

1 [Lease Amendment - San Francisco Market Corporation - San Francisco Wholesale Produce
2 Market - Jerrold Avenue and Toland Street]

3 **Resolution approving and authorizing the Director of Property to enter into a first**
4 **amendment to the current lease (“Lease”) for the San Francisco Wholesale Produce**
5 **Market, located near 2095 Jerrold Avenue (generally bordering Highway 280 and Innes**
6 **and Kirkwood Avenues, and Toland and Rankin Streets), with the San Francisco Market**
7 **Corporation to distribute City funds to support the development of certain elements of**
8 **the Produce Market Reinvestment Plan; affirming the Planning Department’s**
9 **determination under the California Environmental Quality Act; adopting findings that**
10 **the contemplated transactions are consistent with the General Plan, and the eight**
11 **priority policies of the Planning Code, Section 101.1; authorizing the Director of**
12 **Property to execute a first amendment to the Lease, make certain modifications, and**
13 **take certain actions in furtherance of this Resolution and the Lease, as defined herein;**
14 **and authorizing the Director of Property to enter into any additions, amendments, or**
15 **other modifications to the Lease that do not materially increase the obligations or**
16 **liabilities of the City to effectuate the purposes of the First Amendment or this**
17 **Resolution.**

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19 WHEREAS, The San Francisco Wholesale Produce Market (“SFWPM”) is an
20 assemblage of dedicated produce and food professionals, co-located at one distribution
21 center near 2095 Jerrold Avenue, generally bordering Highway 280, Innes and Kirkwood
22 Avenues and Toland and Rankin Streets, and located at 1901 Innes, 2001 Innes, 1900
23 Kirkwood and 2000 Kirkwood Avenues, which is the largest facility dedicated to a wholesale
24 produce marketplace in Northern California; and
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1 WHEREAS, The SFWPM operated on approximately 350,000 square feet of City-
2 owned warehouse and industrial space under the terms and conditions of a 50-year master
3 lease between the City, as landlord, and the City and County of San Francisco Market
4 Corporation, a non-profit corporation, as tenant, which expired on January 31, 2013; and

5 WHEREAS, In 2012, the City and the San Francisco Market Corporation (“Tenant”), a
6 California nonprofit corporation formed to facilitate the successful continued operation of the
7 SFWPM, entered into a new long-term lease that expires on January 31, 2073, in order to
8 retain and make improvements to the SFWPM, as approved by Resolution No. 280-12, which
9 is on file with the Clerk of the Board of Supervisors in File No. 120530; and

10 WHEREAS, On September 29, 2022, the Mayor and the Board of Supervisors
11 approved Resolution No. 406-22, on file with the Clerk of the Board of Supervisors in Board
12 File No. 220900, amending and restating the lease between the City and Tenant to authorize
13 separate parcel leases, as needed, to support the SFWPM in obtaining private financing, and
14 authorizing other lease modifications (“Lease”); and

15 WHEREAS, The Lease provides for the rehabilitation and expansion of the SFWPM
16 consistent with the Tenant’s Reinvestment and Expansion Plan (the “Reinvestment Plan”), a
17 phased, multi-year development that replaces the SFWPM’s aging physical infrastructure and
18 ensures the delivery of its essential services for decades to come; and

19 WHEREAS, Components of the SFWPM’s physical renewal memorialized in the Lease
20 include the rehabilitation of the marshalling yard, and predevelopment and design work
21 associated with a new distribution warehouse at 1900 Kirkwood Avenue; and

22 WHEREAS, On April 30, 2021, the Mayor and the Board of Supervisors approved
23 Resolution No. 159-21, adopting the City’s Ten-Year Capital Plan for Fiscal Years 2022 –
24 2031, which included \$60.8 million for Critical Repairs projects and \$50 million for Economic
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1 Recovery Stimulus projects with General Fund-supported certificates of participation
2 (“COPs”); and

3 WHEREAS, On August 4, 2021, the Mayor and the Board of Supervisors approved
4 Ordinance No. 123-21, authorizing the execution and delivery of COPs in an aggregate
5 principal amount not to exceed \$67,500,000 to finance and refinance certain capital
6 improvements projects within San Francisco; and

7 WHEREAS, Although the Lease states that the Tenant is to bear all costs associated
8 with developing the SFWPM, it also permits the Tenant to obtain City grants or loans for those
9 costs; and

10 WHEREAS, Pursuant to Ordinance No. 108-21, enacted on July 29, 2021, up to
11 \$3,000,000 of the approved COPs were intended to support certain elements of the SFWPM
12 reinvestment, including certain street and sidewalk improvement work and predevelopment
13 work associated with the SFWPM; and

