SAN JOSE

Food Works

FOOD SYSTEM CONDITIONS & STRATEGIES FOR A MORE VIBRANT RESILIENT CITY
Executive Summary

What would San Jose look like if a robust local food system was one of the vital frameworks linking the city’s goals for economic development, community health, environmental stewardship, culture, and identity as the City’s population grows to 1.5 million people over the next 25 years?

The Food Works report answers this question. The team engaged agencies, businesses, non-profits and community groups over the past year in order to develop this roadmap for making San Jose a vibrant food city and a healthier, more resilient place.

Food Works is modeled on exemplary food-system assessments and action plans developed by cities across the country. It builds on San Jose’s existing planning framework, Envision 2040, while drawing from recent studies, such as the San Jose Economic Strategy Report Update, the Economic Contribution of Agriculture to Santa Clara County, and the Santa Clara County Food System Assessment.
The team investigated the economic and policy context of the City of San Jose, interviewed food system stakeholders, and analyzed five primary food supply chain sectors – production, distribution, processing, retail, and restaurants/food service - and other sectors including food-related research and development and technology.

Food Works is an assessment and call to action. It provides a compelling vision and actionable recommendations for a food system that serves all San Jose communities, now and into the future. The report identifies specific needs and opportunities for food system investments and actions, and makes recommendations for partnerships and strategies to initiate new investment activities. The aim is for City leaders and key partners to use this information to elevate food as a driver to advance the City's goals for economic development, placemaking, public health and sustainability.

BACKGROUND
Diverse, thriving food businesses can play a key role in connecting San Jose’s rich cultural heritage to its future as a leading innovative, resilient city.

In less than 100 years, San Jose has transformed from center of the Valley of the Heart's Delight – leading supplier of fresh, dried and canned fruit for the nation – to center of the Silicon Valley – leading international hub for high tech. The City's agricultural heritage is largely a thing of the past. Manufacturing and technical services have long since replaced food processing as the leading industry. The historic Downtown is now one of the City’s various commercial and cultural centers. As the City has developed over 100,000 acres of the Santa Clara Valley, San Jose has become a city of many places, from garden suburbs toward the western foothills, to industrial zones towards the Bay, to ethnic neighborhoods in the east, to a revitalizing Downtown center.

Founded by immigrants, many drawn by the agricultural opportunities, San Jose continues to welcome people from many countries and backgrounds, who contribute in myriad ways to the City's vitality. Today, San Jose is the sixth most diverse city in the country and home to thriving traditions from many cultures.

The City's planning framework for economic development, placemaking, innovation and sustainability draws together the diverse population, disparate places, and development history into a unifying vision for the City's inclusive, prosperous and resilient future. Food and agriculture have a catalytic role to play in realizing this vision.

Multiple factors point to the opportunities at the citywide and regional scale. The City has growing importance as a regional transportation hub; it is located close to California's major agricultural areas; it is already a food import destination; smarter food distribution is responding to the call to reduce food-miles; the City's long-time large food businesses and new ones seek expansion; and food-related jobs have become one of the region's three top employment sectors. This all adds up to continued economic growth for regional-scale food businesses and growing indirect benefits to the City overall, providing there is strategic investment in the City's food processing and distribution sectors, and improved connectivity with the food production in the City and in surrounding areas.
There are also numerous opportunities at the more local scale. Deep cultural and culinary traditions that make new and historic neighborhoods such an authentic expression of San Jose create demand for food business start-ups, and the advent of dozens of new, transit-oriented, mixed-use urban villages creates an extraordinary prospect for new jobs and for food as a placemaking ingredient reflecting the City’s vibrant spirit, for residents and visitors alike.

Verdant community gardens with long waiting lists, urban agricultural enterprises seeking space and resources to grow, a 180-acre organic farm in the City’s midst, bountiful home gardens, and almost 2,000 acres of farmland that could provide land for farmers and products reflecting the City’s diversity, all indicate the potential for San Jose to be a market garden city of the future.

With its holistic, collaborative approaches to addressing diet-related health issues, and its traditional connections between food, farming and the immigrant cultures, San Jose is on the path towards making healthy, affordable, culturally-appropriate food accessible for all residents.

Sacramento bills itself as the farm-to-fork capital of the country; San Francisco is one of the nation’s favorite foodie cities; Los Angeles leads national municipal good food purchasing policy. Now San Jose, with its remarkable human and natural resources, is poised to recognize food sector investment and innovation as one of the keys to its sustainability, vitality and identity.
A Vision for San Jose

San Jose’s spirit of innovation, commitment to resilience and renowned diversity are expressed in a dynamic food culture of healthy food access for all residents and thriving food businesses, from ethnic grocery stores and neighborhood restaurants, to industrial processing and distribution, to market gardens and farms located in and around the City.

APPROACH

The team used the following approach in developing the study recommendations. The San Jose Food System Today chapter analyzes existing city policies and initiatives, overall economic activity for food-related businesses, the geography of food in San Jose, selected Santa Clara County data and actions, other key food-related actors and actions in the City, and also briefly touches on the regional food systems context.

The Food Supply Chain chapter analyzes five primary food supply chain sectors – production, distribution, processing, retail, and restaurants/food service – in terms of economic activity, notable trends and businesses, gaps and opportunities, and preliminary recommendations. The Other Food Sectors chapter analyzes sectors which contribute to the overall food system but for which there are no economic data readily available – in terms of notable trends and businesses, gaps and opportunities, and preliminary recommendations. The San Jose Market District/Wholesale Food Market Preliminary Assessment, included in the Appendix, investigates demand and opportunity for a facility serving co-located wholesale food distributors and processors.

The Best Practices chapter looks at what San Jose can learn from other cities as it considers ways that food systems can contribute to economic development, neighborhood revitalization, public health outcomes, more sustainable environments, and preservation of cultural heritage.

Finally, the Findings, Opportunities, and Recommendations chapter summarizes key findings, opportunities, and sector-specific recommendations from previous chapters and concludes with seven overarching, cross-cutting recommendations.
Findings, Opportunities and Sector-Specific Recommendations

The findings, opportunities and sector-specific recommendations, summarized below, draw from the following chapters in the Food Works report: San Jose Food System Today, Food Supply Chain Sectors, Other Food Sectors and Best Practices. The cross-cutting recommendations at the end constitute a synthesis of these findings, opportunities and sector recommendations.

SAN JOSE FOOD SYSTEM TODAY

The existing conditions within the City of San Jose represent the starting point for efforts to understand and strengthen the City's food system, and the cross-cutting recommendations build upon this existing foundation of policy, institutions, and economic activity.

Existing City Policies

Existing City policies make it clear that food is viewed as a key ingredient in San Jose's quality of life and also in placemaking, which in turn is a catalyst for economic development and attracting high quality businesses and a world class workforce to San Jose. In addition to placemaking and economic development, references to food can be found in City policies dealing with health, the environment, land use, and housing. These findings are corroborated by interviews with City staff, business owners and thought leaders. Interviews and meetings conducted throughout this process showed that San Jose's diverse food environment creates a cultural bridge between communities and attracts visitors to San Jose as a food destination.

Taken together, the prominence of food and food-related activity within City policies emphasizes the central role that food plays in all aspects of life within San Jose.
Overall Food-Related Business Economic Activity

Beyond nourishing the local population of residents and workers, food also provides opportunities for entrepreneurs to start and expand businesses and for workers to gain meaningful employment. The economic activity in food sector businesses also contributes to the local economy and contributes to overall demand for commercial real estate.

While food-related establishments represent just under seven percent of all San Jose business establishments, food-related businesses employed just under 42,000 persons in 2015 and this represented about 11.2 percent of the total number of jobs in San Jose. Further, food-related employment has grown by almost 30 percent since 2005, which is double the average rate of growth for jobs in all business sectors in San Jose during the same period.

In total, San Jose’s food-related industries generate roughly $2.8 billion in annual revenue. While the Restaurants and Food Services sector accounts for a significant portion of the overall establishments and employment, the revenue figures show a significant impact by the Wholesale and Retail Trade sectors, each generating over $800 million annually.

Santa Clara County economic data shows that the number of Grocery Wholesalers (distribution) and Food and Beverage Stores are more heavily concentrated in San Jose relative to the County, which may reflect a competitive advantage for Wholesalers to locate in San Jose. On other hand, not surprisingly, the concentration of agriculture production and support services businesses are underrepresented in San Jose relative to Santa Clara County.

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</tbody>
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Notes:
(a) Excludes data for establishments for which employment data not reported.
(b) Revenue estimates not available for all establishments from Dun & Bradstreet. In these cases, BAE estimated revenues as the average from all other establishments in the same industry sub-sector.

Sources: Dun & Bradstreet, 2016; BAE, 2016
Food-Related Jobs and Career Pathways

Food system businesses provide job opportunities across a range of industry sectors, and in locations throughout San Jose’s neighborhoods. Opportunities are varied and increasing.

- According to ABAG’s Plan Bay Area report, food preparation and serving related jobs in the Bay Area grew by the second greatest degree among all occupation fields between 2010 and 2013, after computer and mathematical jobs.
- Preparation and Serving Related Jobs are the fifth biggest source of employment in the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area.
- Food businesses can provide a career ladder for workers who may have limited skills and experience, but can progress to higher skilled positions and even business ownership.
- San Jose institutions offer various vocational food, nutrition, and culinary education programs that provide training and certifications for a range of food preparation jobs (e.g. San Jose State, Santa Clara University, community colleges, Center for Employment Training, and the International Culinary Center).
- Other career jobs related to food and agriculture include managers of food-related businesses, food and agricultural researchers, and support professionals such as attorneys and financial services providers.

Food-Related Business Economic Activity Comparison with Other Cities

Food industry studies prepared for other cities provide data against which to benchmark San Jose’s food-related business activity. For example:

» San Francisco: Movers and Makers Economic Cluster study
- Created with the goal of helping food and beverage producers and distributors “start, stay and grow in San Francisco”.
- San Francisco has roughly 50 percent more restaurants and bars than San Jose, and employment in these establishments is double that in San Jose.
- Businesses in the Grocery Wholesale Industry; the Beer, Wine, Distilled Beverage Wholesale Industry; and the Food Manufacturing Industry, yielded notably higher average revenues in San Jose than in San Francisco.
- The study identified needs - that equally apply to San Jose - for: affordable and suitable space; capital access and financial management; workforce development and retention; and transportation access and inefficient distribution networks.

» City of Berkeley’s Office of Economic Development: Berkeley’s Food and Beverage Manufacturing, Wholesaling, and Distribution Sector Assessment
- Berkeley has over double the number of Food Manufacturers and over double the number of Beverage Manufacturers per capita compared to San Jose.
- San Jose has nearly twice as many food-related wholesale and distribution establishments per capita than Berkeley.
GEOGRAPHY OF FOOD IN SAN JOSE

In order to identify specific opportunities and make specific recommendations, the team looked at food-related trends and opportunities in the City as a whole and in the five areas of the City: Central, Northern, Eastern, Southern and Western. The team mapped the locations of food-related businesses to create a visual representation of their geographic distribution within the City.

San Jose Food Sector Actors and Activities

Consistent with City policy documents, many City of San Jose departments are actively involved in activities that directly or indirectly relate to food. Some of these are highlighted on the following page.
Mayor’s Office: launched Feeding Silicon Valley, a program aimed at alleviating hunger in Silicon Valley using Waste No Food as a technology platform to connect those in need of food with sources of excess food.

Office of Economic Development (OED): assists businesses with permitting; addresses workforce needs; provides incentives for businesses to operate in San Jose; manages City property acquisition; and promotes and develops the arts.

Parks, Recreation and Neighborhood Services Department: manages Emma Prusch Park; oversees the community garden program; and manages 56 community centers, several of which have commercial kitchens and host senior feeding programs.

Environmental Services Department: oversees water utility's provision of drinking and recycled water; and manages recycling and garbage services.

Housing Department: is interested in how food businesses can be incorporated into the development of the 72 mixed use urban villages planned for San Jose

Planning Division: encourages location of grocery stores in/near neighborhoods with limited access to fresh food outlets; provides permitting and other support for small businesses, including many food start-ups, through the Small Business Ally.

In addition to the City of San Jose Departments and Divisions that support food-related business activity, numerous private-sector and nonprofit organizations promote aspects of San Jose's food system, as a focus or as part of larger missions.

Santa Clara County Context

The following Santa Clara County departments and agencies are involved in food or the food supply chain: Department of Agriculture, Department of Environmental Health, Public Health Department, Employee Wellness Department, Social Services Agency (includes a Senior Nutrition Program), Office of Sustainability within the County Executive's Office, Department of Parks and Recreation, Procurement Department, Recycling and Waste Reduction Division, and Department of Planning and Development. Of special note:

County's Health Element (2015) goals include those pertaining to land use and urban design; healthy eating, food access, sustainable food systems; and climate change.

The Recycling and Waste Reduction Division are hiring a Food Rescue Coordinator to facilitate and coordinate county food rescue efforts.

The Planning Department is leading development of a Climate and Agriculture Preservation Plan (CAPP). Goals include: limiting conversion of farmland to development as a climate mitigation strategy; and increasing the viability of agriculture and promoting co-benefits of agricultural land use, including habitat conservation, ground water protection, flood control, and local food and viewsesh values.

Economic Contribution of Agriculture to Santa Clara County, a report prepared by the Agricultural Commissioner's Office, determined that agricultural industries produce a total of $1.6 billion in output value and contribute $830 million annually to the County economy.

Other key food-related initiatives in the County are led by the Santa Clara Valley Open Space Authority, an independent special district dedicated to preservation of open space and farmland, and the Santa Clara County Food Systems Alliance, which produced the County Food Systems Assessment in 2013.
REGIONAL CONTEXT
The Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) – two agencies in the process of merging – are responsible for regional planning for land use and transportation as well as for housing, goods movement, resilience preparedness, and equity (shared prosperity). Almost all of their planning efforts touch on the region’s food system in some way.

+ *Plan Bay Area* (now being updated) includes a policy directing all future growth into existing urban areas, and away from farmland and open space.
+ Priority Development Areas (PDAs), Priority Conservation Areas (PCAs) and the pending Priority Production Areas (PPAs) impact food sectors by facilitating transit-oriented urban density, conservation of open space and farmlands, and retention of major industrial lands and industries, including food distribution and processing.
+ ABAG’s pending *Comprehensive Economic Development Strategy* (CEDS) will include a white paper analyzing contributions of, and challenges facing, the region’s food system.

Other regional initiatives that relate directly or indirectly to the vitality of the region’s food system are led by SPUR (San Francisco Bay Area Planning and Urban Research Association) and Greenbelt Alliance, along with many other nonprofit organizations.
Food Supply Chain Sectors Summary

As summarized below, the Food Supply Chain Chapter analyzes five primary food supply chain sectors – production, distribution, processing, retail, and restaurants/food service – in terms of economic activity, notable trends and businesses, gaps and opportunities, and preliminary recommendations.

PRODUCTION

Production includes agricultural businesses located in San Jose and commercial farms and ranches operating in San Jose, as well as urban garden and farm projects and enterprises in urban San Jose.

Selected Findings and Opportunities

Farms and ranches located within the City limits, as extrapolated from the Santa Clara County Crop Report, produce an estimated $5.2 million in annual revenue. Most of this revenue is in addition to the $39.2 million that comes from production businesses with headquarters in San Jose and operations other jurisdictions. San Jose could be a much more significant market outlet for locally grown farm products, if there was a stronger market ‘pull’ coming from the local wholesale, retail, processing, and restaurant sectors.
DISTRIBUTION
This sector covers wholesale and distribution businesses handling food and beverage products.

Selected Findings and Opportunities
With average revenue of over $3 million per establishment, the distribution and wholesale produce sector is growing. Many companies are critically squeezed for space and are also experiencing some labor shortages. The advent of food safety and traceability concerns has added operational costs and required facilities upgrades. There is growing interest in organic and specialty items in San Jose, but still lower demand than elsewhere in the Bay Area.

Preliminary Sector Recommendations
+ Retain agriculture business headquarters and facilities in San Jose.
+ Retain and invest in remaining existing farmland in San Jose.
+ Support initiatives and programs that link local producers with local market outlets and that showcase local food production.
+ Fully implement Urban Agriculture Incentives Act (AB551)
+ Develop infrastructure for selling locally produced farm products.

PROCESSING
This sector encompasses food manufacturing, including the emergence of commercial kitchens and food business incubators.

Selected Findings and Opportunities
Specialty food manufacturing and processing is a vital and highly diverse sector, ranging from family-run businesses with a few employees to businesses with international supply chains and hundreds of employees. Some businesses are in need of affordable space to grow.

Preliminary Sector Recommendations
+ Encourage the City to undertake proactive efforts to retain and support food processing businesses.
+ Support the development of commercial kitchens and new kitchen incubators that can help launch new food enterprises; development can be stand-alone or part of market projects.
+ The City's many unique specialty food processors, representing a wide range of culinary traditions, could be promoted as part of the City's cultural richness and would benefit from higher visibility.
SAN JOSE MARKET DISTRICT - WHOLESALE FOOD MARKET PRELIMINARY ASSESSMENT:

This assessment, included as a Food Works Appendix, investigates demand and opportunity for a facility and related infrastructure to serve existing, and potentially new, co-located wholesale produce distributors, other food distributors and processors and local specialty foods producers.

Key findings:

- Significant demand from food distributors, wholesalers and processors both based in and serving San Jose, stems from challenges including needs for expanded, more permanent and upgraded space. Of the six companies to date that have indicated interest, there is a combined need for 145,000 sq. ft. facility with 40 loading docks.
- Demand from small retailers and restaurant owners, who buy from distributors, stems from their desire for less driving to wholesale markets in other cities, and for more convenience, flexibility and choice in their product purchasing.
- Local grower-shippers and farmers weigh potential increased demand for local farm products, against potential increased competition.
- Wholesale food markets models across the country vary considerably, depending on their history, purpose, location, type of ownership and governance, financial structure and business model, and types of products, functions, services and programs.
- The major constraint is the availability and cost of real estate.

The Assessment concludes with a recommendation for a comprehensive feasibility analysis, in order to refine demand and concept, and analyze feasibility from a real estate development standpoint, including potential sites, development partners, subsidy needs and sources of funding.

RETAIL

This sector includes food and beverage stores, including supermarkets, convenience stores, meat and seafood markets, fruit and vegetable markets, baked goods stores, other specialty stores, and liquor stores.

Selected Findings and Opportunities

National, regional and local supermarkets represent the largest percentage of revenues. However, the largest number of establishments are small ethnic grocery stores, mainly owned by minorities, and on average employing four people or fewer. Smaller stores supplement direct deliveries of products with purchases from large local grocery outlet stores as well as trips several times a week to regional wholesale markets. Several stores are seeking assistance with sourcing more local products, with public education about healthy, fresh, locally produced food and with best practices in reducing food waste.

Preliminary Sector Recommendations

+ Streamline process for meeting permitting and licensing requirements for small retailers.
+ Increase the percentage of smaller retail food outlets that offer healthy, affordable food.

FOOD SERVICE

This is a broad sector including restaurants, food service, and drinking establishments.

Selected Findings and Opportunities

San Jose restaurants range from basic to fine dining and represent dozens of culinary traditions in different neighborhoods throughout the City. Places like San Pedro Square Market and Santana Row help restaurants get established. Restaurants interested in sourcing more locally-produced products are encountering barriers such as information gaps, price, logistics and convenience.
Food service companies across the Bay Area are experiencing growth of above 10 percent per year. For many businesses in this category, the biggest challenge is the shortage of labor, including skilled cooks, managers and dish washers.

**Preliminary Sector Recommendations**

- Support development of new food service businesses, from micro-enterprises to destination restaurants.
- Create opportunities in new transit hubs and mixed use developments for development of new food businesses.
- Support food job training programs.

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**Other Food Sectors Summary**

As summarized below, the Other Food Sectors Chapter analyzes sectors which contribute to the overall food system.

**FARMERS’ MARKETS**

San Jose has 17 certified farmers’ markets operating at 16 different locations; all accept EBT cards.

Some market operators express interest in developing indoor-outdoor infrastructure in central locations, such as in Guadalupe Park.

**FOOD AND AG IT**

Food and ag IT encompasses innovative technology used for agricultural production, called “AgTech,” and throughout the rest of the food supply chain, called “Food Tech”. The huge spike in support platforms for the food and ag tech industry has been centered in New York, Silicon Valley, and San Francisco. In the fall of 2015, San Jose was the location of one of the national annual conferences in a series called VERGE, run by Greenbiz Group.

**FOOD AND AG R&D**

Currently, no major food and ag research and development centers are based in San Jose, though regionally, many efforts are underway, for example in Salinas, Davis and Fresno. There is an opportunity here for San Jose. Private sector investment in food and agriculture has and continues to outpace public funding. Still, public policies, especially relevant regulations, significantly shape what private sector R&D targets and accomplishes.

**FOOD E-COMMERCE**

The food e-commerce subsector includes online ordering platforms, online order and delivery companies, grocery ordering/delivery companies, and meal and meal kit preparation/delivery companies. This sector has seen huge growth in recent years, receiving 36% of the total global funding raised by food ag tech companies in 2015. The meal kit preparation/delivery sector has seen the most start-ups and largest increase in funding in the past two years.
Best Practices

The Best Practices chapter looks at what San Jose can learn from other efforts in the Bay Area and cities across the country. The chapter covers six categories of inter-connected best practices, summarized below, and gives examples of how they are used in selected cities.

City-Level Organization

There are a number of best practices for building organizational capacity, setting up processes, and leveraging resources and partnerships to assess a food system and implement action plans. Primary among these are food policy councils, or multi-stakeholder forums for inter-agency and government, non-profit, and industry collaboration and resource sharing.

Tools for Setting Goals and Measures

Another well-established best practice is setting goals and measures. One key resource is the North American Food Sector Scan, Part II: A Roadmap for City Food Sector Innovation and Investment, which includes an investment evaluation tool and a risk management tool to assess different food sector innovations. Another key resource is the USDA’s AMS Economic Impact Toolkit, which helps communities’ better measure the expected economic impact of planned local food system activities.

Promising Supply Chain Innovations

Promising supply chain innovations include food hubs, food business incubators and commercial kitchens, and food business technology companies. A food hub is an organization that aggregates, distributes, and markets source-identified food products primarily from local and regional producers. Food business incubators and stand-alone commercial kitchens are emerging as integral parts of community economic development plans to support small, local entrepreneurs. Food business technology companies, often started in innovation centers, are a fast-growing sector of the food industry and are attracting significant investment.

