

COMMUNITY BENEFIT AGREEMENT 2017

MEMORANDUM OF UNDERSTANDING

(CCSF Business & Tax Regulations Code §906.3(c)(5))

between

CITY AND COUNTY OF SAN FRANCISCO CITY ADMINISTRATOR,

And

MARKET ON MARKET, LLC.

THIS COMMUNITY BENEFIT AGREEMENT 2017 MEMORANDUM OF UNDERSTANDING is made as of January 1, 2017 in the City and County of San Francisco, State of California, by and between **MARKET ON MARKET, LLC,** ("**Market on Market**") and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation ("**City**") acting by and through the City Administrator,

WITNESSETH:

WHEREAS, San Francisco Business and Tax Regulations Code Article 12-A ("Payroll Expense Tax Ordinance") establishes a Payroll Expense Tax within the City and County of San Francisco; and,

WHEREAS, Section 906.3 "Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion" ("Section 906.3") of the Payroll Expense Tax Ordinance provides an exclusion from the Payroll Expense Tax for defined persons and businesses within the Central Market Street and Tenderloin Area, for certain periods of time; and,

WHEREAS, Pursuant to Payroll Expense Tax Ordinance §902, a "person" or "business" is defined for this purpose by San Francisco Business and Tax Regulations Code Article 6, §6.2-15; and,

WHEREAS, In order for a person or business to qualify for the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion, Section 906.3 requires: Filing of a timely application with the City's Office of Economic and Workforce Development ("OEWD") on a form that has been approved by OEWD and the City's Treasurer-Tax Collector; and Filing of timely tax returns and other forms with the Treasurer Tax Collector; and,

WHEREAS, Section 906.3(c)(5) further provides that, as part of the application, a person or business with an annual payroll expense that exceeds one million dollars as defined, "shall enter into a binding Community Benefit Agreement with the City Administrator in order to be eligible for the payroll expense tax exclusion under this Section;" and,

WHEREAS, Market on Market submitted an initial application for Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion to OEWD utilizing an application form approved by OEWD and must enter into a binding Community Benefit Agreement by January 31, 2017 with the City Administrator to be granted its payroll tax exclusion; and,

WHEREAS, On behalf of the City, the City Administrator wishes to enter into the Community Benefit Agreement with Market on Market for this purpose; and,

WHEREAS, Market on Market and the City Administrator have mutually agreed to the terms of this Market on Market Community Benefit Agreement 2017 that is attached and incorporated herein by reference as Appendix A; and,

WHEREAS, As set forth in this Community Benefit Agreement 2017, Market on Market will:

1. Support Anti-displacement measures
2. Building the Community's capacity to sustain healthy and happy lives
3. Provide Accountability to the Community

WHEREAS, Market on Market will expend good faith efforts to fulfill its responsibilities under this Community Benefit Agreement 2017; and,

WHEREAS, The Parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon Market on Market for calendar year 2017 pursuant to San Francisco Business and Tax Regulations Code §906.3, provided that OEWD (as verified by the Treasurer-Tax Collector) finally determines that Market on Market is eligible for the exclusion; and,

WHEREAS, The Parties each acknowledge and understand that, pursuant to Section 906.3(c)(5), Market on Market may request that the City Administrator enter into other Community Benefit Agreements with Market on Market in future years and that the City Administrator may require different or additional provisions in such future Agreements; and,

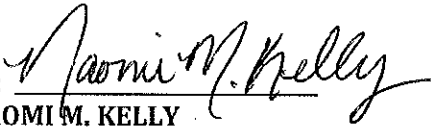
WHEREAS, The Parties wish to memorialize their agreement to the Market on Market Community Benefit Agreement 2017 that is attached and incorporated herein by reference as Appendix A, by a Memorandum of Understanding;

NOW, THEREFORE, The Parties voluntarily enter into this Community Benefit Agreement 2017 Memorandum of Understanding and hereby adopt the Market on Market Community Benefit Agreement 2017 that is attached and incorporated herein by reference as Appendix A, as Market on Market calendar year 2017 binding Community Benefit Agreement with the City Administrator under San Francisco Business and Tax Regulations Code §906.3(c)(5).

