

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
in cooperation with
UNIVERSITY OF CALIFORNIA
College of Agriculture
Agricultural Experiment Station

IMPROVING THE SAN FRANCISCO
WHOLESALE FRUIT AND VEGETABLE MARKET

by

W. T. Calhoun, H. E. Erdman,
and G. L. Mehren

Berkeley, California

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PREFACE

An extensive survey in 1939 of "What Farmers Think of San Francisco" indicated, among other things, widespread dissatisfaction of California producers with conditions in the city's wholesale fruit and vegetable market district, or as it is commonly known, the "Commission District."

Largely as a result of that survey, the San Francisco Chamber of Commerce organized an active Agricultural Committee, made up of representatives of agricultural business interests in the city and of many farmer groups and organizations in the State. The first major project to be adopted by this committee was a study of the wholesale produce market, to determine what changes or improvements might be needed, and ways and means of their accomplishment. In this program the committee sought and received the cooperation of the wholesale dealers in the market and of other agencies in the State. Interested leaders of local civic clubs, stimulated by studies of similar markets in other cities, had also become convinced that improvements were needed in their own city.

After preliminary consideration, the Chamber of Commerce committee urged the city administration to request a comprehensive survey of the market by the United States Department of Agriculture and the University of California. In this action it was joined by the Wholesale Fruit and Produce Dealers Association of San Francisco, the Central Council of Civic Clubs, the California Farm Bureau Federation, the California Division of the Farmers' Educational and Co-operative Union of America, and the Pacific Rural Press. On January 12, 1942, the Board of Supervisors of the City and County of San Francisco adopted a resolution requesting such a survey. It was made during the summer and fall of 1942, and the findings and recommendations of the investigating agencies are presented herewith.

This report deals only with the wholesale distribution of fresh fruits and vegetables. Improvements and economies are needed in other parts of the marketing system also, but this study has been limited to the movement and handling of these products from first unloading point in the city until they are obtained by the retailers or other buyers in the wholesale market district.

Leaders of civic clubs in San Francisco, representing consumer interests;

Several individuals who had an interest in previous efforts to bring about improvement in the wholesale fruit and vegetable market; and

Staff members of the Bureau of Agricultural Economics and the University of California, who made many helpful criticisms and suggestions during the preparation of this report.

SUMMARY

1. San Francisco receives an average of 1,000 tons of fresh fruits and vegetables daily.

The equivalent of 20,000 carloads of California's fresh fruits and vegetables are marketed in San Francisco each year. Another 5,000 carloads came from other States and from the Tropics. These 25,000 carloads are distributed to upwards of a million people who live in the city and its environs. More than two-thirds of the total supply arrives in the city by motortruck, the remainder by railroad and steamship. On the average, about 1,000 tons of these perishable foodstuffs are received each day. California has made tremendous strides in the production of fresh fruits and vegetables for shipment to all parts of the country. When such products are brought to San Francisco, through what channels do they move, and how are they handled?

2. About 85 percent of the total supply is handled through the wholesale fruit and vegetable market district.

Most of the supplies come first to the Washington Street market district, which in San Francisco and its agricultural regions has commonly been known as the "Commission District." This is located at the edge of the city's business and financial section, near the intersection of Market Street and the Embarcadero. About 85 percent of the city's total supply of these products, or the equivalent of 21,000 carloads per year, is received and handled here through the stores of the wholesale dealers.