Food as Placemaking

At the scale of a neighborhood, city or region, placemaking encompasses the physical, cultural, and social attributes that define a place, maximize its shared value and support its ongoing evolution. Sense of place is a response, by local inhabitants and visitors, to places that hold a strong identity and reflect the intrinsic, authentic character of a community. Successful placemaking results in sense of place; it can happen over centuries, as in the shaping of great cities or iconic landscapes, or during the course of a development project. Best practices for using food for placemaking, include public markets, farmers’ markets, food trucks, food events, robust urban agriculture, and preserving rural agriculture near cities.
Healthy Food Access

Across the country, cities and counties are leveraging local, state, and federal resources with non-profit sector innovations to ensure that all people have access to fresh, healthy food. A foundational best practice is creating and empowering partnerships of city and county agencies, nonprofit advocates and businesses to address the range and complexity of food access issues. One specific key practice is matching local and non-profit dollars with federal supplemental nutrition programs to increase access to fresh foods for people already receiving supplemental nutrition assistance. Healthy Food Financing, a more complex tool for increasing healthy food access, entails providing financial incentives for food business development in underserved communities. Financial incentives usually come in the form of tax credits, grants, or low-cost loans and are often paired with technical assistance.

Urban and Peri-Urban Agriculture

Best practices for promoting urban agriculture include well-managed city-run community garden programs with sufficient dedicated land for diverse garden groups, urban agriculture used as an economic development strategy, land use regulations supportive of urban agriculture, and promotion of school garden programs. Best practices and tools that cities can use to preserve agricultural lands within their limits and to protect agricultural lands at their borders, include: establishing transfer of development rights programs; general plan land use policies and zoning designations; adopting urban growth boundaries; land acquisition; participating in habitat conservation plans; and supporting efforts to incentivize eco-systems services provided by agriculture that benefit nearby cities.
Cross-Cutting Recommendations

The following cross-cutting recommendations synthesize the sector-specific recommendations and propose a holistic, integrated approach to building the San Jose food system, as opposed to a series of related, but separate efforts to build individual food system sectors. They are based on economic, geographic and food supply chain research as well as extensive meetings and interviews with food business owners, community leaders and City staff. These recommendations point to various opportunities for San Jose to improve its food system in ways which support numerous City goals. From an economic and job growth perspective, there are opportunities to increase coordination between the City, non-profit organizations, and food businesses, and opportunities to increase jobs and to develop the economic value of the food sector. From the perspective of public health and quality of life, there are opportunities to integrate healthy food access initiatives with efforts to develop entrepreneurship and placemaking, and to protect urban and peri-urban agricultural lands.

For each recommendation, the team has identified one or more lead actors who have agreed to help, or who are considering helping, with implementation.

1. Grow the City's economy by investing in food jobs and supporting new, expanded or relocated food businesses. (Lead actors - Office of Economic Development, Center for Employment Training, vocational education training programs, food businesses)

   1.1 Assess food businesses' workforce needs, though outreach, a convening, and/or a work group, and develop strategies to meet these needs, in order to maintain and increase food related jobs and revenues in San Jose.

   1.2 Develop strategies to address barriers that are being encountered by emerging and growing food businesses, and food businesses that want to locate in the City.

2. Conduct a detailed feasibility study for a wholesale food market. (Lead actors - wholesale food businesses, Knight Foundation, Office of Economic Development)

   2.1 Develop a feasibility study for a wholesale food market terminal of 125,000-200,000 square feet which would accommodate long-term San Jose distributors seeking to invest in permanent space, as well as new wholesale, distribution and processing businesses, and possibly food-business incubator space.

3. Improve quality of life and public health outcomes by increasing opportunities for all San Jose residents to access fresh, affordable, healthy, and culturally appropriate foods close to where they live and work. (Lead actors – Santa Clara County Public Health Department, Parks and Rec. Dept., School Districts, The Health Trust)
3.1 Continue to support healthy food access initiatives, and integrate such initiatives with efforts to develop entrepreneurship and placemaking.

3.2 Continue to provide senior nutrition programs at community centers.

3.3 Continue and enhance public education programs about healthy food, nutrition, cooking, gardening, sustainable agriculture and local foods.

**Advance food as placemaking at city and neighborhood scales:** permanently, in development projects, transit centers, street upgrades, and new marketplaces; and temporally, through food pop-ups, events, festivals and other promotions. (Lead actors - Housing Dept., Planning Dept., Parks and Rec. Dept., Office of Economic Development, Chamber of Commerce, Visitors and Convention Bureau, Business Districts and Associations, SJ Made)

4.1 In new urban villages and transit hubs, proactively plan for food businesses; incentivize businesses that reflect neighborhood character, offer healthy foods, and feature locally produced products.

4.2 In retail streets and shopping areas, create opportunities for outdoor dining areas and new marketplaces featuring local foods; in parks and community gathering places, plan for mobile food businesses; for interested residential neighborhoods, assess the planting of edible street trees.

4.3 Assess the concept of an outdoor pavilion in a public park that could be used as a site for a farmers market and other community activities.

4.4 Promote the City's rich and diverse food offerings, including local agricultural products, through promotions and events (e.g. Taste of San Jose, First Fridays, Restaurant Week, San Jose Restaurant Passport, a Strip Mall Food Crawl, or a Hidden Eats app/treasure map).

4.5 Offer City staff time as a matching contribution to help applications from the non-profit sector to various grant and contract programs that could be used to improve infrastructure and marketing.

From an economic and job growth perspective, there are opportunities to increase coordination between the City, non-profit organizations, and food businesses, and opportunities to increase jobs and to develop the economic value of the food sector. From the perspective of public health and quality of life, there are opportunities to integrate healthy food access initiatives with efforts to develop entrepreneurship and placemaking, and to protect urban and peri-urban agricultural lands.
Support development of food business incubators, such as kitchen incubators (including as part of small public markets), commercial kitchens, food maker-spaces, farm business incubators, and food and ag IT incubators; and provide and related technical assistance programs for food entrepreneurs. (Lead actors - Housing Dept., Planning Dept., Office of Economic Development, Parks and Rec Dept., Silicon Valley Small Business Development Center - SMDC)

5.1 Directly provide, and partner with non-profits and educational institutions to provide, technical assistance (business development, permitting, licensing, financing, operations, marketing, etc.) for food business start-ups.

5.2 Conduct a feasibility study for a commercial kitchen to serve entrepreneurs from lower-income households; allocate Community Development Block Grant funds for this purpose

5.3 Support private-public partnerships to develop permitted spaces, such as neighborhood-scale public markets and food business incubators, for multiple small food businesses to produce and sell their products.

5.4 Support private-public partnerships to develop farm business incubators, such as Agricultural Parks, that provide land access and technical assistance for small farm businesses.

5.5 Consider designating a City employee to navigate permitting requirements for small food businesses and develop a bundled and discounted permit program for targeted food business types.

Cultivate initiatives and dedicate land for multi-benefit urban and peri-urban food production. (Lead actors – City Council, Parks and Rec. Dept., Planning Dept., Santa Clara County Ag Commissioner’s Office, Santa Clara Valley Open Space Authority, Santa Clara County Food Systems Alliance)

6.1 In implementation of the Urban Agriculture Incentives Act (AB551), allow parcels of up to three acres to qualify and include a public benefit mandate

6.2 Act on the recommendations from the 2016 Community Garden Program study (e.g. develop measurable goals, identify and develop new sites, increase the number and diversity of gardeners, and improve operations and management).

6.3 Consistent with Envision 2040 MS-21, adopt agro-forestry into the City's urban forestry management plan; USDA Forest Service community forestry grants could be a funding source.

6.4 Consistent with Envision 2040 LU-20, re-evaluate current zoning for the northern Coyote Valley. Consider designating the area as a permanent urban-edge foodbelt, vital agricultural heritage area, and critical area for ecosystems services provision; and support efforts to secure agricultural and conservation easements on these lands.

6.5 Support initiatives and programs that enhance the local agricultural economy.
Institutionalize food system planning and implementation in City policies and plans. (Lead actors – City Council, Office of Economic Development, Parks and Rec. Dept., Planning Dept., Housing Department, Santa Clara County Food System Alliance)

7.1 Make food system planning and implementation a City priority.

7.2 Incorporate food system planning and implementation in strategic planning of City Departments (e.g. in the Park and Rec. Dept.’s pending Greenprint Strategic Plan update).

7.3 Establish a Food Policy Council with the charge of providing a forum and structure for government, non-profit and industry leaders to work together to advance food-related initiatives and activities across City. Members of the Food Policy Council would come from constituencies including farmers, food advocates and non-profits, food processors, wholesalers, and distributors, educators, researchers and government officials.

The first priority of the Food Policy Council should be to establish food-related goals and measures for the City to adopt.

Dedicate at least a half FTE from the City and a half FTE from a participating non-profit to staff the Food Policy Council. The jointly staffed position will maximize coordination across government and non-government efforts.

Authorize an interdepartmental task force to support and implement the work of the Food Policy Council. The task force should include representatives with expertise in planning, transportation, public health, housing, agriculture, and economic development.
Thank You

This report represents the contributions of many people, including numerous individuals who shared their expertise by participating in interviews and sharing information that has helped to inform the findings and recommendations. The project team is particularly grateful to the Executive Committee members for their guidance and input throughout the process of developing the report, and grateful to the study funders, whose generosity made this project possible.

EXECUTIVE COMMITTEE

An Executive Committee and Technical Advisory Group drawn from economic development, planning, and public health agencies, food sector businesses, and non-profits provided guidance and served as liaisons to community stakeholders. Members of the Executive Committee were: Wayne Chen, Division Manager, and James Stagi, Housing Policy and Planning Administrator, San Jose Department of Housing; Michelle Thong, Business Development Officer, San Jose Office of Economic Development (OED); Suzanne Wolf, Deputy Director, San Jose Parks and Recreation; Erin Healy, Director of Healthy Eating, The Health Trust; and Andrea Mackenzie, Executive Director, and Marc Landgraf, External Affairs Manager, Santa Clara Valley Open Space Authority.

FUNDERS

Generous funding was provided by the John S. and James L. Knight Foundation, 11th Hour Project, San Jose Department of Housing and Santa Clara Valley Open Space Authority. An award from the Local Food Promotion Program of the USDA Agricultural Marketing Services Agency funded the exploration of a San Jose Market District.

PROJECT TEAM

Food Works is a project of SAGE (Sustainable Agriculture Education), in partnership with BAE Urban Economics, with technical assistance from The Health Trust. Project staff: Sibella Kraus, SAGE, project manager; Matt Kowta, BAE, project economist; Poppy Davis, Jennifer Gross, Alyssa Cheung, and Ayano Jeffers-Fabro, SAGE project associates; An Bui, Claire Culter, and Mira Guth, project interns.
Background & Introduction

What would San Jose look like if a robust local food system was one of the vital frameworks linking the city’s goals for economic development, community health, environmental stewardship, culture, and identity as the City’s population grows to 1.5 million people over the next 25 years?

The Food Works study was initiated in fall 2015 to answer this question. The consultant team, led by Sustainable Agriculture Education (SAGE) in partnership with BAE Urban Economics, engaged agencies, businesses, non-profits and community groups in order to develop this roadmap for making San Jose a vibrant food city and a healthier, more resilient place.

The Food Works project is modeled on exemplary food-system assessments and action plans developed by cities across the country. It builds on San Jose’s existing planning framework, Envision 2040, while drawing from recent studies, such as the San Jose Economic Strategy Report Update, the Economic Contribution of Agriculture to Santa Clara County, and the Santa Clara County Food System Assessment.

The team investigated local and regional economic and policy context, interviewed food system stakeholders, and analyzed five primary food supply chain sectors – production, distribution, processing, retail, and restaurants/food service - and other sectors including food-related research and development and technology.

Food Works is an assessment and call to action. It provides a compelling vision and actionable recommendations for a food system that serves all San Jose communities, now and into the future. The report identifies specific needs and opportunities for food system investments and actions, and makes recommendations for partnerships and strategies to initiate new investment activities. The aim is for City leaders and key partners to use this information to elevate food as a driver to advance the City’s goals for economic development, placemaking, public health and sustainability.

A VISION FOR SAN JOSE’S FOOD SYSTEM

San Jose’s spirit of innovation, commitment to resilience and renowned diversity are expressed in a dynamic food culture of healthy food access for all residents and thriving food businesses, from ethnic grocery stores and neighborhood restaurants, to industrial processing and distribution, to market gardens and farms located in and around the City.
APPROACH
The team used the following approach in developing the study recommendations. The San Jose Food System Today chapter analyzes existing city policies and initiatives, overall economic activity for food-related businesses, the geography of food in San Jose, selected Santa Clara County data and actions, and other key food-related actors in the City; and briefly touches on the regional food systems context.

The Food Supply Chain chapter analyzes five primary food supply chain sectors – production, distribution, processing, retail, and restaurants/food service – in terms of economic activity, notable trends and businesses, gaps and opportunities, and preliminary recommendations. The Other Food Sectors chapter analyzes sectors that contribute to the overall food system but for which there are no economic data readily available in terms of notable trends and businesses, gaps and opportunities, and preliminary recommendations. The San Jose Market District/Wholesale Food Market Preliminary Assessment, included in the Appendix, investigates demand and opportunity for a facility serving co-located wholesale food distributors and processors.

The Best Practices chapter looks at what San Jose can learn from other cities as it considers ways that food systems can contribute to economic development, neighborhood revitalization, public health outcomes, more sustainable environments, and preservation of cultural heritage.

Finally, the Findings, Opportunities, and Recommendations chapter summarizes key findings, opportunities, and sector-specific recommendations from previous chapters and concludes with seven overarching, cross-cutting recommendations. These recommendations propose a holistic, integrated approach to building the San Jose food system and point to various opportunities for San Jose to improve its food system in ways which support numerous City goals. From an economic and job growth perspective, there are opportunities to increase coordination between the City, non-profit organizations, and food businesses, and opportunities to increase jobs and to develop the economic value of the food sector. From the perspective of public health and quality of life, there are opportunities to integrate healthy food access initiatives with efforts to develop entrepreneurship and placemaking, and to protect urban and peri-urban agricultural lands.

For each recommendation, the team identified one or more lead actors who have agreed to help, or who are considering helping, with implementation. The Food Works roadmap for making San Jose a vibrant food city and a healthier, more resilient place is ripe for action.
San Jose Food System Today

The purpose of this portion of the study is to provide background information about the existing role of food within the City of San Jose. This includes identifying the importance of food to City planning and the local economy, and the array of agencies and institutions that address food as part of their missions.

For context, this portion of the study also provides some comparisons to other Bay Area communities known for their food-related activities as well as highlights of some important food-related trends at the regional and national levels.

Citywide Goals and Strategies

The City of San Jose has a well-established framework of goals and strategies that guide various aspects of the City's work to ensure San Jose's ongoing vitality. Within these existing policy or strategy documents, there are many references, both direct and indirect, to the role of food and food-related activities in making San Jose the place that it is, and that the City wants to become. Appendix B provides a list of goals from key existing City policy documents that relate to the food system, including the City of San Jose's General Plan: Envision 2040, Green Vision, and Economic Development Strategy.

Existing City policies make it clear that food is viewed as a key ingredient in San Jose's quality of life and in placemaking, which in turn is regarded as a catalyst for economic development and attracting high quality businesses and a world class workforce to San Jose. In addition to placemaking and economic development, references to food can be found in City policies dealing with health, the environment, land use, and housing. Taken together, the prominence of food and food-related activity within City policies emphasizes the central role that food plays all aspects of life within San Jose.
Economic Overview

EXISTING FOOD SECTOR BUSINESS ACTIVITY

As discussed previously, food and food-related activities are an important component for quality of life in San Jose. Beyond nourishing the local population of residents and workers, food also provides opportunities for entrepreneurs to start and expand businesses and for workers to gain meaningful employment. The economic activity in food sector businesses contributes significantly to the local economy and contributes to overall demand for commercial real estate. The following information provides quantification of the role of food within the local economy.

DEFINITION OF FOOD SECTOR BUSINESSES BY NAICS CODES

In order to collect data pertinent to the San Jose food system, the consultant team defined various food-related industries using the North American Industry Classification system (NAICS). This classification system involves a nested range of codes, where two-digit codes broadly classify industry sectors (e.g. Manufacturing, Retail Trade, etc.), while three-digit codes break a two-digit code into various subsectors, and four-digit codes break a three-digit code into more fine-grained subsectors, etc., to a six-digit level of detail, which specify the greatest level of industry detail (e.g. Fruit and Vegetable Canning, Baked Goods Stores, etc.). Table 3.1 displays the food-related industry sectors, defined for the purposes of this study by NAICS code, grouped by major industry category. The consultant team used these NAICS codes to collect and compile data and estimate the role of San Jose food-related businesses within the local economy, and to compare the San Jose food sector activity to the food sector activity found in other regions. Note that where a category is identified with only a 3-, 4-, or 5-digit NAICS code, this means that it encompasses all of the subsectors that begin with the same set of digits. For example, by including NAICS code 111 (Crop Production), our definition includes all 4-digit, 5-digit and 6-digit NAICS that begin with “111”.

<table>
<thead>
<tr>
<th>TABLE 3.1: FOOD-RELATED INDUSTRY DEFINITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NAICS - Industry Description</strong></td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
</tr>
<tr>
<td>111 - Crop Production</td>
</tr>
<tr>
<td>112 - Animal Production and Aquaculture</td>
</tr>
<tr>
<td>115 - Support Activities for Agriculture and Forestry</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>311 - Food Manufacturing</td>
</tr>
<tr>
<td>312 - Beverage and Tobacco Product Manufacturing</td>
</tr>
<tr>
<td>Wholesale Trade</td>
</tr>
<tr>
<td>4244 - Grocery and Related Product Merchant Wholesalers</td>
</tr>
<tr>
<td>4245 - Farm Product Raw Material Merchant Wholesalers</td>
</tr>
<tr>
<td>4248 - Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers</td>
</tr>
<tr>
<td>42491 - Farm Supplies Merchant Wholesalers</td>
</tr>
<tr>
<td>42493 - Flower, Nursery Stock, and Florists’ Supplies Merchant Wholesalers</td>
</tr>
<tr>
<td>Retail Trade</td>
</tr>
<tr>
<td>44422 - Nursery, Garden Center, and Farm Supply Stores</td>
</tr>
<tr>
<td>445 - Food and Beverage Stores</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
</tr>
<tr>
<td>49312 - Refrigerated Warehousing and Storage</td>
</tr>
<tr>
<td>49313 - Farm Product Warehousing and Storage</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
</tr>
<tr>
<td>722 - Food Services and Drinking Places</td>
</tr>
</tbody>
</table>

San Jose Food-Related Employment, 2005 to 2015

Table 3.2 summarizes city-level employment data from the Quarterly Census of Employment and Wages (QCEW), furnished by the California Employment Development Department (EDD). Within San Jose, food-related businesses employed just under 42,000 persons in 2015, as shown in Table 3.2. This represented about 11.2 percent of the total number of jobs in San Jose. The trend data indicate that food-related employment has grown by almost 30 percent since 2005, which is double the rate of growth for all jobs in San Jose during the same period. Consequently, food-related employment has expanded its share of overall employment, from just under ten percent in 2005.

As of 2015, about three-fourths of food-related employment in San Jose was in businesses classified as Food Service and Drinking Places (e.g., restaurants and bars). These businesses also represent the types of food-related businesses that grew most rapidly (+40.7 %) between 2005 and 2015. Although it accounts for a much smaller portion of food-related employment, the grouping of food, beverage, and tobacco manufacturers expanded by almost 30 percent during the period. Other food-related businesses that saw employment expand faster than the citywide average for the period were in the grouping that includes Animal Production, Aquaculture, and Support Activities for Agriculture and Forestry. Crop production and various food-related wholesale activities saw declines in employment during the period.

<table>
<thead>
<tr>
<th>NAICS Code</th>
<th>Industry Description</th>
<th>2005</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
<td>Crop Production</td>
<td>260</td>
<td>219</td>
<td>-15.8%</td>
</tr>
<tr>
<td>112 + 115</td>
<td>Animal Production and Aquaculture + Support Activities for Agriculture and Forestry</td>
<td>244</td>
<td>281</td>
<td>15.2%</td>
</tr>
<tr>
<td>311 + 312</td>
<td>Food Manufacturing + Beverage and Tobacco Product Manufacturing</td>
<td>1,143</td>
<td>1,485</td>
<td>29.9%</td>
</tr>
<tr>
<td>445</td>
<td>Food and Beverage Stores</td>
<td>7,511</td>
<td>8,015</td>
<td>6.7%</td>
</tr>
<tr>
<td>722</td>
<td>Food Services and Drinking Places</td>
<td>21,090</td>
<td>29,671</td>
<td>40.7%</td>
</tr>
<tr>
<td>4244 + 4248</td>
<td>Grocery and Related Product Merchant Wholesalers + Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers</td>
<td>1,645</td>
<td>1,709</td>
<td>3.9%</td>
</tr>
<tr>
<td>4245 + 42491 + 42493</td>
<td>Farm Product Raw Material Merchant Wholesalers + Farm Supplies Merchant Wholesalers + Flower, Nursery Stock, and Florists’ Supplies Merchant Wholesalers</td>
<td>69</td>
<td>57</td>
<td>-17.4%</td>
</tr>
<tr>
<td>44422</td>
<td>Nursery, Garden Center, and Farm Supply Stores</td>
<td>126</td>
<td>127</td>
<td>0.8%</td>
</tr>
<tr>
<td>49312</td>
<td>Refrigerated Warehousing and Storage</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
</tr>
<tr>
<td>Total, All Food-Related Industries</td>
<td>32,088</td>
<td>41,564</td>
<td>29.5%</td>
<td></td>
</tr>
<tr>
<td>Total, All Industries</td>
<td>322,843</td>
<td>369,655</td>
<td>14.5%</td>
<td></td>
</tr>
</tbody>
</table>

Food-Related Employment as % of Total San Jose Employment

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food-Related Employment as % of Total San Jose Employment</td>
<td>9.9%</td>
<td>11.2%</td>
<td></td>
</tr>
</tbody>
</table>
EXISTING SAN JOSE FOOD BUSINESS ACTIVITY BY SECTOR

To more closely examine the number of businesses and employees within each food-related category located in the City of San Jose, it was necessary to obtain data that is not subject to the confidentiality restrictions associated with the QCEW data used in Table 3.2. For this purpose, the team first reviewed the City of San Jose Business License database. While this database provided an initial understanding of the desired information within the food-related industries, the team opted to obtain a similar database from Dun & Bradstreet, an established commercial businesses data vendor. Dun & Bradstreet maintains an up-to-date list of establishments by location, including data relating to the number of employees, estimated annual revenue, and NAICs category, along with other business attributes. The Dun & Bradstreet database provided additional details on food-related businesses that allow a further understanding of the economic impact generated by the businesses that fall within the previously noted food system industry sectors.

