rankin Street. 901 Rankin Street, as previously noted, is office and warehouse space currently occupied by the Department of Technology and MTA.

San Francisco Market Corporation is a new nonprofit corporate entity created in 2012 by existing SFWPM stakeholders separate from the City to operate the SFWPM under the proposed ground lease, which would replace the existing CCSFMC nonprofit organization that currently has overall responsibility for the SFWPM under the existing ground lease[3]. According to Mr. Updike, this new nonprofit corporate entity was created in order to comply with the current more rigorous standards for corporation entities than existed when the original nonprofit organization, CCSFMC, was created in 1961. Once the existing lease expires, the San Francisco Market Corporation will replace the CCSFMC as lessee and soon thereafter the CCSFMC will no longer exist following completion of transition activities.

In addition, Mr. Updike notes that the relationship between the nonprofit corporate entity, San Francisco Market Corporation under the proposed lease, and the San Francisco Produce Association, which currently has a separate 50-year management agreement with the CCSFMC, which expires on September 30, 2012, for operation and management of the Wholesale Produce Market would likely change substantially under the proposed lease. However, those changes are currently under discussion and have yet to be determined at the time of the writing of this report.

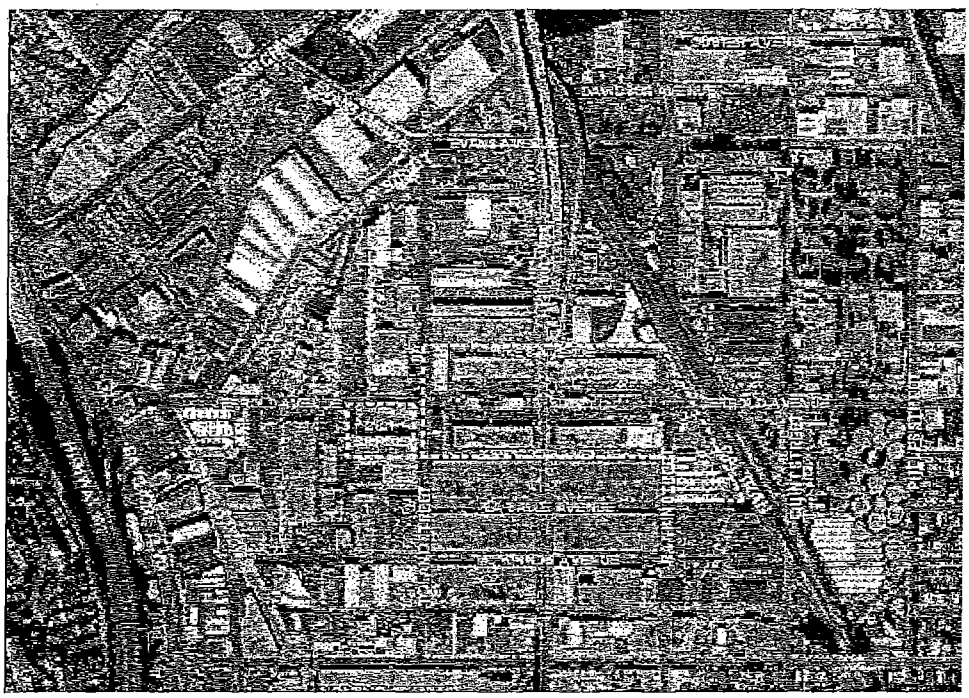
Upon expiration of the existing 50-year lease and enactment of the proposed 60-year lease, the CCSFMC would (a) surrender possession of the SFWPM premises, (b) transfer all of its capital

[3] Mr. Updike advises that three of the four initial directors of the nonprofit San Francisco Market Corporation are directors of the existing nonprofit CCSFMC.

accounts, operating accounts, and reserves[4] to the new nonprofit corporate entity, the San Francisco Market Corporation, (c) transfer all of its other personal or other intangible property, including equipment, supplies, files, books, and records to the San Francisco Market Corporation, (d) assign all maintenance, janitorial, security and other service contracts to the San Francisco Market Corporation, and (e) cooperate with the San Francisco Market Cooperation to recover possession from any existing tenants who have not entered into subleases before the proposed lease's February 1, 2013 commencement date.

Proposed Tenant Capital Improvements

Under the proposed 60-year ground lease, the San Francisco Market Corporation would be solely responsible for funding various tenant capital improvements to the SFWPM. These tenant capital improvements would be conducted under a phased development plan to expand the existing SFWPM. As shown in the image below, the proposed development site is split into three subareas which are outlined with a dotted line: (1) the Main Site in the center, (2) 901 Rankin Street to the east and (3) 2101 Jerrold Avenue to the west.



Under the proposed development scenario[5], four new warehouse structures on the Main Site and one warehouse on the 901 Rankin Street site would be constructed. No changes would be made to the 2101 Jerrold Avenue subarea. In addition, an operations center of approximately 3,961 square feet would be constructed on the Main Site. These capital improvements would be completed in four phases in order to avoid closure of the SFWPM or displacement of any

[4] According to the draft financial statement, the CCSFMC's capital assets, of which $6,129,972 is capital assets and $5,600,000 is cash or cash equivalent, totaled $12,107,306 as of December 31, 2011.

[5] Under the final Mitigated Negative Declaration, published on July 5, 2011, there are two development scenarios, one of which is deemed most probable and is discussed in the proposed report. The second development scenario would renovate rather than reconstruct the improvements.

subtenants, with the first phase of these capital improvements commencing no later than February 1, 2016. As shown on the detailed timeline in Attachment I, all of the improvements would be completed no later than three years from the commencement of the fourth phase, or by February 1, 2036.

As shown in Table 1 below, the three subareas currently comprise a total of 372,889 square feet of space and the proposed tenant capital improvements would result in a total of 525,855 square feet of space, a total increase of 152,970 square feet of space for all of the proposed buildings.

Table 1: Square Footage of Building Space Before and After the Proposed Development Plan for the San Francisco Wholesale Produce Market

Location	Current Square Feet of Building Space	Square Feet of Building Space After Development	Square Footage Increase
Main Site	275,185	360,557	85,372
901 Rankin Street	46,650	114,248	67,598
2101 Jerrold Avenue	51,050	51,050	0
Total	**372,885**	**525,855**	**152,970**

In addition to the expansion of the three subareas' building space, as shown in Table 2 below, the current 135,910 square feet of parking space would be expanded to 168,990 square feet, an increase of 33,080 square feet.

Table 2: Square Footage of Parking Space Before and After the Proposed Development Plan for the San Francisco Wholesale Produce Market

Location	Current Square Feet of Parking Space	Square Feet of Parking Space After Development	Square Footage Increase (Decrease)
Main Site	96,627	139,149	42,522
901 Rankin Street	32,883	23,441	(9,442)
2101 Jerrold Avenue	6,400	6,400	0
Total	**135,910**	**168,990**	**33,080**

This increased space would allow for existing wholesale merchant subtenants to increase the space that they lease from the SFWPM and allow for new subtenancies, thereby enabling an increase of SFWPM's revenues. SFWPM staff is currently discussing potential expansions of subleased space with existing subtenants and prospective new subtenants.

Under the proposed lease, the new San Francisco Market Corporation would submit design documents[6] and corresponding budgets to the City Administrator at progressive stages of completion of the tenant capital improvements for the City Administrator to review and approve.[7] The City Administrator's review of design documents would comprise conformity with the project scope and other project requirements, such as consistency with previously approved submittals and the design of any areas required to be accessible to the public. The City Administrator's review of budgets would be to ensure that the budget is accurate and reliable

[6] Design documents consist of (a) schematic drawings, (b) design development documents, (c) preliminary construction documents, and (d) final construction documents for each phase of development.

[7] The City Administrator would designate City staff to conduct review of both the design documents and the budgets for each phase of the project.

relative to the design documents submitted for that phase and that the budget is reasonable in light of the project's goals.

In addition, no later than 90 days before the commencement of construction, the San Francisco Market Corporation would submit to the City Administrator (a) final construction documents consisting of (a) a final budget, (b) a statement indicating that the San Francisco Market Corporation has sufficient funds to complete the tenant capital improvements and service any debt issued in accordance with the budget, (c) a copy of all financing documents for any portion of the budget intended to be borrowed by the San Francisco Market Corporation for that phase, and (d) a copy of the construction contracts. The City Administrator shall notify the San Francisco Market Corporation within 30 days of its approval or disapproval of the submitted documents. The City Administrator would be reimbursed by the San Francisco Market Corporation for the City's costs to review and approve all design, budget, and financing documents.

In addition to these tenant capital improvements, the proposed 60-year ground lease would also require the Board of Supervisors to approve the vacation of certain portions of Jerrold Avenue, Selby Street, and other streets bisecting or adjacent to the SFWPM in order to provide better controls for food safety within the SFWPM site[8] and to comply with the California Environmental Quality Act (CEQA) requirements. It is estimated that the proposed resolution approving the street vacation will be considered by the entire Board of Supervisors on July 17, 2012, sitting as Committee of the Whole. Portions of Rankin Street, Innes Avenue, and Kirkwood Avenue would be reconfigured and two new street intersections would be created at Toland Street. The proposed lease would restrict the use of these vacated streets to ensure that these streets would be in a suitable condition for the City to re-dedicate them for public street purposes when the proposed lease expires, if the City wishes to do so.

901 Rankin Street Lease Provisions

As previously noted, two City Departments, the Department of Technology and the Municipal Transportation Agency (MTA) use a warehouse with office space at 901 Rankin Street and, under the proposed lease, would need to relocate. Mr. Updike advises that MTA has already begun to implement a relocation plan to move its offices from 901 Rankin Street to other currently MTA-owned facilities. That relocation was approved by the MTA Commission in the adoption of the FY 2012-13 budget and is anticipated to be completed in FY 2012-13. The Department of Technology has begun, with the help of the Real Estate Division, to find alternative locations. Any new lease agreement and funding required for the Department of Technology's relocation from 901 Rankin Street would be subject to future Board of Supervisors approval. For 15 years of the proposed 60-year ground lease, commencing when the City delivers the 901 Rankin Street to the San Francisco Market Corporation, the City would receive a total of $11,862 a month, or $142,344 annually, from the San Francisco Market Corporation to address the General Fund impact of the relocation of the Department of Technology in the form of additional rent.

[8] Federal guidelines dictate that the SFWPM perimeter has controlled access and that any visitors be monitored to ensure food safety.

FISCAL IMPACTS

Base Rent Payments

As noted above, under the existing ground lease, no rent is paid directly by the CCSFMC to the City. Under the proposed lease, prior to the Stabilization Date[9], which is not yet known, the San Francisco Market Corporation would be required to deposit net revenues[10] for the previous month into a Project Development Account[11] to fund the planned tenant capital improvements. Net revenues were equal to $533,625 in calendar year 2011 and equal to $502,856 in calendar year 2010.

Subsequent to the unknown Stabilization Date, the San Francisco Market Corporation would be required to pay the City Administrator directly, on or before the 15th day of each month, net revenues for the previous month rather than depositing those net revenues into a Project Development Account. These net revenues would go to the City's General Fund. According to Mr. Updike, revenues paid by wholesale merchant sublessees to the San Francisco Market Corporation are expected to increase as a result of the tenant capital improvements due to the approximately 152,970 square feet (See Table 1 above) of space which would be available for sublease upon completion of the project. However, it is not yet known how that increase in revenues would affect net revenues paid to the City. Mr. Updike advises that it is not possible to estimate future changes in rent (net revenues) to be received by the City.

Under the proposed lease, the San Francisco Market Corporation would be allowed, from "time to time" to prepay some or all of the debt it incurs through the financing of the tenant capital improvements and deduct that amount in total from its net revenues. In addition, as previously noted, the San Francisco Market would pay the City $11,862 a month, or $142,344 annually, for the relocation of the Department of Technology and MTA in the form of additional rent for the 15 years of the 60-year ground lease, commencing on the date the City delivers the 901 Rankin Street premises to the San Francisco Market Corporation, resulting in a total of $2,135,160.

According to Mr. Updike, MTA had anticipated relocating before the plans for the SFWPM tenant capital improvements were finalized in order to consolidate operations in as few locations as possible and therefore the relocations costs should not be considered relevant to the proposed lease costs of the SFWPM. The costs of that relocation were not available at the time of the writing of this report. In addition, the costs of relocating the Department of Technology are not yet known. However, current estimates reflect that the Department of Technology's relocation could cost between $500,000 and $800,000 in rent annually, resulting in annual additional costs

[9] The Stabilization Date is the first day of the first month after completion of all phases of the tenant capital improvements, after which net revenues are positive for a period of three consecutive months.

[10] Net revenues are gross revenues less operating expenses and debt service payments. Net revenues in calendar year 2011 were $1,037,439 and in calendar year 2010 were $892,940.

[11] A separate San Francisco Market Corporation Project Development Account must be used for the payment of the planned tenant capital improvements and cannot be used for operating expenses, capital repairs and replacements, or for any other purpose without prior written consent of the City.

to the City of between $357,656 and $656,656 for the first 15 years of the lease, when accounting for the annual payment of $142,344 the City will receive. After those first 15 years, the City will bear the full cost of rent for the Department of Technology's relocation. The relocation costs could also result in an additional $250,000 to $500,000 in one-time expenses. However, Mr. Updike also advises that 901 Rankin Street, in its current state, is quite dilapidated and has been an unfunded capital need included in the City's Capital Plan for several years. If the Department of Technology were not to be relocated, 901 Rankin Street would require significant rehabilitation, with the building likely needing to be demolished and reconstructed.

Cost of Tenant Capital Improvements

As previously noted, the tenant capital improvements are planned to take place in four phases. As summarized in Table 3 below and shown in greater detail in Attachment II, the total estimated cost of the tenant capital improvements is $107,785,000 over an approximately 20 year period, from no later than February 1, 2016 through no later than February 1, 2036.

Table 3: Estimated Costs of Tenant Capital Improvements and Dates of Construction Under Proposed Lease of San Francisco Wholesale Produce Market.

	Total Cost
Prior to Construction	$2,717,000
Phase 1 (2/1/2016 – 2/1/2018)*	19,081,000
Phase 2 (2/1/2018 – 2/1/2021)*	5,528,000
Phase 3 (2/1/2023 – 2/1/2026)*	44,081,000
Phase 4 (2/1/2033 – 2/1/2036)*	36,378,000
Total	**$107,785,000**

* Dates are estimated by the San Francisco Market Corporation

Financing of Tenant Capital Improvements

The proposed lease stipulates that financing all of these tenant capital improvements would be the responsibility of the San Francisco Market Corporation and Ms. Anita Wood of the City Attorney's Office confirms that the City bears no liability for funding these improvements. According to Mr. Updike, the San Francisco Market Corporation plans to utilize the SFWPM's cash reserves and annual operating funds as well as the funds which have been accumulated in the Project Development Account for the tenant capital improvements. The funds from the Project Development Account are from sublease revenue paid by the wholesale merchants to fund these tenant capital improvements. However, Mr. Updike advises that these SFWPM funds would likely not be sufficient to fully fund the proposed tenant capital improvements. According to Mr. Updike, to date, no additional financing of the tenant capital improvements has been secured, but there are several options being considered by the San Francisco Market Corporation to finance each phase of these tenant capital improvements.

Mr. Updike notes that these options include (a) federal grants, (b) New Markets Tax Credits[12], and (c) a leasehold mortgage [13]. Mr. Updike advises that federal grants are currently being sought from several federal agencies, including the Economic Development Administration, the Food and Drug Administration, and the Department of Transportation. Regarding the New Markets Tax Credits, US Bank and Bank of America have drafted letters of interest to the SFWPM stating interest and consideration of providing New Market Tax Credit financing for the proposed tenant capital improvements. Regarding the leasehold mortgage option, the proposed lease allows the San Francisco Market Corporation to mortgage the proposed City ground lease to an entity in order to finance the tenant capital improvements currently being considered or to finance any other subsequent repairs later found necessary related to the tenant capital improvements currently being proposed. However, the lease stipulates that no financing may be undertaken by the San Francisco Market Corporation which would be a direct or indirect obligation or security of the City.

Mr. Updike advises that there have also been substantive discussions with Bank of America regarding financing and that Bank of America has been actively involved in drafting the proposed lease to ensure that no language is contained in the proposed 60-year ground lease that would preclude such financing from occurring. Bank of America has written a letter of interest indicating its interest in partially financing the proposed tenant capital improvements through a direct loan. Bank of America is currently a subtenant in the existing ground lease and would continue to be a subtenant under the proposed new ground lease. In addition, as noted above, Bank of America financed $900,000 of the 1999 tenant capital improvements completed by the SFWPM in the form of a line of credit, which was fully repaid on August 21, 2002.

Under the proposed lease, the San Francisco Market Corporation could also elect to finance a portion of the tenant capital improvements with proceeds from issuing Certificates of Participation (COPs).[14] According to Mr. Updike, no COPs are anticipated to be issued at this time. However, Mr. Updike advises that the ability to issue COPs was included in the proposed lease because "this is a project that contemplates phased construction with a final phase to

[12] The New Markets Tax Credit Program was established by Congress in 2000. The New Market Tax Credit Program attracts investment capital by permitting Community Development Entities and their subsidiaries to apply for and receive tax credits that they can then sell to investors. The proceeds from the sale of new market tax credits are loaned to eligible projects in low-income communities as defined by the Community Development Financial Institutions Fund, a branch of the United States Department of the Treasury. The investors use the tax credits to offset their tax burden on their Federal income tax return. According to Mr. Updike, New Market Tax Credits can only fund up to 20 percent of a project phase and cannot be used for street improvements under federal rules. Therefore, such a financing option is not available for the second phase of the proposed tenant capital improvements.

[13] A leasehold mortgage is an encumbrance or lien on a tenant's interest in a lease conveyed to a lender as collateral for a loan to the tenant.

[14] COPs are a form of long-term debt which are sold to investors in consideration for a portion of the lease revenues from a specific City-owned property, such that the investors "participate" in receiving lease revenues in the form of debt service payments. Under a typical COP structure, the City leases a City-owned property to a trustee in consideration for a one-time lease payment from the trustee to the City that is equal to the proceeds from the issuance of such COPs. The trustee subsequently subleases the same City-owned property back to the City in return for semi-annual rent payments equal to the debt service (including principal and interest) due on the COPs. This lease-sublease structure is known as an asset transfer model. Under such an asset transfer model, the City-owned property leased to the trustee serves as collateral to the trustee on the issued COPs. After the COPs are fully repaid by the City, the City-owned property, previously leased to the trustee, reverts back to the City.

commence not more than 24 years from now. It would not be prudent to rule out any potential source of funds to the market over the course of the next few decades, and therefore the potential of COPs funds was not precluded." The issuance of COPs to finance a portion of the SFWPM tenant capital improvements would be subject to Board of Supervisors approval and, if approved, according to Ms. Wood from the City Attorney's Office, the City would not be responsible for the cost of that issuance under the proposed lease. All debt service and issuance costs would be paid from revenues received by the San Francisco Market Corporation from the operation of the SFWPM.

City Reimbursement by San Francisco Market Corporation

Under the provisions of the proposed 60-year ground lease, the City would be reimbursed by the San Francisco Market Corporation within 60 days following receipt of a written invoice from the City for its costs in connection with the implementation, management or enforcement of the proposed lease. The City would submit an annual estimate of projected annual reimbursable costs in connection with preparation of the San Francisco Market Corporation's annual operating budget. However, the City's reimbursement would not be limited by that estimate if costs exceed the submitted estimate for that year. Reimbursable costs include review and approval of all design, budget, and financing documents as well as review of leasing schedules. Mr. Updike estimates that the City would receive between $25,000 and $75,000 annually, with higher reimbursements in the early years of the proposed lease based on the City's need to review and approve design and budget documents related to the proposed tenant capital improvements.

POLICY CONSIDERATIONS

The Budget and Legislative Analyst notes that there are various factors pertinent to the tenant capital improvements which are not yet known. These unknown factors include the method of financing for the tenant capital improvements and the costs of the Department of Technology's relocation and rent in its new location. In addition, the rent that the City will receive from the San Francisco Market Corporation, equal to net revenues that the San Francisco Market Corporation receives from SFWPM operations, and the approximate date that the City will start receiving that rent and the total estimated rent that the City will receive over the proposed 60-year lease are also not yet known. Based on these unknown factors, the decision to approve the proposed resolution is a policy decision for the Board of Supervisors.

RECOMMENDATION

Approval of the proposed resolution is a policy decision for the Board of Supervisors.

EXHIBIT G-1

SCHEDULE OF PERFORMANCE

The following tables provide the Schedule of Performance for: all Phases as an overview; the Phase I Improvements (901 Rankin); the Phase II Improvements (Surrounding Street Improvements and Traffic, Marshalling Yard and Infrastructure Improvements); the Phase III Improvements (Central Market Site); and the Phase IV Improvements (Central Market Site). Each of these Phases is described in greater detail in the Scope of Development (Exhibit E).

Several principles apply to an effective understanding of this Schedule of Performance: (a) all terms used herein have the same meanings as provided in the Lease; (b) parenthetical numbers are references to sections of the Lease, as the dates and time periods described in this Schedule of Performance are not exhaustive of all dates and time periods described in the Lease; (c) dates and time periods described herein are subject to adjustments as provided in the Lease; and (d) in the event of an inconsistency between this Schedule of Performance and the Lease, the Lease shall prevail.

SCHEDULE OF PERFORMANCE - OVERVIEW

Action	Required Completion Date
Commencement of Construction of Phase I Improvements (901 Rankin)	No later than February 1, 2016
Completion of Construction of Phase I Improvements	No later than February 1, 2018
Commencement of Phase II Improvements (Surrounding Street Improvements and Traffic, Marshalling Yard and Infrastructure Improvements)	No later than February 1, 2018
Completion of Phase II Improvements	No later than February 1, 2021
Commencement of Construction of Phase III Improvements (Central Market Site)	No later than February 1, 2023
Completion of Construction of Phase III Improvements	No later than February 1, 2026
Commencement of Construction of Phase IV Improvements (Central Market Site)	No later than February 1, 2033
Completion of Construction of Phase IV Improvements	No later than February 1, 2036

PHASE I IMPROVEMENTS

(901 RANKIN)

The Phase I Improvements involve the demolition of the existing structures and construction of a new building on the 901 Rankin Premises, together with associated street and streetscape improvements, as described in greater detail in the Scope of Development (Exhibit E).