3. The present marketing facilities have many shortcomings.

There is no definite wholesale market area, nor any special buildings or market facilities. Dealers occupy old store structures, scattered through several city blocks. These are of many types, shapes, and sizes, but none were designed for the purpose of handling great quantities of bulky, perishable foodstuffs. Most of the stores are built solidly together in the city blocks, and few have rear entrances through which any quantity of merchandise can be moved. All store floors are at sidewalk level, without platforms for loading or unloading. Streets are narrow, and there is very little off-street parking space. There are no railroad sidings for direct unloading from cars into the stores, and all rail receipts must be hauled by motortruck from railroad yards. Several hundred motortrucks, automobiles, and wagons attempt to get into and through these few blocks of narrow streets during the early morning hours, to bring in and haul away the daily supplies. There probably is no area of similar size in the city where as large a tonnage of any kind of merchandise is received each day without benefit of unloading platforms or any special handling equipment. Yet the merchandise received here is the city's supply of tender and perishable food products, that must be moved quickly and should be handled carefully.

The attempt to bring all the vehicles into the market area within a few hours results in a traffic problem that cannot be solved in the street and parking space that is available. Only a small part of the buyers' trucks can be parked at the stores at one time, and they can get there only through heavy traffic congestion. The others must be parked some distance away, and their loads moved to and from the stores by porters using two-wheeled hand trucks. This is costly in time and effort. Also the extra handling and jolting of tender fruits and vegetables lead to more rapid deterioration and increased spoilage. Highly perishable products, that were brought to the proper stage of maturity in fields and orchards, packed carefully, and moved swiftly to the market, are subjected to much rough handling and exposure as they are moved through the city streets on these small-wheeled hand trucks. Incoming supplies are commonly stacked in the street when unloaded from the motortrucks, and later they are again piled in the street around the vehicles of buyers. Sanitary conditions are poor. Floors of the stores are generally of wood and do not exclude the rats which infest the district. Few of the basements are watertight, and in many of them stagnant water stands continually under the floors where the produce is piled.

In spite of the inadequacy of facilities, the dealers are compelled to pay very high rents for the privilege of remaining and doing business in the congested, uneconomic Washington Street market district. The individual wholesale dealer cannot leave the district and seek another location with better accommodations and more equitable rents, for by himself he cannot attract the buyers who make a hurried trip to the market place early each morning to select their needs from the great number and variety of products offered. Only by concerted action to move the entire wholesale market to another location can the dealers be freed from the necessity of paying whatever rents the owners demand. The total rental paid by the fruit and vegetable firms for the use of facilities in the market district amounted in 1941 to more than \$200,000. A complete new market, fully adequate for the needs of San Francisco, might be operated and paid for at an annual cost of little more than half this amount.

4. A new market is needed.

San Francisco needs a new wholesale fruit and vegetable market because present marketing facilities are neither suitable nor adequate. Of necessity they involve operations and handling methods that are excessively costly, and that result in waste of perishable food products because of increased deterioration and spoilage. Handling conditions are dangerously unsanitary.

5. A market suitable and adequate for San Francisco should be planned in accordance with the essentials of a good wholesale fruit and vegetable market.

These essentials are:

- Suitable design
- Proper location
- Reasonable cost
- Completeness
- Effective price making
- Sound management

6. Suitable design.

The main job to be done is to receive and distribute a great quantity of perishable foods in a very short time. The best place in which to do this is on large platforms at motortruck height, covered for protection from sun and storm, surrounded by wide streets, and with railroad tracks adjoining for direct unloading from cars. These platforms would be divided crosswise into store space for the wholesale dealers, each store extending across the entire platform. Only the center would be partitioned between stores, however, leaving along both front and back a wide continuous covered walk or arcade the entire length of the platform. The walk at the front of the stores would be the "sidewalk" of the market, where merchandise would be displayed, sold, and delivered. The back walk would be used also for delivery to or from outgoing or incoming carriers, and for interchange between stores. The railroad tracks which parallel the platform at the back would be paved level with the tops of the rails so motortrucks could load or unload there when the railroad cars are removed.