The following section quantifies the existing San Jose food sector businesses using various data points from the Dun & Bradstreet database. Using the location of individual businesses, this section also demonstrates the geographic distribution of businesses in each industry sector. Note that the Dun & Bradstreet data are not directly comparable to the QCEW data in Table 3.2, due to differences in data collection methodologies.

Establishments

Based on the Dun & Bradstreet data, presented below in Table 3.3, the City of San Jose is currently home to a total of approximately 3,400 food-related business establishments (i.e., individual business locations, such as individual grocery stores, which may or may not operate as part of a chain that is owned by a single entity). As displayed in the table, the food-related establishments are distributed using the broad two-digit NAICs category to show concentrations within certain industries. Of the total food-related establishments, a large majority, roughly 80 percent, contain between 1 and 15 employees, while establishments with between 15 and 49 employees account for an additional 13 percent. Larger businesses account for a small portion of the overall establishments, with businesses employing between 50 and 99 employees accounting for roughly three percent, businesses with between 100 and 299 employees accounting for approximately one percent, with only one additional firm containing more than 300 employees. It is also worth noting that Dun & Bradstreet does not report employment levels for 68 of the total establishments within the defined food-related industries.

A significant proportion of the total food-related establishments are within the general industry of Accommodation and Food Services. The food-related businesses within the Accommodation and Food Services sector come from within the Food Services and Drinking Places subsectors only (NAICs code 722, as shown in Table 3.3). In total, San Jose contains roughly 2,100 businesses in that industry sector. The businesses generally mirror the overall distribution of food-related establishments by number of employees, with roughly 75 percent of total businesses containing between one and 14 employees. The Food Services sector does have a slightly higher concentration of medium-sized businesses, ranging between 15 and 49 employees, and a slightly lower concentration of larger firms that employee 50 or more, as compared to the overall distribution across all food-related business sectors.
The second highest concentration of food-related establishments is found in the Retail Trade industry. The food-related industry subsectors within retail trade are Nursery, Garden, and Farm Supply Stores, and Food and Beverage Stores, NAICS codes 44422 and 445, respectively. The food-related retail trade sector contains approximately 670 establishments, a large majority of which, roughly 88 percent, employ between one and 14 workers. The remaining 12 percent of establishments is evenly distributed between medium and large businesses.

The three general industry categories - Wholesale Trade; Manufacturing; and Agriculture, Forestry, Fishing, and Hunting - contain less than 300 total establishments. As seen in Table 3.3, the businesses in these three industry categories generally mirror the overall distribution of food-related establishments with a heavy concentration of smaller firms, and a dispersed remainder of medium and large size firms. Additionally, based on the data, the food-related subsectors of the Transportation and Warehousing industry contain no establishments, possibly indicating a missing component of the local food system.
<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Total Establishments</th>
<th>Industry Sector</th>
<th>Total Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ag, Forestry, &amp; Hunting (a)</strong></td>
<td></td>
<td><strong>Manufacturing (b)</strong></td>
<td></td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>Number</td>
<td>Percent</td>
<td>1-14 Employees</td>
</tr>
<tr>
<td>152</td>
<td>95.0%</td>
<td>162</td>
<td>85.7%</td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>5</td>
<td>3.1%</td>
<td>15-49 Employees</td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>3</td>
<td>1.9%</td>
<td>50-99 Employees</td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>0</td>
<td>0.0%</td>
<td>100-299 Employees</td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>0</td>
<td>0.0%</td>
<td>300 or More Employees</td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>0</td>
<td>0.0%</td>
<td>Employment not Reported</td>
</tr>
<tr>
<td><strong>Subtotal, All Agriculture</strong></td>
<td>160</td>
<td>100%</td>
<td><strong>Subtotal, All Manufact.</strong></td>
</tr>
<tr>
<td><strong>Wholesale Trade (c)</strong></td>
<td></td>
<td><strong>Retail Trade (d)</strong></td>
<td></td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>Number</td>
<td>Percent</td>
<td>1-14 Employees</td>
</tr>
<tr>
<td>262</td>
<td>92.6%</td>
<td>590</td>
<td>87.9%</td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>14</td>
<td>4.9%</td>
<td>15-49 Employees</td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>4</td>
<td>1.4%</td>
<td>50-99 Employees</td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>3</td>
<td>1.1%</td>
<td>100-299 Employees</td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>0</td>
<td>0.0%</td>
<td>300 or More Employees</td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>0</td>
<td>0.0%</td>
<td>Employment not Reported</td>
</tr>
<tr>
<td><strong>Subtotal, All Wholesale</strong></td>
<td>283</td>
<td>100%</td>
<td><strong>Subtotal, All Retail</strong></td>
</tr>
<tr>
<td><strong>Transport. &amp; Warehousing (e)</strong></td>
<td></td>
<td><strong>Accomm. and Food Srvcs (f)</strong></td>
<td></td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>1-14 Employees</td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>15-49 Employees</td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>50-99 Employees</td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>100-299 Employees</td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>0</td>
<td>n.a.</td>
<td>300 or More Employees</td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>0</td>
<td>n.a.</td>
<td>Employment not Reported</td>
</tr>
<tr>
<td><strong>Subtotal, All Transp. &amp; Ware.</strong></td>
<td>0</td>
<td>n.a.</td>
<td><strong>Subtotal, All Accom. &amp; Food</strong></td>
</tr>
<tr>
<td><strong>All Food-Related Industries</strong></td>
<td>Number</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>2,741</td>
<td>80.7%</td>
<td></td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>449</td>
<td>13.2%</td>
<td></td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>94</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>45</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>1</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>68</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Total, All Food Industries</strong></td>
<td>3,398</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
(a) Agriculture, Fishing and Hunting includes the following industries:
  - 111 - Crop Production
  - 112 - Animal Production and Aquaculture
  - 115 - Support Activities for Agriculture and Forestry

(b) Manufacturing includes the following industries:
  - 311 - Food Manufacturing
  - 312 - Beverage and Tobacco Product Manufacturing

(c) Wholesale Trade includes the following industries:
  - 4244 - Grocery and Related Product Merchant Wholesalers
  - 4245 - Farm Product Raw Material Merchant Wholesalers
  - 4248 - Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers
  - 42491 - Farm Supplies Merchant Wholesalers
  - 42493 - Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers

(d) Retail Trade includes the following industries:
  - 44422 - Nursery, Garden Center, and Farm Supply Stores
  - 445 - Food and Beverage Stores

(e) Transportation and Warehousing includes the following industries:
  - 49312 - Refrigerated Warehousing and Storage
  - 4933 - Farm Product Warehousing and Storage

(f) Accommodation and Food Services includes the following industries:
  - 722 - Food Services and Drinking Places

**Sources:** Dun & Bradstreet, 2016; BAE, 2016
Employees

Table 3.4 displays the distribution of food-related employment by major industry category. Based on the Dun & Bradstreet data, food-related employment accounts for roughly 38,000 total jobs within the City of San Jose. Roughly 38 percent of the total employment occurs in businesses with less than 15 employees, while 28 percent occurs in businesses with between 15 and 49 employees. Larger business with between 50 and 300 employees account for a combined 32 percent, while establishments with more than 300 employees account for roughly 2 percent of the total food-related employment.

Similar to the concentration of establishments by industry category, the Accommodation and Food Services sector accounts for a large portion of the total food-related employment, with roughly 25,000 total employees. Approximately 41 percent of the total employment within the Food Services sector occurs in smaller businesses that employer fewer than 15 workers. While the smaller businesses account for the largest percentage of employees within this sector, medium-sized businesses contain a similar percentage of employees, at roughly 9,400 total employees, or 37 percent of the overall employment within the Food Services sector. Businesses with between 50 and 99 employees employ roughly 3,300 total workers, accounting for 13 percent of the total employment within the industry sector. The larger businesses that have 100 employees or more account for roughly 8 percent, or 2,100 employees within the City of San Jose.

The second most significant industry with regards to number of employees is the Retail Trade industry, representing roughly 8,000 total employees. The largest concentration of employees within the Retail Trade sector may be found in establishments with between 100 and 299 employees, representing roughly 3,350 total employees, or 41 percent of the total employment within the food-related businesses in the Retail Trade industry. While larger establishments account for the largest proportion of employees, small business containing less than 15 employees account for nearly 27 percent, or 2,150 employees, and establishments containing between 50 and 99 employees account for an additional 24 percent. Contrary to the overall distribution of food-related employment, the food-related businesses in the Retail Trade sector contain a smaller portion of businesses consisting of between 15 and 49 employees, representing only 8 percent of the total employment within the sector.

While both the Wholesale Trade industry and the Agriculture, Forestry, Fishing, and Hunting industry contain primarily businesses with less than 50 employees, the Food Manufacturing industry contains a large proportion of establishments employing between 100 and 299 total workers; roughly 36 percent of the total food-related employment within the sector. Also within the Food Manufacturing industry, roughly 30 percent of the total employment occurs in establishments of less than 15 employees, suggesting a limited number of medium-sized food manufacturing establishments. Similar to the data presented in Table 3.3, the lack of employment within the transportation and warehousing industry may indicate a missing component of the food-related industries.
<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Total Establishments</th>
<th>Industry Sector</th>
<th>Total Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag, Forestry, &amp; Hunting (a)</td>
<td>Number</td>
<td>Percent</td>
<td>Manufacturing (b)</td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>152</td>
<td>51.6%</td>
<td>1-14 Employees</td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>122</td>
<td>18.9%</td>
<td>15-49 Employees</td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>190</td>
<td>29.5%</td>
<td>50-99 Employees</td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>0</td>
<td>0.0%</td>
<td>100-299 Employees</td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>0</td>
<td>0.0%</td>
<td>300 or More Employees</td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>n.a</td>
<td>n.a</td>
<td>Employment not Reported</td>
</tr>
<tr>
<td>Subtotal, All Agriculture</td>
<td>644</td>
<td>100%</td>
<td>Subtotal, All Manufact.</td>
</tr>
<tr>
<td>Wholesale Trade (c)</td>
<td>Number</td>
<td>Percent</td>
<td>Retail Trade (d)</td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>690</td>
<td>47.3%</td>
<td>1-14 Employees</td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>379</td>
<td>20.4%</td>
<td>15-49 Employees</td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>250</td>
<td>13.4%</td>
<td>50-99 Employees</td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>350</td>
<td>18.8%</td>
<td>100-299 Employees</td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>0</td>
<td>0.0%</td>
<td>300 or More Employees</td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>n.a</td>
<td>n.a</td>
<td>Employment not Reported</td>
</tr>
<tr>
<td>Subtotal, All Wholesale</td>
<td>1,859</td>
<td>100%</td>
<td>Subtotal, All Retail</td>
</tr>
<tr>
<td>Transport. &amp; Warehousing (e)</td>
<td>Number</td>
<td>Percent</td>
<td>Accommod. and Food Srvcs (f)</td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>1-14 Employees</td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>15-49 Employees</td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>50-99 Employees</td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>0</td>
<td>n.a.</td>
<td>100-299 Employees</td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>0</td>
<td>n.a.</td>
<td>300 or More Employees</td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>0</td>
<td>n.a.</td>
<td>Employment not Reported</td>
</tr>
<tr>
<td>Subtotal, All Transp. &amp; Ware.</td>
<td>0</td>
<td>n.a.</td>
<td>Subtotal, All Accom. &amp; Food</td>
</tr>
<tr>
<td>All Food-Related Industries</td>
<td>Number</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>1-14 Employees</td>
<td>14,315</td>
<td>38.0%</td>
<td></td>
</tr>
<tr>
<td>15-49 Employees</td>
<td>10,790</td>
<td>28.6%</td>
<td></td>
</tr>
<tr>
<td>50-99 Employees</td>
<td>6,077</td>
<td>16.1%</td>
<td></td>
</tr>
<tr>
<td>100-299 Employees</td>
<td>5,864</td>
<td>15.6%</td>
<td></td>
</tr>
<tr>
<td>300 or More Employees</td>
<td>640</td>
<td>1.7%</td>
<td></td>
</tr>
<tr>
<td>Employment not Reported</td>
<td>n.a.</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Total, All Food Industries</td>
<td>37,686</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
(a) Ag, Forestry, Fishing and Hunting includes the following industries:
   - 111 - Crop Production
   - 112 - Animal Production and Aquaculture
   - 115 - Support Activities for Agriculture and Forestry
(b) Manufacturing includes the following industries:
   - 311 - Food Manufacturing
   - 312 - Beverage and Tobacco Product Manufacturing
(c) Wholesale Trade includes the following industries:
   - 4244 - Grocery and Related Product Merchant Wholesalers
   - 4245 - Farm Product Raw Material Merchant Wholesalers
   - 4248 - Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers
   - 4249 - Farm Supplies Merchant Wholesalers
   - 42493 - Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers
(d) Retail Trade includes the following industries:
   - 44422 - Nursery, Garden Center, and Farm Supply Stores
   - 445 - Food and Beverage Stores
(e) Transportation and Warehousing includes the following industries:
   - 4932 - Refrigerated Warehousing and Storage
   - 4933 - Farm Product Warehousing and Storage
(f) Accommodation and Food Services includes the following industries:
   - 722 - Food Services and Drinking Places

**Sources:** Dun & Bradstreet. 2016; BAE. 2016.
Revenues

Table 3.5 presents the annual revenue estimates for food-related businesses, by industry sector. Similar to the previous tables, the data are summarized by general industry category, while also displaying the revenue generated by each component of the food-related industries. In total, local food-related industries generate roughly $2.8 billion in annual revenue. While the Accommodation and Food Services sector accounts for a significant portion of the overall establishments and employment, the revenue figures show a significant impact by the Wholesale and Retail Trade sectors, each generating over $800 million annually. Within the Wholesale Trade sector, the majority of the revenue generated, roughly $740 million annually, comes from the Grocery and Related Product Merchant Wholesale sector, while the Beer, Wine, and Distilled Alcoholic Beverage Wholesalers generate roughly $90 million annually. Within the Retail Trade sector, Food and Beverage Stores account for the majority of total revenue generated, nearly $805 million annually. While not the highest producing industry, the food-related businesses in the Accommodation and Food Services sector contributed significantly to the overall revenue.  

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Industry Description</th>
<th>Total Revenue Dollars (in millions) (a)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Agriculture, forestry, Fishing and Hunting</td>
<td>$39.2</td>
<td>1.4%</td>
</tr>
<tr>
<td>111</td>
<td>Crop Production</td>
<td>$24.4</td>
<td>0.9%</td>
</tr>
<tr>
<td>112</td>
<td>Animal Production and Aquaculture</td>
<td>$6.5</td>
<td>0.2%</td>
</tr>
<tr>
<td>115</td>
<td>Support Activities for Agriculture and Forestry</td>
<td>$8.2</td>
<td>0.3%</td>
</tr>
<tr>
<td>31</td>
<td>Manufacturing</td>
<td>$377.0</td>
<td>13.3%</td>
</tr>
<tr>
<td>311</td>
<td>Food Manufacturing</td>
<td>$343.6</td>
<td>12.1%</td>
</tr>
<tr>
<td>312</td>
<td>Beverage and Tobacco Product Manufacturing</td>
<td>$33.4</td>
<td>1.2%</td>
</tr>
<tr>
<td>42</td>
<td>Wholesale Trade</td>
<td>$865.2</td>
<td>30.6%</td>
</tr>
<tr>
<td>4244</td>
<td>Grocery and Related Product Merchant Wholesalers</td>
<td>$741.6</td>
<td>26.2%</td>
</tr>
<tr>
<td>4245</td>
<td>Farm Product Raw Material Merchant Wholesalers</td>
<td>$3.7</td>
<td>0.1%</td>
</tr>
<tr>
<td>4248</td>
<td>Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers</td>
<td>$90.8</td>
<td>3.2%</td>
</tr>
<tr>
<td>42491</td>
<td>Farm Supplies Merchant Wholesalers</td>
<td>$2.6</td>
<td>0.1%</td>
</tr>
<tr>
<td>42493</td>
<td>Flower, Nursery Stock, and Florists’ Supplies Merchant Wholesalers</td>
<td>$26.4</td>
<td>0.9%</td>
</tr>
<tr>
<td>44</td>
<td>Retail Trade</td>
<td>$816.1</td>
<td>28.8%</td>
</tr>
<tr>
<td>44422</td>
<td>Nursery, Garden Center, and Farm Supply Stores</td>
<td>$11.7</td>
<td>0.4%</td>
</tr>
<tr>
<td>445</td>
<td>Food and Beverage Stores</td>
<td>$804.5</td>
<td>28.4%</td>
</tr>
<tr>
<td>49</td>
<td>Transportation and Warehousing</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>49312</td>
<td>Refrigerated Warehousing and Storage</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>49313</td>
<td>Farm Product Warehousing and Storage</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>72</td>
<td>Accommodation and Food Services</td>
<td>$731.6</td>
<td>25.9%</td>
</tr>
<tr>
<td>722</td>
<td>Food Services and Drinking Places</td>
<td>$731.6</td>
<td>25.9%</td>
</tr>
<tr>
<td>Total, All Food-Related Industries</td>
<td>$2,829.1</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(a) Revenue estimates not available for all establishments from Dun & Bradstreet. In these cases, BAE estimated revenues as the average from all other establishments in the same industry sub-sector.

Sources: Dun & Bradstreet; BAE, 2016.
Food Services sector generate roughly $730 million in annual revenue, entirely generated by Food Service and Drinking Places. The food-related businesses in the Manufacturing sector generate roughly $375 million annually, the majority of which comes from Food Manufacturing. Lastly, the food-related businesses in the Agriculture, Forestry, Fishing, and Hunting sector generate nearly $40 million annually, the majority of which is generated by Crop Production.

**CONTRIBUTION TO CITYWIDE ECONOMIC BASE**

While data indicating the City of San Jose's total Gross Domestic Product (GDP) or revenue generated by businesses is scarce, comparing the total number and distribution of annual revenue generated by food-related establishments to the same metrics of all San Jose establishments demonstrates what portion of the total citywide business activity is generated by food-related businesses. Based on Dun & Bradstreet data, displayed in Table 3.6, the City of San Jose is home to roughly 49,000 business establishments, indicating that food-related establishments represent roughly seven percent of all San Jose businesses. Based on annual revenue generated, food-related establishments generally resemble the distribution of overall businesses, with roughly 80 percent generating less than $1 million annually. While the percentage of total San Jose businesses generating more than $50 million annually is less than a tenth of a percent, the revenues generated by this limited number of very high grossing establishments provide a large economic boost to the region. Currently, there are no food-related businesses outside of the $50-$500 million revenues category. Although the numbers suggest a relatively small impact generated by food-related establishments, these businesses provide amenities, supportive services, and community identity that help attract the larger revenue generating businesses to San Jose.

<table>
<thead>
<tr>
<th>Annual Revenue</th>
<th>Food-Related Establishments</th>
<th>Total Establishments</th>
<th>Food-Related Establishments as Percent of Total Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Revenue Not Reported</td>
<td>600</td>
<td>17.7</td>
<td>4,588</td>
</tr>
<tr>
<td>Less than $1 Million</td>
<td>2,632</td>
<td>77.5%</td>
<td>40,956</td>
</tr>
<tr>
<td>$1 to $5 Million</td>
<td>124</td>
<td>3.6%</td>
<td>2,300</td>
</tr>
<tr>
<td>$5 to $10 Million</td>
<td>17</td>
<td>0.5%</td>
<td>479</td>
</tr>
<tr>
<td>$10 to $15 Million</td>
<td>19</td>
<td>0.6%</td>
<td>451</td>
</tr>
<tr>
<td>$50 to $500 Million</td>
<td>6</td>
<td>0.2%</td>
<td>155</td>
</tr>
<tr>
<td>$500 Million to $1 Billion</td>
<td>0</td>
<td>0.0%</td>
<td>17</td>
</tr>
<tr>
<td>$1 Billion to $10 Billion</td>
<td>0</td>
<td>0.0%</td>
<td>24</td>
</tr>
<tr>
<td>$10 Million or More</td>
<td>0</td>
<td>0.0%</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total, All Food-Related Industries</strong></td>
<td><strong>3,398</strong></td>
<td><strong>100%</strong></td>
<td><strong>48,972</strong></td>
</tr>
</tbody>
</table>

*Sources: Dun & Bradstreet; BAE, 2016*
SAN JOSE’S FOOD SECTOR BUSINESS INVENTORY COMPARED TO OTHER CITIES

With the intention of better understanding the San Jose food system, the team reviewed several food industry studies that have been prepared for other cities, to seek data against which to benchmark San Jose’s food-related business activity. The team found that studies prepared for San Francisco and Berkeley, in particular, provided some comparable city-level data, as discussed further below.

City of San Francisco Makers and Movers Economic Cluster Strategy

The most comparable study is a 2014 report analyzing the San Francisco Food and Beverage Manufacturing and Distribution sectors, titled Makers & Movers Economic Cluster Strategy. While this study mainly analyzed the manufacturing and distribution sectors, it utilized similar data sets and provided comparable data that can be referenced for perspective on the San Jose food system.

San Francisco Establishments and Employment

Table 3.7 extracts data from the Makers and Movers report, which utilized 2012 data on establishments and employment in both the Bay Area and San Francisco, and compares the data to the similar data for San Jose. Given that both the City of San Francisco and the City of San Jose are in the Bay Area, comparing all three regions puts San Jose’s impact in line with the greater six county Bay Area region, while also comparing a similar sized city’s concentration of food-related industries. Based on the data, both San Jose and San Francisco host similar proportions of the overall number of Bay Area establishments in the Food and Beverage Wholesale and Distribution sector, as well as Food and Beverage Manufacturing sector, with the City of San Jose containing a slightly higher concentration of Food and Beverage Wholesale and Distribution activity.

| TABLE 3.7: ESTABLISHMENTS AND EMPLOYMENT BY INDUSTRY SECTOR, BAY AREA, SAN FRANCISCO & SAN JOSE |
| Industry Sector | Bay Area Establishments | San Francisco Establishments | San Jose Establishments |
| Food & Beverage Wholesale/Dist. (c) | 1,437 | 211 | 260 |
| Food Manufacturing (d) | 778 | 139 | 161 |
| Beverage Manufacturing (e) | 768 | 20 | 26 |
| Total, All Industry Sectors | 2,983 | 370 | 447 |

| Industry Sector | Bay Area Employment | San Francisco Employment | San Jose Employment |
| Food & Beverage Wholesale/Dist. (c) | 22,201 | 2,986 | 1,711 |
| Food Manufacturing (d) | 23,308 | 1,853 | 1,606 |
| Beverage Manufacturing (e) | 18,085 | 211 | 327 |
| Total, All Industry Sectors | 63,594 | 5,050 | 3,644 |

Notes:
(a) Data comes from Makers & Movers report, which used 2012 QCEW data published by the Bureau of Labor Statistics.
(b) Comparable data from 2016 Dun & Bradstreet database.
(c) Includes NAICS sectors:
   4244: Grocery and Related Product Merchandise Wholesalers
   4245: Farm Product Raw Material Merchandise Wholesalers
   4248: Beer, Wine, Distilled Alcoholic Beverages Wholesalers
(d) Includes NAICS Sector 33: Food Manufacturing
(e) Includes NAICS Sector 31: Beverage Manufacturing

The comparison data for the city of San Francisco and San Jose with regards to employment demonstrate a difference in average establishment size between the two cities within the larger Bay Area. While San Jose has more establishments within the designated food-related industries, San Francisco contains a larger number of employees, suggesting the City of San Francisco hosts larger businesses, in terms of employee numbers, relative to San Jose. However, both the City of San Francisco and City of San Jose tend to host smaller average food-related establishment sizes when compared to the Bay Area. This may suggest that while smaller establishments are more able to locate themselves inside the Bay Area’s core urban areas, the larger establishments tend to gravitate to facilities within the less urban areas of the Bay Area.