Action	Required Completion Date
Tenant shall prepare and submit an updated Development Plan to City for review (Section 5.2).	Approximately one (1) year prior to commencement of construction of Phase I Improvements.
Tenant shall prepare and submit the conceptual Streetscape Plan associated with Phase I Improvements to City for review and approval (Section 5.1(b) and Exhibit I-2).	One (1) year prior to commencement of construction.
Tenant shall prepare and submit Schematic Drawings and Budget to City for review and approval.	No later than 150 days prior to submittal of the Design Development Documents and Budget.
City shall approve, disapprove or approve conditionally the Schematic Drawings and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Design Development Documents and Budget to City for review and approval.	No later than 150 days prior to submittal of the Preliminary Construction Documents and Budget.
City shall approve, disapprove or approve conditionally the Design Development Documents and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Preliminary Construction Documents and Budget to City for review and approval.	No later than 120 days prior to submittal of the Improvements Final Construction Documents and Budget.
City shall approve, disapprove or approve conditionally the Preliminary Construction Documents and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Final Construction Documents and Budget to City for review and approval (Section 5.7(a)).	No later than 90 days prior to commencement of construction.

Action	Required Completion Date
City shall approve, disapprove or approve conditionally the Final Construction Documents and Budget (Section 5.7(b).	Within 30 days after complete submittal thereof.
Tenant shall submit to City evidence of adequate financing, including a bonafide commitment of institutional lender and statement of sources and uses of funds and Construction Contract (Section 5.7(a)).	No later than 90 days prior to commencement of construction.
City shall approve or disapprove the evidence of adequate financing and Construction Contract (including the reasons for disapproval) in writing (Section 5.7(b)).	Within 30 days after complete submittal thereof.
Tenant shall have obtained all Regulatory Approvals required to commence construction (Section 15.2).	Prior to the commencement of construction.
Commencement of Construction of Phase I Improvements.	No later than February 1, 2016.
Completion of Construction of Phase I Improvements.	No later than 24 months after commencement of construction.
Tenant shall furnish City As-Built Documents (Section 5.10(a)).	Within 90 days after Completion of the Phase I Improvements.
Tenant shall furnish Certified Construction Costs to the City (Section 5.10(b)).	Within 90 days after Completion of the Phase I Improvements.

PHASE II IMPROVEMENTS

(SURROUNDING STREET IMPROVEMENTS AND TRAFFIC, MARSHALLING YARD AND INFRASTRUCTURE IMPROVEMENTS)

The following provides the Schedule of Performance for the Phase II Improvements (Surrounding Street Improvements and the Traffic, Marshalling Yard and Infrastructure Improvements), as those portions of the Project are described in greater detail in the Scope of Development (Exhibit E). The Surrounding Street Improvements and the Traffic, Marshalling Yard and Infrastructure may or may not be completed within a single period of construction. If built separately, the below Schedule of Performance shall apply to each separate period of construction, provided the entire Phase II Improvements shall have commenced construction no later than February 1, 2018.

Action	Required Completion Date
Tenant shall prepare and submit an updated Development Plan to City for review (Section 5.2).	Approximately one (1) year prior to commencement of construction of Phase II Improvements.
Tenant shall prepare and submit the conceptual Streetscape Plan associated with Phase II Improvements to City for review and approval (Section 5.1(b) and Exhibit I-2).	One (1) year prior to commencement of construction.
City shall approve, disapprove or approve conditionally the Schematic Drawings and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Design Development Documents and Budget to City for review and approval.	No later than 150 days prior to submittal of the Preliminary Construction Documents and Budget.
City shall approve, disapprove or approve conditionally the Design Development Documents and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Final Construction Documents and Budget (Section 5.7(a)).	No later than 90 days prior to commencement of construction.
City shall approve, disapprove or approve conditionally the Final Construction Documents and Budget (Section 5.7(b)).	Within 30 days after complete submittal thereof.

Action	Required Completion Date
Tenant shall submit to City evidence of adequate financing, including a bonafide commitment of institutional lender and statement of sources and uses of funds and Construction Contract (Section 5.7(a)).	No later than 90 days prior to commencement of construction.
City shall approve or disapprove the evidence of adequate financing and Construction Contract (including the reasons for disapproval) in writing (Section 5.7(b)).	Within 30 days after complete submittal thereof.
Tenant shall have obtained all Regulatory Approvals required to commence construction (Section 15.2).	Prior to the commencement of construction.
Commencement of Construction of Phase II Improvements.	No later than February 1, 2018.
Completion of Construction of Phase II Improvements.	No later than February 1, 2021.
Tenant shall furnish City As-Built Documents (Section 5.10(a)).	Within 90 days after Completion of Phase II Improvements.
Tenant shall furnish Certified Construction Costs (Section 10(b)).	Within 90 days after Completion of Phase II Improvements.

PHASE III IMPROVEMENTS

(CENTRAL MARKET SITE)

The Phase III Improvements consist of the construction and/or renovation and enlargement of two (2) of the four (4) structures on the Central Market Site, as described in greater detail in the Scope of Development (Exhibit E). The two (2) structures may or may not be completed within a single period of construction. If built separately, the below Schedule of Performance shall apply to each structure of the Phase III Improvements, provided the entire Phase IV Improvements shall have commenced construction no later than February 1, 2023.

Action	Required Completion Date
Tenant shall prepare and submit an updated Development Plan to City for review (Section 5.2).	Approximately one (1) year prior to commencement of construction of Phase III Improvements.
Tenant shall prepare and submit Schematic Drawings and Budget to City for review and approval.	No later than 150 days prior to submittal of the Design Development Documents and Budget.
City shall approve, disapprove or approve conditionally the Schematic Drawings and Budget for each structure (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Design Development Documents and Budget to City for review and approval.	No later than 150 days prior to submittal of the Preliminary Construction Documents.
City shall approve, disapprove or approve conditionally the Design Development Documents and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Preliminary Construction Documents and Budget to City for review and approval.	No later than 120 days prior to submittal of the Final Construction Documents and Budget.
City shall approve, disapprove or approve conditionally the Preliminary Construction Documents and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Final Construction Documents and Budget to City for review and approval (Section 5.7(a)).	No later than 90 days prior to commencement of construction.
City shall approve, disapprove or approve conditionally the Final Construction Documents and Budget. (Section 5.7(b)).	Within 30 days after complete submittal thereof.

Action	Required Completion Date
Tenant shall submit to City evidence of adequate financing, including a bonafide commitment of institutional lender and statement of sources and uses of funds and Construction Contract (Section 5.7(a)).	No later than 90 days prior to commencement of construction.
City shall approve or disapprove the evidence of adequate financing and Construction Contract (including the reasons for disapproval) in writing (Section 5.7(b)).	Within 30 days after complete submittal thereof.
Tenant shall have obtained all Regulatory Approvals required to commence construction (Section 15.2).	Prior to the commencement of construction.
Commencement of Construction of Phase III Improvements.	No later than February 1, 2023.
Completion of Construction of the Phase III Improvements.	No later than 36 months from the Commencement of Construction of the Phase III Improvements.
Tenant shall furnish City As-Built Documents (Section 5.10(a)).	Within 90 days after Completion of the Phase III Improvements.
Tenant shall furnish Certified Construction Costs to the City (Section 5.10(b)).	Within 90 days after Completion of the Phase III Improvements.

PHASE IV IMPROVEMENTS

(CENTRAL MARKET SITE)

The Phase IV Improvements consist of the construction and/or renovation and enlargement of the remaining two (2) structures on the Central Market Site, as described in greater detail in the Scope of Development (Exhibit E). The two (2) structures may or may not be completed within a single period of construction. If built separately, the below Schedule of Performance shall apply to each structure of the Phase IV Improvements, provided the entire Phase IV Improvements shall have commenced construction no later than February 1, 2023.

Action	Required Completion Date
Tenant shall prepare and submit an updated Development Plan to City for review (Section 5.2).	Approximately one (1) year prior to commencement of construction of Phase IV Improvements.
Tenant shall prepare and submit Schematic Drawings and Budget to City for review and approval.	No later than 150 days prior to submittal of the Design Development Documents and Budget.
City shall approve, disapprove or approve conditionally the Schematic Drawings and Budget for each structure (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Design Development Documents and Budget to City for review and approval.	No later than 150 days prior to submittal of the Preliminary Construction Documents.
City shall approve, disapprove or approve conditionally the Design Development Documents and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Preliminary Construction Documents and Budget to City for review and approval.	No later than 120 days prior to submittal of the Final Construction Documents and Budget.
City shall approve, disapprove or approve conditionally the Preliminary Construction Documents and Budget (Section 5.5(b)).	Within 15 business days after complete submittal thereof.
Tenant shall prepare and submit the Final Construction Documents and Budget to City for review and approval (Section 5.7(a)).	No later than 90 days prior to commencement of construction.
City shall approve, disapprove or approve conditionally the Final Construction Documents and Budget. (Section 5.7(b)).	Within 30 days after complete submittal thereof.

Action	Required Completion Date
Tenant shall submit to City evidence of adequate financing, including a bonafide commitment of institutional lender and statement of sources and uses of funds and Construction Contract (Section 5.7(a)).	No later than 90 days prior to commencement of construction.
City shall approve or disapprove the evidence of adequate financing and Construction Contract (including the reasons for disapproval) in writing (Section 5.7(b)).	Within 30 days after complete submittal thereof.
Tenant shall have obtained all Regulatory Approvals required to commence construction (Section 15.2).	Prior to the commencement of construction.
Commencement of Construction of Phase IV Improvements.	No later than February 1, 2033.
Completion of Construction of the Phase IV Improvements.	No later than 36 months from the Commencement of Construction of the Phase IV Improvements.
Tenant shall furnish City As-Built Documents (Section 5.10(a)).	Within 90 days after Completion of the Phase IV Improvements.
Tenant shall furnish Certified Construction Costs to the City (Section 5.10(b)).	Within 90 days after Completion of the Phase IV Improvements.

Table 2.
Development Cost Budget
SF Wholesale Produce Market
(000's)

WORKING DRAFT

	Predev	Phase 1	Phase 2	Phase 3	Phase 4	Total
Direct Costs						
Demolition		$422		$987	$935	$2,344
Offsites		$231		$180	$236	$647
Onsites		$1,903		$3,434	$1,860	$7,197
Road Improvements			$4,200			$4,200
Buildings						
901 Rankin		$10,503				$10,503
Building 1				$11,800		$11,800
Building 2				$12,376		$12,376
Operations Center				$1,253		$1,253
Building 3					$10,776	$10,776
Building 4					$10,824	$10,824
Subtotal		$13,059	$4,200	$30,030	$24,631	$71,920
Tenant Improvements		$253	$0	$680	$544	$1,477
Subguard Insurance		$131	$42	$300	$246	$719
Builder's Risk Insurance		$137	$44	$315	$259	$755
General Conditions		$653	$210	$1,502	$1,232	$3,596
Subtotal		$921	$296	$2,117	$1,736	$5,070
Liability Insurance		$140	$45	$321	$264	$770
Overhead & Profit		$424	$136	$974	$799	$2,333
Performance Bond		$196	$63	$450	$369	$1,079
Construction Contingency		$653	$210	$1,502	$1,232	$3,596
Subtotal		$1,412	$454	$3,247	$2,664	$7,778
Indirects/Construction Subtotal		$2,333	$750	$5,365	$4,400	$12,848
Design Contingency		$1,045	$0	$2,402	$1,970	$5,418
Total		$16,689	$4,950	$38,477	$31,546	$91,662
Indirect Costs						
A & E	$601	$849	$273	$1,952	$1,601	$5,276
Construction Mgt.		$196	$63	$450	$369	$1,079
Permits & Fees	$297	$588	$189	$1,351	$1,108	$3,533
Leasing Commissions		$0	$0	$440	$575	$1,015
Misc. Prof. Services	$1,819	$542	$0	$901	$739	$4,001
Indirect Contingency		$217	$53	$509	$439	$1,219
Total Indirect Costs	$2,717	$2,392	$578	$5,604	$4,832	$16,122
Total Costs	$2,717	$19,081	$5,528	$44,081	$36,378	$107,785

SAN FRANCISCO
PLANNING DEPARTMENT

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General Plan Referral

Date: September 6, 2011

Case No. **2009.1153R**
San Francisco Wholesale Produce Market Retention and Expansion Project

Block/Lot Nos.: 5262/004, 5268/007, 5268/010, 5268/010, 5268/011, 5269/002, 5269/007, 5269/008, 5269/009, 5281/003, 5281/005, 5282/031, 5282/030, 5282/033, 5284A/004, 5284A/005, 5284A/006, 5285A/002

Zoning: PDR-2 (Core Production, Distribution and Repair) Use District
65-J and 80-E Height and Bulk District

Project Sponsor: John Updike,
Acting Director of Real Estate
Department of Real Estate
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Applicant: Monica Melkesian and Michael Janis
San Francisco Wholesale Produce Market
2095 Jerrold Avenue, Suite 212
San Francisco, California 94124

Staff Contact: Stephen Shotland – (415) 558-6308
stephen.shotland@sfgov.org

Recommendation: Finding the project, on balance, **in conformity** with the General Plan, as described in this Case Report, **with conditions**.

Recommended By: John Rahaim, Director of Planning

PROJECT DESCRIPTION

On October 7, 2010, the San Francisco Department of Real Estate submitted a General Plan Referral application for the San Francisco Wholesale Produce Market Retention and Expansion Project, on behalf of the City and County of San Francisco Market Corporation (Applicant). The Department of Real Estate revised the application on April 11, 2011 and May 19, 2011. The San Francisco Wholesale Produce Market ("SFWPM") is located in the Bayview Hunters Point district on property owned by the City and County of San Francisco. The SFWPM includes two subareas proposed to be leased to SFWPM: the main portion of the site ("Main Site") is centered at the intersection of Jerrold Avenue and Selby Street (Selby Street is located beneath the elevated I-280 Freeway). The project would expand the SFWPM onto property located at 901 Rankin Street, east of the Main Site. The SFWPM Main Site also includes a parcel located at 2101 Jerrold Avenue, west of the Main Site. No physical changes are proposed to the 2101 Jerrold Avenue site. Aspects of the SFWPM project that are subject to a General Plan conformity determination are listed on pages 5-7 and described further in this Memorandum.

The Project site is generally bounded by the Caltrain Right-of-Way to the east, Innes Avenue to the north, Toland Street and Jerrold Avenue to the west, Kirkwood Avenue and Rankin Street to the southwest, and the Caltrain Right-of-way and a San Francisco Water Department facility to the southeast. The Project location and Site Map are shown below in Figure 1.

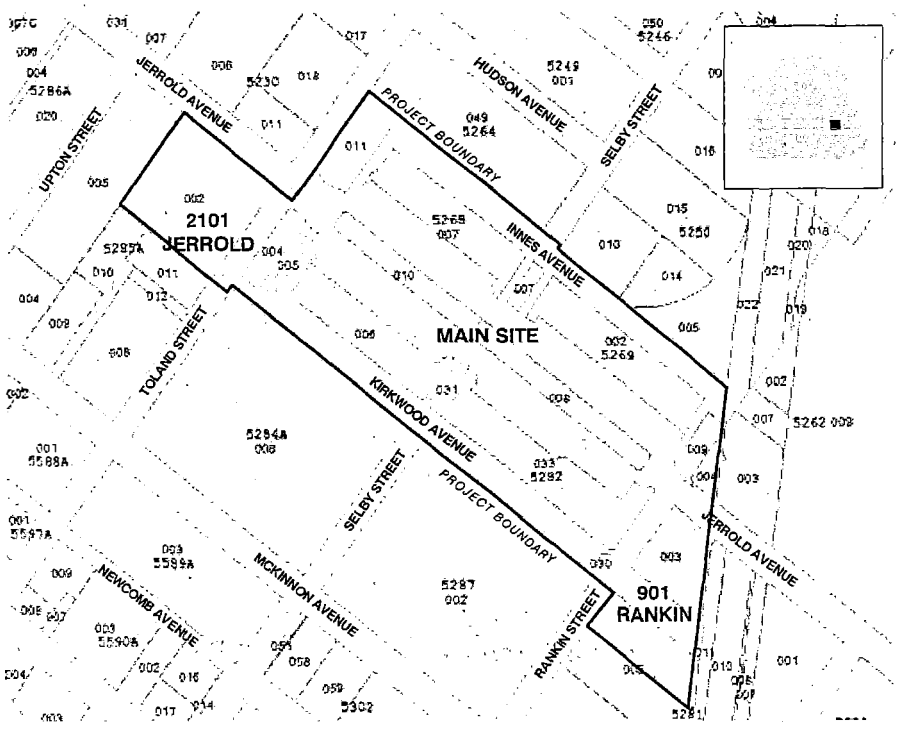


Figure 1: Project Location and Site Map

The SFWPM is the largest wholesale produce marketplace in northern California and serves an essential role of providing fresh produce and food to the City and region. It supports local neighborhood markets, restaurants, hotels, caterers, and produce growers throughout the region. The SFWPM provides essential services in a centralized location. The City owns the property on which the SFWPM is located and leases the property to the San Francisco City and County Market Corporation, which operates the facility. The existing lease is set to expire in 2013. The Applicant seeks to expand the site, a new lease of City property, and related actions that are subject to this General Plan Referral and may require other City approvals.

The proposed project is a phased development plan to expand and improve operations of the existing wholesale produce market. It would enable the SFWPM to establish a secure facility, consistent with current private food industry standards and changes to food safety regulations that are expected to be established in the future. The project would also improve vehicular access to and within the facility as well as vehicular and pedestrian safety in the immediate project area. The proposed project includes a maximum development scenario that, if fully built out, would result in demolition of all existing warehouse structures on the main site and construction of four (4) new warehouse structures and an operations center on the main site, and construction of a new warehouse structure at the 901 Rankin Street site. The new structures would provide additional space for warehousing uses, but would also include office and other accessory uses. The maximum development scenario would include a total building floor area of approximately 523,705 square feet, 440 off-street parking spaces and 186 off-street loading spaces.

The phased development program includes a variant that would be both less costly and include less new construction, should market demand and available financing prove less robust than anticipated. Rather than demolish and construct new warehouses on the main site, in the variant the SFWPM would renovate and seismically upgrade the four major warehouse structures (and demolish all minor structures on the main site), construct an operations center on the Main Site, and construct a new facility on the 901 Rankin Street site. Under the Project Variant, the total building floor area would be 426,611 square feet (primarily warehouse), including office and other accessory uses.

The proposed project and the variant establish the maximum and minimum development scenarios for the project. The applicant may complete the project via construction of either the maximum or minimum build out or a project that is in the range established between these two development scenarios. A plan showing the general configuration of the San Francisco Wholesale Produce Market project and surrounding streets is shown in the attached Figure entitled "Master Site Plan, San Francisco Wholesale Produce Market," prepared by Jackson Liles Architecture, 7/05/2011.

In either case, the project would reconfigure roadways in the project vicinity. The project would: (1) vacate Jerrold Avenue between Rankin Street and Toland Street, (2) vacate Selby Street between Kirkwood Avenue and Innes Avenue, and (3) reroute vehicular through-traffic around the Main Site onto Rankin Street, Kirkwood Avenue, Innes Avenue and Toland Street. The street vacation (and minor reconfiguration of Rankin Street, Kirkwood Avenue and Innes Avenue) would enable SFWPM to control access to the SFWPM site, reduce conflicts between private vehicles and the vehicular

movements associated with operations on the Main Site, and improve safety of SFWPM personnel, vendors, clients and members of the public. Other portions of right-of-way in the immediate vicinity of the project would also be vacated as part of the project.

North of Jerrold Avenue, Rankin Street would be reconfigured as a new street, referred to as "Innes Avenue Extension" to facilitate through-travel around the SFWPM perimeter. A portion of Kirkwood Avenue would also be reconfigured to facilitate through-traffic from Toland and Kirkwood Streets to Rankin Street. Primary truck access to the Main Site of the SFWPM would be via Jerrold Avenue at Toland Avenue. Secondary truck access/egress would be via Jerrold Avenue at Rankin Street.

The SFWPM project would also improve pedestrian facilities (sidewalks) to and around the site. It would construct new curbs, roadbeds and establish public sidewalks (none currently exist) on perimeter streets (Innes Avenue, Rankin Street and the new right-of-way named "Innes Avenue Extension" between Innes Avenue and Jerrold Avenue, Kirkwood Avenue and Toland Streets). The improvements would include traffic control devices, crosswalks, new roadbeds, curbs, sidewalks, and would provide street trees, and other pedestrian amenities, as well as surface and subsurface utilities, described further in this Case Report. The Project sponsor will continue to work with the Planning Department on a streetscape design plan in the project area, incorporating these elements into the project.

SITE DESCRIPTION AND PRESENT USE

The proposed Project site is located in the City's Bayview/Hunters Point district. The reconfigured SFWPM "Main Site" is bordered by Innes Avenue, Rankin Street, Kirkwood Avenue and Toland Street. The Project Applicant seeks to lease City-owned property that is located east of the Main Site and referred to as 901 Rankin Street. The Main Site and the 901 Rankin Street property (AB 5281/lots 003, 005) are in a PDR-2 (Core Production Distribution and Repair) Land Use District, and are in the Bayview Hunters Point Redevelopment Area, Project Area B. The Main Site is in an 80-E Height and Bulk District; the 901 Rankin Street site is in a 65-J Height and Bulk District. The existing SFWPM facility is located on the "Main Site" and at 2101 Jerrold Avenue. It includes approximately 376,489 gross square feet of space in 12 buildings, with 430 off-street parking spaces and 168- loading spaces. The two areas, as well as the 901 Rankin Street site (proposed to be leased by the SFWPM) are briefly described below.

Main Site

The SFWPM's Main Site occupies the property bounded by Innes Avenue to the North, Rankin Street to the East, Kirkwood Avenue to the south and Toland Street to the west. The main site contains four large warehouse structures, generally located in the four quadrants of the Main Site defined by the intersection of Jerrold Avenue and Selby Street, several smaller structures, a marshalling yard for truck loading and unloading, and surface parking.

Currently, Jerrold Avenue and Selby Streets are public streets. Jerrold Avenue provides the primary access route for vehicles serving the SFWPM; it also provides access for private vehicular through-traffic. The current arrangement often results in conflicts between SFWPM vehicle and employee activities and pedestrians, bus, private vehicles and bicycles travelling through the Main Site. As part of the Project, Jerrold Avenue public right-of-way would be vacated within the Main Site between Rankin Street and Toland Street, and private vehicular through-traffic would be rerouted onto Innes Avenue and Kirkwood Avenue.

2101 Jerrold Street Site

In addition to the Main Site, the SFWPM leases City-owned property at 2101 Jerrold Street (AB 5285A/002) west of the Main Site. The SFWPM constructed a warehouse with accessory office and parking/loading space on this site in 2000. The SFWPM proposes to retain use of the 2101 Jerrold Street site with no changes proposed to use of the site or to the existing warehouse structure.

901 Rankin Street Site

The City owns property located at 901 Rankin Street site (lots 03 and 05 in AB 5281). The Project includes City lease of this property to the SFWPM. The additional property would provide space for SFWPM to expand. The site would be accessed from Rankin Street, east of the Main Site. This site has been occupied by the City's Department of Technology (DT) and a City Corporation Yard facility. The site contains office/warehouse structures and accessory parking and loading facilities. After the Department of Technology relocates to another site (reviewed separately in Case No. 2010.0245R), the City-owned property would be available for lease to the SFWPM.