Two such platforms, each 630 feet long, one 100 feet in total width and the other 80 feet, should provide sufficient space for San Francisco's needs. These should be parallel, with a street between the two of not less than 110 feet in width. Streets at the back and ends of each platform should have at least 60 feet of working width. Parking space for vehicles not engaged in loading or unloading is highly essential if the street and store-front space is to be kept open for trucks that are working. Parking areas conveniently located in all parts of the market should be provided for 300 vehicles of buyers, in addition to automobiles used for personal transportation. The entire market area should be enclosed with a substantial fence and gates for enforcement of regulations regarding hours of entry, sale, and delivery.

Offices for store operators can be provided most advantageously on mezzanines in the store units. A portion of one store structure should be built two stories in height to provide on the second floor such space as may be needed for offices of produce firms that do not operate stores, and for other enterprises connected with the market. Individual refrigerated rooms can be installed by dealers who have need of such space. The need for basements is not great, and if the market is built where waterproofing against seepage from the Bay would be necessary, the cost would probably be greater than their use would justify.

7. Market site.

Three general areas are considered for a possible market location:

- (1) The Washington Street market district
- (2) The locality south of the China Basin Channel
- (3) A large section in the vicinity of Islais Creek

Fundamental requirements for the location of a wholesale fruit and vegetable market are:

- (1) Accessibility to incoming and outgoing transportation
- (2) Convenience to buyers

- (3) A site that is comparatively level
- (4) Sufficient area at reasonable cost

An area sufficient for the facilities and lay-out needed in San Francisco, with allowance for future expansion, would be about 15 acres (653,000 square feet). The need for direct rail connections limits the consideration of prospective sites to the eastern part of San Francisco. Convenience to buyers calls for a fairly central location, and rules out places that might otherwise be suitable at the southern edge of the city or farther south on the Peninsula.

The three areas that are considered have common advantages:

- (1) Satisfactory rail and highway connections
- (2) Satisfactory location with respect to boat piers
- (3) Conveniently situated for buyers

They differ greatly in probable cost of a 15-acre site:

Islais Creek or Channel District	\$ 500,000
The Market District	\$ 2,100,000

8. Cost of construction.

The cost of construction of the buildings and other facilities needed for a complete new market in San Francisco has been estimated at approximately \$650,000, on the basis of pre-war construction charges. The total cost of a market in one of the undeveloped industrial tracts in the Islais Creek or Channel district would then be about \$1,150,000, for land and buildings. In the Market District the same type and size of market would cost about \$2,750,000. Amortization of investment together with cost of operation and maintenance could be met by annual payments of \$120,000 in one of the low-cost locations, but would require nearly \$260,000 per year on a site in the Market District.

9. Savings of a new market.

Compared with operations and charges in the present marketing facilities, a new market in a low-cost location could effect the following savings each year in the cost of distributing San Francisco's supplies of fresh fruits and vegetables:

Savings in:

Rentals of wholesale stores	\$ 100,000
Hauling from railroad cars	83,000
Handling in the market	210,000
Time of buyers and truck drivers	120,000
Loss from deterioration and spoilage	210,000
	<hr/>
	\$ 723,000

These savings would be widely disseminated. A large part would ultimately go to consumers in the metropolitan area and to producers. Some would be shared by wholesalers and retailers and by transportation and other agencies. Efficient distribution is important to producers, to consumers, and to the distributive industry which is engaged in moving the products from producers to consumers. The products handled

through the market are protective foods, necessary for the health and welfare of the community. Not only are these foods essential, but studies of their nutritional values indicate that it is important that they get to consumers in the best possible condition.

Some of the savings can be calculated rather specifically; others are somewhat intangible and can be represented only by general estimates. They indicate, however, that with an initial expenditure that should not exceed one and one quarter million dollars, a good wholesale market could save nearly three quarters of a million dollars each year in the cost of food distribution.

10. Importance of management.

A unified wholesale produce market is a large and important enterprise; management is as important to its success as with any other business of comparable magnitude. Facilities and market operations must be supervised, matters of policy determined, regulations enforced, and good will maintained among many groups. The management should be familiar with marketing problems, and capable of working out plans to meet constantly changing conditions.