The Movers and Makers report also notes the total number of establishments within the Food Service and Drinking Places sector as well as Food and Beverage stores sector within San Francisco, using 2012 data. These data, and comparison San Jose data from Dun & Bradstreet are presented below in Table 3.8. Although San Francisco has roughly 80 percent of the total population relative to San Jose, San Francisco contains notably higher concentrations of Restaurants and Bars (represented by NAICs code 722: Food Services and Drinking Places). Based on the data from the Movers and Makers report, San Francisco had roughly 3,200 restaurants and bars in 2012, which is roughly 50 percent more than the City of San Jose. This may reflect the fact that San Francisco is more of a tourist destination relative to San Jose. Similar to the Manufacturing and Distribution Sectors, San Francisco appears to host larger businesses relative to San Jose. Although the number of Restaurants and Bars was 50 percent higher in San Francisco, the number of employees within these sectors more than doubles the total employment within the same industries in San Jose.

### TABLE 3.8: ESTABLISHMENT AND EMPLOYMENT BY INDUSTRY SECTOR, SAN FRANCISCO AND SAN JOSE

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>San Francisco Establishments</th>
<th>San Jose Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurants &amp; Bars (c)</td>
<td>22,201</td>
<td>2,986</td>
</tr>
<tr>
<td>Grocery &amp; Liquor Store (d)</td>
<td>23,308</td>
<td>1,853</td>
</tr>
<tr>
<td>Beverage Manufacturing (e)</td>
<td>18,085</td>
<td>211</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>San Francisco Employment</th>
<th>San Jose Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurants &amp; Bars (c)</td>
<td>52,621</td>
<td>25,186</td>
</tr>
<tr>
<td>Grocery &amp; Liquor Store (d)</td>
<td>9,350</td>
<td>7,983</td>
</tr>
</tbody>
</table>

Notes:
(a) Data comes from Makers & Movers report, which used 2012 QCEW data published by the Bureau of Labor Statistics.
(b) Comparable data from 2016 Dun & Bradstreet database.
(c) Includes NAICS sectors:
   4244: Grocery and Related Product Merchandise Wholesalers
   4245: Farm Product Raw Material Merchandise Wholesalers
   4248: Beer, Wine, Distilled Alcohol Bever. Merchandise Wholesalers
(d) Includes NAICS Sector 33: Food Manufacturing
(e) Includes NAICS Sector 3121: Beverage Manufacturing


### TABLE 3.9: AVERAGE REVENUE PER FIRM BY INDUSTRY SECTOR, SAN FRANCISCO AND SAN JOSE

<table>
<thead>
<tr>
<th>NAICS - Industry Description</th>
<th>San Francisco Avg Revenue Per Firm (a)</th>
<th>San Jose Avg Revenue Per Firm (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3121 - Beverage Manufacturing</td>
<td>$2,418,667</td>
<td>$1,191,385</td>
</tr>
<tr>
<td>4244 - Grocery Wholesalers</td>
<td>$2,209,673</td>
<td>$3,531,247</td>
</tr>
<tr>
<td>4288 - Beer, Wine, Distilled Beverage Wholesalers</td>
<td>$1,088,320</td>
<td>$2,838,689</td>
</tr>
<tr>
<td>311 - Food Manufacturing</td>
<td>$753,841</td>
<td>$2,000,441</td>
</tr>
</tbody>
</table>

Notes:
(a) Reflects 2013 average revenue per firm, as reported in the Makers & Movers report.
(b) Reflects 2016 average revenue per firm, as reported by Dun & Bradstreet.
Sources: Dun & Bradstreet, 2016; BAE 2016.
**Revenues**

The last set of data generated in the Makers and Movers report is the average revenue per establishment by industry. The San Francisco data come from Dun & Bradstreet in 2013 and should therefore be comparable to the San Jose Dun & Bradstreet data previously discussed. As shown in Table 3.9, San Francisco establishments within the Beverage Manufacturing industry generated higher average revenue per firm, while San Jose yielded notably higher average revenues in the Grocery Wholesale Industry; the Beer, Wine, Distilled Beverage Wholesale Industry; and the Food Manufacturing industry.

**City of Berkeley's Food & Beverage Manufacturing, Wholesaling & Distribution Sector**

The City of Berkeley's Office of Economic Development produced an assessment of Berkeley's Food and Beverage Manufacturing, Wholesaling, and Distribution Sector. While the City of Berkeley's report did not use Dun & Bradstreet data, the City conducted a survey of all businesses within the designated food-related sectors and gathered data comparable that contained in the Dun & Bradstreet database.

**Establishments**

Table 3.10 displays data from the City of Berkeley report, along with comparable data for the City of San Jose, for the Food Manufacturing, Beverage Manufacturing, and Wholesale & Distribution sectors. It is worth noting that the City of San Jose contains roughly nine times the total population of Berkeley; however, as shown in the table, the City of San Jose hosts only about four times the total number of Food Manufacturing establishments relative to the City of Berkeley. With regard to Beverage Manufacturing, the City of San Jose has only roughly double the total establishments in Berkeley, indicating a comparatively low concentration of Beverage Manufacturers within the City of San Jose. In contrast, the City of San Jose contains nearly 18 times more food-related wholesale and distribution establishments relative to the City of Berkeley.

**TABLE 3.10: TOTAL ESTABLISHMENTS, EMPLOYMENT, AND REVENUE FIGURES, BERKELEY & SAN JOSE**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Establishments</th>
<th>Employment</th>
<th>Total Revenue</th>
<th>Avg. Rev/Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City of Berkeley (a)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Manufacturing</td>
<td>41</td>
<td>511</td>
<td>$48,500,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Beverage Manufacturers</td>
<td>14</td>
<td>162</td>
<td>$22,500,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Wholesale &amp; Distribution</td>
<td>15</td>
<td>118</td>
<td>$44,000,000</td>
<td>$2,900,000</td>
</tr>
<tr>
<td><strong>City of San Jose</strong></td>
<td></td>
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<tr>
<td>Food Manufacturing</td>
<td>161</td>
<td>1,606</td>
<td>$343,630,923</td>
<td>$2,134,354</td>
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<tr>
<td>Beverage Manufacturers</td>
<td>28</td>
<td>329</td>
<td>$33,358,782</td>
<td>$1,191,385</td>
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<tr>
<td>Wholesale &amp; Distribution</td>
<td>260</td>
<td>1,711</td>
<td>$836,129,568</td>
<td>$3,192,488</td>
</tr>
</tbody>
</table>

Notes:
- (a) City of Berkeley data was based on the City’s Business License data, accompanied by a phone survey of the businesses in the desired sectors.
- (b) City of San Jose data is based on the Dun & Bradstreet Database.

Revenues

While the total revenue figures are not directly comparable given the overall size and population of the two cities, the total revenue generated by establishments in the selected industries within the City of San Jose amount to roughly 10 times the total revenue generated by City of Berkeley establishments, relatively consistent with the proportion of total population. Additionally, the average revenue per firm figures, presented in Table 3.10, provide more insight into the impact of San Jose firms relative to similar firms in Berkeley. Based on the available data, the average revenue per firm within the food manufacturing industry is notably higher in the City of San Jose, suggesting the presence of larger food manufacturing businesses. On the other hand, beverage manufacturers within San Jose have an average revenue below that of Berkeley establishments, while wholesale and distribution establishments generally mirror the average revenue of Berkeley firms.

CAREER PATHWAYS RELATED TO FOOD SYSTEMS

The preceding information has demonstrated that although they account for a small proportion of the City’s overall total establishments and jobs, food-related business activity expanded at a rate of about two times the citywide average over the 2005 to 2015 time period, and provides job opportunities across a range of broad industry sectors, and in locations that are accessible throughout San Jose’s neighborhoods. This means that an expanding food sector can play an important role in creating economic opportunities for all segments of the San Jose population, including residents who may lack the skills and training to secure jobs in the Silicon Valley’s marquee technology sectors.

According to ABAG’s Plan Bay Area report, food preparation and serving related jobs in the Bay Area grew by the second greatest degree among all occupation fields between 2010 and 2013, after computer and mathematical jobs. While these jobs are skilled and require specialized training, they are particularly important because they include many entry-level and career-path jobs that do not require advanced formal education and which are accessible to those with limited English language skills and or limited literacy and numeracy.

In the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area, “Food Preparation and Serving Related Jobs” account for 7.6 percent of total employment, which is 1.5 percent less than the national average, and the average hourly wage for jobs in this sector is $12.70, which is nearly $2 or 16 percent higher than the national average. According to the U.S. Bureau of Labor Statistics, Food Preparation and Serving Related Jobs are the fifth biggest source of employment in the area.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakers</td>
<td>1,120</td>
<td>$26,610</td>
<td>100</td>
</tr>
<tr>
<td>Chefs and Head Cooks</td>
<td>710</td>
<td>$45,290</td>
<td>100</td>
</tr>
<tr>
<td>Food Service Managers</td>
<td>1,680</td>
<td>$55,510</td>
<td>240</td>
</tr>
<tr>
<td>Cooks, Institution and Cafeteria</td>
<td>2,030</td>
<td>$31,250</td>
<td>390</td>
</tr>
</tbody>
</table>
Career jobs related to food and agriculture include managers of food-related businesses and support professionals such as attorneys and financial services providers with practice focus on food and agriculture businesses. Increasingly there are government and non-profit jobs for policy and planning professionals with food-systems knowledge.

**Vocational Food, Nutrition and Culinary Education Programs**

Although many food-related jobs are entry level positions that provide on-the-job-training, there are also a number of formal educational programs to assist individuals in preparing for food system job opportunities, including public and private educational institutions.

**San Jose State University**

San Jose State has a Nutrition, Food Science and Packing Department that offers about 90 classes, some of which are for cooking. The department offers a Master’s degree and an undergraduate BS in Nutritional Science, with optional concentrations in dietetics and packaging. These degrees prepare students for careers in dietetics, nutrition education, food service and packaging. The University's Student Wellness Center offers free cooking classes.

**Santa Clara University**

Santa Clara University has a Food and Agribusiness Institute (FAI) that offers classes in relevant subjects. The Institute has developed a “Pathway,” or cluster of courses with a specific theme that undergraduates can complete in addition to their majors, called “Food, Hunger Poverty and Environment.” This Pathway is geared toward looking at food systems through entire the food supply chain and how it is impacted by resource availability and economic and social factors, such as income levels and environmental degradation. The FAI also offers a Food and Agribusiness MBA Specialization program that focuses on food and agribusiness management, enrichment programs like field trips and mentors for students, and custom education programs.

**Other San Jose Colleges**

San Jose City College, located at 2100 Moorpark Ave, offers a couple of programs and certificates that involve culinary arts. Under the Discipline called Family and Consumer Science, there is a Child & Family Study Major, which includes introductory classes on nutrition and foods among others. There is also a Meat Cutters Certificate that covers food selection, storage, preparation, along with cooking techniques used by all kinds of food service providers.
Non-University Vocational Training in the Food Industry

Center for Employment Training
San Jose's Center for Employment Training has a Culinary Arts program that prepares students for entry-level culinary positions. Students learn and practice cooking skills, kitchen-related skills and vocabulary, nutrition information, customer service and job search skills, and earn a Servesafe certificate.

The International Culinary Center
The International Culinary Center has a campus in Campbell, CA, a suburb of San Jose, and has a host of programs geared toward preparing students for culinary careers. The programs offered are called Professional Culinary Arts, Professional Pastry Arts, Italian Culinary Experience, and Intensive Sommelier Training. There are also various recreational and amateur opportunities, such as one-day classes and classes for teens. Curricula are based on traditional French cooking techniques. Graduates go into culinary and media professions of all kinds, from cooks to food writers to wine distributors.

University of California Cooperative Extension
The UC Master Gardener Program of Santa Clara, managed by the University of California Cooperative Extension, disseminates gardening information to county residents and agencies. The program trains "master gardeners" every other year with an intensive program that qualifies them as educators. Master gardeners give courses and talks to the community at events, schools, etc., and answer a hotline to answer questions about gardening and there is a hotline specifically for San Jose. The program also has a garden dedicated to ongoing research about gardening methods and materials where they hold demonstrations for the public. The program also provides assistance to schools as they develop gardens.
Geographic Overview

FOOD BUSINESSES, PLACES, AND AGRICULTURE

Beyond its economic contribution, food plays an important role in the city’s culture, placemaking, public health and environment. To understand these roles, requires a general understanding of the City’s demographics, geography and history and especially its position in the region. This section presents a geographical overview as context for food-related trends and opportunities in the City as a whole as well as in the five areas of the City: Central, Northern, Eastern, Southern and Western.

City’s Position in the Region

The City has always been a regional center, even as it has undergone significant social and economic changes over the past few hundred years. Its origins, as a Mission and as a Spanish land grant center, are rooted in its agronomic assets of fertile soils, plentiful water, and benign climate, and its strategic Bayside location. From the mid-19th to the mid-20th Century, it has transitioned from a production and business center of the Santa Clara Valley agricultural region; to “world center of the fruit and processing industry” up to the end of World War II; to regional powerhouse in defense manufacturing and electronic innovation in the latter-half of the 20th century.5

Today, San Jose is the Silicon Valley’s cultural center. It is also the largest and fastest growing city in the nine-county Bay Area, with a population of over one million people estimated to become 1.5 million in the next 25 years. The city has the 6th most diverse population in the country, with a non-English language spoken at home in more than half of the households and almost 40 percent of adults born in a foreign country.6 The population is slightly older than state average, with San Jose’s median age at 36.5 years compared to statewide median age of 35.2 years. The City’s population is well educated (almost half of the population have some sort of post-secondary degree).

In many ways, the City’s agriculture heritage is a thing of the past. The legendary orchards that once made San Jose a ‘garden city’ have long since made way for a city of many gardens in suburban developments. The canneries, such as the American Can Company, and market centers, such as the Growers Market, have been repurposed or re-developed. However, in other ways, agriculture and food are still a vibrant part of the City, in the form of thriving urban agriculture, undeveloped farmland, and an extraordinary range of ethnic food stores and restaurants. Going forward, food and agriculture could once again be part of City’s role as

“As a gateway to major agricultural areas and as an ever-more important regional transportation hub, the City is primed to reinvigorate its farm products distribution and processing sectors.”
a regional center. The culinary and agricultural traditions of the diverse and increasingly health-conscious population are catalyzing new food and farming enterprises in and around the city. As a gateway to major agricultural areas and as an ever-more important regional transportation hub, the City is primed to reinvigorate its farm products distribution and processing sectors. Pending transit-oriented development initiatives, including two new BART stations and 72 new urban villages will provide new opportunities for food businesses to be an important part of placemaking for a regionally-connected city.

**Districts and Neighborhoods**

The City defines itself in areas which reflect commercial and residential growth centers, much like a city of villages. As shown in Figure 3.1, it is divided into ten City Council districts, within which are 17 “areas” containing more than 100 neighborhoods. Downtown was the historic City center. Since the City’s post-war expansion, the peripheral areas of the City have grown in economic and cultural importance, creating a multitude of suburban commercial centers each with its own identify. With the growing and diversifying population and expanding city limits, new food retail businesses and restaurants were established in neighborhood shopping centers in Eastern, Southern and Western San Jose, while new and relocated office jobs moved to office parks, some in neighboring cities.

**Figure 3.1: San Jose Council Districts and Areas**

<table>
<thead>
<tr>
<th>AREA</th>
<th>COUNCIL DISTRICTS</th>
<th>AREAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>3, 6</td>
<td>Downtown, Rose Garden, Willow Glen, Fairgrounds</td>
</tr>
<tr>
<td>Northern</td>
<td>4</td>
<td>North San Jose, Berryessa, part of North Valley</td>
</tr>
<tr>
<td>Southern</td>
<td>2, 9, 10</td>
<td>Cambrian, Blossom Valley, Edenvale, Santa Teresa, Almaden Valley</td>
</tr>
<tr>
<td>Eastern</td>
<td>5, 7, 8</td>
<td>East San Jose, Alum Rock, Evergreen, Silver Creek</td>
</tr>
<tr>
<td>Western</td>
<td>1</td>
<td>West San Jose, Burbank</td>
</tr>
</tbody>
</table>
Figure 3.2: Geographic Distribution of Food-Related Businesses with 15 or More Employees

**Geography of Food Businesses, Opportunities and Trends**

Mapping the locations of food-related businesses allows a visual representation of their geographic distribution within the city of San Jose. Figure 3.2 depicts the location of establishments with 15 or more employees by industry. As seen in the figure, there is a cluster of food-related establishments located in downtown San Jose, the majority of which are in the Accommodation and Food Services industry. While the other portions of the City contain many of the large food-related retail trade establishments, based on the number of employees, it appears downtown has a concentration of the smaller food-related retail establishments.

Northern San Jose

Northern San Jose is “the City’s largest employment district”, growing at a rapid rate as a result of increased regional demand for research and manufacturing space.\(^9\) San Jose’s Office of Economic Development estimates that “$2.8 billion worth of new projects citywide are underway or about to start there,” leading to the addition of “26.7 million square feet of new industrial development, 32,000 housing units and 1.7 million square feet of supporting commercial uses.” \(^10\) Most of the industrial and commercial development will be concentrated along the North 1st Street Industrial Core Area in North San Jose, and along Oakland Road in the Berryessa area, where the new Milpitas and Berryessa BART stations will be located. Meanwhile, new residential developments are being built between Tasman Boulevard and Montague Expressway to the North, the Rincon South area to the South, and along North Capitol Avenue and around the planned Berryessa BART station to the East.

An emphasis on transit-oriented development and high residential density could potentially help bring new food sector jobs to an area currently with the least restaurants (211), retail (27) and food and beverage manufacturing establishments (15) in the city. On the other hand, the area has a large concentration of established wholesalers and distributors within the East Gish, Mabury and North San Jose employment area, which could be priced out with increased demand for industrial land by tech companies and residential developments.

Central San Jose

Central San Jose is the heart of the City’s food scene with over 800 food-related establishments. The area has the most food service establishments and drinking places (around 600) in the City as well as the highest restaurant density, with 3.09 restaurants per 1,000 people. It also contains approximately half of the City’s wholesalers and distributors (94 establishments), most of which are concentrated in the industrial areas around the Hwy 880 and Hwy 101 junction and the Monterey Business Corridor/Senter Road/County Fairgrounds area.

The area’s vibrant food scene is a result of past redevelopment, new transit options and local placemaking activities undertaken by the neighborhood/business associations, including: San Jose Downtown Association, Japantown Business Association, Willow Glen Business Association and The Alameda Business Association.\(^9\)

The majority of food-related Agriculture, Forestry, Fishing, and Hunting establishments appear to be located on the outskirts of the city, with a limited number in or near San Jose’s more urbanized areas. With regard to the food businesses in the Manufacturing sector, the majority of the larger establishments are located in close proximity to major roadways, including a cluster near the intersection of Highway 101 and Interstate 880, consistent with the need for manufacturing operations to be situated in areas with easy access to the goods movement system. Similar to the Manufacturing sector, the larger food-related Wholesale Trade establishments also generally cluster near major thoroughfares, allowing easy freight access.
Southern San Jose

Southern San Jose is a generally high-income residential area facing a generational shift. This is most evident in the Cambrian area, bordering Los Gatos and Saratoga, which has the oldest median age (39 years versus city average of 35) in the City, and contains a high concentration of people over 64. The majority of the population is white (69%) and generally high income, with a median household income of $98,822 versus the city median of $87,210. The area’s neighborhood shopping centers once housed long-standing independent food businesses renowned for their fresh specialty foods and locally grown products, such as the retailers Cosentino’s and PW Markets. Over the years, these retailers closed due to aging management and competition from large, healthy foods retail chains such as Whole Foods and Sprouts, most of which are located within Southern San Jose.

The City's 2040 General Plan takes into account this pending demographic shift towards a younger population moving into this area. The Plan aims to create a more urban atmosphere in the areas of Southern San Jose with the establishment of 21 urban villages, primarily along the Meridian Avenue and Hillsdale Avenue grand boulevards as well as near the Oakridge Mall and Old Edenvale employment area. These placemaking initiatives will likely increase the number of restaurants in Southern San Jose, which currently has the third highest number in the City (with 514 businesses) and the fourth highest density of restaurants (2.03 per 1,000 people).

At the southern-most part of the City is the Coyote Valley, an agricultural area reminiscent of San Jose's agricultural past. The Coyote Valley contains three sub-areas. The North Valley consists of around 1,700 acres of undeveloped prime farmland and was incorporated into the City in 1983. Zoned Campus-Industrial, for decades this area has been planned as a center for much needed new jobs. However, the countervailing vision for the area, as a regionally-significant place for conservation and production of local food, has continued to gain traction since the cessation of the Coyote Valley Specific Plan process in 2008. The adjoining 2,000 acres of farmland, called Mid Valley is unincorporated but designated in the San Jose General Plan as 'Urban Reserve', with development held off until 2040 and contingent on the development of the North Coyote Valley. The unincorporated South Valley, which adjoins Morgan Hill, consists of around 3,500 acres of open farmland, greenhouses, a mushroom production facility, and some ranchette-type parcels.