PROJECT ELEMENTS SUBJECT TO THE GENERAL PLAN REFERRAL

The following aspects of the Project are subject to a General Plan conformity determination, pursuant to § 4.105 of the San Francisco Charter and § 2A.53 of the San Francisco Administrative Code:

1. **Street Vacation** and transfer of vacated portions of public rights-of-way from DPW to the Department of Real Estate (DRE). The property would be retained in City ownership. The rights-of-way to be vacated and transferred to DRE are shown on the attached Figure entitled "Vacation Plat of City Streets within San Francisco Produce Market, San Francisco, California," dated 7/29/2011. The following public rights-of-way would be vacated and transferred to DRE:
   - Selby Street between Innes Avenue and Kirkwood Avenue
   - A portion of Rankin Street between Jerrold Avenue and Innes Avenue,
   - Jerrold Avenue between Rankin Street and Toland Street,
   - A portion of Kirkwood Avenue, fronting Lot 003 and Lot 005 in AB 5281 (the property would be incorporated into the 901 Rankin site),
   - Lettuce Lane and Wilton Ross Street, small streets within the SFWPM Main Site

2. **City Acceptance and Dedication of real property** to reconfigure the Rankin Street/Jerrold Avenue intersection, reconfigure portions of Kirkwood Avenue and Innes Avenue between Rankin Street and Toland Street, and to establish a new right-of-way between Jerrold Avenue and Innes Avenue, referred to as "Innes Avenue Extension." City acceptance and dedication of the property as portions of the public rights-of-way is required to reconfigure the streets to redirect pedestrian, bus, private vehicle and bicycle through-traffic around the Main Site. Property proposed to be dedicated as Rankin Street, Jerrold Avenue, Innes Avenue, Innes Avenue Extension and Kirkwood Avenue is shown in the attached Figure entitled "Dedication Plat –Areas Lying within San Francisco Produce Market, San Francisco, California," dated 8/01/2011. The reconfiguration of these streets would require:

   - City Acceptance and Dedication of portions of Lot 4 in Assessor's Block 5262 and Lot 9 in Assessor's Block 5269 as a public right-of-way between Jerrold Avenue and Innes Avenue, to create a new street referred to as "Innes Avenue Extension."
   - City Acceptance and Dedication of Lot 30 in AB 5282, and portions of Lots 4 and 5 in AB 5284A as part of Kirkwood Avenue west of Rankin Street.
   - City Acceptance and Dedication of portions of Lot 11 in Assessor's Block 5268 to be incorporated into Innes Avenue.

3. **Ground lease of City-owned property** to the SFWPM. [The City would retain ownership of the property.] The properties proposed to be leased to the SFWPM are shown on the attached Figure entitled "Proposed Parcels, San Francisco Wholesale Produce Market, San Francisco, California, dated 7/22/2011, The following properties are proposed to be leased to the SFWPM:

   - AB 5262/004, AB 5268/007, 5268/010, 5268/011, AB 5269/002, 5268/007, 5268/008, 5268/009, AB 5281/003, 5281/005, AB 5282/030,AB 5282/031, 5282/033, AB 5284A/004, 5284A/005, 5284/006,
   - AB 5285a/002 - 2101 Jerrold Avenue site. This parcel, not shown in the referenced figure, is west of the main site.
   - Portions of public rights-of-way proposed to be vacated, listed in # 1 above,

4. **Establishing official sidewalks**, construction of curbs, gutters, roadbeds, above and below-ground utilities and infrastructure, and providing pedestrian improvements on streets along the perimeter of the SFWPM site. These improvements will be provided on Innes Avenue, Innes Avenue Extension (new right-of-way), Rankin Street, Jerrold Avenue, Kirkwood Avenue and Toland Street (where no curbs, sidewalks or gutters currently exist). The improvements would include the following infrastructure and pedestrian amenities: sidewalks at least 10' in width, traffic control devices, pedestrian crosswalks, street lights, consistent street tree plantings, and other improvements to accommodate safer pedestrian use of the rights-of-way. The project sponsor shall be responsible for relocating and/or establishing all surface and subsurface utilities within the project area (which may require separate authorization by other City Departments and public and/or private utilities) to the extent required for the completion

of the project. On- street parking shall be configured to facilitate vehicular through-traffic on perimeter streets. The Project sponsor shall provide a streetscape design plan consistent with this description that requires review and approval by the San Francisco Planning Department and may require authorization by other City Departments.

5. **Demolition of an existing City-owned building** at 901 Rankin Street, aka "Parcel B," AB 5281/003 and AB 5281/005. Parcel B is shown on the attached Figure entitled "Dedication Plat, Areas Lying within San Francisco Produce Market, San Francisco, California," dated 8/1/2011. Use of the property would change from City office and accessory uses to warehouse, parking, loading, office and other accessory uses, to meet the spatial and operational requirements of the SFWPM.

6. **Reconfiguration and mapping real property** at the Project site to accommodate and support the new development pattern, consistent with the parcel configuration shown in the attached Figure entitled "Proposed Parcels, San Francisco Wholesale Produce Market, San Francisco, California," prepared by Martin M. Ron Associates, dated 7/22/2011. The Jerrold Avenue and Selby Street rights-of-way (proposed to be vacated) would be incorporated into Parcel One, Parcel Two, Parcel Three and Parcel Four. The property to be included in the land lease and parcels are described below:

   - Main site: - The existing lots and portions of right-of-way proposed to be vacated would be combined and divided into four (4) lots, Parcel One, Parcel Two, Parcel Three and Parcel Four. The four lots would be similar in size and would comprise the four quadrants of the Main Site, defined by the centerlines of Jerrold Avenue and Selby Street.
   - 901 Rankin Street site– The parcels that comprise this site (AB 5281/003 and AB 5281/005) would be combined with the portion of Kirkwood Avenue fronting these lots (proposed to be vacated), and the resulting property would be combined into a single new lot. This property is referenced as "Parcel Five" in the attached figure entitled "Proposed Parcels, San Francisco Wholesale Produce Market, San Francisco, California," and as Parcel "B," in the attached Figure entitled "Vacation Plat of City Streets within San Francisco Wholesale Produce Market, San Francisco, California."
   - 2101 Jerrold Avenue – This parcel (AB 5285A/002) is located west of the Main Site. Although it is not shown in the figure entitled "Proposed Parcels, San Francisco Wholesale Produce Market, San Francisco, California," it is shown in Figure 1. "Project Location and Site Map," in the body of this Memorandum. This property, which is currently leased to and used by the SFWPM, would also be included in the proposed land lease.

ENVIRONMENTAL REVIEW

On 5/7/2011, the San Francisco Planning Department published a Preliminary Mitigated Negative Declaration on the San Francisco Wholesale SFWPM Project. The Department finalized the Mitigated Negative Declaration on 7/7/2011. Based on the analysis in the Mitigated Negative Declaration, the

Department determined that the project could not have a significant adverse effect on the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Department finds that the Project, is, on balance, in conformity with the General Plan as described below, with the condition that the City and County of San Francisco Market Corporation (or its successor), the San Francisco Planning Department, the Department of Real Estate and incorporate the following conditions into the property lease agreement:

1. The City shall maintain ownership of the City-owned land and the public rights-of-way proposed to be vacated and leased in order to facilitate the possibility of returning the street grid, should that be deemed appropriate.

2. The SFWPM shall not construct or permit any improvements in the Jerrold Avenue and Selby Street rights-of-way (proposed to be vacated) which would be inconsistent with their future use as public streets, other than improvements which may readily be removed at the expiration or termination of the lease. In this context, Jerrold Avenue is defined as the portion of Jerrold Avenue (formerly known as "10th Avenue") that was 80'-wide, similar to the current configuration of Jerrold Avenue east of Rankin Street and west of Toland Street. The Selby Street right-of-way is defined as the portion of Selby Street (formerly known as "S "Street) that is 64 feet wide, consistent with the dimension of Selby Street north of Innes Avenue and south of Kirkwood Avenue. The configuration of the Jerrold Avenue and Selby Street rights-of-way subject to this condition is shown on the Figure entitled "Proposed Parcels, San Francisco Produce Market," San Francisco, California, prepared by Martin M. Ron Associates, dated 7/22/2011.

3. The SFWPM shall prepare a Streetscape Plan for the Project site, in consultation with the San Francisco Planning Department and Department of Public Works. The Streetscape Plan shall incorporate infrastructure and pedestrian amenities including sidewalks at least 10 feet in width, traffic control devices, pedestrian crosswalks, street lights, consistent street tree planting and other improvements to accommodate safer pedestrian use of the rights-of-way. The project sponsor shall be responsible for the cost of relocating and/or installing all surface and subsurface utilities in the project area to the extent required, and the city's cost of entering into licenses or other agreements with all surface and subsurface utilities in the project area which will not be relocated. On-street parking located on Innes Avenue, Toland Street, Kirkwood Avenue and Rankin Street shall be configured to facilitate vehicular through-traffic movement on these perimeter streets.

4. The Streetscape Plan shall include the elements described in Condition 3 (above) and shall be consistent with the configuration of the Project site as shown in the attached Figure entitled "Master Site Plan, San Francisco Wholesale Produce Market Retention & Expansion Project," Sheet A-MP.1, prepared by Jackson Liles Architecture, dated 07/05/2011. The Streetscape Plan shall incorporate the configuration of the proposed Jerrold Avenue/Innes Avenue

Extension/Rankin Street intersection, shown in the attached Figure entitled "Enlarged Eastern Intersection," San Francisco, Wholesale Produce Market Retention & Expansion Project, Sheet A-S.1.3, prepared by Jackson Liles Architecture, dated 08/25/2011. The Streetscape Plan may be prepared and implemented in phases, associated with phased development of the 901 Rankin Street site and the Main Site, as follows:

a. The Project Sponsor may submit a Streetscape Plan, consistent with the ***Better Streets Plan***, for all street and streetscape improvements associated with development of the 901 Rankin Street parcel, for review and approval by the Planning Department and the Department of Public Works, prior to issuance of any site, demolition or building permits required for development of the 901 Rankin Street site. Construction of approved streetscape improvements shall be installed in association with improvements to the 901 Rankin Street Site.

b. The Project Sponsor may submit a Streetscape Plan, consistent with the ***Better Streets Plan***, for all streetscape improvements associated with development of the Main Site for review and approval by the Planning Department and Department of Public Works, prior to issuance of site, demolition or building permits required for development of the Main Site. Construction of approved streetscape improvements shall be installed in association with improvements to the Main Site.

5. The leased property can only be used by the SFWPM and its sub lessees consistent with the terms and conditions of the lease from the City; the leased property may not be conveyed to other parties for uses unrelated to wholesale produce market use.

6. The City wishes to retain the ability to rededicate for public street use: (a) those portions of Jerrold Avenue (proposed to be vacated) consistent with the dimensions of Jerrold Avenue east of Rankin Street and west of Toland Street, and (b) those portions of Selby Street (proposed to be vacated) consistent with the dimensions of the Selby Street north of Innes Avenue and south of Kirkwood Avenue, upon the expiration or termination of the lease. Accordingly:

a. The SFWPM shall not enter into agreements, grant licenses, easements or access rights over the premises if so doing would be binding on the City's reversionary interest in the Premises; and

b. The SFWPM shall not perform or permit any improvements on those portions of the street property (proposed to be vacated) which would be inconsistent with future use as a public street, other than improvements which may readily be removed at the expiration or termination of the Lease.

7. At the termination or expiration of the lease, the City may take actions to reestablish the street grid, should that be deemed appropriate.

With these conditions incorporated into the land lease agreement, the Project may be found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 as described further in this Case Report and, on balance, **in conformity** with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

POLICY 1.2
Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

POLICY 1.3
Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

OBJECTIVE 2
MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

POLICY 2. 1
Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

POLICY 3. 1
Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

POLICY 3. 4
Assist newly emerging economic activities.

OBJECTIVE 4
IMPROVE THE VIABILITY OF EXISTING INDUSTRY IN THE CITY AND THE ATTRACTIVENESS OF THE CITY AS A LOCATION FOR NEW INDUSTRY.

The creation and maintenance of a positive relationship between city government and private industry is an important factor for many industries in choosing to stay or relocate..... A good business climate includes the feeling on the part of business that they have a "receptive ear" when they approach City government with a problem or request for assistance. One effective way of maintaining a positive business climate would be to improve the capability of City departments to intervene in situations of potential relocation and to coordinate City activities to respond to business needs. Intervention to assist businesses in staying in the City should only be done where the costs of doing so do not exceed the benefits to the city.

POLICY 4. 2
Promote and attract those economic activities with potential benefit to the City.

Comment: The SFWPM has been located at the current location since the late 1960's. It has served as an incubator for many small emerging produce businesses since its establishment in the Bayview/Hunters Point District. In the late 1990's, the SFWPM expanded by constructing a new facility, on the unimproved lot at 2101 Jerrold Avenue, which is also property leased from the City and County of San Francisco. The Project, if approved, would enable the City to retain the SFWPM within the City and County of San Francisco. It would provide space for expansion and would enable the SFWPM to reconfigure internal circulation to better serve SFWPM businesses. The Project, if approved, would provide space for existing market vendors to expand and for small entrepreneurs in the produce and food industry to become established and expand, benefitting from the SFWPM's single, centralized location that in turn would benefit San Francisco.

Retention of the SFWPM is in the interest of the City. As the market for produce and specialty food products and services increases, there is a need for space to accommodate the SFWPM. The City and County of San Francisco Market Corporation is negotiating with the City for a new long-term lease and additional space to enlarge the facility, providing additional space to accommodate additional space needs, changing operational requirements and food safety regulations in the wholesale food sector.

POLICY 4.6
Assist in the provision of available land for site expansion.

Comment: The San Francisco Wholesale Produce Market is the largest facility of its kind in Northern California dedicated as a wholesale produce marketplace. The SFWPM fulfills an essential role in San Francisco's fresh food supply system, supplying local neighborhood markets, supporting restaurants, and produce growers in the SF Bay region. In addition to providing additional warehousing space for the produce market, it would also provide accessory office and other uses required by the SFWPM and market vendors. Additional food and produce-related businesses have relocated to the vicinity of the SFWPM in order to be in proximity to the City's centralized wholesale produce market.

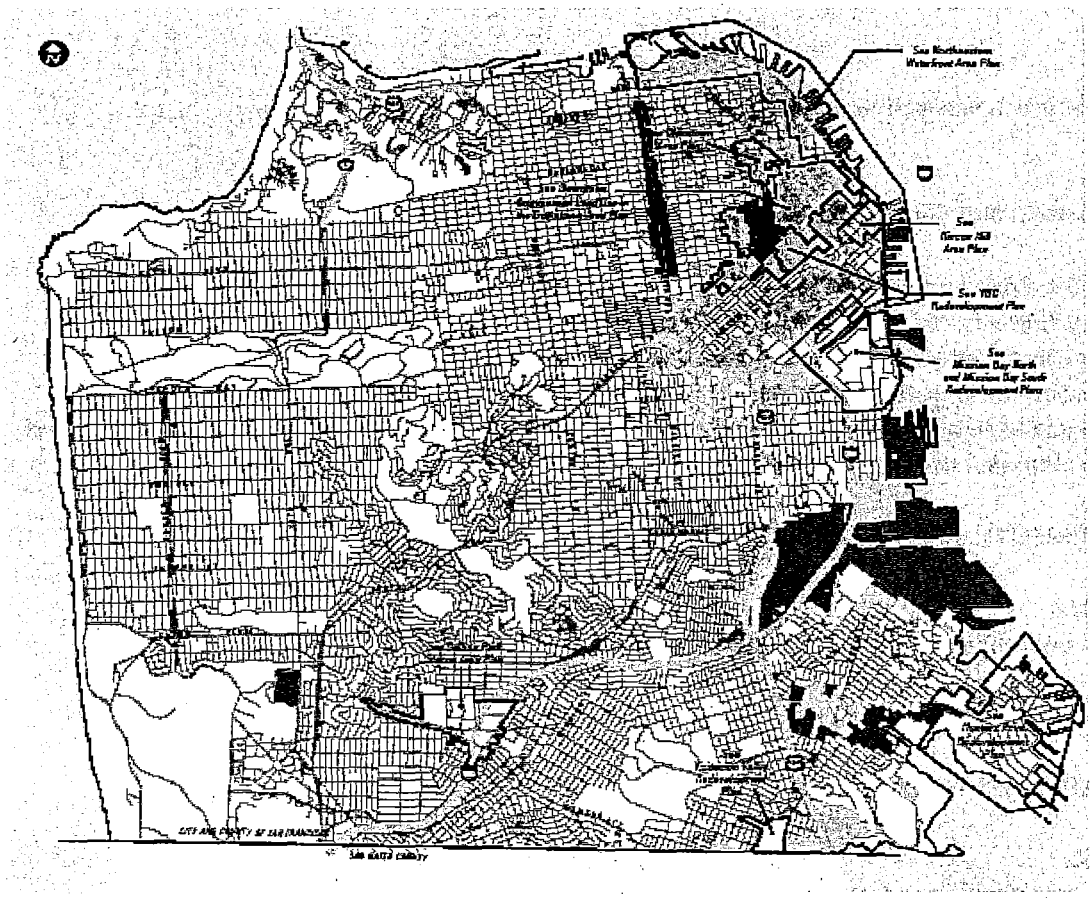
Currently, the SFWPM and individual businesses housed within the market provide over 650 full time PDR jobs. It projects that the proposed expansion of the facility may support 250 additional jobs, (900 jobs in total). The Project, if approved, would allow the SFWPM to upgrade and expand its facilities in order to meet expected changes in food safety regulations and private food sector industry standards requiring provision for secured facilities. The Project would help retain the viability of the SFWPM and allow the SFWPM to expand. The proposed vacation of public rights-of-way located within the SFWPM Project boundary would allow for safer operation of the SFWPM, reducing operational conflicts between private vehicles and vehicular movements necessary for the effective operation of the market while retaining the property in City ownership.

The Project is consistent with the referenced policies that call for retention of existing economic activities and call for public actions that support existing viable businesses and promote growth of employment and PDR uses in appropriately zoned areas of the City. The City has the opportunity to assist the SFWPM to expand, by leasing additional City-owned property, including the 901 Rankin Street site.

POLICY 4.8
Provide for the adequate security of employees and property.

Comment: The Project site is located in a PDR-2 (Production, Distribution and Repair Core) District, consistent with the intended use. The Project would permit the SFWPM to establish a secure facility by rerouting (bicycle, pedestrian, bus and private vehicle) through-traffic around the Main Site. It would install perimeter fencing and gated entries to control access to the site. Providing a secure site is consistent with practices already employed at most wholesale produce markets throughout the nation to improve food handling safety. The Project would also improve the safety of the public and market employees and tradesmen by reducing conflicts between private vehicles and the vehicular movements associated with SFWPM operations.

Commerce & Industry Element | San Francisco General Plan



Generalized Commercial and Industrial Land Use Plan

MAP 01

- Major Shopping
- Business and Services
- Light Industry
- General Industry

Note:
For Neighborhood Commercial Areas, see Map 3: Generalized Neighborhood Commercial Land Use and Density Plan.

Note:
This map does not illustrate mixed-use areas, which may also contain elements of commerce and industry.

SAN FRANCISCO
PLANNING DEPARTMENT

SAN FRANCISCO
PLANNING DEPARTMENT

COMMUNITY SAFETY ELEMENT

Policy 2.1
Assure that new construction meets current structural and life safety standards.

Policy 2.7
Abate structural and non-structural hazards in City-owned structures.

Comment: The Project, if approved, may be implemented in several phases. The Project sponsor may demolish existing structure(s) on the 901 Rankin Street parcels, reconfigure the parcels into a single lot and construct a new structure to provide additional space for the Produce Market. In the future, the SFWPM may renovate existing structures or demolish existing and construct new structures on the main site, consistent with conditions described herein and contained in the lease document. All new and renovated structures would meet or exceed building and seismic safety codes.

ENVIRONMENTAL PROTECTION ELEMENT

POLICY 15.4
Promote more efficient commercial freight delivery.

Comment: This issue is discussed under ***Transportation Element*** *Policy 36.1.*

TRANSPORTATION ELEMENT

POLICY 1.2
Ensure the safety and comfort of pedestrians throughout the city.

POLICY 6.1
Designate expeditious routes for freight trucks between industrial and commercial areas and the regional and state freeway system to minimize conflicts with automobile traffic and incompatibility with other land uses.

POLICY 18.2
Design streets for a level of traffic that serves, but will not cause a detrimental impact on adjacent land uses, nor eliminate the efficient and safe movement of transit vehicles and bicycles.

Comment: The project includes several actions that will make improvements to the street system to better accommodate freight trucks delivering produce to the SFWPM and vendors picking up produce to distribute to retail produce markets and restaurants throughout the City and region. Currently Jerrold Avenue is used by private vehicles, bicycles, pedestrians and bus coaches travelling through the SFWPM, as well as by large freight trucks delivering produce to the market. This results in significant conflicts between these movements and market vehicles within the Main Site of the SFWPM. The project, if implemented, would reduce these conflicts by routing -bicycle, pedestrian, bus and other vehicular through-traffic onto streets along the perimeter of the SFWPM. The SFWPM would construct new curbs, gutters, roadways and sidewalks and would provide

street trees and appropriate street furniture to accommodate pedestrians, along Rankin Street, Innes Avenue, Toland Street and Kirkwood Avenue surrounding the Main Site. The improvements will accommodate truck traffic, automotive traffic, and pedestrian travel in the project vicinity.

OBJECTIVE 23
IMPROVE THE CITY'S PEDESTRIAN CIRCULATION SYSTEM TO PROVIDE FOR EFFICIENT, PLEASANT, AND SAFE MOVEMENT.

POLICY 23.1
Provide sufficient pedestrian movement space with a minimum of pedestrian congestion in accordance with a pedestrian street classification system.

Sidewalks should be sufficiently wide to comfortably carry existing and expected levels of pedestrians, and to provide for necessary pedestrian amenities and buffering from adjacent roadways. The need for these elements varies by the street context – sidewalk width should be based on the overall context and role of the street.

POLICY 23.2
Widen sidewalks where intensive commercial, recreational, or institutional activity is present, sidewalks are congested, where sidewalks are less than adequately wide to provide appropriate pedestrian amenities, or where residential densities are high.

Wider sidewalks provide more pedestrian space and also permit more pedestrian amenities. In high-density residential and recreational areas, sidewalks are often utilized as open space, and should be designed and built to accommodate such a use. A good example of this type of sidewalk construction is in Duboce Triangle.

All sidewalks should meet or exceed the minimum sidewalk width for the relevant street type as described in the ***Better Streets Plan***. Sidewalks below this width should be widened as opportunities arise to do so, balanced with the needs of other travel modes for the street as described in other sections of this element.

Where new publicly-accessible streets are created, such streets should meet or exceed the recommended sidewalk width for the relevant street type.

