



108-0012023-002

Meeting of March 21, 2023

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Update on Store Improvements at the Foods Co Grocery Store and Status of Transfer of the Store and Property to the City and County of San Francisco ("City")

Introduction

The Office of Community Investment and Infrastructure ("OCII") owns the property and improvements at 345 Williams Street in the City's Bayview neighborhood (Assessor's Block/Lot 5423A/009, the "Property"). In the late 1980s, Safeway closed its location at 345 Williams and the former San Francisco Redevelopment Agency ("Former Agency") acquired the Property, a 92,000 square foot lot with a 29,000 square foot building. The Former Agency acquired the Property with federal Community Development Block Grant ("CDBG") funds specifically for the development of a full-service grocery store in the Bayview, an otherwise under-served neighborhood for fresh foods. After acquiring the Property, the Former Agency leased it to Cala Foods (now Kroger), which has operated a Foods Co grocery store at the site since that time. The Bayview Foods Co is the Bayview's only large full-service grocery store.

Foods Co Site Improvements and Visits

In 2021, District 10 Supervisor Shamann Walton asked OCII to work with his office to push for maximum quality at the Bayview Foods Co. OCII worked with Supervisor Walton, Kroger Senior Director for Corporate Real Estate, Kroger/Food for Less District 24 Managers and Foods Co Store Managers to expedite store improvements and to expand the variety of the store's fresh food offerings. Over the last two years, Kroger has completed many improvements at the Foods Co, including:

- 1) Revitalization of the produce department, which included installing a 24 foot refrigerated case and expanding the produce offerings with organic produce, bagged salads, fresh juices, and cut fruit varieties;
- 2) Expansion of the meat department to increase the variety of fresh meat (which is cut daily on site);

London N. Breed
MAYOR

Thor Kaslofsky
EXECUTIVE DIRECTOR

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- 3) Repainting of the building exterior; and
- 4) Replacement of the roof.

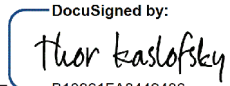
In late 2022, Supervisor Walton requested a follow-up tour of the Bayview Foods Co. OCII staff worked with Kroger/Foods Co staff to organize the tour. On January 20, 2023, the Supervisor, together with Executive Director Kaslofsky and Senior Development Specialist Marie Munson, representatives from the Mayor's Office of Housing and Community Development, City Department of Real Estate and Kroger representatives toured the store. Supervisor Walton and other City representatives were pleased to see the completed improvements, particularly the revitalization of the produce department and the expansion of the fresh meat department. Please see attached for photographs from the tour and the Supervisor's Instagram post on Foods Co.

Status of Property Transfer

Under Redevelopment Dissolution Law, OCII received Department of Finance approval of OCII's Long-Range Property Management Plan ("PMP"), which calls for OCII to transfer the Property to the City for future redevelopment. The transfer will ensure that the original economic development purpose for acquiring the Property—that is, to develop a full-service supermarket in the Bayview—continues to be met. The PMP also confirmed that the Lease is an enforceable obligation of the Former Agency, thus the Lease will be assigned to the City together with transfer of fee title to the Property. The Lease began in 1991 with a 10-year term and includes six five-year options. The Lease is in its fifth option, ending in 2026. The Lease could remain in effect until 2031 if Cala Foods, in its sole discretion, exercises the remaining option.