Most of the City's 4,300 acres of land in active agricultural use, both farming land and grazing land, are located in Southern San Jose with some also located in the Western area.
Eastern San Jose

Eastern San Jose has remarkable cultural and ethnic diversity. Approximately 70 percent of the population within City Council Districts 5, 7 and 8 is non-white. The area also has a high population density and a relatively young population, with a median age of 32 (lower than city's average of 35). These factors contribute to the richness of food businesses in the area. There are more than 700 food-related establishments, similar to the number in Central San Jose. Of those, there are 549 food services and drinking establishments (almost equal to Central San Jose's 598), 43 retail establishments, 49 wholesale/distribution establishments, and 63 food and beverage manufacturing establishments (the highest number for any area in the City). Most of the retail and restaurant businesses are concentrated on streets and in shopping centers with high walkability index scores, particularly around Alum Rock, Story Road/ South King Road, and Story Road/ Tully Road.

The Grand Century Shopping Mall on Story Road is the hub of the 'Little Saigon' shopping area. The Mexican Heritage Plaza (home to the School of Arts and Culture) on Alum Rock Road is envisioned as a hub for a resurgence of Hispanic food businesses. Little Portugal, renowned for its traditional bakeries and restaurants, is located a little to the west of Alum Rock Road. The 44-acre Prusch Park located near the intersection of Hwy 680 and Hwy 101, includes community gardens, a rare-fruit orchard demonstration garden, picnic area, and the six-acre Veggielution urban farm. The Park's annual harvest festival is one of many events that take place throughout the year in the various cultural and commercial centers of Eastern San Jose.

Western San Jose

Western San Jose is the city's second prominent shopping area, behind Central San Jose. This is due to the large Valley Fair Mall and the new, more walkable Santana Row in the Burbank area, as well as the shopping centers on Saratoga Avenue in West San Jose. Currently, this area has the 3rd highest restaurant and food and beverage manufacturing density in the city, with 2.34 and 0.17 establishments per 1,000 people, respectively. Furthermore, it has the second highest retail density in the city, with 0.3 per 1,000 people and a high concentration of bars and nightclubs, with 12 in West San Jose and nine within the Burbank area.

These factors, plus the area's proximity to Central San Jose, is leading to a significant redevelopment of Western San Jose, with more than 11 urban villages planned and the designation of one grand boulevard (West San Carlos Street) and three main streets. These new urban villages will be concentrated along West San Carlos Street, South Bascom Avenue and Saratoga Avenue.
San Jose Food Sector Actors & Activities

San Jose has laid significant groundwork in building its organizational capacity to support its food systems work. San Jose has several City departments, business associations, and non-profit organizations actively involved in food-related work.

CITY DEPARTMENTS: FOOD-RELATED INITIATIVES, PROGRAMS AND ACTIVITIES

Consistent with the City of San Jose policy documents, in which references to food and food-related activities were prominent, many City of San Jose departments are actively involved in food-related activities, as outlined below.

Mayor’s Office

The Mayor’s Office has a number of initiatives that relate to the food sector. For example, in September 2015, The Mayor’s Office launched Feeding Silicon Valley, a program aimed at alleviating hunger in Silicon Valley using Waste No Food as a technology platform to connect those in need of food with sources of excess food. The program is a collaboration between donors, local non-profits, and the City of San Jose. Several of the foundations of the Mayor’s Smart City initiative also have direct applicability to the food sector.

Office of Economic Development

The City of San Jose Office of Economic Development (OED) is committed to supporting a competitive economy where residents and businesses can build prosperity and improve the quality of their lives. OED works to create jobs, encourage private investment, help businesses and individuals generate revenue, support the arts, and attract and develop talent.

Some specific activities overseen by OED include: assisting businesses with permitting and site selection; helping businesses meet their workforce needs and assisting job seekers with skills and training through Work2future; and offering incentives for businesses to operate in San Jose. OED’s Real Estate Services functions include representing the City in third-party transactions and supporting the City property acquisition, disposition, surplus sales, leasing, relocation, valuation and property management. The Office of Cultural Affairs promotes and develops the arts and manages outdoor special events, with the goal of providing opportunities for participation in the arts and encouraging creativity. OED assists food and beverage businesses in a variety of ways as part of its core services.
Parks, Recreation, and Neighborhood Services Department

The mission of the San Jose Parks, Recreation and Neighborhood Services Department's (Park and Rec Department) is to build a healthy community through people, parks and programs. The Department oversees 183 parks where residents can play sports, relax, or rent space for retreats, weddings and other functions, 42 community and neighborhood centers, and 54 facilities where the Department offers classes and other services. Department programs target youth, families, and people over the age of 50 (including 13 sites that provide meals). Several of the 56 community centers also have commercial kitchens that are used for classes and catering events. The Department holds over 300 events annually such as races and festivals in the City's parks. It also oversees nearly 20 community gardens where residents can rent small plots to grow their own fresh fruits and vegetables. For detailed information about community gardens, please refer to the Urban Agriculture section of this report. Recently, this Department drafted model joint-use agreements that would support community gardens on publicly owned lands.

Environmental Services Department

The City of San Jose Environmental Services Department is dedicated to providing a sustainable environment for its residents and businesses while preserving its natural habitats. The Department oversees the City's water utility which serves over 100,000 customer accounts, the protection of natural and energy resources, the development and operation of a recycled water system, and the sale of drinking and recycled water. The Environmental Services Department also manages recycling and garbage services, regulatory programs that prevent pollution from entering storm water systems and waterways, and wastewater management.

As a part of San Jose's sixth Green Vision Goal, the City hopes to recycle or beneficially use 100 percent of its wastewater - 40 million gallons per day - by 2022. When Green Vision was first initiated in 2007, there was, on average, 10.2 million gallons of wastewater per day recycled; by 2014 the average was 14.1 million gallons per day. Farmers in southern San Jose and golf courses are two sets of users interested in using recycled water.

Housing

The mission of San Jose’s Housing Department is to strengthen and revitalize the community through housing and neighborhood investment. It works towards the following core impacts: 1) to ensure that residents have access to a variety of housing choices at prices they can afford; 2) to create sustainable neighborhoods with quality infrastructure and access to community facilities, services, and social networks that promote healthy lives; and, 3) provide opportunities for residents to improve the quality of their lives, access services to meet their basic needs, and obtain the tools they need to become self-sufficient.

The Housing Department and works with developers, homeowners, homebuyers, renters, landlords, mobile homeowners and non-profits. The Housing Division is especially concerned with serving the homeless, those of low socioeconomic status, seniors, and the disabled. In the summary of the City of San Jose’s 2015 Community Needs Forum, key findings highlighted the need to address housing rehabilitation and emergency repairs, provide legal services to protect fair housing rights and to mediate tenant/landlord legal issues, maintain affordable housing for families, create educational programs to inform individuals of their housing rights and ensure fair and affordable housing.
The Housing Department has a major role in the development of the 72 urban villages planned for San Jose; interest in how food businesses can be incorporated into these mixed use developments is in part what prompted the Division’s support for the Food Works study.

**Planning**

The Planning Division of San Jose is responsible for both long range planning, which involves guiding the City’s future through preparation of community-based planning and policies, as well as current planning through the review of development proposals. It is a part of the PBCE and works to make San Jose a great place to live, work, and play.

The Planning Division also works to update and implement San Jose’s General Plan. Envision San Jose 2040 is the City's General Plan that uses land use policy to strategically shape the growth of the City. The fourth out of twelve goals of the plan, to increase the quality of life, is particularly pertinent, as a sub-category of this goal is to ensure that all residents have access to healthful foods. To implement this goal, the General Plan provides various examples that range from encouraging the location of full service grocery stores within or adjacent to neighborhoods with limited access to healthful foods, to working with the Valley Transportation Authority to ensure that public transit provides access to food vendors, to limiting the number of fast food restaurants located near schools.\(^2\)

The PCBE also provides services to coach businesses through the steps necessary to start and operate a business in San Jose. The Small Business Ally is a staff person who focuses on supporting small businesses in navigating San Jose business tax registration, plan review, permitting, and inspections. According to Juan Borrelli, the current Small Business Ally, around 400 of the 1,400 or so customers per year, are requesting assistance to start a food-related business.

**BUSINESS ASSOCIATIONS AND NON-PROFITS: FOOD-RELATED INITIATIVES, PROGRAMS, AND ACTIVITIES**

In addition to the City of San Jose Departments and Divisions that support food-related business activity, there are numerous private-sector business organizations that, as part of their larger missions, also assist in the development of San Jose’s food system.

**San Jose Business Associations**

There are several Chamber of Commerce organizations in San Jose that provide a range of services relevant to food supply chain business development. These include the San Jose Silicon Valley Chamber of Commerce, the Hispanic Chamber of Commerce Silicon Valley, the Silicon Valley Vietnamese American Chamber of Commerce and the Vietnamese American Chamber of Commerce of Santa Clara Valley. These organizations all promote economic development through advocacy, products, and services for their members.
Non-Profit Organizations with Food-Related Initiatives

The Health Trust (THT) is a key leader of non-profit sector food-related initiatives in San Jose, as a grant-maker, project creator, and key partner with public, private, and non-profit entities. THT has three main program areas: Healthy Living (Chronic disease management, Oral Health, Housing for HIV+ and homeless, Family Resource Centers): Healthy Aging (Long-term services and support, Policy advocacy for older adults) and Healthy Eating.

The Healthy Eating program develops and directs activities including the Healthy Cornerstore Program, Fresh Carts Mobile Produce Vendors, and Mobile Farmers’ Market. It also leads key campaigns such as the Good-To-Go campaign, is active in promoting critical food and health related policy changes, heads up the Healthy Food Partnership Collaborative (HFPC), and is a leading partner in community initiatives related to urban agriculture and food hub development. The map below indicates Good-to-Go program locations where fresh produce can be bought or harvested throughout the city.

The Health Trust and Change Lab Solutions are developing a citywide health agenda for San Jose. They aim to propose 10 policies that advance health, equity, etc., and hope to fund an individual in the City to implement these policies. This project is expected to be completed in 2016.

Led by the Health Trust, the Campaign for Healthy Food brought together representatives from the City of San José, FIRST 5 Santa Clara County, Pacific Coast Farmers’ Market Association, and Working Partnerships USA to make changes in City policies that would increase access to fresh fruits and vegetables. The Campaign led to the creation of agreements for expanding community gardens and to the adoption of a new ordinance that streamlined the permit process for certified farmers’ markets and required all certified farmers’ markets to establish a way for customers to pay with food assistance benefits.

THT partnered with the City of San Jose on a food access report, *Food for Everyone*, which identified challenges and approaches for addressing food insecurity for two groups disproportionately affected by poverty, low-income seniors and individuals who are homeless.

Many other local and regional non-profit organizations, in addition to and sometimes in partnership with The Health Trust, offer a wide range of services and programs that advance healthy food systems in San Jose. Some of these organizations focus on urban agriculture (e.g., Garden 2 Table, Mesa Verde, Valley Verde, Village Harvest, and Veggielution). Some focus on healthy food access (e.g. ChangeLab Solutions, Fresh Approach, Second Harvest Food Bank, Silicon Valley Health Corps, and The Food Trust). Some focus on economic development (e.g., Anew America, Working Partnerships). Some offer a range of programs for specific communities (e.g., CommUniverCity, Somos Mayfair, Si Se Puede Collaborative, School of Arts and Culture). Others have a focus on planning for protection of conservation, open space and agricultural lands (e.g., Committee for Green Foothills, Greenbelt Alliance).
County and Regional Context

Since San Jose is an integral part of a larger region, it is important to understand how San Jose's food system connects with the surrounding food business economy and how County and regional food-related initiatives impact San Jose.

SAN JOSE FOOD-RELATED BUSINESSES’ CONTRIBUTION TO COUNTYWIDE ECONOMIC BASE

According to the U.S. Bureau of Economic Analysis, the San Jose–Sunnyvale–Santa Clara Metropolitan Statistical Area (MSA), comprising Santa Clara and San Benito Counties, generated a total GDP of nearly $215 billion in 2014. Based on this estimate, the revenue generated by the food-related industries within the City of San Jose represents roughly 1.3 percent of the total GDP of the metropolitan statistical area. Although the Bureau of Economic Analysis provides additional details regarding the overall breakdown of GDP by industry, due to confidentiality purposes, data for the defined food-related industries is unavailable, thus comparing the revenue generated by specific industries in San Jose as a percentage of the overall GDP of the metro area is not possible.

In order to better understand each component of the San Jose food system, the team obtained the total number of establishments in the associated industries in Santa Clara County. Table 3.12 identifies the
portion of total countywide food-system establishments located in San Jose, based on data from Dun & Bradstreet. As shown in the table, San Jose food-related establishments account for roughly 48 percent of the total food-related establishments in Santa Clara County. Within sectors, San Jose has large shares of Grocery and Related Product Merchant Wholesalers (55 percent), Food and Beverage Stores (51 percent), Food Manufacturing (49 percent) and Food Services and Drinking Places (just over 48 percent). Considering San Jose represents 53 percent of the total Santa Clara County population, based on the California Department of Finance population estimates, it is unsurprising that the concentration of Food and Beverage Stores and Food Services and Drinking Places would mirror the population percentage of San Jose given the two industries are supported by residents. However, the fact that Grocery and Related Product Wholesalers are more heavily concentrated in San Jose may reflect a competitive advantage for Wholesalers to locate in San Jose.

With only four industries representing above average concentrations in San Jose, many industries are underrepresented in San Jose relative to Santa Clara County. As seen in Table 3.12, all of the industries within the Agriculture, Forestry, Fishing, and Hunting (NAICS code 11) are underrepresented in San Jose. This may be in part due to the urbanization of San Jose relative to the remainder of the county, allowing more farming operations to occur outside of the City boundaries. Similarly, as a result of the low percentage of agricultural producers, the concentration of agricultural supply wholesale services, including Farm Supply Wholesalers, and Florist Supply Wholesalers are notably lower in San Jose relative to the same industries countywide.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Industry Description</th>
<th>City of San Jose</th>
<th>Santa Clara County</th>
<th>San Jose Percent of County</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
<td>Crop Production</td>
<td>73</td>
<td>265</td>
<td>27.5%</td>
</tr>
<tr>
<td>112</td>
<td>Animal Production and Aquaculture</td>
<td>44</td>
<td>114</td>
<td>38.6%</td>
</tr>
<tr>
<td>115</td>
<td>Support Activities for Agriculture and Forestry</td>
<td>43</td>
<td>108</td>
<td>39.8%</td>
</tr>
<tr>
<td>311</td>
<td>Food Manufacturing</td>
<td>161</td>
<td>327</td>
<td>49.2%</td>
</tr>
<tr>
<td>312</td>
<td>Beverage and Tobacco Product Manufacturing</td>
<td>28</td>
<td>68</td>
<td>41.2%</td>
</tr>
<tr>
<td>4244</td>
<td>Grocery and Related Product Merchant Wholesalers</td>
<td>210</td>
<td>380</td>
<td>55.3%</td>
</tr>
<tr>
<td>4245</td>
<td>Farm Product Raw Material Merchant Wholesalers</td>
<td>18</td>
<td>43</td>
<td>41.9%</td>
</tr>
<tr>
<td>4248</td>
<td>Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers</td>
<td>32</td>
<td>87</td>
<td>36.8%</td>
</tr>
<tr>
<td>42491</td>
<td>Farm Supplies Merchant Wholesalers</td>
<td>8</td>
<td>28</td>
<td>28.6%</td>
</tr>
<tr>
<td>42493</td>
<td>Flower, Nursery Stock, and Florists’ Supplies Merchant Wholesalers</td>
<td>15</td>
<td>54</td>
<td>27.8%</td>
</tr>
<tr>
<td>44422</td>
<td>Nursery, Garden Center, and Farm Supply Stores</td>
<td>16</td>
<td>42</td>
<td>38.1%</td>
</tr>
<tr>
<td>445</td>
<td>Food and Beverage Stores</td>
<td>655</td>
<td>1,285</td>
<td>51.0%</td>
</tr>
<tr>
<td>49312</td>
<td>Refrigerated Warehousing and Storage</td>
<td>0</td>
<td>1</td>
<td>0.0%</td>
</tr>
<tr>
<td>49313</td>
<td>Farm Product Warehousing and Storage</td>
<td>0</td>
<td>2</td>
<td>0.0%</td>
</tr>
<tr>
<td>722</td>
<td>Food Services and Drinking Places</td>
<td>2,095</td>
<td>4,352</td>
<td>48.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>3,398</strong></td>
<td><strong>7,156</strong></td>
<td><strong>47.5%</strong></td>
</tr>
</tbody>
</table>

Sources: Dun & Bradstreet, 2016; BAE, 2016.
COUNTY DEPARTMENTS:
FOOD-RELATED INITIATIVES, PROGRAMS AND ACTIVITIES

The following Santa Clara County departments and agencies are involved in food or the food supply chain: Department of Agriculture, Department of Environmental Health, Public Health Department, Employee Wellness Department, Social Services Agency (includes a Senior Nutrition Program), Office of Sustainability within the County Executive's Office, Department of Parks and Recreation, Procurement Department, Recycling and Waste Reduction Division, and Department of Planning and Development. Of special note, the Recycling and Waste Reduction Division will be hiring a Food Rescue Coordinator to facilitate and coordinate county food rescue efforts, in 2016.

Santa Clara County Department of Planning

The Department of Planning and Development oversaw the completion and adoption of the County's Health Element in August 2015. This policy document establishes goals pertaining to health conditions, equity, and access; land use and urban design; healthy eating, food access, sustainable food systems; and air quality and climate change.

The 2013 Community Health Existing Conditions report helped to inform the development of the Health Element. According to this report, Eastern San Jose, Downtown San Jose, and the Burbank part of Western San Jose have the highest concentrations of areas where over 30 percent of the population are living at or below 200 percent of the Federal Poverty Level (FPL). In terms of Women, Infants and Children (WIC) and CalFresh enrollment rates, Eastern San Jose has the most, with four areas (East San Jose, Edenvale, North Valley and Alum Rock) represented in the top 13 county-wide ZIP Codes. This is followed by Downtown, Blossom Valley and the Western San Jose areas of West San Jose and Burbank. These areas also contain the highest hospitalization rates for heart disease and diabetes in the City, which are associated with the income and ethnic make-up of the population. The Cambrian area of Southern San Jose has the highest proportions of older adults (65 years and older) in the city, a population "more vulnerable to disease and poor health than adults (18 to 64 years old)."

Various City-County and non-profit partnerships have undertaken numerous initiatives to address these issues, including continued development and promotion of healthy corner stores, community gardens and farmers' markets.

Climate and Agriculture Preservation Plan

The County Planning Department, in partnership with the Santa Clara Valley Open Space Authority, and in collaboration with Santa Clara County Local Agency Formation Commission (LAFCo) and the Cities of San Jose, Morgan Hill and Gilroy, are developing a Climate and Agriculture Preservation Plan (CAPP) for the Santa Clara Valley. The CAPP project is funded by a Sustainable Agriculture Land Conservation Program Grant (SALCP) from the California Strategic Growth Council and additional funds from the County and OSA.

CAPP aims to elevate the connection between reducing effects of climate change and limiting conversion of farmland to development, thereby reducing sprawl and the resulting carbon emissions. Secondary goals are to increase the viability of agriculture and promote co-benefits of agricultural land use, including habitat conservation, ground water protection, flood control, and local food and viewshed values.
The completed plan will integrate mapping, modeling and policies into a comprehensive framework for Southern Santa Clara County that can most efficiently direct growth and protect agricultural land as a climate change mitigation strategy. The research and analysis will include mapping of areas at risk of development and areas of high agricultural productivity, and quantification of reduction in greenhouse gas emissions. CAPP will also assess the development of an overarching Agriculture Conservation Easement program (ACE), which would be funded by ongoing Sustainable Agriculture Land Conservation Program funding from the Strategic Growth Council, local funding, agricultural conversion mitigation fees, and transfer of development rights.

CAPP is the first attempt in Santa Clara County to combine agricultural conservation with greenhouse gas emission reduction. The project integrates and builds on existing and draft local land use policies, plans and ordinances, including: Plan Bay Area (described in the regional context section below), general plans for the County and participating cities, OSA reports (mentioned above) and reports from the County Agriculture Commissioner's Office.

**Santa Clara County Agriculture Commissioner’s Office**

The County Crop Reports prepared annually by the County Agriculture Commissioner’s Office provide data about agricultural production value, acreage and trends. Highlights from the 2015 Santa Clara County Crop report are as follows:

- The gross value of Santa Clara County's agricultural production for 2015 is $279,162,600, an increase of 1 percent from the 2014 value of $276,472,000 and 6 percent from the 2013 value of $263,394,800.
- The County’s top three crops for over 10 years continue to be nursery crops ($65,974,000), mushrooms ($64,533,000) and bell peppers ($19,247,000). In 2015, 23 different agricultural commodities grown in Santa Clara County exceeded $1,000,000 in crop value.
- Corn, tomatoes, and spinach production all remained strong in 2015. Spinach jumped 42% in crop value due to an increase in acreage in 2015.
- The 2015 cherry crop has experienced a decrease of almost 80 percent from $8,351,000 in 2013 to $1,599,000 in 2015 due to lack of rainfall and chill hours required for cherry production.
- Although total acreage of irrigated land has declined, from around 40,000 acres in the 1980's to around 20,000 acres in 2015, the output value of the land has doubled in that time to the current average of around $12,000 per acre. The increasing value per irrigated acre is driven by a shift toward higher value crops, increases in productivity, new technologies, and more efficient farming practices.

The Santa Clara County Agriculture Commissioner’s office is one of several in California that has recently prepared reports about economic contributions of agriculture to the county, beyond farmgate production value. In addition to the impacts of agricultural producer operations, such reports also assess the economic contributions of agricultural materials and machinery suppliers, processors of local agricultural products, and other industries that provide services and supplies to agricultural producers (i.e., indirect economic impacts) and the additional multiplier impacts of owner and employee incomes directly or indirectly related to agricultural production that are spent within the local economy (i.e., induced economic impacts). Some reports also investigate the value of ‘ecosystems services’ provided by agriculture.
Key findings of the Contributions of Santa Clara County Agriculture include:  

+ The agricultural industries included in the analysis produce a total of $1.6 billion in output value and contribute a total of $830 million annually to the Santa Clara County economy.
+ These industries employ more than 8,100 workers annually.
+ The resource base of agricultural land declined significantly in the 1980’s and 1990’s, but has recently stabilized. The value per acre and the value per worker created by Santa Clara County agriculture has continued to increase and has never been higher.
+ Agriculture provides diverse, stable employment opportunities for both skilled and unskilled laborers.
+ Like the other high-tech industries in Santa Clara County, agriculture is growing in productivity per worker unit and per land unit.
+ Agriculture can be viewed as self-financing open space, providing important ecosystem service values and aesthetic benefits to county residents.