POLICY 23.5
Minimize obstructions to through pedestrian movement on sidewalks by maintaining an unobstructed width that allows for passage of people, strollers and wheelchairs.

POLICY 23.9
Implement the provisions of the Americans with Disabilities Act and the City's curb ramp program to improve pedestrian access for all people.

Comment: If approved, the Project would establish sidewalks on Kirkwood Avenue, Innes Avenue, Rankin Street and Toland Street (perimeter streets) where no sidewalks currently exist. These improvements would

provide a safer travel route for pedestrians in the Project area. Sidewalks would be a minimum of 10 feet wide, adequate to support level of pedestrian use that would likely develop during the course of the lease agreement, and be consistent with the City's ***Better Streets Plan*** *and ADA requirements. The project sponsor will continue to work with Planning Department staff, DPW and other City Departments on a landscape plan that incorporates consistent street tree plantings, street lighting, stormwater management features, and other elements, consistent with guidelines in the* ***Better Streets Plan****.*

URBAN GOODS MOVEMENT

OBJECTIVE 36
PROMOTE FREIGHT DELIVERY/PICKUP TRAFFIC AS NECESSARY FOR THE ECONOMIC VITALITY OF SAN FRANCISCO AND THE BAY REGION.

POLICY 36.1
Support urban goods movement networks in San Francisco, especially in the areas reserved for industrial development and in neighborhood commercial districts.

Comment: The SFWPM fulfills an essential role in providing a central marketplace supplying fresh produce for San Francisco and the region. The SFWPM supports farmers and produce suppliers as well as local neighborhood markets and restaurants. The site is located in an area of the Bayview/Hunters Point District that is classified as a PDR-2 (Core Production, Distribution Repair) Use District. The property is also in Bayview Hunters Point Redevelopment Area, Project Area B. The SFWPM is the center for the City's produce delivery and distribution and requires a site designed to accommodate trucks delivering produce to the market and distributing produce to commercial venues in the City and throughout the region. Currently two public streets (Jerrold Avenue and Selby Street) extend through the heart of the SFWPM. This configuration generates conflicts between SFWPM vehicle movements and public through- traffic. The Project would reduce these traffic conflicts and better support freight movements by re-routing bicycle, pedestrian, bus and vehicular traffic around the Main Site. This would provide a convenient alternative route for through movement on perimeter streets. Improving freight delivery and through movements at the SFWPM is consistent with the referenced General Plan objective and policy and related Environmental Protection Policy 15.4.

POLICY 40.1
Provide off-street facilities for freight loading and service vehicles on the site of new buildings sufficient to meet the demands generated by the intended uses. Seek opportunities to create new off-street loading facilities for existing buildings.

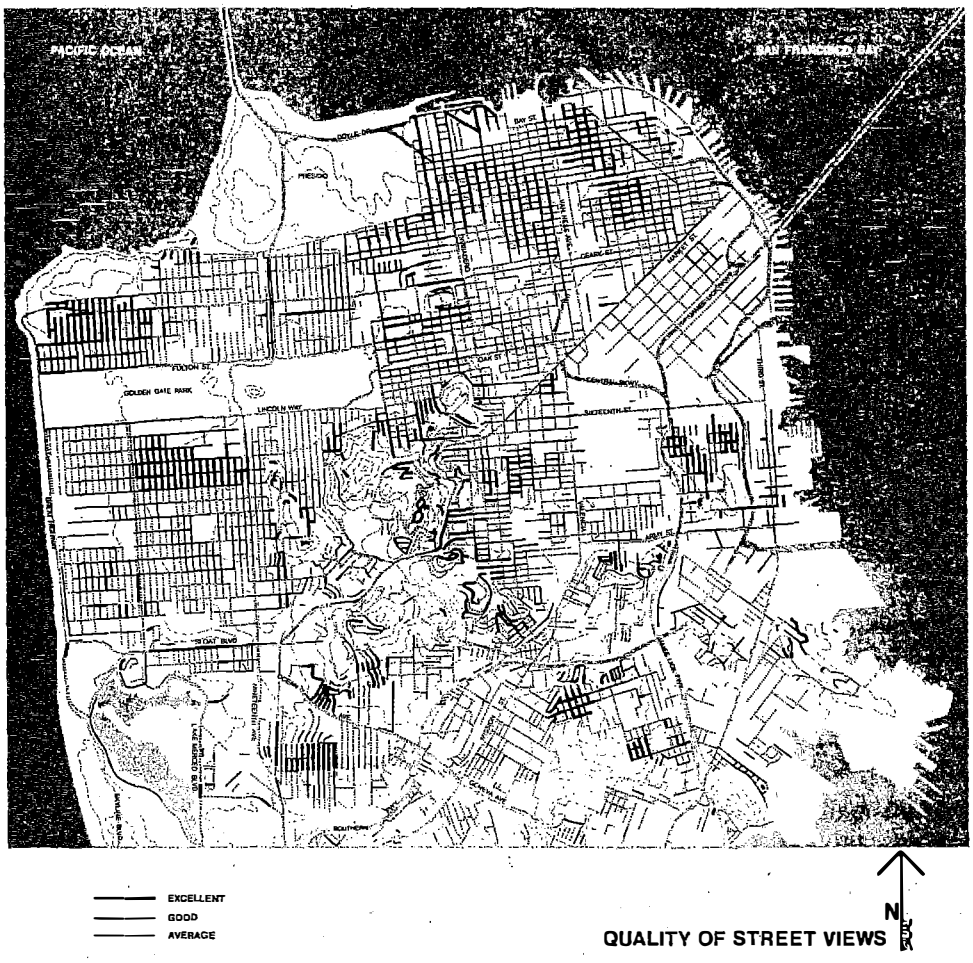
Comment: The Project, if approved, would allow the SFWPM to expand and enable it to improve operations at the site, providing additional off-street space for loading/unloading produce and reducing existing conflicts between SFWPM vehicles and employees and private through-traffic. The Project would allow the SFWPM to reorganize the Main Site to better accommodate freight loading and unloading, and service vehicle requirements. The Project would also provide additional space for existing vendors to expand, as well as space for new market vendors.

URBAN DESIGN ELEMENT

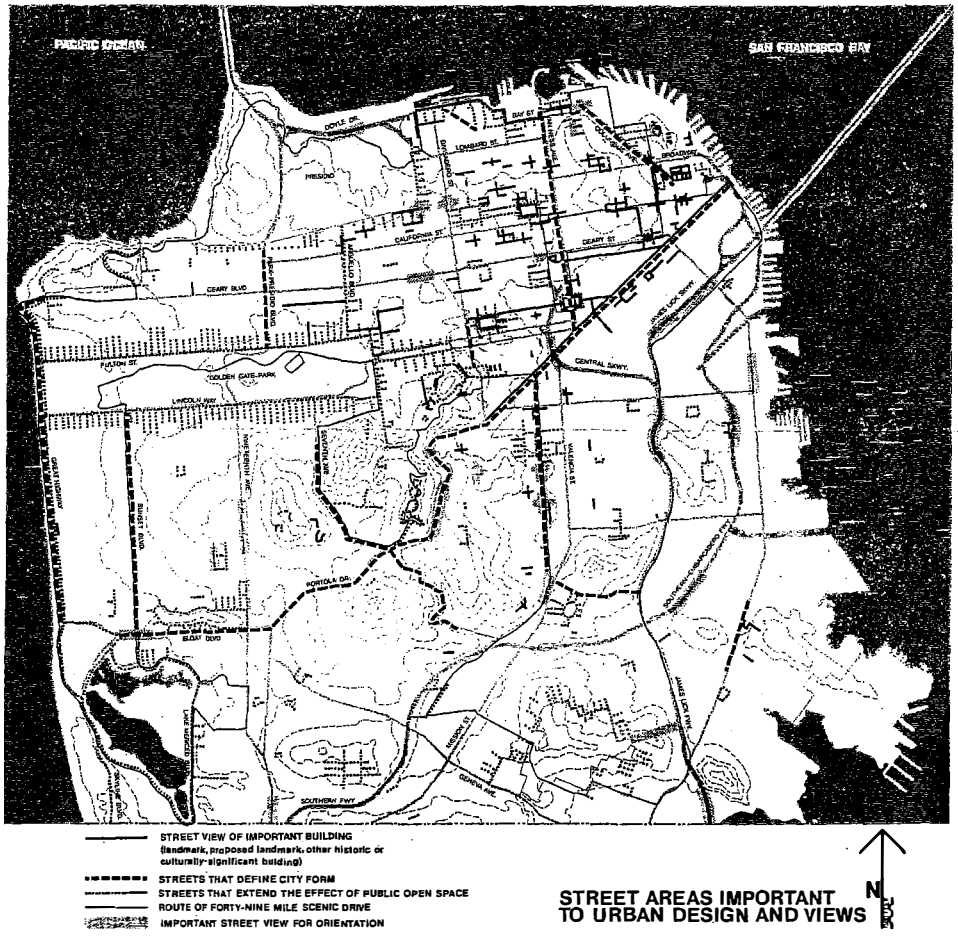
POLICY 1.1
Recognize and protect major views in the city, with particular attention to those of open space and water.

Views contribute immeasurably to the quality of the city and to the lives of its residents. Protection should be given to major views whenever it is feasible, with special attention to the characteristic views of open space and water that reflect the natural setting of the city and give a colorful and refreshing contrast to man's development.

Overlooks and other viewpoints for appreciation of the city and its environs should be protected and supplemented, by limitation of buildings and other obstructions where necessary and by establishment of new viewpoints at key locations.



Comment: The project site is located in the Bayview/ Hunters Point District in a PDR-2 (Core Production, Distribution, and Repair) District. The project site and vicinity are relatively flat and is not recognized as having excellent views. In addition, the eastern edge of the site is bounded by the elevated Caltrain tracks, and the site is also bisected by the elevated Highway 280. Both of these physical elements further obstruct views in the vicinity of the site. The nature of the site and the development pattern in the project area limit views to other parts of the city and to San Francisco Bay. The condition restricting construction of buildings and structures in the Jerrold Avenue and Selby Street rights-of-way would, however, would help retain views in the vicinity of the SFWPM.



POLICY 2.8

Maintain a strong presumption against the giving up of street areas for private ownership or use, or for construction of public buildings.

Street areas have a variety of public values in addition to the carrying of traffic. They are important, among other things, in the perception of the city pattern, in regulating the scale and organization of building development, in creating views, in affording neighborhood open space and landscaping, and in providing light and air and access to properties.

Like other public resources, streets are irreplaceable, and they should not be easily given up. Short-term gains in stimulating development, receipt of purchase money and additions to tax revenues will generally compare unfavorably with the long-term loss of public values. The same is true of most possible conversions of street space to other public uses, especially where construction of buildings might be proposed. A strong presumption should be maintained, therefore, against the giving up of street areas, a presumption that can be overcome only by extremely positive and far-reaching justification.

POLICY 2.9
Review proposals for the giving up of street areas in terms of all the public values that streets afford.

Every proposal for the giving up of public rights in street areas, through vacation, sale or lease of air rights, revocable permit or other means, shall be judged with the following criteria as the minimum basis for review:

a. No release of a street area shall be recommended which would result in:

- Detriment to vehicular or pedestrian circulation;
- Interference with the rights of access to any private property;
- Inhibiting of access for fire protection or any other emergency purpose, or interference with utility lines or service without adequate reimbursement;
- Obstruction or diminishing of a significant view, or elimination of a viewpoint; industrial operations;
- Elimination or reduction of open space which might feasibly be used for public recreation;
- Elimination of street space adjacent to a public facility, such as a park, where retention of the street might be of advantage to the public facility;
- Elimination of street space that has formed the basis for creation of any lot, or construction or occupancy of any building according to standards that would be violated by discontinuance of the street;
- Enlargement of a property that would result in (i) additional dwelling units in a multi-family area; (ii) excessive density for workers in a commercial area; or (iii) a building of excessive height or bulk;
- Reduction of street space in areas of high building intensity, without provision of new open space in the same area of equivalent amount and quality and reasonably accessible for public enjoyment;

- Removal of significant natural features, or detriment to the scale and character of surrounding development.

- Adverse effect upon any element of the General Plan or upon an area plan or other plan of the Department of City Planning; or

Release of a street area in any situation in which the future development or use of such street area and any property of which it would become a part is unknown.

b. Release of a street area may be considered favorably when it would not violate any of the above criteria and when it would be:

- Necessary for a subdivision, redevelopment Project or other Project involving assembly of a large site, in which a new and improved pattern would be substituted for the existing street pattern;

- In furtherance of an industrial Project where the existing street pattern would not fulfill the requirements of modern industrial operations;

- Necessary for a significant public or semi-public use, or public assembly use, where the nature of the use and the character of the development proposed present strong justifications for occupying the street area rather than some other site;

- For the purpose of permitting a small-scale pedestrian crossing consistent with the principles and policies of The Urban Design Element; or

- In furtherance of the public values and purposes of streets as expressed in The Urban Design Element and elsewhere in the General Plan.

Comment: The Project includes the vacation and lease of Jerrold Avenue between Rankin and Toland Streets, Selby Street between Innes and Kirkwood Avenues, Kirkwood Avenue fronting lots 003 and 005 in Assessor's Block 5281, a portion of Rankin Street between Jerrold and Innes Avenues, and Lettuce Lane and Wilton Ross Street, two alleys internal to the site. Vacation and lease of the public rights-of-way to enlarge and improve operations at the Wholesale SFWPM Site are generally consistent with Urban Design Element Policies 2.8, 2.9 and 2.10.

Vacation and lease of the public rights-of-way are necessary for the retention and expansion of a wholesale produce market in San Francisco. The project would enable the SFWPM to provide/establish a secure market facility that would be consistent with widely implemented private food safety industry standards and expected changes in food safety regulations. It would also improve public safety by separating local and through-traffic from vehicle movements associated with market operations.

Through-traffic would be accommodated on improved streets along the site's perimeter, and sidewalks at least 10 feet wide would be established (where none currently exist) to improve pedestrian circulation. The project would not interfere with access to private property nor inhibit access by emergency vehicles. Located in an

industrial and warehousing district, the project would not impact valued views or viewpoints or utilize property that might be used for public recreation, park or open space purposes. No significant natural features exist at the site. Although the project would allow expansion of the SFWPM, a desirable result, it would not result in excessive density or excessive building height or bulk.

Vacation and lease of the public rights-of-way is necessary for expansion of the City's wholesale produce market, consistent with standards for operating such a facility, and these actions are necessary for the appropriate development of the site, which the City considers an important use and one that is in the City's interest to retain. The City's wholesale produce market was relocated to its current location in the 1960's, as the result of establishment of the Embarcadero Center Redevelopment Area in the area that formerly supported the City's wholesale produce market.

Vacation of the referenced public rights-of-way and lease of the property to the SFWPM may be found in conformity with the General Plan if the following conditions are incorporated into the property leases:

a. *The City shall maintain ownership of the public rights-of-way proposed to be vacated. Jurisdiction over the vacated public rights-of-way shall be transferred from the Department of Public Works to the Real Estate Department;*
b. *The SFWPM shall not construct or permit any improvements in the Jerrold Avenue and Selby Street rights-of-way (proposed to be vacated) which would be inconsistent with future use as a public street, other than improvements which may be readily be removed at the expiration or termination of the ground lease. In this context, Jerrold Avenue is defined as the portion of Jerrold Avenue (formerly known as "10th Avenue") that was 80'-wide, similar to the current configuration of Jerrold Avenue east of Rankin Street and west of Toland Street. The Selby Street right-of-way is defined as the portion of Selby Street (formerly known as "S" Street) that is 64 feet wide, consistent with the dimension of Selby Street north of Innes Avenue and south of Kirkwood Avenue. The configuration of the Jerrold Avenue and Selby Street rights-of-way subject to this condition is shown on the figure entitled "Proposed Parcels, San Francisco Produce Market," San Francisco, California, prepared by Martin M. Ron Associates, dated 7/22/2011.*
c. *The City-owned property proposed to be leased can be used only by the SFWPM, its sub lessees and vendors; the property cannot be leased or conveyed to another party for a different use;*
d. *The City shall retain the right to reestablish the public streets in the portions of Jerrold Avenue and Selby Street described in other sections of this Memorandum proposed to be vacated, at the expiration or termination of the lease.*

POLICY 2.10
Permit release of street areas, where such release is warranted, only in the least extensive and least permanent manner appropriate to each case.

In order to avoid the unnecessary permanent loss of streets as public assets, methods of release short of total vacation should be considered in cases in which some form of release is warranted. Such lesser methods of release permit later return of the street space to street purposes, and allow imposition of binding conditions as to development and use of the street area.

Mere closing of the street to traffic should be used when it will be an adequate method of release. Temporary use of the street should be authorized when permanent use is not necessary. A revocable permit should be granted in preference to street vacation. And sale or lease of air rights should be authorized where vacation of the City's whole interest is not necessary for the contemplated use. In any of these lesser transactions, street areas should be treated as precious assets which might be required for unanticipated public needs at some future time.

Comment: In order for San Francisco to retain the SFWPM in the city, the Market must be able to improve operations at the site, establish a secure facility and provide additional space for existing and future market vendors. To accommodate the SFWPM - a desirable semi-public use, the City must consider closing segments of Jerrold Avenue, Selby Street, Kirkwood Avenue, Lettuce Lane and Wilton I. Ross Street streets, to public use. The only legal mechanism to achieve this is for the City to vacate the public rights-of-way. The City will retain long-term control over the public rights-of-ways. When vacated, the City will retain the property in public ownership. Jurisdiction of the public rights-of-way will be transferred from DPW to the Department of Real Estate. The property will be maintained in City ownership and be leased to the SFWPM. The City will also impose conditions on the use of the public rights-of-way, and will retain the right to reestablish the public Rights-of-Way at termination or expiration of the lease.

POLICY 4.4
Design walkways and parking facilities to minimize danger to pedestrians.

Pedestrian walkways should be sharply delineated from traffic areas, and set apart where possible to provide a separate circulation system.

Comment: As part of the Project, the SFWPM would construct curbs, gutters and sidewalks of adequate size and design to support pedestrian use on the blocks surrounding the SFWPM, including on Innes Avenue, Innes Avenue Extension, Rankin Street, Jerrold Avenue, Kirkwood Avenue and Toland Street. The pedestrian facilities will be constructed to improve pedestrian safety in the project vicinity. The SFWPM would establish sidewalks, crosswalks at intersections along perimeter streets and other improvements. Sidewalks shall be a minimum of 10 feet wide and shall include lighting, street trees and other street furniture to better accommodate pedestrian use and improve pedestrian safety, as described in other sections of this Memorandum.

The SFWPM shall prepare a Streetscape Plan consistent with the ***Better Streets Plan*** *for review and approval by the Planning Department and other City Departments. The Streetscape Plan may be prepared and implemented in phases, consistent with Conditions 3 and 4 on pages 8-9 of this Memorandum.*

BAYVIEW HUNTERS POINT AREA PLAN

POLICY 1.5
Encourage a wider variety of light industrial uses throughout the Bayview by maintaining the newly established Production, Distribution and Repair zoning, by more efficient use of industrial space, and by more attractive building design.

OBJECTIVE 4
DEVELOP AND MAINTAIN A SYSTEM FOR THE EASY MOVEMENT OF PEOPLE AND GOODS, TAKING INTO ACCOUNT ANTICIPATED NEEDS OF BOTH LOCAL AND THROUGH TRAFFIC.

Comment: The Project would facilitate safer access for trucks and vehicles serving the SFWPM. Redirecting pedestrian, bicycle and private motorized vehicles onto streets located at the project perimeter would reduce conflicts between through-traffic and the vehicular movements associated with operations on the Main Site. It would improve safety of SFWPM personnel, vendors, clients and members of the public.

OBJECTIVE 8
STRENGTHEN THE ROLE OF BAYVIEW'S INDUSTRIAL SECTOR IN THE ECONOMY OF THE DISTRICT, THE CITY, AND THE REGION.

Comment: The Project would encourage the retention of the San Francisco Wholesale Produce Market at its existing site in the Bayview/Hunters Point District and encourage expansion of the facility onto an adjacent City-owned property. The wholesale produce market use is consistent with the PDR land use controls at the site and in the surrounding area. See also discussion under ***Transportation Element*** *Policy 36.1.*

RECOMMENDATION:
Finding the Project, on balance, **in conformity** with the General Plan, **with conditions**.

ATTACHMENTS

1. "Master Site Plan, San Francisco Wholesale Produce Market," Sheet A-MP.1, prepared by Jackson Liles Architecture, 7/05/2011.
2. "Vacation Plat of City Streets within San Francisco Wholesale Produce Market, San Francisco, California," prepared by Martin M. Ron Associates, 7/29/2011.
3. "Dedication Plat, Areas Lying within San Francisco Produce Market, San Francisco, California," prepared by Martin M. Ron Associates, 8/08/2011
4. "Proposed Parcels, San Francisco Wholesale Produce Market, San Francisco, California," prepared by Martin M. Ron Associates, 7/22/2011.
5. "Enlarged Eastern Intersection," San Francisco Wholesale Produce Market Retention & Expansion Project, Sheet A-S.1.3, prepared by Jackson Liles Architecture, 8/25/2011.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings
The subject Project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

   The Project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses. The Project would support retail uses throughout the City and would enhance opportunities for employment in and ownership of such businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

   The Project would have no adverse effect on neighborhood character. The Project area is characterized by Production, Distribution and Repair (PDR) uses. The existing PDR uses at the site would be retained and the Project would provide additional space for expansion and improved operation of the facility.