IN WITNESS WHEREOF, The parties hereto have caused Market on Market Community Benefit Agreement 2017 Memorandum of Understanding to be duly executed as of the date first specified herein.

CITY ADMINISTRATOR

Market on Market, LLC

By: 
NAOMI M. KELLY
CITY ADMINISTRATOR

By: 
CHRIS FOLEY
MANAGER, MARKET ON MARKET LLC

APPENDIX A

THE MARKET ON MARKET COMMUNITY BENEFIT AGREEMENT

The Market on Market, LLC ("**The Market on Market**") will focus its efforts on improving the Central Market Street and Tenderloin Area as set forth in this Community Benefit Agreement. The Market on Market is a community-based food-hall and grocery store which provides high-quality locally-sourced foods, freshly prepared meals, and a personalized dining experience for its patrons. The Market on Market is located in the 'Central Market Street and Tenderloin Area.' The "Central Market Street and Tenderloin Area" is defined in Section 906.3(b)(1) of the San Francisco Business Tax & Regulations Code to include, among other areas, "the area located in downtown San Francisco, generally including: parcels fronting the south side of Market Street from Eleventh Street to Sixth Street..." The Market on Market is located on 1355 Market Street, which is included in the foregoing area described in Section 906.3(b)(1) of the San Francisco Business Tax & Regulations Code. The Market on Market wishes to enter into this Community Benefit Agreement with the City and County of San Francisco with the intention of improving its commitment to the Central Market Street and Tenderloin Area. The Community Benefit Agreement will serve as a meaningful mechanism by which The Market on Market can measure its contributions to the Community. The Market on Market seeks to further its ability to make valuable contributions to the Community by utilizing the Payroll Expense Tax Exclusion for City of San Francisco businesses located in the Central Market Street and Tenderloin Area. The Market on Market seeks to model its efforts in improving the Community, as described in this Community Benefit Agreement, on the City of San Francisco's Central Market Street and Tenderloin Area's Citizen's Advisory Committee Framework for Community Benefit Agreements.

Key Area #1: Anti-displacement measures

The Market on Market continues to give back to residents and small businesses in the Central Market Street and Tenderloin Area. To support small businesses, The Market on Market will support the establishment of local, independently-owned small businesses by incubating them within The Market on Market's premises. The Market on Market will add further sub-tenants on The Market on Market's premises in addition to its existing sub-tenants, including Azalina's, which would allow small businesses to partner with The Market on Market to operate in the Community. The Market on Market will continue to retain Azalina's, Poke Bar, Project Juice and Doughnut Dolly as sub-tenants on The Market on Market's premises through the end of 2019. The Market on Market will also add Organic Coup and Manila Bowl as sub-tenants by 2017. The Market on Market will continue to utilize local vendors to provide food at our premises, specifically the 'hot food bar', including BiNi's, El Pipila, Minnie Belle's and Peaches Patties. The Market on Market currently spends approximately \$2,000 per vendor per week on items purchased from local vendors, for a total of \$12,000 per week. The Market on Market plans to increase such spending to approximately \$2,300 per vendor per week in 2017, for a total of \$13,800 per week.

The Market on Market will also continue to purchase as many goods as possible from local small businesses, including but not limited to current local businesses such as Claire Squares, SF Honey, Just Desserts, Four Barrel Coffee, Sightglass Coffee, Sextant Coffee, Pique Tea, Humphrey Slocombe Ice Cream, Tommasso's, Andytown Coffee, Lev's Kombucha, Rip van Wafels and Harmless Harvest. The Market on Market currently spends approximately \$7,000 per month in total from local businesses, and will maintain or increase such spending in 2017.