Most of the indirect economic contributions of Santa Clara County agriculture accrue less to San Jose than to those parts of the county that have the majority of agricultural production and service industries and which likely house more agricultural workers. However, some of the ecosystems services aspects of the county’s agriculture do positively impact San Jose. This is most true of the agricultural land in the Coyote Valley, which in part constitute and in part border the southern edge of San Jose.

According to recent research conducted for the Santa Clara Valley Water District and the Santa Clara Valley Open Space Authority, the 7,400-acre Coyote Valley provides significant ecological services for San Jose. These include: groundwater recharge (the valley overlies a ground-water basin which directly supplies some of San Jose’s drinking water and which interacts with the ground water basin that underlies much of the City); flood risk protection; wetland habitat restoration and enhancement; and water quality improvement.

Santa Clara Valley Open Space Authority

The Santa Clara Valley Open Space Authority (OSA) is an independent special district and is governed by an elected board of directors. The purpose of the Open Space Authority is to preserve key portions of the natural environment in order to balance continuing urban growth. The preservation and revitalization of farmland and of urban open space, including food-growing places, are primary objectives. In 2014, OSA produced the Santa Clara Valley Greenprint, a guide for protecting open space and livable communities and a 30-year plan for integrated land conservation in the Santa Clara Valley. The Greenprint’s agriculture chapter covers key issues, trends, opportunities and strategies for sustaining agriculture as a vital part of the County’s natural, cultural and economic resource base.
OSA also produced *Healthy Lands and Healthy Economies*, which assessed ecosystems services provided by agricultural and open space lands. Key findings included:

- *Santa Clara County’s natural capital provides at least $1.6 billion to $3.9 billion in benefits to people and the local economy every year.*
- *The County’s minimum natural capital asset value is between $45 billion to $107 billion.*

**Santa Clara Valley Water District**

The Santa Clara Valley Water District is responsible for providing San Jose with clean, reliable water, flood protection and maintenance of healthy creeks and watershed lands. Several initiatives currently under discussion directly interact with agriculture, including: (1) potential extension of a recycled water pipeline to the farms and golf courses in and around the Coyote Valley; and (2) development of a Coyote Creek Watershed One Water Master Plan, which could enhance ground water and surface water quality and provide habitat for wildlife while promoting aquifer recharge and flood attenuation.

**Santa Clara County Food Systems Alliance**

The Santa Clara County Food Systems Alliance is a collaborative of stakeholders concerned with issues of healthy food access, agricultural production and food distribution in Santa Clara County. The *Santa Clara County Food System Assessment: A Practical Tool for Food System Change* (December 2013), assessed food production, distribution, consumption and food waste in the County. While the recommendations in the report pertain to the whole County, several of them are particularly relevant for San Jose:

- **Protect the agricultural lands in Santa Clara County, many of which are threatened by development.**
- **Increase public awareness of the challenges of farming at the urban/rural edge.**
- **Encourage wholesale produce companies in Santa Clara County to procure goods from local farms and source-identify farm origin.**
- **Encourage direct purchasing contracts to increase viability of farming operations.**
- **Plan for food production within urban areas to improve the county’s urban social and environmental conditions.**
- **Increase the acceptance of CalFresh at all city and county farmers’ markets.**
- **Increase CalFresh enrollment and nutrition education.**
- **Increase the percentage of retail food outlets that order healthy, affordable food.**
- **Encourage more local governments to adopt programs that divert food waste from landfills.**
- **Support education programs to help individuals reduce and reuse food waste.**
REGIONAL CONTEXT

The enactment of AB 32, the California Global Warming Solutions Act in 2006, put the onus on California’s regional governance bodies to reduce greenhouse gas emissions using the primary tools of land use and transportation planning. In the Bay Area, regional planning for land use and transportation as well as housing, goods movement, resilience preparedness, and equity (shared prosperity) is done by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC), two agencies which are now in the process of merging.

ABAG’s State of the Region 2015: Economy, Population and Housing report, provides a regional understanding of current Bay Area economic, population and housing trends. Findings from this report that are particularly germane to food systems in San Jose include:

+ **Food preparation is one of the fastest growing major occupational categories, alongside computer and mathematical, and sales and related occupations. Food job growth is distributed evenly between San Francisco, the South Bay, and the East Bay.**

+ **Long term industrial shifts continue, with steady growth occurring in health, social services and education, and leisure and hospitality, resumption of boom growth after a period of volatility in professional and business services and information, and a leveling off of declines in manufacturing employment and financial services.**

+ **Santa Clara, Alameda, and San Francisco Counties, the three largest counties in the region, had the fastest rates of population growth between 2010 and 2014, with over one third of the region’s population increase occurring in the Cities of San Jose, San Francisco, and Oakland.**

+ **The share of the population that is non-Hispanic White has dropped from being a majority in 2000 to 41 percent in 2013. The non-Hispanic Asian population has overtaken the Hispanic population as the most rapidly expanding population group.**

Other regional planning initiatives such as the designation of Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs) indirectly impact food sectors by facilitating an increase in transit-oriented urban density (usually correlated with an increase in food-related establishments) and an increase in protected open space and conservation lands (which often include agricultural lands).

ABAG is interested in more directly understanding regional agriculture and food systems and their interaction with regional resilience and growth. ABAG has invited representatives from agriculture and foods systems organizations to support ABAG’s development of a Comprehensive Economic Development Strategy (CEDS) by being part of the guiding Strategy Committee and by contributing a white paper documenting the region’s food system’s strengths, weaknesses, opportunities and threats. Preparation of the CEDS is a requirement for the Bay Area becoming an Economic Development District, a U.S. Economic Development Administration designation.
San Francisco Bay Area Planning and Urban Research Association (SPUR)

SPUR is a significant force in regional planning in general. The establishment of a new sub-regional office in San Jose in 2013 allows SPUR to interact with numerous partners and initiatives focused on sustainable development in the City. In December 2013, SPUR released a report outlining how San Jose can better implement its current urban design plans, providing recommendations on how to improve development processes within the city, make San Jose more livable and attractive, and incorporate long-term sustainability into its plans.25

In addition, SPUR's regional Food Systems and Urban Agriculture Program, has made significant contributions through reports, such as Healthy Food Within Reach and initiatives such as a pilot program to expand healthy food incentive programs, like the Market Match Program, from farmers’ markets to retail stores. The Market Match program is California’s healthy food incentive program that allows EBT card holders to match their SNAP benefits dollar-for-dollar, up to $10 per market per day, to purchase fruits and vegetables at farmers’ markets, CSAs, and farm-direct locations.
Food Supply Chain Sectors

The Food Supply Chain Chapter analyzes five primary food supply chain sectors – production, distribution, processing, retail, and restaurants/food service – in terms of economic activity, trends, notable businesses, gaps and opportunities, and preliminary recommendations.

The economic activity is derived from Dun & Bradstreet data, which gives a good high level snapshot of business sectors. However, because the thousands of records are updated on a continuous but periodic basis, this dataset has limitations when it comes to data for individual businesses. Some may have had changes in the amount of revenue reported; a few do not report number of employees; and a few may even have closed. Other businesses that are newly formed or new to the area may not yet have been captured in the database.
Production

This section has two sub-sections. The Production Agriculture sub-section covers agricultural businesses located in San Jose as well as commercial farms and ranches operating within San Jose city limits. The Urban Agriculture sub-section describes urban garden and farm projects and enterprises in urban San Jose.

PRODUCTION AGRICULTURE

Overview

The description of this sector is based on two sets of data. The first set of data, the Dun & Bradstreet from businesses within the Agriculture, Forestry, Fishing and Hunting category, covers businesses engaged in crop, animal and aquaculture production, as well as establishments that provide support activities for agriculture and forestry. As such, the majority of the businesses tracked in these data are not engaged in production agriculture within San Jose; rather, they include agricultural company headquarters, packing houses, farm input producers, farm service companies and even some companies engaged in pet care and tree care.

The second set of data, the annual County Crop Report produced by the Santa Clara County Agriculture Commissioner’s Office, tracks production, acreage and trends for all agricultural production in the County including fruits, vegetables, seed crops, nursery products, livestock and field crops. For the Food Works study, the Agriculture Commissioner’s Office assisted in extrapolating from the county-wide agricultural production data, the subset of agricultural production within San Jose city limits.

Additional information comes from the City zoning maps, which include agricultural zoning, and from the Santa Clara County Assessors’ Office which tracks land use, ownership and other data on a parcel by parcel basis.

AT A GLANCE:

- San Jose’s production agriculture is concentrated in the southern part of the City and also occurs on smaller parcels on the City outskirts. Types of agriculture include orchards (primarily cherries, walnuts and apricots), vegetable row crops (including corn, tomatoes, peppers, cabbage and Asian vegetables), and field crops (primarily hay). There are around 4,350 acres of land in active agricultural use.

- Agriculture production businesses, as listed in the Agriculture, Forestry, Fishing and Hunting category of Dun & Bradstreet, produce $39.2 million in annual revenue. Many of these businesses are headquarters for farm operations in other parts of the county or state.

- Farms and ranches that do have farm operations within the City limits produce an estimated $5.2 million in annual revenue. as extrapolated from the Santa Clara County Crop Report. Some of these farm operations are part of larger farm businesses with land and headquarters in other jurisdictions: therefore their business revenue would not be captured in the San Jose business data. Crop Report data is derived per-acre production value, whereas Dun & Bradstreet data comes from business revenue reported based on the location of the business headquarters.

- Indirect contributions of San Jose’s remaining farmland include ecosystem services which could conceivably be monetized in the future (e.g. flood protection, ground water quality, and wildlife habitat), as well as open space, viewshed and cultural values.
San Jose Existing Conditions

This section provides information based on the Dun & Bradstreet data, which is summarized in Table 4.1. Summary of Food-Related Production Establishments.

Economic Activity of Agriculture Production Businesses

This section covers businesses listed in the Agriculture, Forestry, Fishing and Hunting categories of Dun & Bradstreet. Few of the farmers with production operations located within San Jose are listed, most likely because their San Jose operations are leased and/or are part of operations that span several jurisdictions.

In the Crop Production subsector, business sub-categories include fruit and tree nut farming, crop production, nursery and floriculture, and grain farming. Overall, there are 73 establishments totaling $24.1 million in revenue and 349 employees. The most numerous businesses are engaged in orchard and crop production. One of the largest businesses is Airdrome Orchards, a citrus grower and packer that has $10.4 million in annual revenues and around 40 employees. A company spokesperson noted that the company is impacted by major citrus diseases in Florida that are also affecting production in Tulare County. As a consequence, Airdrome’s packing and shipping operations in San Jose could be negatively impacted.

The Animal Production and Aquaculture subsector includes aquaculture, dairy farming, cattle ranching, and horse, sheep and goat operations. There are 44 establishments totaling $6.5 million in revenue and 133 employees. The majority are raising a variety of animals. The largest businesses are Romero Cattle Company and Cisbay, Inc., a firm producing “advanced microbial products”, with $0.34 and $0.33 million in revenue, respectively.

The Support Activities for Agriculture and Forestry subsector includes businesses that provide animal services (e.g. animal training and shearing services); soil, crop, and forestry services; farm labor and management contractors; and farm equipment repair services. In this group, there are 43 establishments totaling $8.2 million in revenue and 162 employees. The largest businesses are Rhino Enterprises and Joe Gonzales, with $3.58 and $0.9 million in revenue. The former is a tree care company, and the latter is a crop harvesting company.

| TABLE 4.1: SUMMARY OF FOOD-RELATED PRODUCTION ESTABLISHMENTS (A) |
|-----------------------------|-----------------------------|
| **Summary**                | **Number**                 |
| Establishments             |                             |
| Total Number of Establishments | 160                       |
| Employment                 |                             |
| Avg. Number of Employees per Estab. | 4.0                     |
| Total Number of Employees | 644                        |
| Revenue                    |                             |
| Avg. Revenue per Estab. (b) | $244,775                   |
| Total Annual Revenue (c)   | $39,164,047                 |

**Notes:**
(a) Food-Related Production includes the following industries: 111 - Crop Production 112 - Animal Production and Aquaculture 115 - Support Activities for Agriculture and Forestry
(b) Represents the average annual revenue of establishment for which revenue data was reported.
(c) Revenue estimates not available for all establishments from Dun & Bradstreet. In these cases, BAE estimated revenues as the average from all other establishments in the same industry sub-sector.

Sources: Dun & Bradstreet, 2016; BAE, 2016.
Economic Activity of Farms and Ranches in San Jose

The following section provides information based on the County Agriculture Commissioner’s Office Annual Crop Report.

Within San Jose city limits, there are approximately 4,350 acres in active agriculture with the following breakdown: 1,845 acres mostly in rangeland with a little irrigated pastureland; 1,620 acres in hay, alfalfa and other field crops; 490 acres in fruit and nut orchard crops, with cherries and walnuts as primary crops; and 480 acres in vegetable and fruit row crops, with peppers, corn and pumpkins as primary crops.

For the most part, these farming operations are not well known locally, since they primarily produce commodity crops. There are two notable exceptions in terms of farms that produce for local consumption and that have a local following. Jacobs Farm, the major agricultural lessee on 180 acres of land in Martial Cottle Park on the west side of San Jose, produces organically grown fruits and vegetables for sale at its on-site farm stand and to local and regional outlets. Spina Farm, now operated by Uesugi Farms, is located on 300 acres in the Coyote Valley. It produces vegetables for sale at its farm stand and also operates a renowned pumpkin patch.

Of the 4,350 acres in agricultural production within the City of San Jose, approximately 2,500 acres – all acres except the rangeland – are actively cultivated farmland. Not included in this number are 128 acres listed as ‘uncultivated agriculture’, and various plantings of vegetables and flowers in urban agriculture projects, listed in terms of number of square feet and adding up to around one acre. Extrapolated from the average per acre county value, the production value of these crops is estimated to be $5.2 million.

To put these numbers in context, the County has 230,000 acres of agricultural land, including around 24,000 acres of actively cultivated farmland. The total value of annual countywide agricultural production is $276 million, with an average value of $1,200 per acre. Santa Clara agriculture focuses on commodity crops produced by grower-shippers with farms and facilities located in the southern part of the county. As a result, San Jose does not directly benefit in terms of taxes on business revenues from the current incremental growth in the agricultural economy.

BUSINESS SPOTLIGHT
UESUGI FARMS

Uesugi Farm is a family-owned, second-generation farming operation started in 1979. In order to produce more products for local consumers, they recently assumed operations of the 300-acre Spina Farm in the Coyote Valley, where they grow bell peppers, chili peppers, Napa cabbage, sweet corn, strawberries, pumpkins and beans. Uesugi Farms is headquartered in Gilroy and has over 8,000 acres of farming operations in several California counties and in Mexico.
Santa Clara County and the five other counties closest to San Jose – Alameda, San Mateo, San Benito, Santa Cruz and Monterey – all have significant agricultural production. In addition, the most productive Central Valley agricultural lands lie within 150 miles of San Jose. San Jose’s proximity to significant agricultural production areas likely accounts at least in part for the $40 million annual value of agriculture-related businesses located in the City, about eight times the direct production value within the City.

**Gaps and Opportunities**

As noted above and elsewhere in this report, handling of locally produced farm products, including produce, meats, dairy and flowers, has not been a major economic driver for San Jose’s distribution and processing businesses for decades. While some other cities with burgeoning ‘foodies’ culture are seeing strong demand for local food across the food supply chain, which in turn can incentivize an increase in local production for local markets, this does not currently seem to be the case for San Jose.

Interviews with production agriculture farmers in Santa Clara County and nearby suggest that San Jose could be a much more significant market outlet for locally grown farm products, if there was a stronger market ‘pull’ coming from the wholesale, retail, processing, and restaurant sectors. Farmers also note the challenges of farming at the urban edge, including land use uncertainty, higher operating costs, challenges in finding labor, and urban-rural conflicts.

**Recommendations**

+ Retain agriculture business headquarters and facilities in San Jose.
+ Retain and invest in remaining existing farmland in San Jose.
+ Support initiatives and programs that link local producers with local market outlets and that showcase local food production.
URBAN AGRICULTURE

AT A GLANCE:
The City’s Parks and Recreation Department operates a community gardening program consisting of 17 gardens that make up over 22 acres of community garden land, owned by the City of San Jose, San Jose school districts, and Santa Clara Valley Water District. The waiting list is currently 272 individuals.

- Garden to Table led a study reporting that San Jose has 535 vacant parcels with 370.61 acres of vacant land, 28% of which is in residential neighborhoods. Adoption of AB551 (California’s Urban Agriculture Incentive Zones Act) could help incentivize use of this vacant land and encourage the growth of more urban agricultural spaces.

Overview

Urban agriculture occupies an important space in cities in the Bay Area, and increasingly, in San Jose. As “green spaces” serving a number of public needs, urban areas dedicated to growing food have widespread support from a broad range of stakeholders. Cities and communities across the Bay Area recognize urban agriculture as part of a solution to numerous urban issues as well as a nurturing and valued part of a city’s landscape. Often, urban agriculture is seen as a way (and venue) to teach nutrition and healthy lifestyles, to provide access to fresh and culturally appropriate foods for urban residents (especially those with limited access to healthy food), to provide training programs and jobs for local residents, and to build relationships between community members. Urban growing spaces exist on publicly and privately owned land.

Urban growing spaces in the Bay Area are in large part run by non-profit or volunteer groups for the purpose of education, creating jobs, and addressing food insecurity. Organizations such as San Francisco Urban Agriculture Alliance, City Slicker Farms, Planting Justice and Alemany Farm promote backyard gardening by offering resources to residents, run demonstration educational farms open to the community, and distribute produce to urban residents. In addition, urban school gardens, ranging from small to more sizable plots such as Castlemont High School of Oakland's one-acre farm, educate students about farming, nutrition and food-related careers.

The Bay Area’s two other major cities, San Francisco and Oakland, boast vibrant urban agriculture sectors that receive popular support from residents, non-profits, governments, and businesses alike. Both cities host city-run community garden programs and have taken progressive measures to promote urban agriculture, including allowing small-scale commercial production of produce on sites less than one acre. San Francisco, despite its small area, boasts 76 urban agriculture sites on public land. However, the expansion of urban agricultural areas throughout the Bay Area remains precarious, competing with other interests for land and funding.
Categories of Urban Agriculture

Urban agriculture takes many forms and can be classified by location and intended purpose of production. The following cover the most common types of gardens found in cities, including in San Jose:

1. **Community garden:** gardens located on public or private land, managed by a group of people, either through individually or collectively assigned plots, primarily for personal use, rarely for commercial use.
2. **Housing development garden:** gardens that are open to and used by communities in housing developments, but not open fully to the public.
3. **Home/kitchen garden:** a garden near or on residential property maintained by residents, for personal (not commercial) use.
4. **Demonstration garden/farm:** similar to community gardens but often used for educational or demonstration purposes and/or for needs of specific audiences, and not intensified production.
5. **Market garden/commercial urban farm:** an area of land that is maintained and cultivated by a single individual or group of individuals that is dedicated to commercial production.
6. **Hydroponic gardens:** a space where gardens are grown in water instead of soil. Can be for both educational/community and commercial purposes.
7. **School garden:** gardens located in schools, for educational purposes primarily.
8. **Agricultural landscapes and orchard buffers** in public spaces.

Existing Conditions in San Jose

Community Gardens

The City's Parks and Recreation Department operates a community gardening program consisting of 17 gardens that make up over 22 acres of community garden land, owned by the City of San Jose, San Jose school districts, and Santa Clara Valley Water District. Figure 4.1, depicts the community garden locations throughout San Jose. This program has existed since 1977. Currently, two employees, one full-time and another working 20 hours per week, coordinate the gardens, which serve over 1,000 people each year and are leased on a by-plot basis. Plots vary greatly in size, between 144 and 781 square feet, with an average of 458 square feet per plot. The gardens require users to pay water and annual registration fees each year and enforce strict organic growing practices. Gardens cannot be used for commercial purposes, only for personal use. Plot holders cite “supplementing groceries” as their primary reason for participating in the community gardening program.

The gardening program is very popular, with waitlists for some sites reaching up to 68 people, and with a total of 272 individuals on the waitlist for all 17 gardens. Demand for garden space far exceeds available plots; once on a waiting list, wait times for receiving a garden plot range from two to five years. Although demand indicates a need for more plots and expanded capacity to manage them, the program does not currently have adequate funding to expand. Studies show that each new community garden site would require between $450,000 and $600,000 to develop.

Housing Development Gardens

New housing projects in San Jose are focusing on green roofs and gardens, notably First Community Housing, a non-profit based in the city that focuses on developing affordable housing.
Demonstration Garden/Farm

These gardens are run by a mixture of non-profit organizations, government entities, and private businesses in partnership with government. Examples of farms run by non-profit organizations include Veggielution’s six-acre farm at Emma Prusch State Park and Garden to Table’s one-acre Taylor Street Farm. These farms operate CSAs and farm stands where produce is sold to help fund the operation of the organization’s educational activities; the goal of these spaces is not to turn a profit.

The U.C. Master Gardeners of Santa Clara County also operate demonstration gardens at a number of locations, including: Martial Cottle Park; The Guadalupe Demonstration Garden (in partnership with the Friends of the Guadalupe River Parks & Gardens, South Bay Water Recycling, and Santa Clara Valley Water district); History San Jose Demo Gardens (Umbarger Kitchen Garden, Trolley Barn Garden, and Firehouse Demo Garden); Emma Prusch State Park (with orchards and a compost demonstration site); Berger Water-wise Demonstration Garden; and Berger Edibles Demonstration Garden.

The 290-acre Martial Cottle Park is a notable example of urban agriculture in San Jose, given its size and mixed use. The land, an unincorporated island within the City of San Jose, is owned by California Department of Parks and Recreation and the park is managed by County Parks. Approximately 25 acres are used for demonstrative/educational purposes, by U.C. Cooperative Extension programs (including U.C. Master Gardeners, 4-H, and the U.C. Horticultural Program), as well as by the San Jose Community Gardens program and an urban forestry program. Jacobs Farm operates 180 acres of the land for commercial organic farming and also offers public education programs about organic farming, conservation, and food production. The remaining land at Martial Cottle Park, which also includes a historic home and agricultural out-buildings, is being developed as a public park.
Market Garden/Commercial Urban Farm
Large-scale commercial farms located in the San Jose city limits, most notably Jacobs Farm, are covered in the sub-section above. There are a few smaller-scale market gardens within the urban footprint. A notable example is J & P Farms, a two-acre organic fruit orchard situated in a residential area of San Jose, in operation since 1945. The farm and farmstand are operated by Jean and Phil Cosentino.