3. That the City's supply of affordable housing be preserved and enhanced.

   The Project would have no adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

   The Project would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking. The project sponsor will meet with the SFMTA to determine whether the 23-Monterey bus line which currently traverses the project site along Jerrold Avenue could be rerouted as part of MUNI's Transit Effectiveness Project. The Project includes vacation of portions of Jerrold Avenue between Toland Street and Jerrold Rankin Street, Selby Street between Kirkwood Avenue and Innes Avenue, (as well as Lettuce Lane and Wilton I. Ross Street (two small internal streets) in order to separate public local and through-traffic from vehicular movements associated with SFWPM operations. The Project would also dedicate property to reconfigure Innes Avenue between Rankin Street and Toland Street and Kirkwood Avenue between Rankin Street and Toland Street and to establish a new street referred to as Innes Avenue Extension to provide an improved connection between Jerrold Avenue and Innes Avenue. These streets would be reconfigured and reconstructed, to reroute through-traffic around the SFWPM's main site onto Innes and Kirkwood Avenues to Jerrold Avenue west of Toland Street. The reconfigured streets would incorporate public

sidewalks (none exist currently) and provide street and sidewalk improvements and pedestrian amenities described in other sections of this Memorandum, thereby providing for safer vehicular and pedestrian movement.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

   The Project would maintain and enhance the existing economic base in this area. The site is in a PDR-2 (Core Production Distribution and Repair) land use District. The Project will support continued operation and expansion of the San Francisco Wholesale Produce Market. The facility currently supports over 650 full-time PDR jobs. The expanded facility is projected to support approximately 900 jobs.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

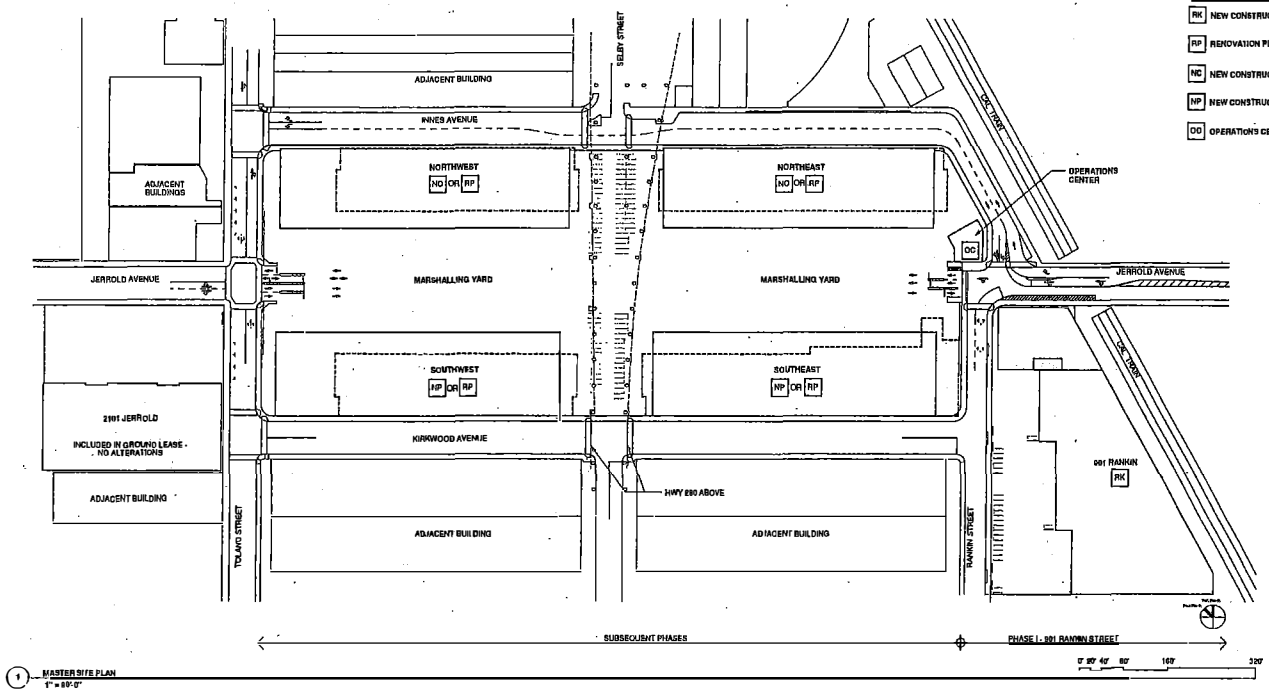
   The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake. New construction and renovation would meet or exceed all approved building and seismic codes.

7. That landmarks and historic buildings be preserved.

   This site contains no landmarks or resources of historic significance.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

   The Project would have no adverse effect on parks and open space or their access to sunlight and vistas. The site is located in a PDR district and is not located in the proximity of any existing public open space.



CITY OF SAN FRANCISCO
SAN FRANCISCO WHOLESALE PRODUCE MARKET
MARKET CORPORATION

SAN FRANCISCO
WHOLESALE PRODUCE
MARKET

2095 JERROLD AVENUE
SAN FRANCISCO, CA
94124

SAN FRANCISCO WHOLESALE
PRODUCE MARKET
RETENTION & EXPANSION
PROJECT

Jackson Liles
ARCHITECTURE

290 Division Street #211
San Francisco, CA 94103
Tel 415.621.1739
Fax 415.621.1788

www.JacksonArc.com

Date & Issue
06.30.10 GENERAL PLAN REFERRAL
01.13.11 GENERAL PLAN REFERRAL
05.23.11 GENERAL PLAN REFERRAL EXPAN
07.05.11 GENERAL PLAN REFERRAL DESIGN

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Scale:	1" = 80'-0"
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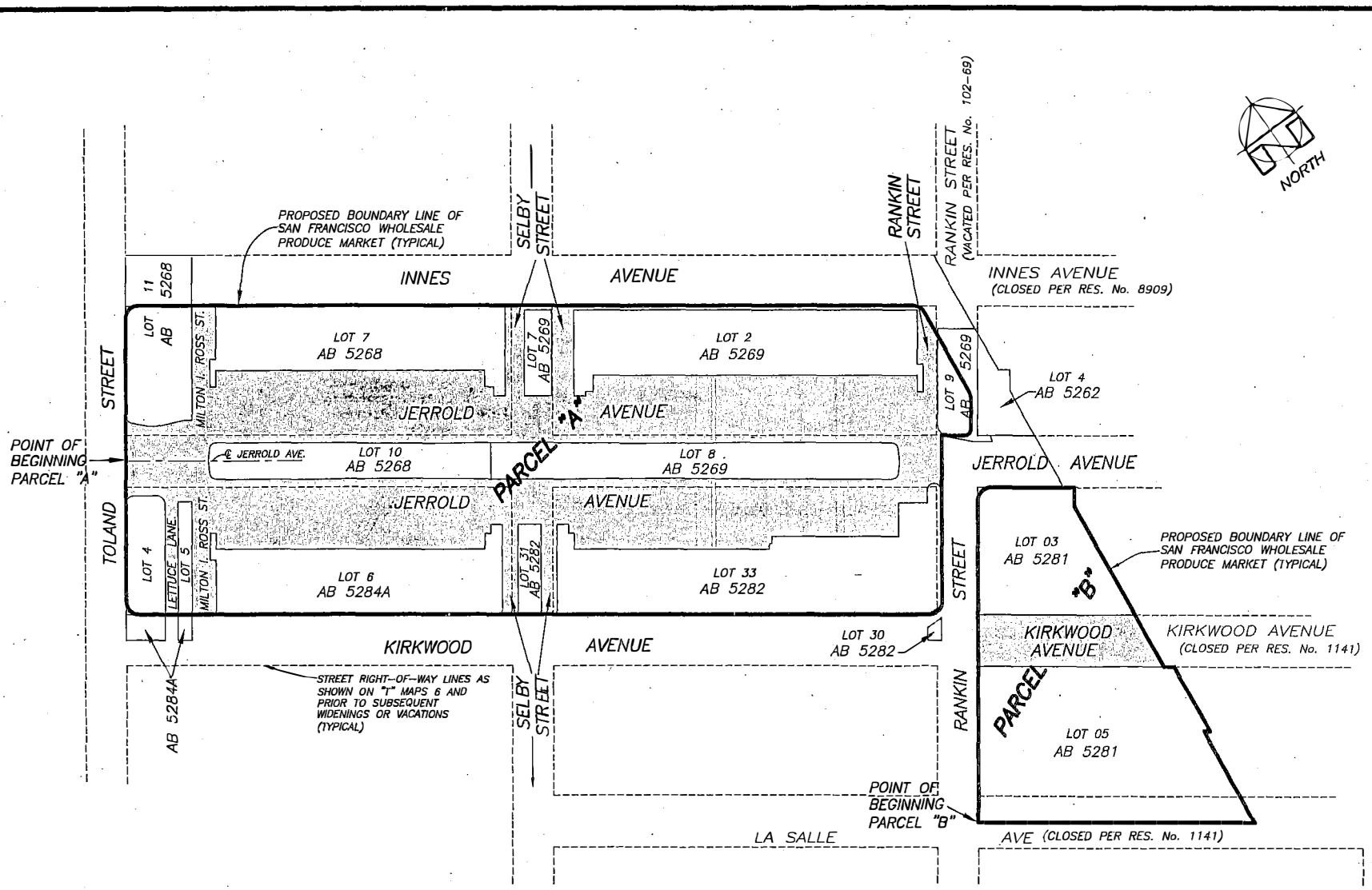
Revit File:	Z:\Jobs\0902\Revit
Assembled By:	BF/AJK/A

MASTER PLAN

MASTER SITE PLAN

A-MP.1

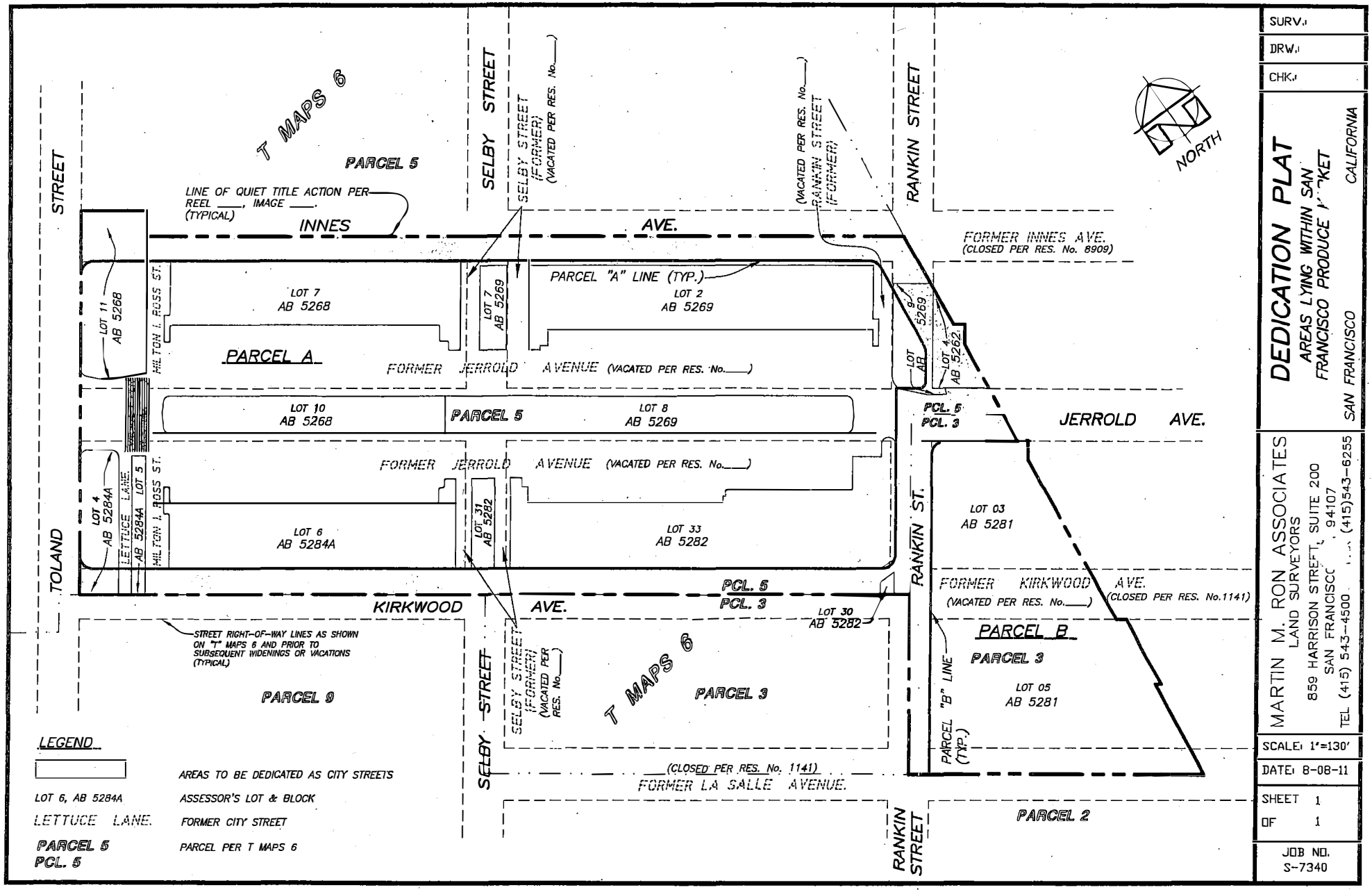


SURV.:
DRW.:
CHK.:

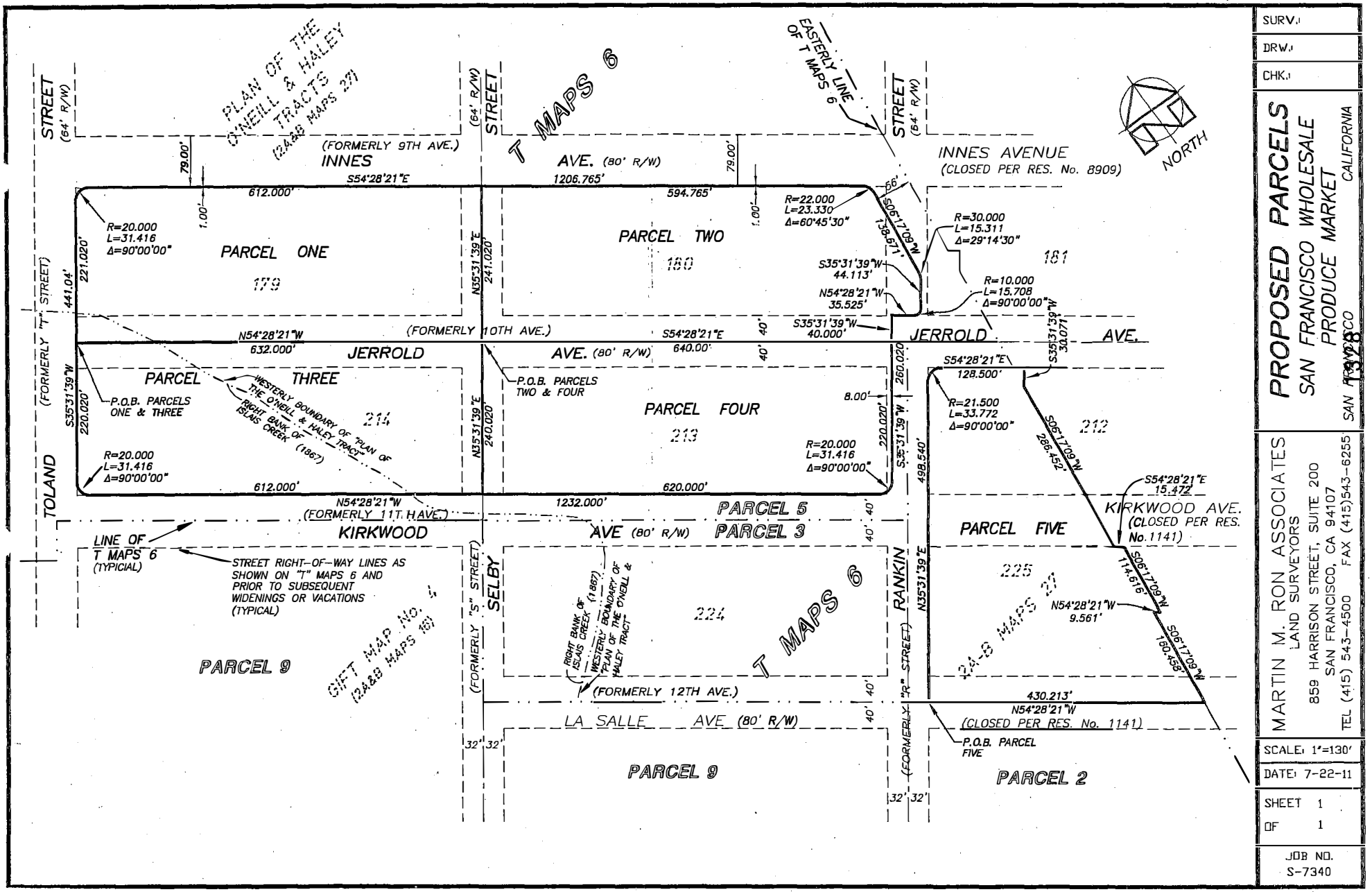
VACATION PLAT
OF
CITY STREETS WITHIN SAN FRANCISCO WHOLESALE PRODUCE MARKET
SAN FRANCISCO CALIFORNIA

MARTIN M. RON ASSOCIATES
LAND SURVEYORS
859 HARRISON STREET, SUITE 200
SAN FRANCISCO, CA 94107
TEL (415) 543-4500 FAX (415)543-6255

SCALE: 1"=150'
DATE: 7-29-11
SHEET 1
OF 1
JOB NO. S-7340


T MAPS 6
PARCEL 5
SELBY STREET
SELBY STREET (FORMER) (VACATED PER RES. No.___)
(VACATED PER RES. No.___) RANKIN STREET (FORMER)
RANKIN STREET
NORTH
LINE OF QUIET TITLE ACTION PER REEL ___, IMAGE ___. (TYPICAL)
INNES AVE.
FORMER INNES AVE. (CLOSED PER RES. No. 8909)
PARCEL "A" LINE (TYP.)
LOT 11 AB 5268
HILTON L. ROSS ST.
LOT 7 AB 5268
LOT 7 AB 5269
LOT 2 AB 5269
LOT 9 AB 5269
LOT 4 AB 5262
PARCEL A
FORMER JERROLD AVENUE (VACATED PER RES. No.___)
LOT 10 AB 5268
PARCEL 5
LOT 8 AB 5269
PCL. 5
PCL. 3
JERROLD AVE.
LOT 4 AB 5284A
LETTUCE LANE
LOT 5 AB 5284A
LOT 6 AB 5284A
LOT 31 AB 5282
LOT 33 AB 5282
LOT 03 AB 5281
TOLAND
RANKIN ST.
KIRKWOOD AVE.
FORMER KIRKWOOD AVE. (VACATED PER RES. No.___) (CLOSED PER RES. No.1141)
LOT 30 AB 5282
PARCEL B
PARCEL 3
LOT 05 AB 5281
PARCEL "B" LINE (TYP.)
STREET RIGHT-OF-WAY LINES AS SHOWN ON "T" MAPS 6 AND PRIOR TO SUBSEQUENT WIDENINGS OR VACATIONS (TYPICAL)
PARCEL 9
SELBY STREET (FORMER) (VACATED PER RES. No.___)
T MAPS 6
PARCEL 3
(CLOSED PER RES. No. 1141)
FORMER LA SALLE AVENUE.
RANKIN STREET
PARCEL 2
LEGEND
AREAS TO BE DEDICATED AS CITY STREETS
LOT 6, AB 5284A ASSESSOR'S LOT & BLOCK
LETTUCE LANE. FORMER CITY STREET
PARCEL 5 PCL. 5 PARCEL PER T MAPS 6
SURV.
DRW.
CHK.
DEDICATION PLAT
AREAS LYING WITHIN SAN FRANCISCO PRODUCE MARKET
SAN FRANCISCO CALIFORNIA
MARTIN M. RON ASSOCIATES
LAND SURVEYORS
859 HARRISON STREET, SUITE 200
SAN FRANCISCO, 94107
TEL (415) 543-4500 (415)543-6255
SCALE: 1"=130'
DATE: 8-08-11
SHEET 1
OF 1
JOB NO. S-7340

1327



PROPOSED PARCELS
SAN FRANCISCO WHOLESALE PRODUCE MARKET
SAN FRANCISCO CALIFORNIA

SURV.:
DRW.:
CHK.:

MARTIN M. RON ASSOCIATES
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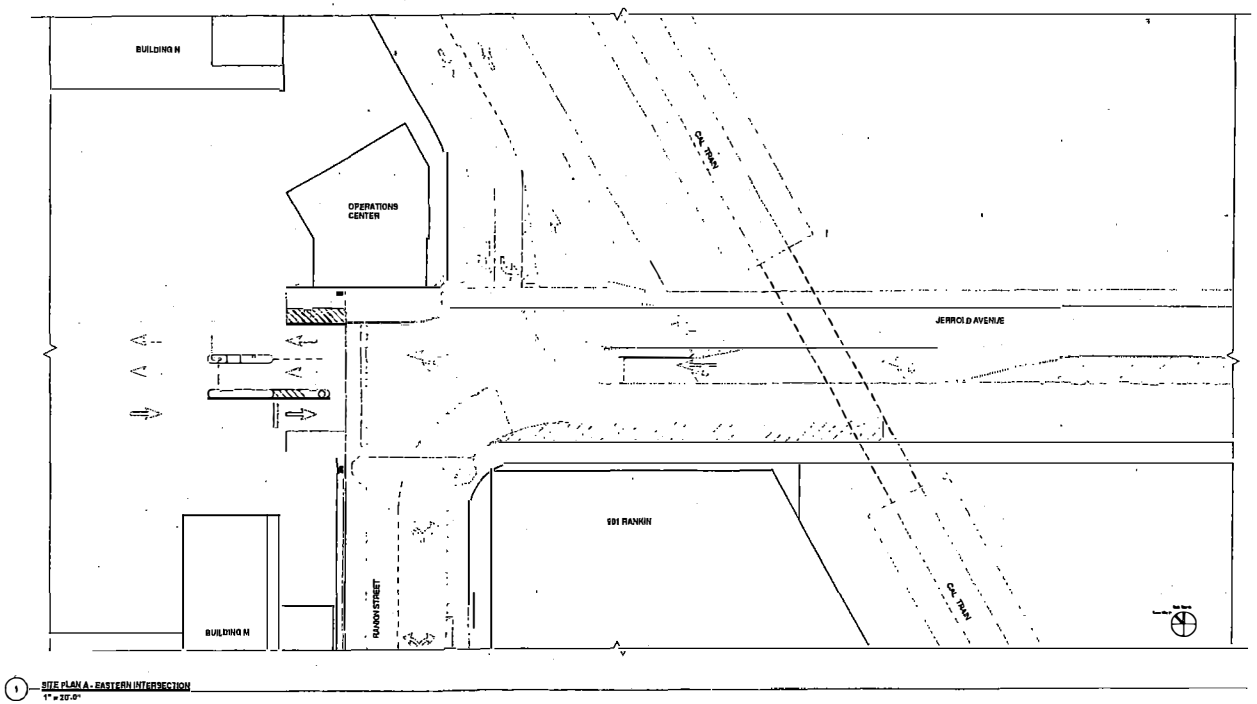
SAN FRANCISCO, CA 94107
TEL (415) 543-4500 FAX (415)543-6255

SCALE: 1"=130'
DATE: 7-22-11
SHEET 1 OF 1
JOB NO. S-7340



1 SITE PLAN A - EASTERN INTERSECTION
1" = 20'-0"

CITY OF SAN FRANCISCO - SAN FRANCISCO WHOLESALE PRODUCE MARKET - MARKET CORPORATION

SAN FRANCISCO WHOLESALE PRODUCE MARKET

2095 JERROLD AVENUE
SAN FRANCISCO, CA
94124

SAN FRANCISCO WHOLESALE PRODUCE MARKET RETENTION & EXPANSION PROJECT

Jackson Liles
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Date & Issue	
09.30.10	GENERAL PLAN REFERRAL
04.13.11	GENERAL PLAN REFERRAL
05.23.11	GENERAL PLAN REFERRAL REVISION
07.05.11	GENERAL PLAN REFERRAL REVISION
08.25.11	GENERAL PLAN REFERRAL REVISION

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Job #:	0902
Revit File:	2jlplotmaster.rvt
Assembled By:	Author

(RENOVATION PLUS)

ENLARGED EASTERN INTERSECTION

A-S.1.3

120536

SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Addendum to Mitigated Negative Declaration

Addendum Date:	June 4, 2012
Case No.:	**2009.1153E**
Project Title:	**San Francisco Wholesale Produce Market Project**
MND:	Published May 11, 2011, finalized July 5, 2011
Project Sponsor:	Monica Melkesian and Michael Janis, San Francisco Wholesale Produce Market (415) 550-4495
Lead Agency:	San Francisco Planning Department
Staff Contact:	Andrea Contreras – (415) 575-9044 Andrea.Contreras@sfgov.org

Background

The Planning Department published a Preliminary Mitigated Negative Declaration (PMND) for the subject project, file number 2009.1153E on May 11, 2011. The Final Mitigated Negative Declaration ("FMND") was published on July 5, 2011.[1] The project analyzed in the FMND is a phased development plan to expand the existing San Francisco Wholesale Produce Market ("Produce Market") on the site. The project site is located in the Bayview Hunters Point neighborhood of San Francisco, in the area bounded by Caltrain right-of-way to the east, Innes Avenue to the northeast, Toland Street to the northwest, Kirkwood Avenue and Rankin Street to the southwest, and a San Francisco Water Department facility to the southeast. A small portion of the project site lies northwest of Toland Street. The site is split into three subareas: the Main Site, the 901 Rankin Street site to the east, and the 2101 Jerrold Avenue site to the west. The project site is within the PDR-2 (Core Production, Distribution, and Repair) Zoning District and the 65-J and 80-E Height and Bulk Districts. The project site encompasses the following blocks: 5262/004, 5268/007, 5268/010, 5268/011, 5269/002, 5269/007, 5269/008, 5269/009, 5281/003, 5281/005, 5282/031, 5282/033, 5284A/004, 5284A/005, 5284A/006, and 5285A/002.

