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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,

A handwritten signature in black ink, appearing to read "E. Z.", is positioned above the typed name.

Eli Zigas
Food Systems and Urban Agriculture
Program Manager

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