

Lease between City and SF Market Corporation Proposed First Amendment

Budget and Finance Committee

September 13, 2023



- Connects farmers and their fresh produce to food businesses and communities throughout the Bay Area and the state
- Only nonprofit wholesale produce market of its scale in the country
- 23-acre facility provides over 350,000 square feet of space to 26 businesses
- Incubates and supports a variety of small businesses
- Moves hundreds of thousands of pounds of fresh produce daily
- Provides a resilient and secure food safety campus

SF Wholesale Produce Market



Produce Market History



Historical Timeline

1870s

ORIGINS

Produce merchants began operating near the Golden Gateway, creating the relationships that formed The SF Market.



1963

CURRENT LOCATION

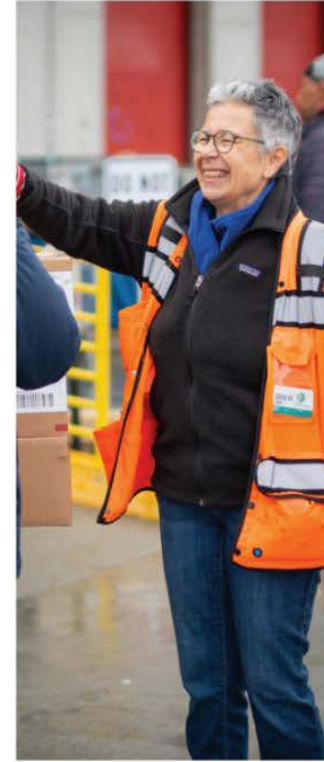
The SF Market moved from the Embarcadero to its current location, securing a 50-year lease with the City.



2000

INITIAL EXPANSION

The first expansion of The SF Market included a new 55,000-square-foot warehouse now home to Earl's Organic Produce and Vegiworks.



2013

NONPROFIT SOCIAL ENTERPRISE

The SF Market signed a 60-year ground lease with the City of San Francisco and became a 501(c)(3) organization, the only nonprofit market of our scale.