School Gardens
There are 18 school districts in the San Jose area. The 2013 Santa Clara Food Systems Assessment reports that one-third of schools in Santa Clara County, or 112 public schools, have a garden. However, schools lacking resources in lower-income school districts are less likely to have school gardens. No official count currently exists for the number of school gardens in the City.

Home/Kitchen Gardens
San Jose really is a ‘garden city’; productive and beautiful home gardens are flourishing in all neighborhoods in the City. Large, growing and active membership in groups such as the Rare Fruit Growers Association and Santa Clara Valley Bee Guild (with almost 400 members) further indicates an engaged gardening community in San Jose.

Building on this trend, there are non-profits in San Jose dedicated to helping families start and maintain home gardens for personal use. These include Garden to Table, which operates a backyard and public fruit tree gleaning program. Non-profit organizations La Mesa Verde and Valley Verde focus specifically on providing support for low-income families who want to build edible gardens on their properties.

Gaps and Opportunities
As an historic agricultural region, San Jose is an ideal location for growing fruits and vegetables, and could benefit from increased investment in urban agricultural production. High demand for community gardening plots and strong community support for existing farms (demonstration and commercial) indicate an overall positive response to urban agriculture. However, as in other urban areas, urban agriculture faces challenges in securing land for production and funding for maintaining such projects.

One of the biggest opportunities for expansion of urban agriculture in San Jose lies in the Urban Agriculture Incentive Zones Act (AB551), which allows private landowners to receive tax incentives in exchange for leasing their land for commercial or non-commercial agriculture for no less than five years. Following the City and County of San Francisco, the first to adopt this measure, Santa Clara County adopted the measure in 2015.

San Jose zoning codes allow for any property to be rezoned for small-scale agriculture, but there are no municipal ordinances for regulating the scale of agriculture. Garden to Table led a study of vacant parcels in residential neighborhoods. Of these parcels, 206 were between 0.1-0.25 acres, and 303 of the parcels were in low-density population areas. Adoption of AB551 could help incentivize use of this vacant land and encourage the growth of more urban agricultural spaces. San Jose passed this ordinance in November 2016, despite some concerns about reducing the land available for developing housing.
Recommendations

+ In implementation of the Urban Agriculture Incentives Act (AB551), allow parcels of up to three acres to qualify and include a public benefit mandate
+ Development of infrastructure/system/entity for selling or sharing home-grown or gleaned produce.

In 2016, the City of San Jose commissioned a study on its Community Garden Program, which resulted in the following recommendations for improving and expanding the current program:

**Growing the Program:**
+ Develop measurable goals for achieving a certain Level of Service
+ Change programming (specialized programs for groups of people, Open Garden Days, special initiatives or designations for garden plots, Design Standards development) to increase participation within existing gardens
+ Collaborate and share information with private and non-profit organizations that are operating community gardens around the city, to support development of new garden sites and track existing activities in city

**Identifying New Sites**
+ Identify criteria and formalize process for selecting new garden sites that allows for increased community engagement
+ Inventory opportunity sites for new garden locations, especially in existing parks and other public or vacant land based on selection criteria

**Increasing the Number of Gardeners**
+ Manage/reduce waiting period for gardens by: diversifying programming at existing sites, increasing number of garden plots through expanding sites or reducing plot size, and eliminating requirement for people to sign up for sites only in their Council District
+ Better outreach and information distribution at garden sites and online, including content in more languages

**Operations and Management**
+ Increase capacity of centralized management by funding two full-time positions for the program, with ratio of one full-time staff member per 700 participants
+ Invest in developing the program, including through raising more funds and increasing participation through dedicated outreach
+ Develop a framework for collaboration and partnerships with other departments and non-profit organizations
Distribution

AT A GLANCE:
- Distribution-Wholesale is the largest food sector in terms of total revenue. Its total revenue of $865.2 million constitutes 30.6% of overall San Jose food industry revenues.
- Average revenue is over $3 million per establishment.
- Distribution-Wholesale is the food sector with the highest average revenue per employee - $465,414.
- Wholesalers and distributors feel squeezed for space; there is more demand than supply for appropriate industrial space.

OVERVIEW
The distribution sector of the food supply chain covers wholesale and distribution businesses that handle a wide range of food and beverage products, including: fresh fruits and vegetables, nuts, dairy products, meat, seafood, poultry, bakery and confectionery products, grocery products, grains and field beans, frozen items, wine, beer and distilled beverages.

This sector, tracked in Dun & Bradstreet under the heading of Wholesale-Trade, has annual revenues of $865 million and employs 1,859 people. It is organized into the following sub-categories: Grocery and Related Product Wholesalers; Farm Product Raw Material Wholesalers; Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers; and Miscellaneous Nondurable Goods Merchant Wholesalers. Wholesale businesses handling animal food, cannabis and flowers are also included. All San Jose-based wholesale and distribution businesses, including those directly handling products as well as corporate offices with operations elsewhere, are covered under this heading.

Wholesale companies buy in bulk and resell to secondary markets. Additional services can include processing, re-packing, and distribution. Usually located in industrial zones, wholesale businesses often require 24-hour operations, large building footprints, circulation for large trucks and access to freeways.

The team primarily analyzed wholesalers and distributors of fruit and vegetables, since that is the subsector with the strongest ties to local agriculture and the focus of the Market District /Wholesale Food Market Assessment (Appendix A). Other food wholesale subsectors are analyzed more generally. Non-food wholesale subsectors are briefly analyzed to help provide overall context for the sector.
Existing Conditions in San Jose

Grocery and Related Product Wholesalers

This subsector includes the following types of businesses: general line grocery, confectionery, packaged frozen food, fresh fruit and vegetables, fish, meat, poultry, dairy and “other” merchant wholesalers (“other” includes pet food, baked goods, etc.). The largest number of businesses are categorized as “other,” followed by general line grocery and fish merchant wholesalers, with 90, 43 and 29 establishments, respectively. Of the establishments with revenue data, Lee Bros. Food Services generated the most revenue ($86.13 million annually), followed by R.W. Garcia Company ($80.45 million). The former is a distributor that also does value-added processing and mobile food service, while the latter is an international wholesaler for R.W. Garcia snacks. Both were founded and are based in San Jose. Produce wholesalers are discussed in more detail below.

Farm Product Raw Material Wholesalers

The few businesses listed in this subsector handle grain and field beans, livestock, and “other” farm product raw materials.

Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers

This subsector, the second biggest wholesale subsector, includes three beer and ale merchant wholesalers and 29 wine and distilled alcoholic beverage merchant wholesalers. One of the beer wholesalers, Hermitage Brewing Company, started as a craft brew pub. Other establishments also provide bar and

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BUSINESS SPOTLIGHT

**HERMITAGE BREWING**

Hermitage Brewing calls their beers “A Retreat from the Ordinary”. They brew three to four beers a day, six or seven days a week, using quality ingredients from around the world and twice-filtered water adjusted to the ideal water chemistry for the style of beer they are creating. Hermitage Brewing’s first brewpub opened in 1987 and their production facility in San Jose opened in 2009. Their production facility produces by volume in the top 5% of brewery production facilities in the U.S. This size allows for access to technology, employees, and hops and allows them to brew for many other Bay Area breweries. They are currently focusing on developing their own branded beer and distribution plan.

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**TABLE 4.2: SUMMARY OF FOOD-RELATED DISTRIBUTION ESTABLISHMENTS (A) (B)**

<table>
<thead>
<tr>
<th>Summary</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Establishments</td>
<td>283</td>
</tr>
<tr>
<td>Avg. Number of Employees per Estab.</td>
<td>6.6</td>
</tr>
<tr>
<td>Total Number of Employees</td>
<td>1,859</td>
</tr>
<tr>
<td>Avg. Revenue per Estab. (c)</td>
<td>$3,057,262</td>
</tr>
<tr>
<td>Total Annual Revenue (d)</td>
<td>$865,205,029</td>
</tr>
</tbody>
</table>

Notes:

(a) Food-Related Distribution includes the following industries:

4244 - Grocery and Related Product Merchant Wholesalers (products: general grocery; fresh fruit & vegetables; fish & seafood; dairy products; poultry & meats and meat products; confectionery products; packaged frozen foods

4245 - Farm Product Raw Material Merchant Wholesalers

4248 - Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers

42491 - Farm Supplies Merchant Wholesalers

42493 - Flower, Nursery Stock, and Florists’ Supplies Merchant Wholesalers

(b) Though included in the definition of Food-Related Distribution, the Dun & Bradstreet database indicates no establishments in the following industries:

49312 - Refrigerated Warehousing and Storage

49313 - Farm Product Warehousing and Storage

(c) Represents the average annual revenue of establishment for which revenue data was reported.

(d) Revenue estimates not available for all establishments from Dun & Bradstreet. In these cases, BAE estimated revenues as the average from all other establishments in the same industry subsector.

Sources: Dun & Bradstreet, 2016; BAE, 2016.
seating areas for on-sale alcoholic beverages, such as Vintage Wine Merchants on Santana Row. The top grossing establishment is M.E. Fox & Co., with $75.46 million in annual revenue, followed by Southern Glazer's Wine and Spirits. Both are national distributors. DBI Beverage Inc. (a national beverage distributor) recently purchased ten acres in San Jose for warehouse space, which could be an indicator of growing demand in the region.

**Miscellaneous Nondurable Goods Merchant Wholesalers**
This subsector contains eight farm supplies merchant wholesalers and 15 flower, nursery stock, and florist supplies merchant wholesalers. The farm supplies wholesalers are generally small in size, with the largest establishment generating around $0.75 million in annual revenue. The flower wholesalers, on the other hand, are dominated by a few larger establishments. Mt. Eden Floral Company is a wholesale flower company with a main store and headquarters office in San Jose as well as a branch in the San Francisco Flower Market. Central Wholesale Nursery is a self-service flower wholesaler and nursery that has been in business for over 40 years. These two establishments generate $16.84 and $3.2 million in revenue, while employing 40 and 30, respectively. Both are family-owned and independently run.

**Fresh Fruit & Vegetables Wholesalers & Distributors**
Fresh Fruit and Vegetables Wholesalers and Distributors are a sub-category of Grocery and Related Product Wholesalers discussed above. Produce wholesalers and distributors both buy in bulk (by case, pallet, truck load, etc.) from farmers, brokers, and other wholesalers and re-sell to retail, restaurant and food service companies. Wholesalers and distributors can be located in either a wholesale produce terminal or in their own stand-alone facility. Both can provide add-on services, such as pre-ripening, pre-cut products, and stocking other items, such as dairy and frozen foods. Both can pick up from farmers. The main difference is that distributors specialize in delivering directly to their retail, restaurant and food service customers and sometimes customize orders, such as selling in partial cases. Wholesalers sell goods from their premises to their customers. Those located in a wholesale produce terminal usually have facilities for setting up displays that facilitate customers seeing and sometimes tasting products before they buy. Colloquially, a series of such displays is called ‘the street’, so buyers can ‘walk and shop the street’.

In the produce business, wholesalers and distributors usually own the product they are selling. Produce brokers, however, who ‘broker’ transactions between grower-shippers and wholesalers/distributors and arrange transportation, do not own or take possession of products. As in all wholesale trade, business is largely relationship-based. Such relationships, built on trust, service and reliability, are an intangible yet invaluable asset.

The Food Works team focused on produce wholesalers and distributors located in and serving San Jose, with a secondary focus on wholesalers and distributors located elsewhere in the Bay Area, but for whom San Jose is an important market. The team did not investigate national distributors that serve hotel chains or the distribution centers (none of which are located in San Jose) that are owned and operated by grocery store chains such as Safeway, Raley's and Whole Foods.
There are 12 produce distributors located in San Jose. Some of these specialize in imported produce from Asia and Central America. Only a few sell directly from their premises to regular or walk-in customers. Annual revenues per business range from $0.3 million to $25 million.

Several of these companies have been in business for generations, starting as tenants in the former San Jose Wholesale Produce Market. This facility, initially called the Growers Market, was established about 100 years ago at the corner of East Taylor and North 7th Street. Not kept up as the wholesale produce industry modernized, the facility was torn down in the 1980’s and eventually replaced by housing. Galli Produce, owned and operated by the Pieracci family since 1956, and Chef’s Choice both got their start in the old market. Both are now located in the industrial area near the intersection of Hwy 101 and Interstate 880.

Another old market building, once part of the former American Can Company, a block-size building on South 5th Street and Martha Street, now houses two small wholesale distributors, Eddie’s Produce and the Old San Jose Produce Company. That facility is slated for the same type of dense residential development that is being constructed in the surrounding blocks. Eddie’s Produce, in business for about a decade, is actively seeking alternative space. Other wholesale businesses, such as Hacienda Produce and Chong’s Produce, are located in various areas of East and North San Jose.

San Jose distributors source their products from a range of suppliers, including from brokers and grower-shippers, both of which deliver, as well as from wholesalers located in the two San Francisco wholesale terminal markets, to which the San Jose distributors drive more or less daily.

Customers served by the San Jose distributors include restaurants, schools, smaller retailers, and food service businesses. Accounts such as chain hotels tend to be served by national chain distributors, such as Sysco and Avendra. The larger corporations such as Google and larger institutions such as major university dining services tend to be served by larger distributors, such as Daylight Foods and LA/SF Specialty, which is currently the largest food service distributor in California with revenues of around $500 million.

Distributors are increasingly offering a greater variety of products. Most medium-sized produce distributors now offer a range of pre-cut produce and basic dairy products such as eggs. Most of the larger distributors offer a wide range of fresh, processed and frozen food products in addition to fresh produce, to facilitate one-stop shopping for their customers. This trend necessitates increased attention to both food safety, including handling protocols, and transparency information.

BUSINESS SPOTLIGHT
GALLI PRODUCE COMPANY

Galli Produce Company, established in 1957, serves customers throughout the South Bay. Galli sources products from the San Francisco and South San Francisco produce terminal markets. It also directly sources summertime deliveries from Salinas, Watsonville, Hollister, Sacramento, and the San Joaquin Valley, and wintertime deliveries directly from Mexico, Arizona and Florida. The Galli Produce site is centrally located in the South Bay with easy access to all major freeways and has state-of-the-art equipment including multiple big rigs to haul field-fresh local produce, a fleet of fifteen refrigerated trucks for normal delivery routes, and various packing, sorting and refrigerated spaces.
Gaps and Opportunities

The produce wholesale and distribution business is highly competitive in several ways. Bigger players who serve hotel chains and large corporate accounts run up against the price ceilings set by national supply chain management companies such as Avendra and national/international food service companies. Smaller players compete for local accounts.

Many smaller markets and restaurants in San Jose bypass wholesale and distribution channels by buying produce in bulk direct from establishments like Restaurant Depot and Costco.

Produce wholesale and distribution businesses have changed significantly in the past decades. Some have been impacted by the reduction of independent grocers and by consolidation of retail grocery chains that develop their own distribution centers. The advent of food safety and traceability concerns has meant added operational costs and required new facilities. There is growing interest in organic and specialty items in San Jose, but still lower demand than elsewhere in the Bay Area.

The distribution and wholesale produce sector is growing. All of the companies contacted by the Food Works team report a need for more space, more permanent space, and upgraded space. Space for wholesale and distribution businesses is being squeezed by low vacancy rates for industrial buildings, demand from tech industries which can afford higher rental rates, and conversion of some industrial zoned land to residential zoning. Most businesses lease buildings and are experiencing considerable uncertainty regarding availability of affordable space, located with good freeway access. Regionally, costs for wholesale produce warehouse space, where available, range from around $0.65 per square foot to as much as $2.00 per square foot (for improved space in a wholesale terminal).

There is a considerable shortage of labor in this sector, both drivers and warehouse people. In the Bay Area, movement of goods in general is under pressure due to increased traffic congestion.

Recommendations

+ Based on the Preliminary Assessment for a Wholesale Food Market (see Appendix A), conduct a full feasibility analysis.
+ Encourage the City to consider proactive efforts to retain and support food distribution.
Processing

The first part of this section covers the various subsectors of food processing, also called manufacturing. The second part covers the commercial kitchens and food business incubators, an important and emerging part of food processing, especially for artisanal foods produced by new food entrepreneurs.

AT A GLANCE:

- The Food Manufacturing industry in San Jose includes 189 businesses employing a total of 1,935 people.
- San Jose food manufacturing establishments have $343.6 million in annual revenue, while the Beverage and Tobacco Product Manufacturing industries have $33.4 million, totaling $377 million in annual revenue, or 13.3% of revenue for all food-related industries in San Jose.

OVERVIEW

The Dun & Bradstreet data shows food manufacturing with various types of businesses and beverage manufacturing as the two major subsectors of food processing. The two subsectors combined represent 189 businesses employing a total of 1,935 people, and with annual revenues of $343.6 million.

Existing Conditions in San Jose

Bakeries and Tortilla Manufacturing

This is the largest food manufacturing sector in San Jose, with 110 business listings. The majority are bakeries, though seven Asian noodle restaurants and one pet food manufacturer are listed. Five business listings are Le Boulanger chain bakeries, while nine are doughnut shops. Of the bakery businesses listed, there are a range of ethnic bakeries, including: American, Italian, Vietnamese, French, Swedish, Mexican, Persian, Afghan, and Dutch. Baked goods include cupcakes, bagels, cakes, and different styles of bread. Roma’s Bakery ($8.7 million, 60 employees), Robles Bros., Inc. ($3.7 million, 35 employees), and Meza Corporation, which runs the popular Pink Elephant Bakery producing Mexican sweets ($1.5 million, 15 employees) are the largest businesses.

Grain and Oilseed Manufacturing

This sub-category includes seven businesses: three tapioca beverage storefronts, one artisan food and oil importing company, and the large commercial campus of a cereal manufacturer, Kellogg Company. The other two businesses include a wet corn milling company and a breakfast cereal manufacturer, for which little information is available online.

Sugar and Confectionary Product Manufacturing

An example of a business in this subsector is Iamori, a wheat-free and gluten-free confectionary producer focused on producing baked goods from healthy, organic, and local ingredients that supplies high-end grocery stores, primarily on the Peninsula.
**Fruit and Vegetable Preserving and Specialty Food Manufacturing**

Eight businesses are classified under this category. Two are dried and dehydrated food manufacturers, though only Valley View Packing Co. seems to be in business. The other businesses are specialty canning, fruit and vegetable canning, frozen fruits, juice and vegetable manufacturers, and frozen specialty food manufacturers. The largest of these businesses in 2012 was Zoria Farms, which appears to have been sold to Z Foods. Valley View Packing and Rodriguez Foods are the largest businesses in this sector, bringing in $5.9 and $1.7 million in annual revenue, respectively. Juice processor and distributor Odwalla, Inc., based in San Jose, distributes nationally to grocery stores around the country.

**Dairy Product Manufacturing**

San Jose has six businesses in this category, primarily cheese, ice cream and nutrition supplements. The largest company in this category is the Marquez Bros. International Company, which grosses $209 million a year and employs 600 employees total, 150 in its San Jose location. This company manufactures and distributes Mexican-style dairy, meat, and canned good products featuring 10 different brands that are shipped to the U.S., Mexico, Canada, and Europe.

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**BUSINESS SPOTLIGHT**

**SAN JOSE TOFU COMPANY**

The San Jose Tofu Company is a small family business that specializes in hand-made tofu, started in 1946 by the grandfather of current owner Chester Nozaki. Amy Nozaki, wife of Chester Nozaki, uses a traditional Japanese process to create tofu from scratch every day. This is a time-consuming and physically demanding process that varies per batch based on outside temperature and the type of bean. The San Jose Tofu Company also makes traditional Okara and fresh soy milk using the by-products of the tofu and tofu dessert-making processes. The company not only provides a niche product in the Asian food manufacturing market but is also a beloved community institution with its location in a small, open building space in Japantown that allows customers to view the tofu-making process as it happens.
Animal Slaughtering and Processing
According to Dun & Bradstreet data, there are seven San Jose businesses in this category: four process meat, one processes poultry, and one handles other species. The USDA Food Safety Inspection Service lists eight businesses in San Jose with USDA-certified facilities for processing meat and poultry. According to the USDA Animal Plant Health Inspection Service, there are no USDA-approved slaughter facilities in San Jose. The University of California Department of Agriculture and Natural Resources lists one CDFA-inspected processing facility in San Jose which does cut and wrap and custom processing for game and commercial species.

John Morell, a division of Smithfield Foods, acquired San Jose-based Mohawk Packing Company in 1998 and now operates it as a division of John Morell. This is the largest San Jose business in this category, employing 64 individuals and earning $6.7 million annually.

A notable and long-standing example of a local meat processing business in San Jose is Pangea Packing LLC, dba Bassian Farms, well known for its high-quality meats and seafood sourced from California, the U.S., and Europe. Bassian Farms meats are processed in facilities in San Jose and are distributed to areas around Northern California. Dun & Bradstreet lists Bassian Farms with revenue of $21 million per year and 35 employees. However, that information is outdated according to a company spokesperson who reports annual income of over $50 million and close to 60 employees.

Animal Food Manufacturing
This is a minor subsector with one business, Wholesome Hounds.

Other Food Manufacturing
Of the 17 diverse businesses listed under this category, three are coffee roasters and coffee and tea distributors (local and chains). Others produce or process products including: eggs, tofu, hummus, seasonings, dressings and beverage flavorings.

The largest business in this category by far is Olivera Egg Ranch, which is licensed by the State of California to pack and process eggs. Olivera Egg Ranch, LLC is headquartered in San Jose. The egg production facilities are licensed under Olivera Egg Ranch in French Camp in the San Joaquin Valley. The San Jose egg packing and processing facility employs 60 individuals and has revenues of $16.3 million per year. Coffee roaster Mr. Wright's Amazing Coffee is the next largest business, bringing in $1.4 million in revenue and employing 17 people.

Beverage Manufacturing
The 26 businesses listed as beverage manufacturers include six wineries, four breweries, two soft drink manufacturers, and 14 water and ice manufacturers. The three local top-earning businesses were J. Lohr Wineries ($23.5 million, 150 employees total, 50 in San Jose), Wine Cellar Impressions (produces wine cabinets, $1.1 million, 15 employees), and Sangrita Real (soft drink producer, $800,000, 15 employees). This category also includes larger regional and national corporations, such as Gordon Biersch Brewing Co. and the Coca Cola Company.
**Tobacco Manufacturing**

This category lists two businesses; a cigarette manufacturer and a cigar manufacturer. These are small businesses, each bringing in less than $100,000 and employing only one individual.

**Establishments Outside of NAICS Food Manufacturing Categories**

There are a number of businesses in San Jose that are not listed within the NAICS Food Manufacturing category, but which are described here because they engage in food processing activities as part of their business. Many of these businesses are listed under Retail-Trade, Agriculture and Wholesale Trade.