The project site is primarily occupied by structures related to Produce Market operations. The Produce Market Main Site, which is centered on Jerrold Avenue, occupies 13 separate parcels containing a total of approximately 348,074 sq.ft., or 7.99 acres. The Main Site consists of four primary quadrants, each of which is currently occupied by an existing Produce Market warehouse, called Buildings L, N, M, and K, respectively. In addition, the northwest quadrant is occupied by the Cash & Carry building, and the southwest quadrant is occupied by the Produce Building, which contains the administrative offices associated with the Produce Market, and a bank.

[1] San Francisco Wholesale Produce Market Project, *Final Mitigated Negative Declaration*, July 5, 2011. This document is available for review as part of Case File No. 2009.1153E at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, CA 94103.

The 901 Rankin Street site is an irregularly shaped, City-owned property located immediately east of the existing Produce Market Main Site, and bounded by Rankin Street, Jerrold Avenue, Caltrain right-of-way, and a San Francisco Water Department administrative building and storage yard. The 901 Rankin Street site consists of two parcels occupying a total of approximately 126,959 sq.ft., or 2.91 acres. The site contains a series of pre-engineered and modular buildings containing government office uses, including the City and County of San Francisco Department of Technology and Municipal Transportation Agency offices.

The 2101 Jerrold Avenue site is a square parcel immediately west of the Main Site occupying approximately 97,482 sq.ft., or 2.24 acres. It contains a recently constructed 51,050 sq. ft. warehouse with similar functions as the warehouses on the Main Site.

The proposed project analyzed in the MND is a phased development plan to expand the existing Produce Market on the site. The maximum development scenario would demolish 12 of the 13 buildings currently located on the site and construct four new warehouse structures on the Main Site and one new warehouse structure on the 901 Rankin Street site. No alterations are proposed at the 2101 Jerrold Avenue site. All warehouses would have accessory office space. Two of the warehouse structures on the Main Site would have rooftop parking, and the warehouse structure on the 901 Rankin Street site would include a meeting hall/education center containing a demonstration kitchen. In addition, a small (approximately 3,961-square-foot) Operations Center would be constructed on the Main Site. There would be a total of 440 parking spaces and 186 loading spaces. The maximum development scenario would have a total building floor area of 525,855 square feet.

A less expensive project variant was also proposed. Under the variant, all structures on the project site would be demolished except the four warehouse buildings. The existing warehouse buildings would be renovated to upgrade their functionality. The installation would include seismic strengthening, access for disabled individuals, and new building systems. The building footprints and main roof lines would remain largely intact. Similar to the proposed project, the variant would also include the new warehouse on the 901 Rankin Street site and the Operations Center on the Main Site. The variant would have a total building floor area of 377,711 square feet.

In both the proposed project and variant, the project sponsor proposed to reconfigure the roadways around the project site to improve site access and safety. The project sponsor proposed to vacate Jerrold Avenue on the Main Site and reroute through-traffic around the Main Site on Innes and Kirkwood Avenues. Innes Avenue was envisioned as the primary route for through traffic. These proposed street improvements were intended to control access to the Produce Market, to better facilitate the flow of traffic around the Produce Market, and improve the existing transportation network in the project area. One element of the roadway improvement included relocating the portion of Rankin Street between Jerrold Avenue and Innes Avenue to parallel the existing and adjacent Caltrain right-of-way, and reconfigure the intersection of Jerrold Avenue and Rankin Street to provide eastern access to the Produce Market (see Figure 1, below).

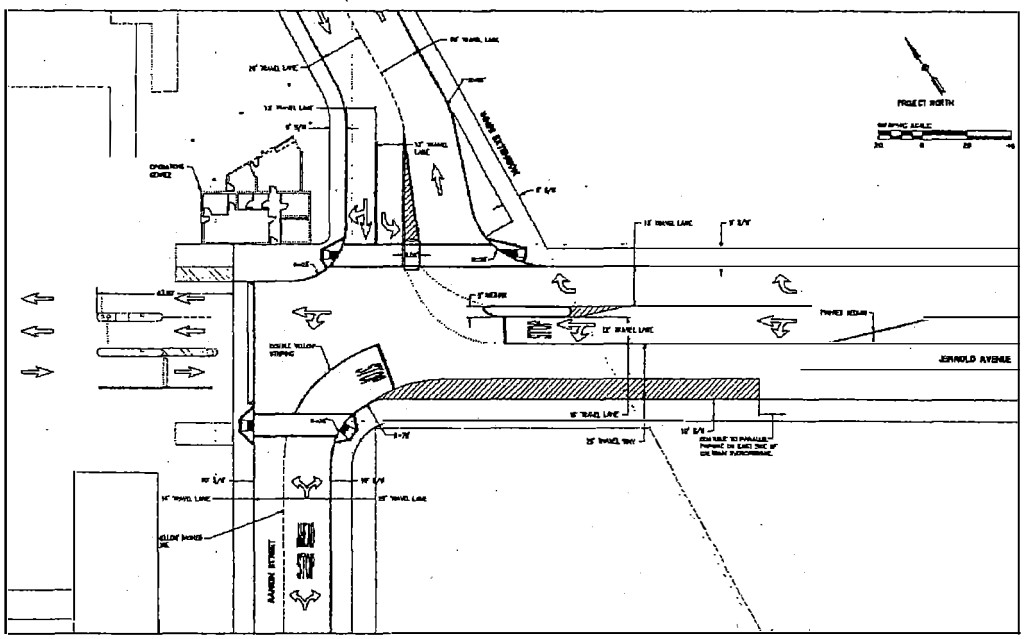

Figure 1
Produce Market East Access –Intersection of Innes/Jerrold/Rankin
Source: Transportation Study Final Report, Case Number 2009.1153!, March 2011

Quint– Jerrold Connector Road

Subsequent to the publication of the FMND, there was a change to the circumstances under which the Produce Market was evaluated in 2011. Unrelated to the Produce Market expansion and retention project, the San Francisco County Transportation Authority (SFCTA) has been working for a number of years on a plan for a new Caltrain station at Oakdale Avenue (less than ½ mile south of the Produce Market), as part of the voter-approved Proposition K Transportation Sales Tax Expenditure Plan. At the same time, the Peninsula Corridor Joint Powers Board (PCJPB), which provides Caltrain commuter rail service between the South Bay, the Peninsula and San Francisco, has developed plans for the replacement of a 100-year old rail bridge over Quint Street (a local street about ¼ of a mile south of the Produce Market) that does not meet current seismic code requirements and is at the end of its useful life. Platforms for the potential Caltrain Station at Oakdale Avenue would extend across the Quint Street right-of-way but cannot be accommodated with the existing bridge configuration.

The PCJPB has developed and is working with the SFCTA to consider options to replace the bridge over Quint Street. Each option has varying implications and trade-offs in terms of cost and funding, ability to support a future potential Caltrain Station at Oakdale, and vehicular access:

- Option 1 would replace the existing bridge with a berm, accommodating future station platforms but closing private vehicle access under the tracks on Quint Street.

- Option 2 would replace the existing bridge in-kind. The in-kind replacement would maintain through vehicle access on Quint Street under the tracks but would not accommodate future station platforms.

- Option 3 would replace the existing bridge with a widened design to accommodate future station platforms and maintaining Quint Street through access. Given funding limitations, this option is not considered feasible by the SFCTA or the PCJPB.

In recent months, SFCTA has started looking into the possibility of re-establishing the pedestrian and vehicular connectivity that would be lost with the construction of the berm and the closure of Quint Street (Option 1) by means of a new roadway (Quint-Jerrold Connector Road) that would run parallel to the Caltrain tracks. The new road would operate two-way and would connect with Jerrold Avenue at an approximately 45-degree angle (see Figure 2, next page). Both right- and left-turns from Jerrold Avenue onto the southbound connector road would be allowed, while those traveling northbound would only be allowed to turn right and continue eastbound on Jerrold Avenue.

The available right of way width, between the embankment that supports the tracks to the east and the existing buildings to the west, is approximately 32 feet. As a result, the proposed configuration of the Quint-Jerrold Connector Road would generally have a roadway width of 26 feet (one 13-foot wide travel lane each way), plus an approximately 0.5-foot wide curb on the east side of the street and an approximately 5.5-foot wide sidewalk on the west side. The conceptual layout of the roadway and its intersection with Jerrold Avenue is currently being evaluated by the San Francisco Department of Public Works (DPW) and the San Francisco Municipal Transportation Agency (SFMTA).

Section 31.19(c)(1) of the San Francisco Administrative Code states that a modified project must be reevaluated and that, "If, on the basis of such reevaluation, the Environmental Review Officer determines, based on the requirements of CEQA, that no additional environmental review is necessary, this determination and the reasons therefore shall be noted in writing in the case record, and no further evaluation shall be required by this Chapter."

Analysis of Potential Environmental Effects

The Quint-Jerrold Connector Road project that is being contemplated by SFCTA is a separate proposal, unrelated to the Produce Market expansion and retention project except by geographic proximity. At the time the FMND for the Produce Market project was issued, the Quint-Jerrold Connector Road project was not yet proposed. Thus, the potential for significant cumulative impacts resulting from the Produce Market project in combination with the connector road project was not considered in the FMND.

(See next page.)

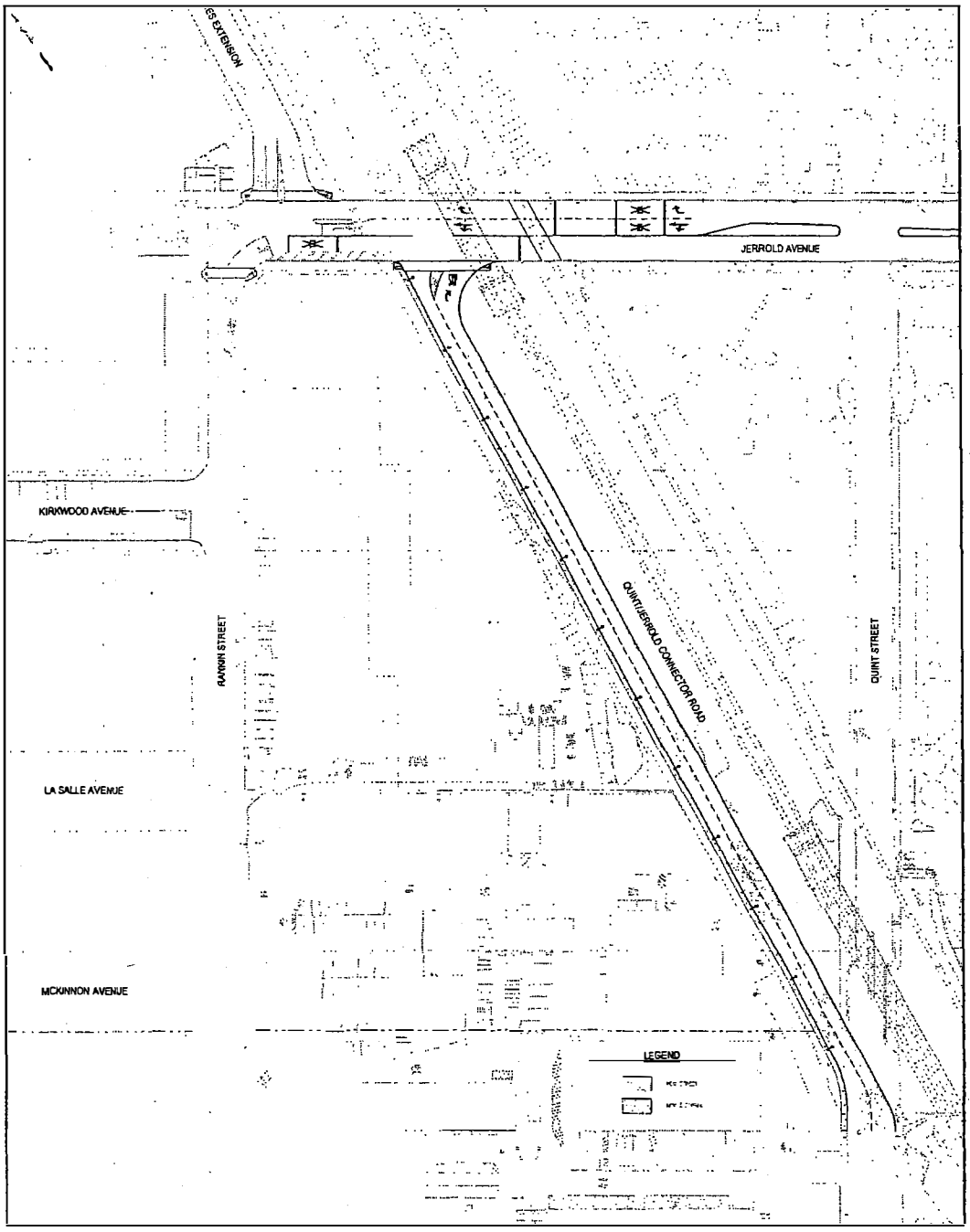

Figure 2
Quint/Jerrold Connector Road – Overall Proposed Alignment and Layout
(Preliminary pre-design concept; subject to change)
Source: SF County Transportation Authority

CEQA Guidelines Section 15162(a)(2) states that when a negative declaration has been adopted to a project, no subsequent negative declaration shall be prepared for that project unless the lead agency determines on the basis of substantial evidence that substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revisions of the previous negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The proposed Quint-Jerrold Connector Road constitutes a change to the circumstances under which the Produce Market was evaluated in 2011. For the reasons explained below, this change would not result in any new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the FMND.

The Quint-Jerrold Connector Road would affect Quint Street between Newcomb Avenue and Jerrold Avenue, and the area directly adjacent to the Caltrain right-of-way. The construction timing of the connector road is unknown and may or may not occur during the phased construction of the Produce Market project. The operation of the Quint-Jerrold Connector Road would not result in any additional environmental effects on the Produce Market as they relate to land use, population and housing, archeology, historic architecture, recreation, utilities and service systems, public services, biological, geology and soils, hydrology and water quality, hazards and hazardous materials, mineral and energy resources, and agriculture and forest resources. This is because effects on these resources are generally site-specific and would not extend beyond the respective project areas of the Produce Market or the Quint-Jerrold Connector Road. Thus, there is no possibility that these impacts would combine to cause a significant cumulative impact.

The Quint-Jerrold Connector Road has the potential to combine with the operation-period less-than-significant environmental effects of the Produce Market in the areas of aesthetics, air quality, greenhouse gas emissions, and noise, and transportation and circulation with mitigation. Regarding aesthetics, given the area's visual character and the minimal nature of the Produce Market's visual effects, it is not anticipated that Quint-Jerrold Connector Road project together with the Produce Market's less-than-significant effects would result in a significant cumulative impact on the surrounding visual character, obstruction of views or vistas, or potential for light and glare. It would not contribute to a substantial and demonstrable negative change in the visual character or quality of the area of the Produce Market.

With respect to air quality and greenhouse gas impacts, the operation of the Quint-Jerrold Connector Road would not result in a new trip-generating land use or source of emissions, nor would it introduce new sensitive receptors. Therefore, the two projects in combination would not result in a significant cumulative impact to air quality or greenhouse gases. The operation of the Quint-Jerrold Connector Road would not change traffic volumes and would not otherwise result in a substantial change to traffic-related noise. Therefore, a significant cumulative noise impact would not occur.

Finally, with regard to transportation and circulation, the analyses presented in the March 2011 Produce Market Transportation Study and FMND concluded that the addition of traffic generated by the Produce Market project would not result in any significant impacts to the study intersections under existing plus project conditions. On the other hand, the study concluded that several of the study intersections would be expected to operate poorly during in the future (2030 Cumulative scenario) as a result of background growth assumed in the area, and that the Produce Market project would substantially contribute to those

conditions at two locations. Specifically, the Produce Market project was found to substantially contribute to the failing conditions at the intersections of Jerrold Avenue/ Toland Street and Innes Street/ Toland Street by the year 2030. The intersections of Jerrold Avenue/ Toland Street and Innes Street/ Toland Street would continue to operate at acceptable levels when the project becomes operational but would deteriorate over time as cumulative travel in the area increases.

As described in the FMND, to mitigate the impact at Jerrold Avenue/ Toland Street, the northbound approach would need to be restriped within the existing right-of-way to provide and exclusive left-turn lane, in addition to signalization of the intersection. In order to mitigate the significant impact at Innes Street/ Toland Street, the intersection would need to be signalized. The restriping and signalization mitigation measures described in the FMND and adopted by the project sponsor would reduce these impacts to less-than-significant levels. The Quint-Jerrold Connector Road would not increase the cumulative impacts identified at these two intersections because the road would not generate any new vehicle trips, thus no new vehicular traffic would approach the intersections.

Two additional study intersections from the 2011 Transportation Study are located in the vicinity of the proposed Quint-Jerrold Connector Road, namely Jerrold Avenue/ Rankin Street and Jerrold Avenue/ Innes Street. No significant project impacts were identified in the Transportation Study for these two intersections. Traffic operations at the intersection of Jerrold Avenue/ Rankin Street would improve (experience lower delay) in the future because the Produce Market project roadway improvements would divert through vehicular traffic away from this intersection towards Innes Avenue. Although these two intersections are in close proximity, the implementation of the Quint/Jerrold Connector Road alignment would not be expected to substantially modify these results or affect the conclusions presented in the March 2011 Produce Market Transportation Study. No new vehicular traffic would be expected to approach the intersections of Jerrold Avenue/ Rankin Street and Jerrold Avenue/ Innes Street as a result of the new connector road. Since northbound vehicles on the Quint-Jerrold Connector Road would be prohibited from turning left onto Jerrold Avenue and would all instead be directed towards eastbound Jerrold Avenue, no traffic blockages on eastbound or westbound Jerrold Avenue would be expected to occur.

Similarly, westbound vehicles on Jerrold Avenue turning left onto the Quint-Jerrold Connector Road would do so from a dedicated lane, as shown in Figure 2. Thus, through westbound traffic destined to Innes Avenue would remain unaffected. On the other hand, westbound vehicles on Jerrold Avenue turning left onto the Quint-Jerrold Connector Road would share the lane with those destined to the Produce Market site. The combination of both traffic volumes on that lane would be less than 100 vehicles per hour, less than two vehicles per minute, which would not be expected to affect access to the Produce Market site.[2] Eastbound vehicles on Jerrold Avenue turning right onto the Quint/Jerrold Connector Road would do so in a similar manner as it is currently done at the existing Quint Street intersection further east, past the Caltrain bridge. As a result, the analysis presented in the Produce

[2] José I. Farrán, *Assessment of potential effects of the proposed Quint-Jerrold Connector Road on the conclusions presented in the transportation study conducted for the SF Wholesale Produce Market Retention and Expansion Project*, Memorandum to Andrea Contreras, May 31, 2012. This document is available for review as part of Case File No. 2009.1153E at 1650 Mission Street, Suite 400, San Francisco, CA 94103.

Market Transportation Study is still valid and its conclusions remain unchanged as a result of the proposed Quint-Jerrold Connector Road.

Conclusion

Based on the foregoing, it is concluded that the analyses conducted and the conclusions reached in the FMND finalized on July 5, 2011 remain valid. There are no proposed revisions to the San Francisco Wholesale Produce Market project. The proposed Quint-Jerrold Connector Road is an unrelated project which would change the circumstances surrounding the proposed project, but these changes would not result in new significant environmental effects not disclosed in the MND, increase the severity of identified effects, or necessitate new mitigation measures previously deemed infeasible. Therefore, no supplemental environmental review is required beyond this addendum.