14 WHEREAS, The Director of Property desires to amend the Lease, pursuant to a First
15 Amendment to Amended and Restated Lease (“First Amendment”), to distribute these
16 \$3,000,000 in previously approved COPs to Tenant to support Tenant’s development of
17 certain elements of the SFWPM Reinvestment Plan as set forth in the First Amendment; and

18 WHEREAS, On September 6, 2011, the Planning Department found that the actions
19 related to the Reinvestment Plan, as contemplated in the Lease, were consistent with the
20 General Plan, and with the eight priority policies of Planning Code, Section 101.1 (“General
21 Plan Findings”); a copy of such letter (“Planning Letter”) is on file with the Clerk of the Board
22 of Supervisors in File No. 120530, and is incorporated by reference as though fully set herein;
23 and

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1 WHEREAS, The Planning Department has confirmed that the First Amendment does
2 not change its prior General Plan Findings, and the eight priority policies of the Planning
3 Code, Section 101.1, and that the Planning Letter remains valid; and

4 WHEREAS, The Planning Department issued a Final Mitigated Negative Declaration
5 (“FMND”), dated July 5, 2011, and Tenant entered into an Agreement to Implement
6 Improvement and Mitigation Measures identified by the Planning Department in the FMND
7 (the “Mitigation Implementation Agreement”); a copy of the FMND and the Mitigation
8 Implementation Agreement is on file with the Clerk of the Board of Supervisors in File No.
9 120530; and

10 WHEREAS, The Board of Supervisors reviewed and considered the FMND for the
11 Reinvestment Plan, and the record as a whole, and found that there was no substantial
12 evidence that the Reinvestment Plan will have a significant effect on the environment with the
13 adoption of the mitigation measures contained in the Mitigation and Monitoring Report
14 (“MMRP”) to avoid potentially significant environmental effects associated with the
15 Reinvestment Plan, and adopted the FMND by Resolution No. 280-12; and

16 WHEREAS, Subsequent to the FMND, the Planning Department evaluated the Quint-
17 Jerrold Connector Road, a project unrelated to but near the SFWPM, in an FMND addendum
18 dated June 4, 2012, and the Planning Department considered the cumulative impacts of both
19 projects and determined that the changes would not result in any new or more severe impacts
20 than what was identified in the FMND; and

21 WHEREAS, The Planning Department prepared a second addendum to the FMND,
22 dated July 21, 2022, a copy of which is on file with the Clerk of the Board of Supervisors in
23 File No. 220900 and incorporated into this Resolution (the “Second Addendum”), that
24 evaluated the environmental effects of the Lease and concluded that the proposed
25 amendments would not result in new or different environmental impacts, substantially

1 increase the severity of previously identified environmental impacts or require new mitigation
2 measures to reduce significant impacts, and that no changes or new information have
3 emerged that would materially change the analyses or conclusions set forth in the FMND; and

4 WHEREAS, The Planning Department has confirmed that the First Amendment does
5 not change its prior findings related to the FMND and Second Addendum, and that no
6 supplemental environmental review is required beyond what is set forth in the FMND and
7 Second Addendum; now, therefore, be it

8 RESOLVED, The Board of Supervisors hereby adopts the Planning Department's
9 CEQA determinations and General Plan Findings, for the same reasons as set forth in the
10 Planning Letter, FMND, and Second Addendum, and hereby incorporates such
11 determinations by reference as though fully set forth in this Resolution; and, be it

12 FURTHER RESOLVED, That in accordance with the recommendation of the Director
13 of Property, the City Administrator and the Director of Property are hereby authorized to take
14 all actions, on behalf of the City, as landlord, to enter into, execute, and perform its obligations
15 under the First Amendment (including, without limitation, the exhibits) and any other
16 documents that are necessary or advisable to effectuate the purpose of this Resolution and
17 the Lease, as amended by the First Amendment; and, be it

18 FURTHER RESOLVED, That any City approvals required by the First Amendment
19 shall be made, if at all, by the Director of Property in writing following consultation with the
20 Controller, City Attorney's Office, and any other City staff selected at the Director of Property's
21 discretion; and, be it

22 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
23 with respect to the First Amendment are hereby approved, confirmed, and ratified; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the City
25 Administrator and the Director of Property to enter into any extensions, amendments, or

1 modifications to the Lease (including, without limitation, the exhibits) that the City
2 Administrator or the Director of Property determines, in consultation with the City Attorney, are
3 in the best interest of the City, do not materially increase the obligations or liabilities of the
4 City, are necessary or advisable to effectuate the purposes of the First Amendment or this
5 Resolution, and are in compliance with all applicable laws, including the City Charter; and, be
6 it

7 FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully
8 executed by all parties, the Director of Property shall provide the First Amendment to the
9 Clerk of the Board for inclusion into the official file.

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13 Recommended:

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16 _____ /s/

17 Andrico Penick, Director of Property

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20 _____ /s/

21 Carmen Chu, City Administrator

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