11. Who should build the market?

By whom should a market be built? The improvement of the present marketing situation in San Francisco is a matter of concern to many groups -- to growers, to wholesalers and retailers, and to consumers over a wide territory, as well as to transportation agencies, property owners, financial institutions, industries allied with the distribution of fruits and vegetables, and several agencies of government. The market performs a public service, and certain safeguards should be placed on its control and operations to prevent exploitation of the industry.

The market could be built by private enterprise subjected to certain regulations, or by a public corporation set up by local governmental agencies for the specific purpose of establishing and operating the market. If it is established by a private corporation, there should be definite provision to insure that the owners of the facilities will not exact exorbitant rentals, and that they will not impose regulations undesirable to the industry or to the community.

Unless private capital will take the initiative in providing a market and at the same time subject itself to proper regulation, probably the most practicable and feasible approach to the problem in San Francisco would be the establishment of a public corporation or market authority to provide and administer the market facilities. Such an authority could be set up by local and State agencies of government for the specific purpose of establishing and operating the market. It should be managed by a nonpolitical board representing various interests in the produce industry and other groups and agencies that are concerned with the market in San Francisco. This board should be empowered to determine a comprehensive program for market improvement, and to put the program into operation.

Advantages and disadvantages.

Any realistic consideration of market improvement in San Francisco must recognize that although large groups in the region would gain therefrom, some small groups would lose advantages which they now hold. The plan presented, if adopted, will reduce the cost of distributing these food items, but such reduction can be brought about only by cutting out certain operations, charges, and costs. The elimination of these charges would reduce or eliminate the incomes of certain groups of people who are receiving revenue from the present inefficient set-up. Such persons will object to the conclusions of this report and will perhaps exert every effort to prevent their being carried out. Opposition is to be expected to any program of real, fundamental betterment. Minor measures may be proposed as an alternative course of action, which might serve as a temporary palliative but would not get at the basic shortcomings of the market district. Anything less than new and complete market facilities, built at the lowest possible cost, would fail to bring to this California community full savings in the wholesale distribution of its fresh fruits and vegetables.

Possibility of immediate market improvement.

A permanent building program probably should not be attempted until after the war, but this does not necessarily mean that nothing can be done until then. A start toward the final goal might be made with temporary platforms similar to the fruit and vegetable packing sheds and shipping platforms. These could be built with less labor and fewer building materials than the permanent structures, and would still provide facilities far more suitable and efficient than the present cramped quarters. Suitable locations are readily available. As soon as some agency is prepared to develop a new market, a site might be obtained and temporary platforms of the loading-station type erected to serve until the permanent building program could be launched. The temporary platform-stores should be of the same dimensions as planned for the final structures, so they could later be replaced without changing the arrangement.

A well-arranged market, even with only temporary platform space, would result in large savings in the handling of the city's food supplies as compared with operations in the present Washington Street market district. These would include savings in manpower so vitally needed in the war, savings in the use of transportation equipment, and savings in the actual food supplies themselves. Manpower would be saved not only in the handling of foodstuffs in the market, but also in the hours now wasted by buyers, motortruck drivers, and others because of unavoidable delays in the movement and delivery of merchandise. Hundreds of hours of idle time of vital motortruck equipment, now lost because of delays and traffic congestion in the market area, could be saved in a new market. Food is becoming scarce, and fresh fruits and vegetables will be needed in ever greater quantities in San Francisco and its environs: after these products have been grown and harvested, prepared for market and transported to the city, they should be utilized as completely as possible and not wasted through deterioration and spoilage due to the present inadequate marketing facilities.

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Costs and availability of labor and building materials are subject to continual change, and decision regarding the development of new marketing facilities during wartime would have to be based on conditions that prevail when some organization is ready to proceed. Its possibility should be given careful consideration, however, by the agencies that are concerned with the costs and the handling conditions under which perishable foods are distributed in San Francisco.

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