Date of Determination:

June 13, 2012

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

BILL WYCKO
~~Environmental Review Officer~~

cc: Monica Melkesian, Project Sponsor
Julian Bañales, SE Quadrant Team Leader
Stephen Shotland, Citywide Planning
Supervisor Cohen, District 10
Bulletin Board / Master Decision File
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Final Mitigated Negative Declaration

PMND Date:	May 11, 2011; as amended July 5, 2011
Case No.:	**2009.1153E**
Project Title:	**San Francisco Wholesale Produce Market Project**
BPA Nos.:	N/A
Zoning:	PDR-2 (Core Production, Distribution, and Repair) Use District 65-J and 80-E Height and Bulk Districts
Assessor Block/Lot:	5262/004, 5268/007, 5268/010, 5268/011, 5269/002, 5269/007, 5269/008, 5269/009, 5281/003, 5281/005, 5282/031, 5282/033, 5284A/004, 5284A/005, 5284A/006, and 5285A/002
Lot Size:	572,515 square feet
Project Sponsor	City and County of San Francisco Market Corporation Monica Melkesian and Michael Janis, (415) 550-4495
Lead Agency:	San Francisco Planning Department
Staff Contact:	Andrea Contreras – (415) 575-9044 Andrea.Contreras@sfgov.org

PROJECT DESCRIPTION:

The project site is located in the Bayview Hunters Point neighborhood of San Francisco, in the area bounded by Caltrain right-of-way to the east, Innes Avenue to the northeast, Toland Street to the northwest, Kirkwood Avenue and Rankin Street to the southwest, and a San Francisco Water Department facility to the southeast. A small portion of the project site lies northwest of Toland Street. The proposed project is a phased development plan to expand the existing San Francisco Wholesale Produce Market ("Produce Market") on the site. The site is split into three subareas: the Main Site, the 901 Rankin Street site to the east, and the 2101 Jerrold Avenue site to the west. The maximum development scenario would demolish 12 of the 13 buildings currently located on the site and construct four new warehouse structures on the Main Site and one new warehouse structure on the 901 Rankin Street site. No alterations are proposed at the 2101 Jerrold Avenue site. All warehouses would have accessory office space. Two of the warehouse structures on the Main Site would have rooftop parking, and the warehouse structure on the 901 Rankin Street site would include a meeting hall/education center containing a demonstration kitchen. In addition, a small (approximately 3,961-square-foot) Operations Center would be constructed on the Main Site. There would be a total of 440 parking spaces and 186 loading spaces. The maximum development scenario would have a total building floor area of 525,855 square feet. The project sponsor proposes to reconfigure the roadways around the project site to improve site access and safety. This would entail redirecting Jerrold Avenue through-traffic around the Main Site onto Innes Avenue.

A less expensive project variant is also proposed. Under the variant, all structures on the project site would be demolished except the four warehouse buildings. The existing warehouse buildings would be renovated to upgrade their functionality. The installation would include seismic strengthening, access for disabled individuals, and new building systems. The building footprints and main roof lines would remain largely intact. The variant would also include the new warehouse on the 901 Rankin Street site, the Operations Center on the Main Site, and the same roadway modifications as under the proposed project. The variant would have a total building floor area of 377,711 square feet.

The proposed project and project variant would meet all applicable provisions of the *Planning Code* and would not require any variances or Conditional Use approvals. The project and variant would require a *General Plan* referral and Board of Supervisors approval for 1) the proposed street vacation and dedications, 2) the demolition and change in use of a City-owned building at the 901 Rankin Street site, and 3) a ground lease between the City and County of San Francisco and a new entity that would replace the City and County of San Francisco Market Corporation, for the Main Site, the 901 Rankin Street site, and the 2101 Jerrold Avenue site. The project and variant would require approval by the Department of Building Inspection for demolition and site/building permits, approval by the Bureau

File No. 120530

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information *(Please print clearly.)*	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information *(Please print clearly.)*	
Name of contractor: San Francisco Market Corporation, a California nonprofit public benefit corporation	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. ***Use additional pages as necessary.*** Larry Brucia, Stanley Corriea, John Monfredini, Helen Sause	
Contractor address: 2095 Jerrold Avenue, Suite 212, San Francisco, CA 94124	
Date that contract was approved: *(By the SF Board of Supervisors)*	Amount of contract: $6,000,000
Describe the nature of the contract that was approved: 60 year term master lease of City property and securing of $6,000,000 in capital reserves toward project.	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☑ a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information *(Please print clearly.)*	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer) — Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) — Date Signed

INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

Time Stamp or Meeting Date

I hereby submit the following item for introduction:

☑ 1. For reference to Committee: Budget and Finance Committee
An ordinance, resolution, motion, or charter amendment

☐ 2. Request for next printed agenda without reference to Committee

☐ 3. Request for hearing on a subject matter at Committee: _____

☐ 4. Request for letter beginning "Supervisor _____ inquires..."

☐ 5. City Attorney request

☐ 6. Call file from Committee

☐ 7. Budget Analyst request (attach written motion).

☐ 8. Substitute Legislation File Nos.

☐ 9. Request for Closed Session

☐ 10. Board to Sit as A Committee of the Whole

☐ 11. Question(s) submitted for Mayoral Appearance before the BOS on _____

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

☐ Small Business Commission ☐ Youth Commission

☐ Ethics Commission ☐ Planning Commission

☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): Cohen, Mayor Lee

Subject: SUBSTITUTE RESOLUTION FOR FILE NO. 120530 - Ground Lease Agreement for the retention and expansion of the Wholesale Produce Market

The text is listed below or attached:

Attached

Signature of Sponsoring Supervisor: _____

For Clerk's Use Only:

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2012 MAY 15 PM 2:13

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Edwin M. Lee
RE: Ground Lease for the Retention and Expansion of the San Francisco Wholesale Produce Market
DATE: May 15, 2012

Attached for introduction to the Board of Supervisors is the resolution 1) authorizing a lease of real property and improvements known as the San Francisco Wholesale Produce Market, near 2095 Jerrold Avenue, to the San Francisco Market Corporation; 2) adopting findings pursuant to the California Environmental Quality Act; 3) adopting findings that the transactions contemplated are consistent with the City's General Plan and Eight Priority Policies of the City's Planning Code; and 4) authorizing the City Administrator, or designee, to execute documents, make certain modifications, and take certain actions in furtherance of this resolution.

Please note this item is cosponsored by Supervisor Cohen.

I request that this item be calendared in Government Audit and Oversight Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

cc. Supervisor Malia Cohen

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

120530

CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR

LEASE

between the

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation,
as Landlord

and

SAN FRANCISCO MARKET CORPORATION,
a California nonprofit corporation
as Tenant

for the lease of real property and improvements
known as the San Francisco Wholesale Produce Market

in San Francisco, California

Dated as of _____

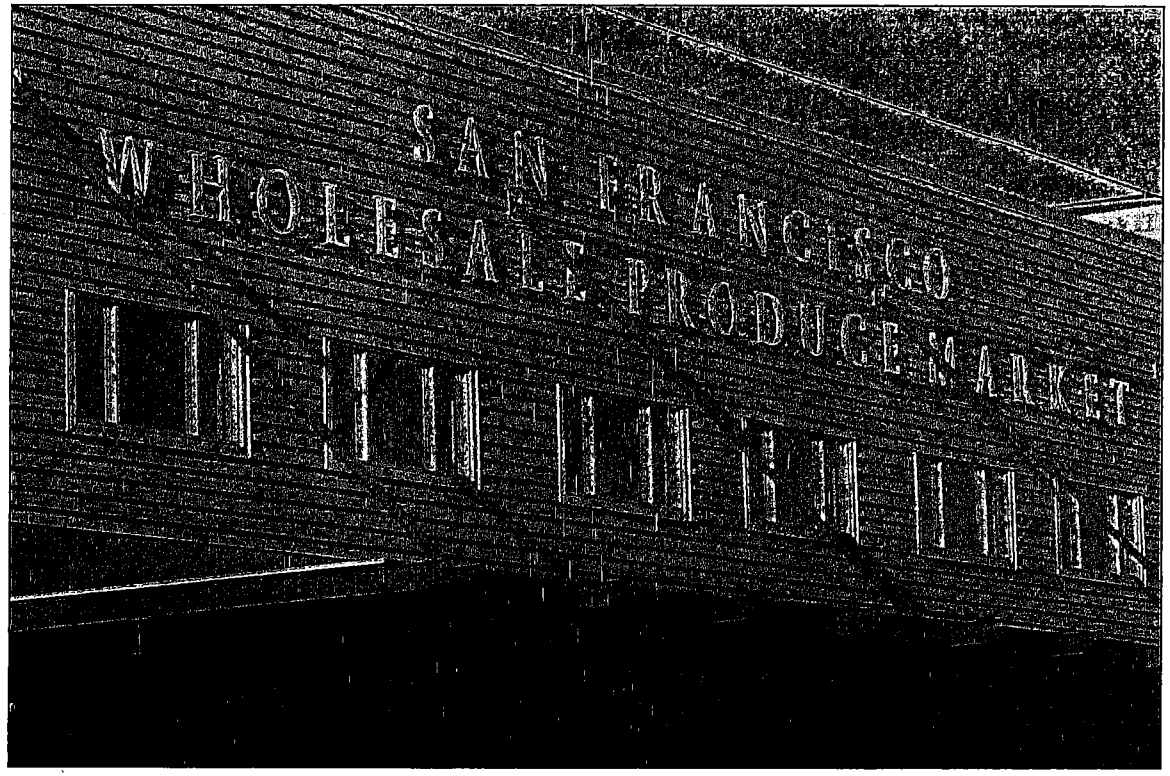
** Complete copy of document is located in

File No. 120530

TABLE OF CONTENTS

San Francisco Wholesale Produce Market

Growing Our Future



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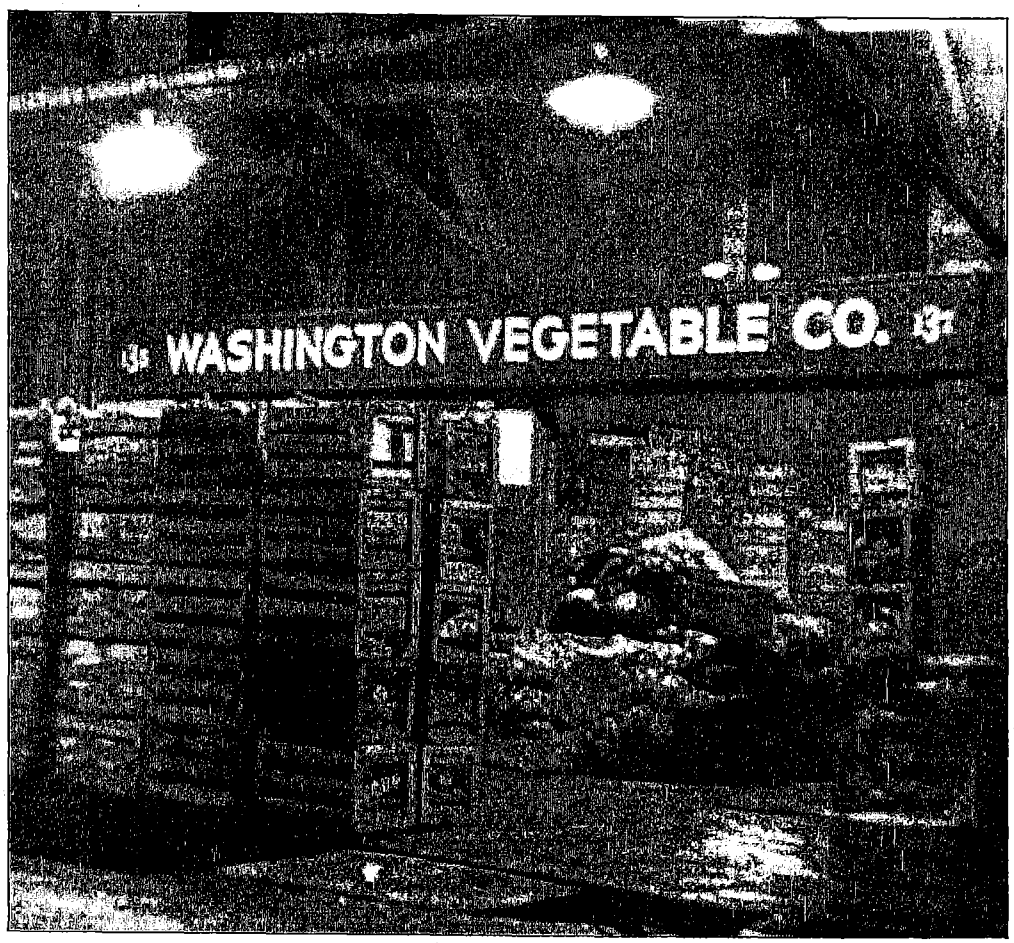
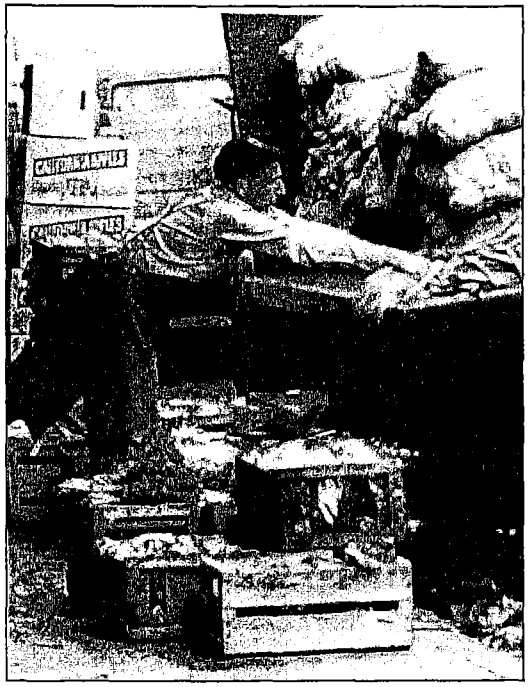
Pre-1963: Embarcadero

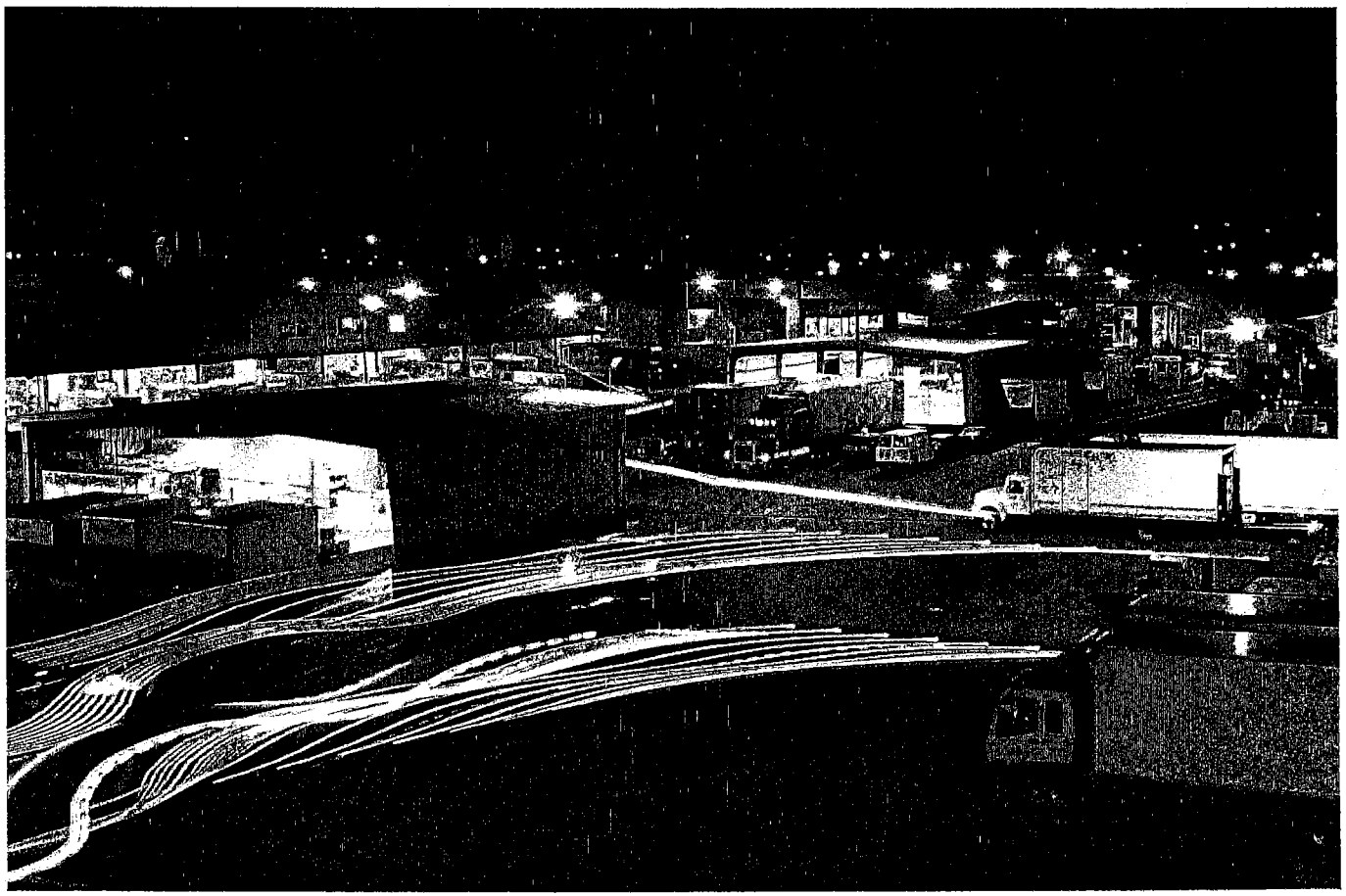




San Francisco: A Food City

SAN FRANCISCO WHOLESALE PRODUCE MARKET

The Market Today

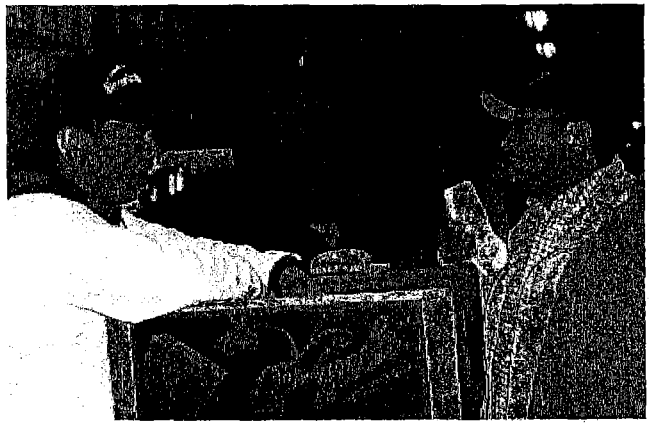


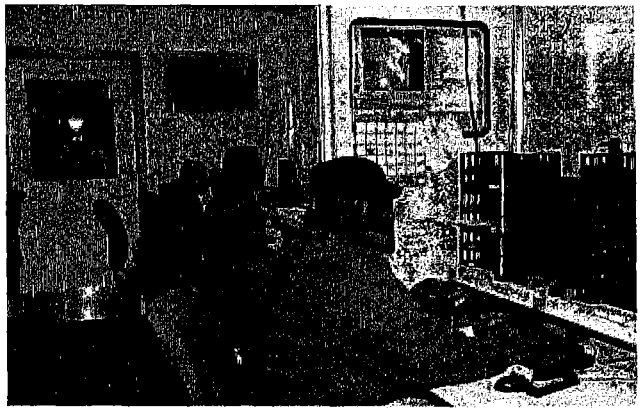
SAN FRANCISCO WHOLESALE PRODUCE MARKET

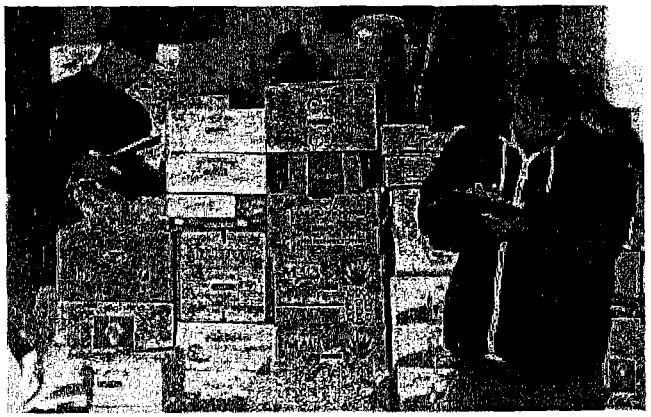
SAN FRANCISCO WHOLESALE PRODUCE MARKET

Our Passion

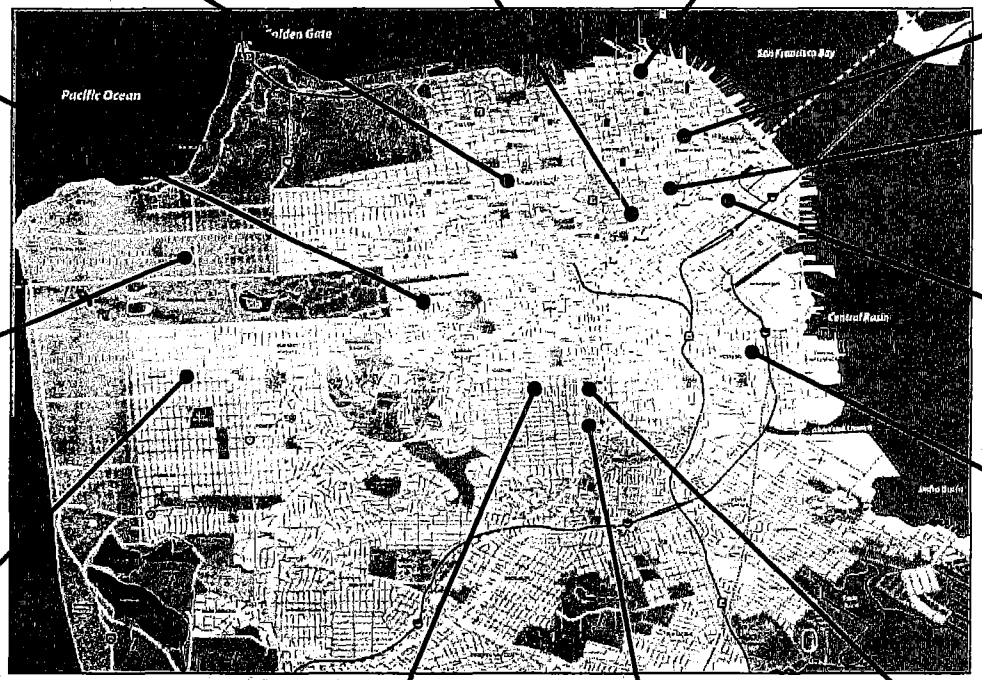
The Market Family







A Deep Connection to the City



An urban professional who shops at Mollie Stone's

An operator of a community-based organization (CBO) in the Tenderloin

A tourist sitting down for a memorable dinner at a water-view restaurant in Fisherman's wharf

The operator of a produce market in Chinatown

A restaurant owner in the Haight who buys only organic

An upscale restaurant in Union Square that serves high-end, specialty produce

An elderly couple in the Richmond who must walk to local stores to buy their groceries

Conference-goers enjoying lunch during a trade show at the Moscone Center

The SF Food Bank receiving produce from merchants at the SF Wholesale Produce Market

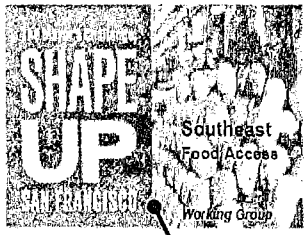
The owner of a small produce market in the Sunset

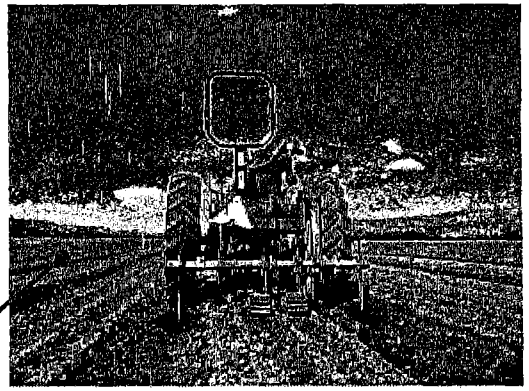
A family in Noe Valley that receives home delivery from a merchant at the SF Wholesale Produce Market