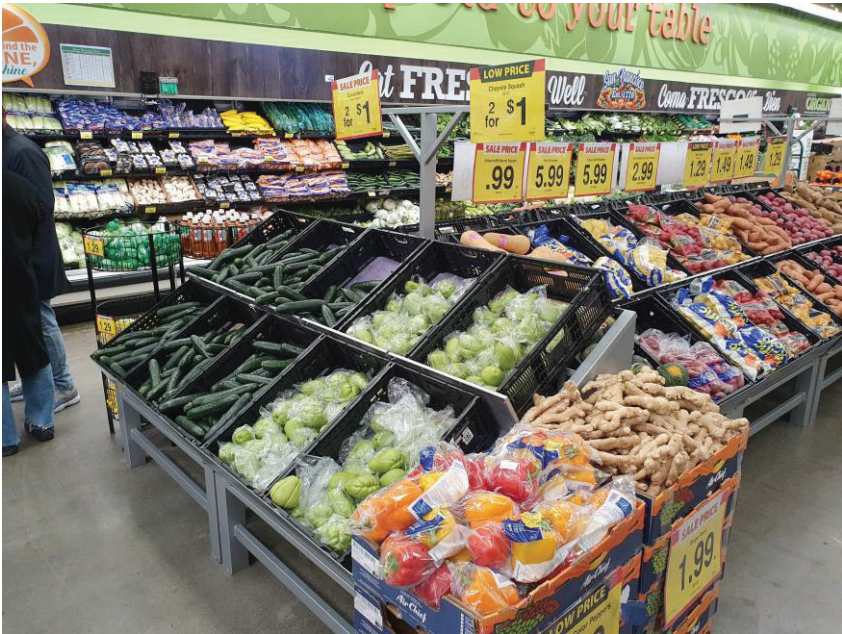
The Board of Supervisors approved the transfer of the Property to the City pursuant to Reso 103-20, adopted on March 10, 2020. The City is now prepared to accept the Property. OCII is working with the City on the transfer, which is expected to occur by the end of June 2023.

(Originated by Marie Munson, Senior Development Specialist)

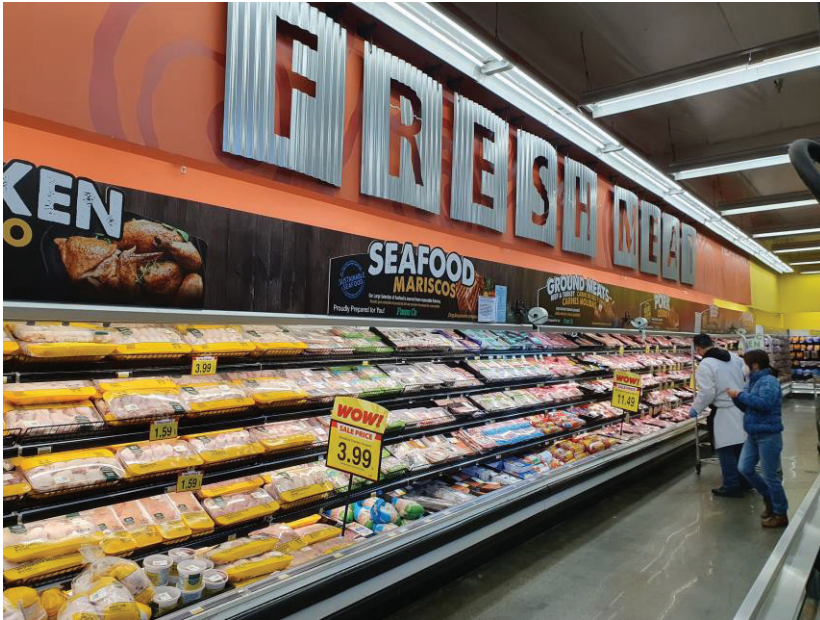
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Thor Kaslofsky
Executive Director

Attachment: Photographs of Foods Co tour

Foods Co Produce Re-Fresh



Foods Co Meat Department Expansion, Front of Store, Tour Participants



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shamannwalton HAPPENING NOW AT YOUR LOCAL FOODS CO. ON WILLIAMS IN BAYVIEW!!!

Our office has been working with OCII to push for maximum quality at the grocery store! Now featuring more fresh produce (and a larger produce section), quality meats (cut fresh daily onsite), and new shopping carts! We will keep working on ensuring improvements, but I for one will be shopping here as well!