To support non-profits and services, The Market on Market will continue to work with non-profit organizations such as The Goodwill Store, to ensure that the Community is able to continue to rely on such organizations. The Market on Market will also work with food banks, homeless shelters, and other charitable organizations to provide services to individuals in the Central Market Street and Tenderloin Area that are dependent on such organizations. Organizations that The Market on Market has assisted in the past, and will continue to assist in the future, include the San Francisco Friends Meeting, The Jericho Project, The Marron House, Delancey Street, The Goodwill Store, Grace Center, Health Right # 360, and China SF.

Key Area #2: Building the Community's capacity to sustain healthy and happy lives

To create jobs and hire locally from the surrounding community, The Market on Market will continue to hire individuals from the Central Market Street and Tenderloin Area. The Market on Market will continue to pay its employees above the minimum wage rate in San Francisco to entry level employees. The Market on Market will continue to work with the City of San Francisco's Office of Economic Workforce Development's Workforce Development Division, as it has done since its inception. The Market on Market was recognized as a The Goodwill Store's Employer of the Year for 2017.

The Market on Market will also continue to hire employees that are second chance candidates with prior criminal convictions. The Market on Market's hiring of second chance candidates will be in addition to its current employees that were second chance candidates who are thriving in their roles with the Market on Market.

To provide educational and real job opportunities for youth, The Market on Market will continue to recruit through the City of San Francisco's Office of Economic Workforce Development's Workforce Development Division to recruit students and young graduates from local schools for entry-level positions. The Market on Market will also continue its efforts to develop entry level employees into management roles in retail, food service and administrative positions. The Market on Market has hired at least 58 employees via the Office of Economic Workforce Development's Workforce Development Division. The Market on Market currently has three employees in leadership roles that The Market on Market hired as second chance candidates.

To improve access to healthy and affordable food, The Market on Market will continue to work with non-profit organizations in the area to donate fresh food from its business. The Market on Market will make a dedicated effort to donate food that is no longer available for sale, but has not yet reached its date of expiration. The Market on Market has donated approximately \$30,000 of food valued at retail in 2016. The Market on Market will likely donate approximately \$38,000 of food valued at retail in 2017.

In addition, The Market on Market will provide significant discounts to its employees, who are largely from the Central Market Street and Tenderloin Community, of up to 20 percent, on food, beverages and groceries. The Market on Market will set prices on its products that are affordable for a wide range of individuals in the Central Market Street and Tenderloin Area.

Key Area #3: Accountability to the Community

The Market on Market will dedicate a staff person that can act as a Community Liaison, Michael Cohen (available via e-mail at mcohen@visitthemarket.com) to oversee the community engagement process, including volunteer programs and donation drives to connect The Market on Market with the Community.

The Community Liaison will be responsible for meeting with the Citizen's Advisory Committee at least twice per year to provide updates on The Market on Market's ongoing efforts to fulfill its obligations under the Community Benefit Agreement. The Community Liaison will also reach out to representatives from local non-profit organizations to partner with the organizations for volunteer and charitable opportunities for the benefit of the Central Market Street and Tenderloin Area.

Reporting and Evaluation

The Market on Market will report progress on its Community Benefit Agreement to the City Administrator at least once a month, in a manner prescribed by the City Administrator. Progress reports on key features shall include information sufficient to determine progress and completion, including but not limited to e-mails, public communications, invoices, grant agreements, or verification provided by participating community organizations. These documents shall become part of the public record in the Office of the City Administrator, and summaries will be shared with the Citizen's Advisory Committee. Michael Cohen of The Market on Market will report on the progress of the Community Benefit Agreement, and will serve as The Market on Market's representative in case of any questions.

Further:

1. By January 15 of each calendar year of this agreement, Market on Market will provide the City Administrator with a quarterly delivery schedule for such calendar year, with completion dates to the extent practicable.
2. The Market on Market will report on its progress meeting goals and objectives in this CBA by reporting to the City Administrator on an ongoing basis.
3. The City Administrator will deem each year of this Community Benefit Agreement successful if the items on Market on Market's delivery schedule are found to be substantially completed and/or a good faith effort was made to achieve each item.

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