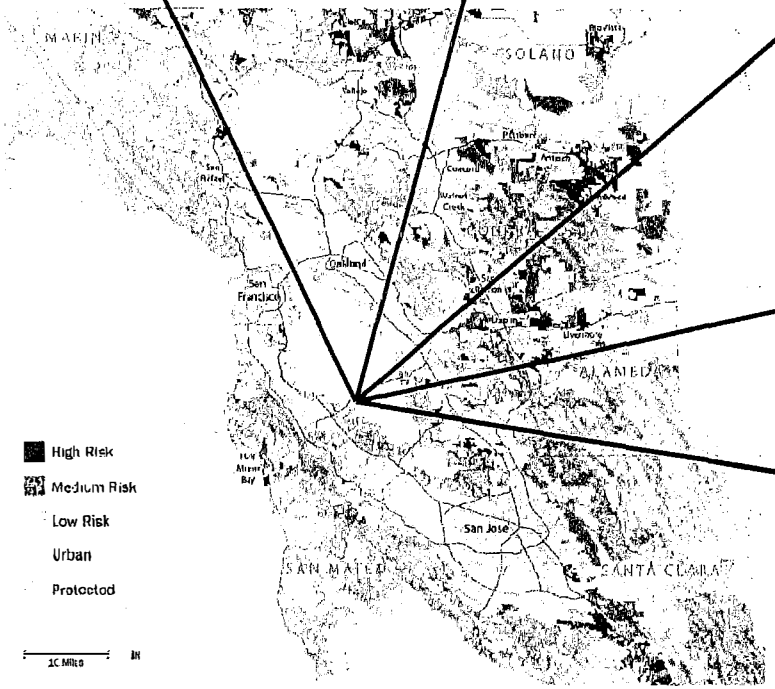
A resident of the Mission buying produce from a corner market

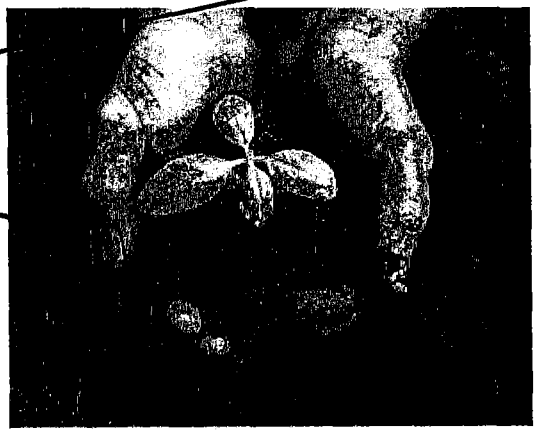
The employee of a merchant of the SF Wholesale Produce Market who lives in the Mission

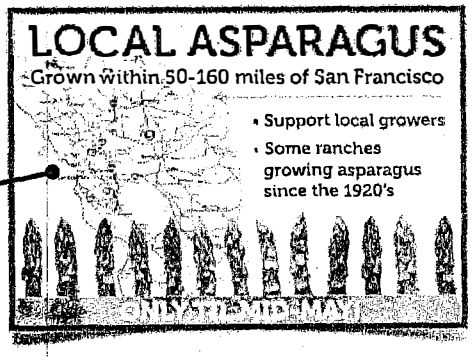
Regional Food Hub





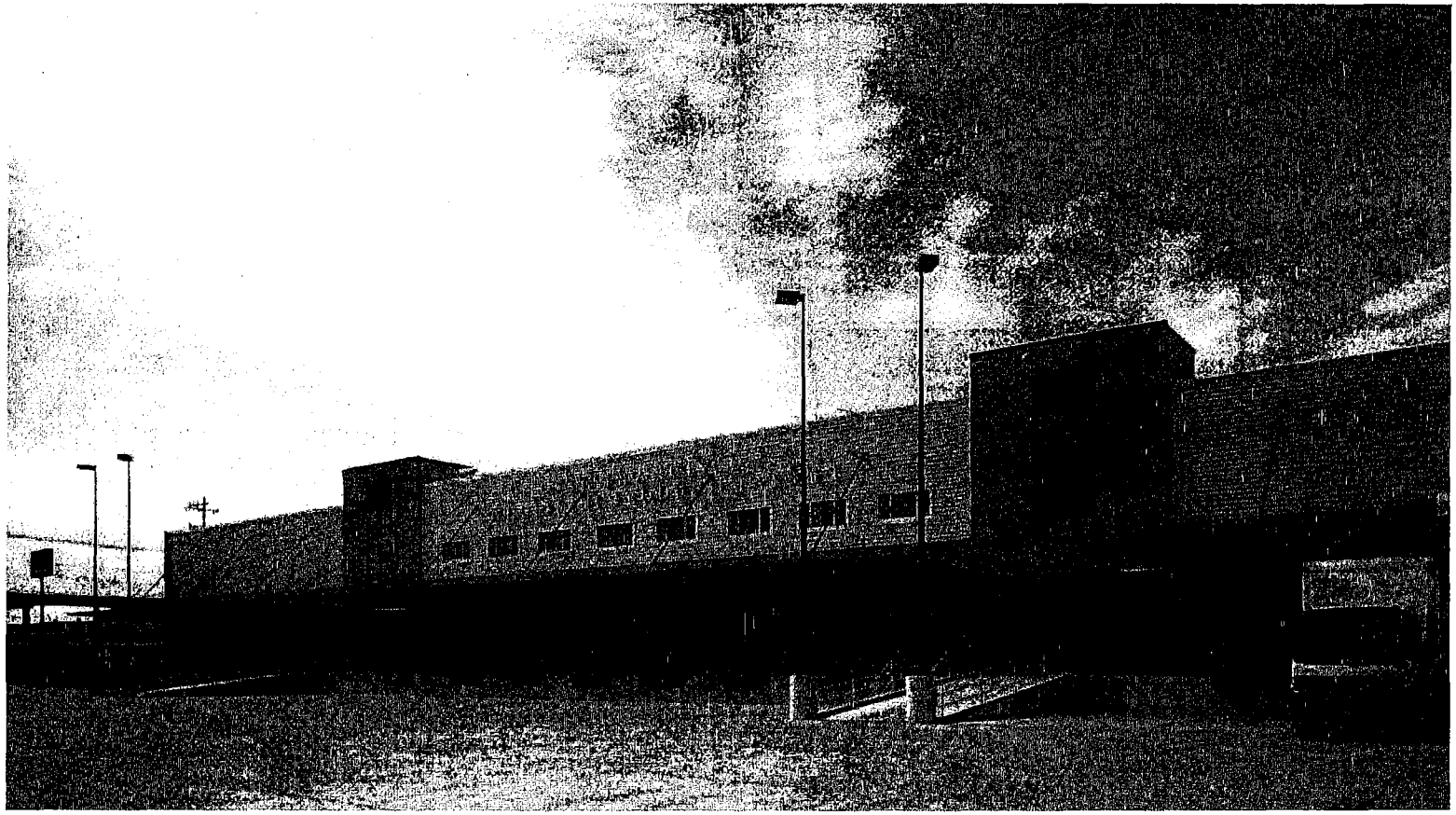






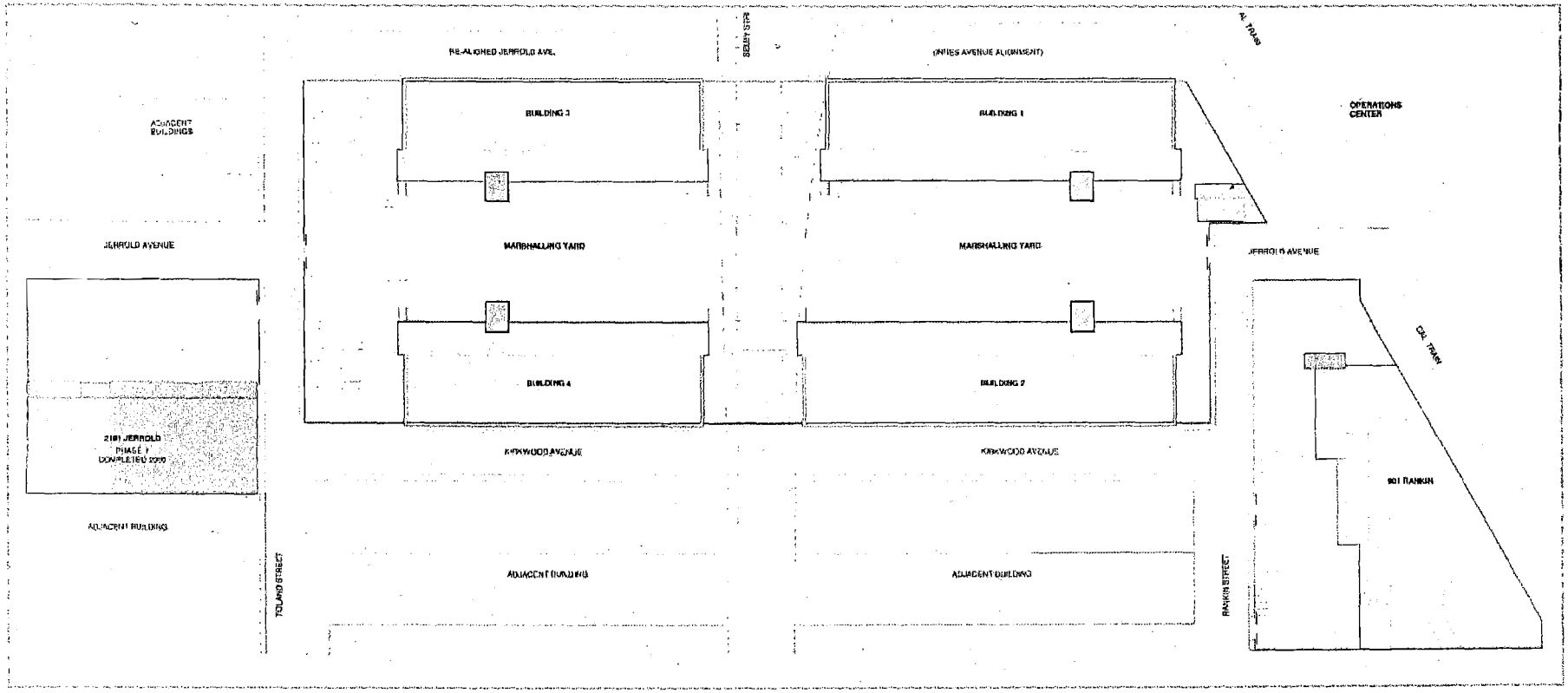
SAN FRANCISCO WHOLESALE PRODUCE MARKET

Growing Our Future

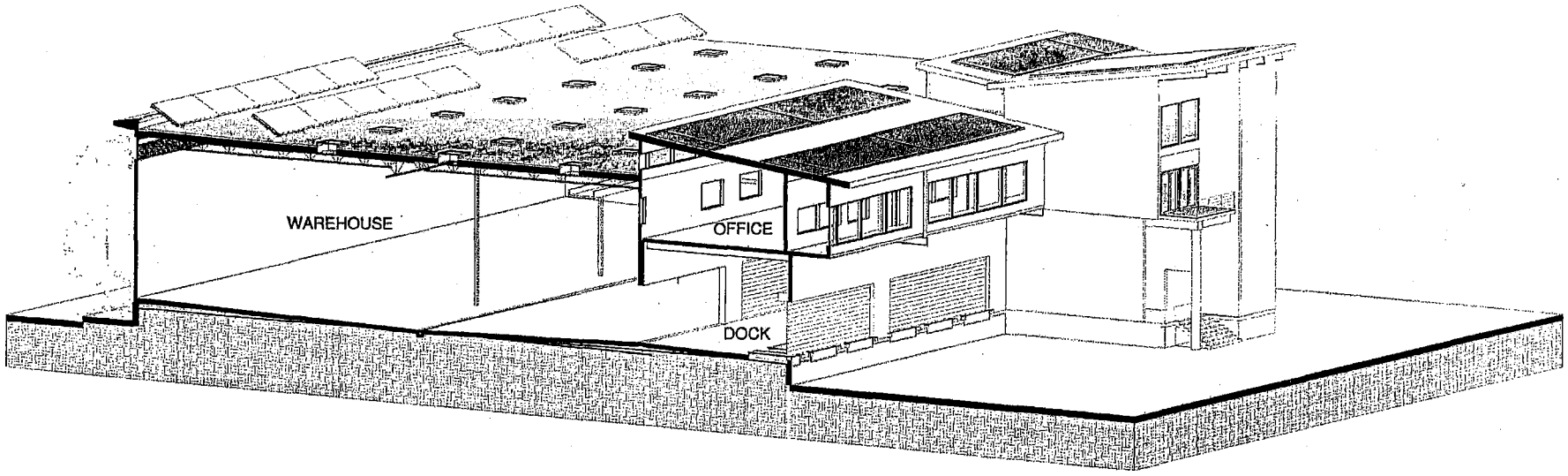


SAN FRANCISCO WHOLESALE PRODUCE MARKET

Growing Our Future



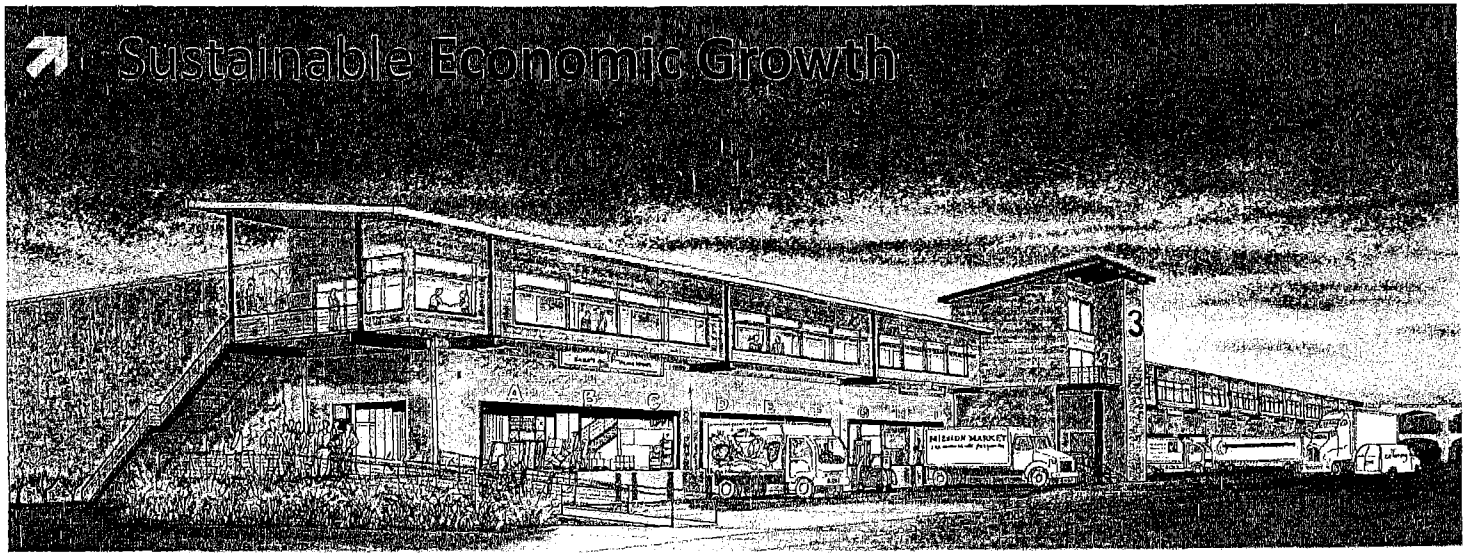
Growing Our Future



Thank You

The Market is **vital** to San Francisco

- Integral to the city's **Food Culture**
- Connecting SF to the **Food System**



SPUR

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SPUR SAN JOSE
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July 5, 2012

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RE: Reinvestment into the San Francisco Wholesale Produce Market

Dear Supervisors:

Thank you for the opportunity to comment on the expansion and modernization of the San Francisco Wholesale Produce Market. SPUR supports the city's lease renewal with the Wholesale Produce Market and the proposed expansion at its current site in the Bayview. The terms of the proposed agreement will allow the Market to reinvest in its facilities, helping ensure the success of this key hub for the city and region's food system.

The Wholesale Produce Market is a major piece of the region's food distribution infrastructure and San Francisco's food industry. The warehouses and loading bays provide the infrastructure necessary to link farmers, including many from the Bay Area, with food retailers. The Market's current location, on city-owned land zoned as a Production, Distribution and Repair area with easy access to major highways, is especially well-suited to its operation. The Market supports more than 25 businesses that cumulatively employ more than 600 people, a total that is projected to expand to 1,000 after their Reinvestment Project is complete. In 2011, the businesses at the Market contributed more than $720,000 to the City through payroll, utility and possessory interest taxes.

Renewing the Market's lease will support economic development in the Bayview. The lease terms make it likely that over the long term, the Market will provide a new source of revenue to the city through rent payments following completion of its proposed Reinvestment Project. Additionally, the increased growth of businesses operating at the site and the reappraisal of the property is expected to increase indirect revenue, such as payroll and utility taxes, from $720,000 to at least $1.04 million dollars annually, an increase of 44%. Construction of the new facilities is expected to provide more than 300 temporary construction jobs.

The Market is also an important contributor to healthy eating in the Bay Area by providing fresh produce to grocery stores, restaurants and other retail outlets, and contributing over 1 million pounds each year to the San Francisco Food Bank. Working to close the loop with its waste, the Market helped pioneer the city's "green bin" program and now diverts more than 85% of its waste, most of which goes back to farms in the region as compost.

The many direct and indirect benefits the Market brings to the city will be at risk if the Market's lease is not renewed. Unless the Market has guaranteed long-term stability to make necessary investments in its infrastructure, many of its tenant businesses have indicated that they will leave, taking the hundreds of jobs and significant tax revenue they provide out of the city.

The proposal presents San Francisco the chance to support the modernization of its wholesale food infrastructure at less cost than that of other major cities. State agencies in Pennsylvania provided millions in loans and more than $100 million in grants to build the new Philadelphia Wholesale Produce Market. New York City invested a total of $110 million for the redevelopment of its Fulton Fish Market and Hunts Point Produce Market. In contrast, the proposal before the Board does not involve the City providing any capital funding to the market.

Cities around the country are working to develop "food hubs" and to hold onto the food distribution and aggregation facilities they already have. The proposal for the modernization of the San Francisco Wholesale Produce Market will help ensure that San Francisco continues to have the infrastructure it needs to support the vibrant food industry for which the city and region is so well known. We appreciate your consideration of SPUR's comments and encourage you to support the Market's long-term growth.

Sincerely,

Eli Zigas
Food Systems and Urban Agriculture
Program Manager

CC: John Updike, Real Estate Division
Jennifer Matz, Office of Economic and Workforce Development

San Francisco
Board of Supervisors
Food Security Task Force

1390 Market Street, #822
San Francisco, CA 94102

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April 3, 2012

Supervisor Eric Mar
Chair, Land Use and Economic Development Committee
Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Supervisor Mar:

On behalf of the San Francisco Food Security Task Force, we are writing in support of approving a new lease for the San Francisco Wholesale Produce Market (SFWPM).

The SFWPM plays an important role in our city's food security and healthful eating by providing affordable produce to San Francisco's independent markets, restaurants, hotels, and retailers of all kinds. The 30 produce businesses that constitute the Market represent a wealth of agricultural knowledge and logistics know-how that is important to the healthy diet of San Franciscans.

The vendors and management of the Market also support food security efforts in the City through annual contributions of hundreds of thousands of pounds of fresh produce each year to the food pantry network in San Francisco, and through their leadership on the Southeast Food Access Working Group. Additionally, the Market also donates fresh produce to many community events throughout the year.

The Market is an asset to this city for other reasons as well. It is an anchor for quality PDR jobs, with over 650 employees, and serves as an incubator for many emerging small businesses by providing scalable infrastructure and a business environment that meets their unique needs. The Market provides San Francisco with a critical link to the fresh produce grown throughout California, so much so that the 2009 Urban-Rural Roundtable Recommendations cited the Market's long-term stability as a priority.

This lease will provide the foundation for the Market's Reinvestment Project, a multi-year, $96-million redevelopment that will allow the

Market to better meet consumer demand and expand the amount of fresh produce they provide to retailers throughout the city. As a result of this project, the Market will provide an additional 350 long term jobs within the Bayview Hunters Point neighborhood.

Thank you for your leadership and commitment to increasing food security in San Francisco.

Sincerely,

Gail Priestley
Chair

Leo O'Farrell
Co-Chair

SAN FRANCISCO FOOD BANK
MARIN FOOD BANK

April 25, 2012

Supervisor Eric Mar
Chair, Land Use and Economic Development Committee
Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

RE: San Francisco Wholesale Produce Market

Dear Supervisor Mar:

Please accept this letter in support of the San Francisco Wholesale Produce Market.

Our partnership with the Produce Market extends back 15 years, and the benefit to San Franciscans in need is tremendous.

The San Francisco Food Bank is the largest provider of emergency food in the city. This year we will distribute over 45 million pounds of food – equivalent to over 100,000 meals a day – through our 200+ weekly "Farmer's Market"- style pantries and our network of 450+ partner care agencies. We know firsthand that a reliable supply of food, especially fresh produce, depends on a solid infrastructure and a robust and varied web of sources.

Our fresh produce is a source of pride for us. Making up about 60% of the food we distribute, fresh produce is both abundant and varied. In any given week you can find at least 5 kinds of fresh fruits and vegetables at our pantries, which helps to promote health and well-being for our clients. The Produce Market is critical to our ability to provide that variety every week of every year. Because of the Produce Market we are able to distribute over 100 different kinds of fruits and vegetables every year, from alfalfa sprouts to papaya to snow peas and everything in between.

Food Bank trucks make daily trips to the Produce Market to rescue produce that is no longer saleable but is still quite edible. The Produce Market works to make sure vendors make produce available to us while it's fresh, making sure high quality produce is used for food, not compost. All told, we receive over 800 thousand pounds of fresh produce each year from the Produce Market – and it's all donated. We make immediate use of the produce, sending it out the same day to some of the larger agencies that run feeding programs, and the rest is readied for the next day's pantries.

The Produce Market is integral to the work we do to alleviate hunger and promote nutritious eating among low-income San Franciscans. As you consider the Produce Market's expansion request, we ask that you consider the important role the Produce Market plays in reducing hunger in our community by increasing the availability of healthy food.
Please feel free to contact me directly should you have any additional questions.

Sincerely,

Paul Ash

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MARIN 75 Digital Drive • Novato • CA 94949 Telephone: (415) 883-1302 www.marinfoodbank.org