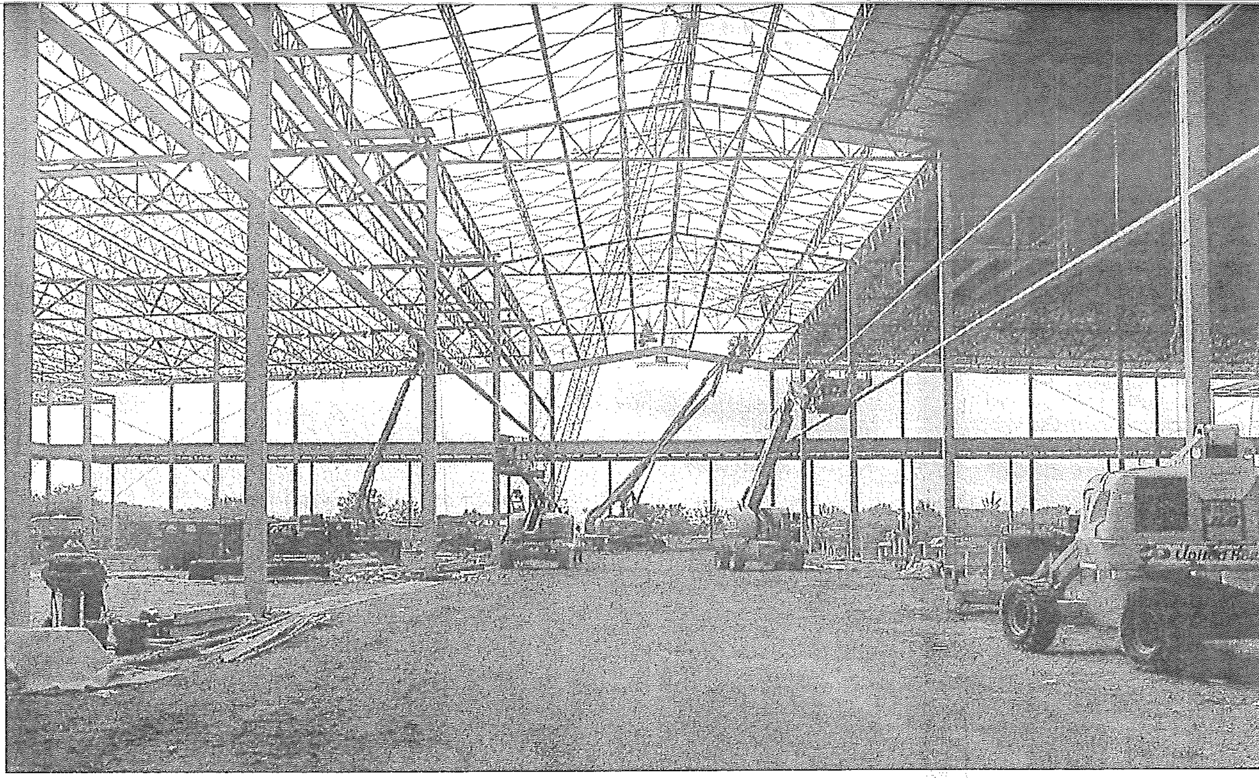

NATALIE KOSTELNI | BUSINESS JOURNAL

One of the final steel joists is being put in place at the market. The building will be seven football fields long.

Produce center reaches notable point

NATALIE KOSTELNI
STAFF WRITER

A year after the Philadelphia Regional Produce Market nearly got derailed by the credit crisis that abruptly struck financial markets, the vast facility has reached a significant milestone: the topping off.

The ceremony to commemorate the last steel beam to be hoisted on the 667,000-square-foot building off Essington Avenue will be scheduled for sometime next month and will mark the near completion of a significant regional economic engine.

The produce market has 1,468 employees working from it and another 375 new jobs are expected to be created once it is completed. An economic analysis of the facility concluded that over the next 40 years, it will produce more than $10.8 billion in tax revenue for the city and state.

O'Neill

The massive building is being constructed under budget and on pace to be done 60 days early, said J. Brian O'Neill of O'Neill Properties Group, the developer of the building. O'Neill anticipates the structure will be finished next spring.

"We worked our tails off," O'Neill said.

A project that was once estimated to cost more than $450 million and later, with the size curtailed, revised to more than $218.5 million in development costs alone came in at roughly $215 million, O'Neill said. "We had bid every bolt and screw," he said as to how the cost came under what had been budgeted.

Tepid construction activity brought on by the recession and lower commodity prices worked in the developer's favor when O'Neill went to get prices on materials, which had initially been calculated using figures from when the facility was first designed.

Other infrastructure, such as roads that were already in place, helped pare down costs. A slight redesign allowed for the construction of an interior atrium, which will allow buyers to walk through and shop directly from vendors' store fronts instead of off of the loading docks.

The state-of-the-art facility is nearly twice the size of the current produce terminal and will be fully refrigerated, making it the first and largest of its kind in the country, said Sonny DiCrecchio, executive director of the regional produce terminal who also designed the refrigeration system. The size of the building — seven football fields long and 20 acres under a single roof — and the massive cooling system created its own set of challenges in its construction, DiCrecchio said.

Such refrigeration is vital to a produce facility where preventing what is called the "cold chain" from breaking is important. The building is being constructed of steel, concrete, and insulated, five-inch-thick metal panels that help keep the required cold temperatures. The cold chain is when fruit, vegetables and other perishables go from field to refrigerated trucks and then loading docks to cold storage at the distribution center. This keeps food from being spoiled or bacteria being introduced.

The state put up $152.5 million of the cost. That money was funneled to the Philadelphia Regional Port Authority. A future use for the current produce terminal on South Galloway Street has yet to be determined.

The new project nearly never got out of the ground. A $50 million loan to O'Neill Properties from American International Group Inc. nearly fell through last September not long after a ceremonial ground breaking was held. AIG had not signed off on the 40-year mortgage previously arranged with O'Neill. At the same time, AIG was teetering on collapse.

It was a tenuous time for the developer, DiCrecchio, the state and those involved in shepherding the produce center to this point after seven years of searching for a new site in the city and in South Jersey. If the loan were to fall through, it would have been extremely difficult to find another one of that size.

"If AIG didn't happen, it would have killed it," DiCrecchio said. "The state would have found another use for the money and the produce terminal would have never been built. Ever."

The U.S. government ponied up $85 billion to bail out AIG, the loan was approved and construction of the produce terminal moved forward. The target for having the 27 vendors and 68 stores move in is next July.