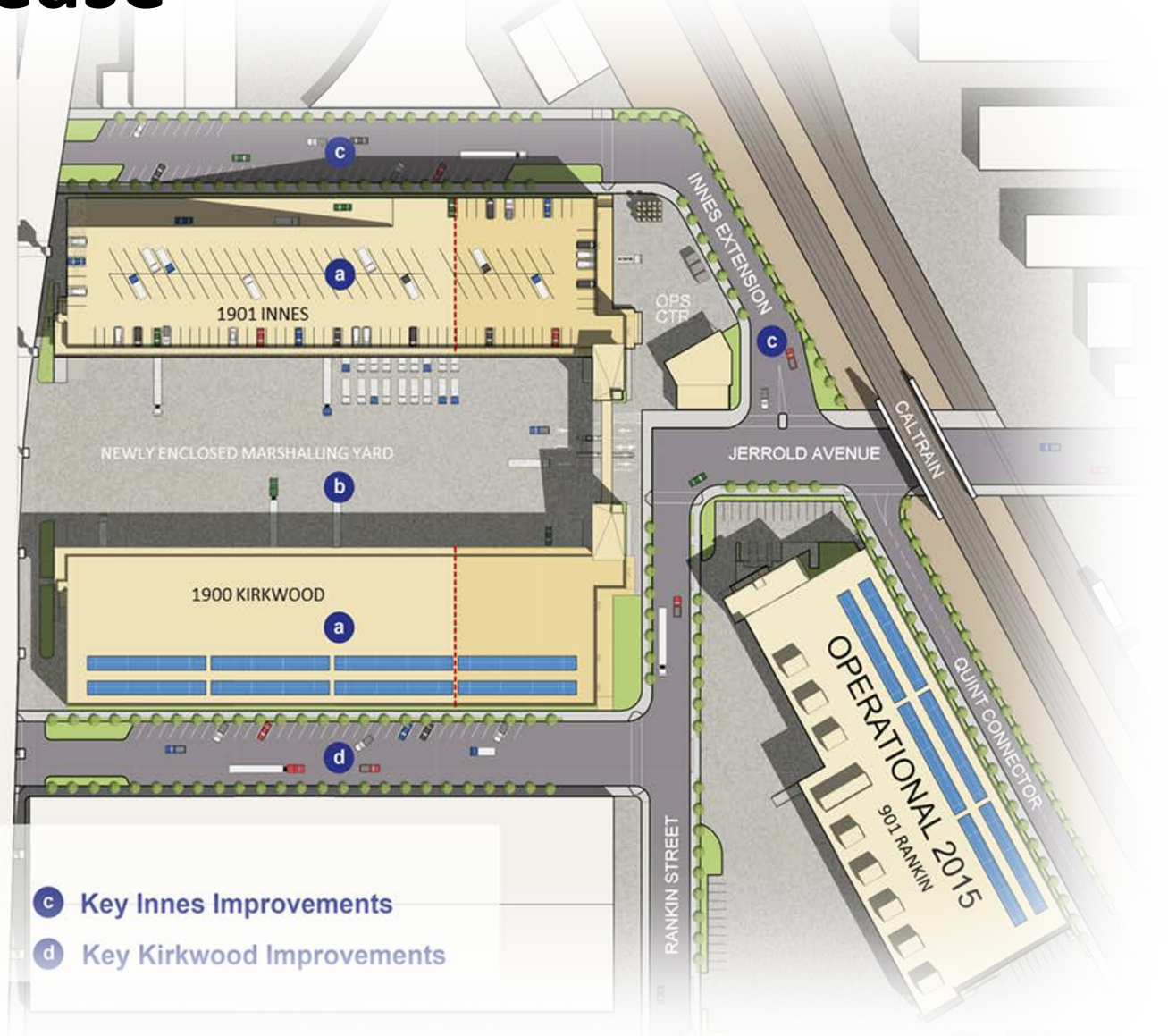
2015

REINVESTMENT IN ACTION

The Reinvestment Plan was initiated and the first phase was the completion of 901 Rankin, a LEED Gold Building.

2022

Amended and Restated Lease



Key Features of City Lease

- Facilitates multi-year, phased Reinvestment and Expansion Plan
 - 5 new buildings, renovated Marshaling Yard, safe and secure Central Campus
- Net rent from tenant goes into development fund that supports overall capital project
- Provides the option for Market to obtain conventional mortgage financing, with City review and approval
- 60-year term

Help ensure the long-term viability of a critical piece of the region's food infrastructure.

Proposed First Amendment to Market's Ground Lease with City:

- Pulls together two prior Board-approved actions
 - Market's Lease, Amended and Restated in 2022
 - Certificates of Participation, approved along with FY22 Budget (July 2021)
- Adds a new Section to Market's lease, as well as a new Exhibit and associated Attachments, that reference the prior COP allocation and list the eligible Project uses of said funds (\$3M total)

Critical Repair and Economic Recovery Stimulus Programs

- In conjunction with the approval of the FY21-22 Budget, the Board authorized the Issuance of Certificates of Participation (COPs) to fund approximately \$57M in Critical Repair and Recovery Stimulus projects
- Seventeen projects
- Allocation of \$3M to support Market's overall Plan
 - Marshalling Yard improvements
 - Sitewide upgrades
 - Predevelopment work for 1900 Kirkwood Avenue

Work Supported by COP Funds

Marshalling Yard Improvements

- Paving, curb and gutter, striping, and sealant application for most of area in between four sheds of Market's Central Campus
 - Not to exceed \$1.8M

Predevelopment tasks for 1900 Kirkwood Warehouse

- Architectural and design services, and structural, civil and MEP engineering work associated with new building
 - Estimated building completion in fall 2025



Next Steps

- Bring terms of a proposed *Financing* and *Separate Parcel Lease* for BoS review in late Q1 2024
- Proposed Final Map

Begin construction of 1900 Kirkwood warehouse in fall 2024



Thank you