One notable type of food processing business which is a big asset for San Jose is small-scale specialty ethnic food producers, whose operations are usually limited to a handful of products, have 20 or fewer employees, are minority owned, and bring in less than $1 million per year. These businesses are well known for producing a few high-quality products. Examples include the San Jose Tofu Company (traditional handmade tofu and other tofu-based products), Shuei-Do Manju shop (Japanese sweets, manju and mochi, all made by hand), International Bread (specialty tandoor-baked breads), Vinh Khang Tofu (tofu products), the Pink Elephant Bakeries (Mexican confectionary/baked goods), and Goulart Sausage Co. (Portuguese processed meats and sausage).

Among San Jose’s agricultural producers that also engage in food processing, the largest companies are citrus packaging Airdrome Orchards ($10.4 million, 90 employees, 40 employees in San Jose), prune and dried fruit packaging companies Hill View Packing ($9.4 million, 60 employees, 30 employees in San Jose) and Valley View Packing ($5.9 million, 50 employees), which all have multiple growing locations for fruit and tree nuts.

Another notable business is Freeland Foods, which produces the Go Raw brand of packaged, “wholesome” organic natural foods and sells to grocery stores and food retailers. The manufacturing of products occurs in San Jose, in their recently acquired (2014) 63,000 square foot industrial warehouse.
Commercial Kitchens & Food Business Incubators

**OVERVIEW**
A healthy and vibrant food sector is sustained by the influx of new food businesses producing a variety of products and foods. Community kitchens and food business incubators are key spaces where such small-scale food businesses can test and develop their products legally and affordably and become part of a city’s food ecosystem. Often, these food-making spaces offer additional support and ways for food makers to engage with the public and potential customers, through incubation programs or being incorporated into established retail outlets and marketplaces where food producers can sell their products.

With few exceptions, food sold or prepared for the public must be prepared in a properly permitted facility and may only be handled by people with food handler’s certificates. Commercial kitchens are permitted food preparation spaces that meet health and safety code requirements and are staffed by people who have food handler’s certificates. Commercial kitchens are used by small business owners and aspiring small business owners to test and develop products, and to process and package products for sale.

Community kitchens are the same as commercial kitchens, except they are operated by a not-for-profit organization for the benefit of the community. Community kitchens may benefit small businesses as discussed above, but also have programs to interface frequently and deliberately with the community by offering services or addressing community needs (such as cooking and nutrition classes) or youth programs.

Micro-entrepreneurs include food trucks and food carts not classified as restaurants because they have no fixed place of business, home businesses operating under California’s new “Cottage Food” laws, and start-up enterprises that would be classified with food processors if not for their small size and often questionable legal status. This latter category includes people who occasionally prepare baked goods, tamales, or sandwiches for sale to neighbors at community events, as well as people who are working with commercial kitchens and business coaches to test recipes and markets to see if they can scale up enough to reach commercial outlets. Small food-based enterprises can play an important role contributing directly to household income as well as increasing access to healthy and culturally appropriate foods in underserved areas.
A basic commercial kitchen rents a properly permitted preparation and cooking area and provides equipment and storage. Space is typically rented for a certain number of hours per month, with the option to rent more hours at the kitchen on an as-needed/as available basis. A commissary is a commercial kitchen specifically designed to service mobile food vendors (i.e., food trucks). In order to be licensed, food trucks and food carts must have access to a properly permitted commissary.

A kitchen incubator is an organization that maintains a commercial kitchen, but with a focus on mentoring and helping food entrepreneurs launch businesses, through providing a range of supporting services. Some of these enterprises have storefronts or programs to invite the public in for tastings.

**Existing Conditions in San Jose**

There are only three significant commercial kitchen and commissary facilities in San Jose: San Jose Commercial Kitchen Rental, Lee’s Industrial Catering, and Johnson’s Industrial Catering. Other sizeable facilities are located in Concord and Fremont.

San Jose has many food micro-entrepreneurs, some operating totally or partially outside of the law, and others diligently endeavoring to scale into full-fledged legitimate businesses. Community service providers admit that many low-income families supplement their income one to two thousand dollars a year by occasionally preparing foods for sale in home kitchens. Non-profit business advisors who work with aspiring legitimate businesses estimate the contribution to annual income to be in the range of eight to ten thousand dollars a year. For the “under the radar” businesses the main barriers to success are lack of education and English language skills sufficient to navigate the health and safety and financial reporting requirements of a fully compliant business. For the legally compliant businesses the main barrier to success is inability to produce sufficient quantity to reach commercial outlets, due to in part to lack of access to commercial kitchens, and lack of access to credit.

**Gaps and Opportunities**

Specialty food manufacturing and processing is a vital and highly diverse sector. However, some businesses report pressures in maintaining their businesses in San Jose, with lack of appropriate, affordable and accessible space being a primary challenge.

The Bay Area has seen the emergence of numerous commercial kitchens aimed at supporting small-scale food business entrepreneurs. Many of these kitchens are concentrated in the East Bay (Alameda County) and San Francisco, with others scattered around the Bay Area. As a tech hub, the Bay Area is also home to eager investors and entrepreneurs wanting to incorporate technological innovations into the ways food is produced, processed, and delivered to consumers.

Melding commercial and social ambition, the Bay Area also has mission-driven kitchen incubators that add business development programs to physical kitchen access and assist women and minorities in establishing successful food micro-enterprises.
+ Encourage the City to consider proactive efforts to retain and support food processing businesses.
+ San Jose is ripe for more commercial kitchens and commissaries, kitchen incubators and community kitchens.
  - The City can facilitate the development of commercial kitchens, commissaries, and kitchen incubators by incentivizing these developments through tax and fee waivers and by continuing to support the City’s business coaching center and its partnerships with non-profit organizations that assist entrepreneurs.
  - The City can create a bundled, expedited, and discounted permitting process for licensing kitchens and food micro-enterprises.
  - The City can support not-for-profits in developing community kitchens and kitchen incubators by offering City employee time as part of the match requirement on grant applications to help the non-profit raise funds for building the facility and staffing the business development programs.
  - The City can support community kitchens and food micro-entrepreneurs by building permitted kitchens in housing developments and in public facilities such as parks.
+ Explore opportunities to promote the specialty food processors that are unique to San Jose and that represent ongoing and dynamic culinary traditions.
Overview

This sector, tracked in Dun & Bradstreet under the heading of Retail-Trade, has a primary subsector of Food and Beverage stores, which in turn has the following sub-categories: Supermarkets; Convenience Stores; Meat and Seafood Markets; Fruit and Vegetable Markets; Baked Goods; Confectionary and Nut Stores; Other Specialty Stores; and Beer, Wine and Liquor Stores. As in other sectors, there is considerable cross-over, with many retail stores also having additional wholesale or restaurant components.

A much smaller subsector, and one somewhat tangential to food businesses, is Nursery, Garden Center, and Farm Supply Stores.

Existing Conditions in San Jose

Supermarkets and Other Grocery (except convenience) Stores

This subsector has a total of 274 establishments, generating $546.35 million in annual revenue while employing 5,764 people. These numbers make it the largest food retail sector in terms of number of establishments, number of employees and total revenue.

Approximately 22% of supermarket establishments are branches of national chains, including Safeway (12), Save Mart (11), Trader Joe's (four), Albertson's (four), Whole Foods (three) and Sprouts (one). Nob Hill, Mi Pueblo Food Center, Grocery Outlet, Santa Fe Foods and New Seasons/New Leaf Community Markets are part of regional chains.
Lions Supermarket and Fresco’s, owned by the same company and both of which cater to Asian and Hispanic customers, are local chains with five stores combined. All of the “natural foods” supermarkets are located within the West/Southwest side of town. The ethnic supermarkets are generally located in the East/Northeast.

**Business Spotlight – International Food Bazaar**

Since 1979 this family-owned business has supplied the San Jose community with specialty food products from all over the world, including baked breads, lavash, and pita made daily in house. The store greets shoppers with a street-side display of fresh produce, including seasonal specialty items such as green almonds and fresh dates. It also offers organic herbs and produce, California grain-fed Halal beef from Harris Ranch, free-range, antibiotic-free chicken from Mary’s Chicken and Middle-Eastern to-go catering, as well as a wide variety of dry goods. International Food Bazaar occupies a niche industry as an ethnic market and uses this as a vehicle to contribute to the sustainable food system through its supply of organic produce and sustainably-raised meat.

The largest number of establishments are small ethnic grocery stores, mainly owned by minorities: Latino, Chinese, Vietnamese, Japanese, Indian, Filipino, Middle Eastern, Eastern European, and others. Most of these businesses are relatively small, on average employing four people or fewer. This scale of operation affects how products are sourced and provides different opportunities and challenges than those of the large supermarkets.

**Convenience Stores**

Convenience stores – such as some of the neighborhood “corner stores” and gas station stores – comprise the second most numerous food retail subsector in San Jose, with a total of 103 establishments, $28.42 million in annual revenue and 995 employees. Approximately 40% (42) of all establishments in this category are operating as a branch, with 32 of those being 7-11 stores. These chain stores have the most employees: for example, Quik Stop (113 employees) and 7-11 (100 employees).
**Meat Markets**
This subsector is the second smallest food retail subsector, with ten establishments and combined annual revenue of $4.27 million. The biggest establishments in terms of revenue are Los Primos Carniceria in the Burbank area and Apatzingan Meat Market in the Downtown/Fairgrounds area. Four of the stores are similar to small ethnic grocery stores but carry a wider selection of meat. Some stores specialize in making value-added products, such as Willow Glen Meats & Smokehouse, whose product line includes jerky, smoked meats and custom processing of game.

**Baked Goods Stores**
Many of the establishments in this subsector are minority-owned donut shops and ethnic bakeries. Others are custom cake shops and ice cream stores. There is a total of 64 establishments in this category in San Jose, generating $10.17 million in annual revenue while employing 261. About half of the stores opened after 2000. Two of the bigger establishments, Mr. Chau Donut and Cinnabon, are both located in East San Jose, which is the area with the largest number of baked goods stores overall.

**Confectionery and Nut stores**
There is a total of 13 confectionery and nut stores in San Jose, generating $1.67 million in total revenue while employing 47. It is the smallest food retail subsector in terms of total and average annual revenue, with establishments averaging $0.13 million in annual revenue while employing an average of four. Nine of the stores were opened after 2000. Only one establishment is a branch, See’s Candies in Cambrian, and only one does manufacturing (Schurra’s Candy Factory, which opened in 1912).

**All Other Specialty Foods Stores**
This subsector includes stores that specialize in products such as dairy products, beverages (water, tea, coffee, etc.) and herbal medicine. There are 78 establishments, generating $26.48 million in total annual revenue while employing 135. The revenue number is somewhat skewed since two of the largest establishments listed, Hill View Packing Company (described under the Processing section above, since it is more of a manufacturer than a store) and Evershing Intl. Trading Company, have import/export components to their business.
Beer, Wine, and Liquor Stores
The 94 beer, wine, and liquor stores in this subsector generate around $37.14 million in annual revenue while employing 294. The average establishment generates $0.42 million in annual revenue and has three employees. Approximately one-third of the establishments operate as branch operations, while two are headquarters operations. The areas with the most establishments are East San Jose, Cambrian, Alum Rock, Willow Glen and Blossom Valley. The largest establishments in terms of revenue are Fine Wine Collector in West San Jose and Six to Midnight in Santa Teresa. The BevMo in Cambrian is the largest employer (25 employees).

Nursery, Garden Center, and Farm Supply Stores
This subsector, which has more of a landscape than food focus per se, has a total of 16 establishments and is the subsector with the second largest annual revenue, behind “supermarkets and other grocery (except convenience) stores” subsection. Business types include nursery and garden stores, hydroponic supply stores, landscaping services, floral arrangement companies, and stores specializing in garden beds and garden pottery. Most establishments are located within Light Industry, Heavy Industry, Industrial Park and Agricultural zoning districts, with five establishments clustered in the Almaden industrial zone. One nursery, King Orchid, a small Vietnamese establishment started in 2013, is located within a residential area in East San Jose.

Several of the nurseries have deep agricultural roots in San Jose, such as the two that opened before 1950 (Manthey’s Nursery and Jio Nursery). The hydroponic stores were founded much more recently. Only one establishment (Summerwinds Garden Center) is operating as a branch.

The biggest establishments are South Bay Materials, a landscape supply business, and the Almaden Valley Nursery. Establishments such as Orchard Supply Hardware, which have garden centers as one of many home improvement departments, are not included in this category.

Gaps and Opportunities
Findings were synthesized from information provided by owners and managers of the following grocery stores: Arteagas, Marina Foods, Food Bowl 99, Chapparral Supermarket, New Seasons Market, Zanottos, International Bread, Laredo Market, and a Nob Hill Foods store, which is part of the larger Raley’s chain of supermarkets.

Most store owners/managers had a clear sense of pride about what they do, the items they carry, and what they prioritize (affordable products, unique items, very local products with a label indicating where products are from). Owners or managers worked at stores between one and 32 years, with an average of 13 years. All but one have multiple stores in or around San Jose. Most stores target specific populations such as Latino or Asian customers.

The Health Trust is funding the Good-To-Go “Healthy Corner Store” program with implementation led by The Food Trust (based in Philadelphia with satellite offices in Oakland and San Jose). To date, 16 stores are enrolled in the program, which aims to expand access to good food in underserved communities, promote the desirability, deliciousness, and convenience of eating well, and support small businesses and local farmers alike. Store owners report that the program’s various marketing and technical assistance approaches have resulted in more healthy products stocked and sold, and higher sales all around, indicating that this is an effective program to continue.
Market Match is another program aimed at increasing access to healthy food in underserved communities, and is just getting underway. Market Match is an incentive program that allows SNAP (Supplemental Nutritional Assistance Program) users to use their EBT (Electronic Benefits Transfer) cards to receive a dollar-for-dollar match on fruits and vegetables. To date, this program has been mainly limited to farmers' markets in California. In fall 2016, SPUR, in collaboration with a number of local non-profits and agencies and with funding from a USDA FINI grant, is conducting a pilot of a program similar to Market Match – called Double Up Food Bucks – with two San Jose grocery stores, Arteaga’s and Food Bowl 99. Assuming it is effective, this will be another important program to support.34

**Additional gaps:**

+ Due to the high cost of food, margins are shrinking and stores are paying their employees less than they'd like to pay them.
+ Several stores are seeking assistance with public education about healthy, fresh, locally produced food and best practices in reducing food waste.
+ Stores ask for ongoing support to be part of programs such as the Santa Clara County Public Health Department’s healthy food initiative and the Healthy Corner Store program.
+ Some individual store challenges include poor street lighting, which prevents customers from visiting after dark.

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**Recommendations**

+ Increase the percentage of retail food outlets that offer healthy, affordable food; increase CalFresh enrollment and nutrition education; and advance Market Match enrollment in grocery stores.
+ Meet need for aggregation facility, increased food safety protocol training for local growers, and more information about local food processing, so that retail stores can meet customer demand to carry more local products.
+ Streamline process for meeting permitting and licensing requirements for small retail stores.
+ Increase stores' access to capital to improve what they offer or to expand their business, and provide more training to help them understand the permits they need, fees, and the timeline for opening a new store.
Restaurants and Food Service

AT A GLANCE:

- Food service jobs in San Jose are multiplying at a rate much higher (36.5%) than the California average (23.3%).
- In 2016, the City of San Jose has 2,096 restaurants and drinking establishments employing 25,186 people (66.8% of all food-related employment in the City) and generating $731.6 million in annual revenue (25.9% of all food-related revenues in the city).
- The most vibrant food neighborhood in the city is Downtown, a roughly one square-mile area at the heart of the city. Alongside the numerous cultural attractions of the area, there are 391 restaurants and drinking places.

Overview

In the Dun & Bradstreet database, Food Service is a broad sector including Catering Services, Restaurants, and Bars & Nightclubs. This section focuses on restaurants and its various sub-categories and Catering Services and its various sub-categories.

The research firm Mintel produces U.S. Food Service Reports that study national industry trends in food service. In 2014, these reports suggested the biggest trends are customer demand for speedy service; healthy and ethically sourced foods and accommodation of dietary restrictions; incorporation of technology into the ordering, serving and outreach processes; and appealing to certain customer niches.

San Jose’s food scene is reflective of the City’s history and demographics. Though not recognized nationally as a ‘foodie’ city (San Jose ranked 33rd in Thrillist.com’s “40 Biggest U.S. Cities Ranked By Their Food”), San Jose serves as an important regional food mecca, especially for those seeking diverse dining experiences. San Jose restaurants range from basic to fine dining and represent dozens of culinary traditions in different neighborhoods throughout the City. The low ‘foodie’ rating is likely the result of several local factors: restaurants are more spread out and harder to access than in more densely populated cities; and there are relatively few experimental, fusion restaurants and few high-end restaurants.

However, locals have their own perspective. Every year, Metro News, the South Bay’s most popular cultural newspaper, publishes “The Best of Silicon Valley,” a collection of lists celebrating “the valley’s noteworthy offerings.” Among the lists are Silicon Valley’s best “Food & Drink”, picked by both editors and readers. In this, San Jose restaurants are featured frequently, populating almost every category, and dominating in some prominent ones, such as 2015 Reader’s Pick “Best French Restaurant,” “Best Vietnamese Restaurant,” “Best Dining Value,” “Best Tea Room”, and “Best Deli/ Sandwich Shop;” in which the winners all were San Jose restaurants.
Existing Conditions in San Jose

This Existing Conditions section first looks at restaurants, and then at catering and other kinds of food service.

In 2016, the City of San Jose has 2,096 restaurants and drinking establishments employing 25,186 people (66.8% of all food-related employment in the city) and generating $731.6 million in revenue (25.9% of all food-related revenues in the City).

Within the past two and a half decades, the restaurants and drinking places sector has grown tremendously within the South Bay region. In the San Jose-Sunnyvale-Santa Clara Metro Area alone, the number of restaurants and drinking establishments grew from 2,017 in 1990 to 3,966 in 2015, with San Jose representing 52.8% of all establishments. In terms of employment, the number of employees grew from 39,210 in 1990 to 72,007 in 2015 (see Figure 4.3), with San Jose representing 34.9% of employees, indicative of the scale of San Jose establishments. At the county level, San Jose restaurant and drinking establishment make up close to half of Santa Clara County's restaurant and drinking establishments.

### Table 4.5: Summary of Food Service Establishments (A)

<table>
<thead>
<tr>
<th>Summary</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Establishments</td>
<td>2,095</td>
</tr>
<tr>
<td>Avg. Number of Employees per Estab.</td>
<td>12.4</td>
</tr>
<tr>
<td>Total Number of Employees</td>
<td>25,186</td>
</tr>
<tr>
<td>Avg. Revenue per Estab. (b)</td>
<td>$349,214</td>
</tr>
<tr>
<td>Total Annual Revenue (c)</td>
<td>$731,603,698</td>
</tr>
</tbody>
</table>

Notes:
(a) Food Service includes the following industries:
   722 - Food Services and Drinking Places
(b) Excludes data of establishments for which employment data was not reported.
(c) Represents the average annual revenue of establishment for which revenue data was reported.
(d) Revenue estimates not available for all establishments from Dun & Bradstreet. In these cases, BAE estimated revenues as the average from all other establishments in the same industry sub-sector.

Sources: Dun & Bradstreet, 2016; BAE, 2016.

Figure 4.2: Metro Area Food Services and Drinking Establishments, 1990-2015

Figure 4.3: Metro Area Food Services and Drinking, Establishments Jobs, 1990-2015
In San Jose, out of the 2,096 restaurants and drinking establishments, 297 establishments are operating as a “branch” (14% of establishments), 43 are operating as the “headquarters” (2% of establishments), and 1,756 are operating as a “single location” (83.7% of establishments). Most San Jose restaurants and bars are small businesses operating independently with relatively few employees (75% have 1-14 employees). This last category represents not only jobs, but also opportunities for entrepreneurship. Restaurants have traditionally been good businesses for diverse entrepreneurs because lack of education or even lack of English language skills are not necessarily barriers to entry.

Restaurants are further broken into full-service, limited service, and drinking establishments. The limited-service establishments with the highest revenues are national franchises such as Panera, Taco Bell, and McDonalds. In contrast, drinking establishments are primarily local businesses. Of the 115 drinking places in San Jose, all but two operate at a single location. San Jose’s drinking establishments represent $18.9 million in total revenues and employ 530 people. An overwhelming majority (81%) of establishments gross less than $200,000 per year. The highest grossing local establishment in this category brings in $1 million in revenue.

Food trucks are not included in the analysis of restaurants unless they have a fixed place of business, which many do. For the most part, food trucks are very small businesses, usually sole proprietorships, or small incorporated entities with one or two employees. Food trucks offer important opportunities for entrepreneurship, healthy food access, and placemaking, and are further discussed in the section on Community Kitchens and Micro-Enterprises.

**Location, Location, Location**

More than half (62%) of all establishments are located within the following five areas: Downtown/Fairgrounds, East San Jose, North Valley, Blossom Valley and West San Jose. All these areas except Blossom Valley have the largest aggregate restaurant revenues, along with Willow Glen, where restaurants generated $21.87 million in total annual revenue despite having only 76 establishments. The areas with the fewest establishments are: Evergreen, North San Jose, Almaden Valley, Berryessa, and Santa Teresa.

The most vibrant food neighborhood in the City is Downtown, a roughly one square-mile area at the heart of the City. Alongside the numerous cultural attractions of the area, there are 391 restaurants and drinking places. In total, the Downtown restaurants generated $516.792 million in total annual revenue, and employed 5,301 people.

Unlike most other San Jose neighborhoods, Downtown restaurants are located on transit-oriented streets and sites. Some of the most popular streets include North 1st Street and Santa Clara Street, which include 65 and 45 establishments, respectively. One of the most popular eating destinations is San Pedro Square, notable as the site of 16 restaurants and drinking places, a weekly farmers’ market, and a popular music and performance venue which was designated among the Top 100 live music venues in America by Rukkus.

The SoFA Market, located in the South First Street Arts District, is adding another food hall to the downtown mix. The business is still adding to its lineup of locally-owned, independent restaurants, cafes and bars.
Food Works

The success of Downtown San Jose’s restaurant scene may seem inevitable, considering the City’s large, diverse and youthful population, but the neighborhood’s resurgence as a regional cultural center was a fairly recent phenomenon. Only 55 of the 391 restaurants and drinking places operating today were opened before 1990. In the early 1980s, Downtown had only one nationally branded hotel and had been in decline since the post-war expansion of suburban housing developments. The San Jose Redevelopment Agency reversed the decline with a nearly two billion dollar investment to ensure San Jose had a downtown comparable in scale and amenities to other large American cities. Key to this success was the San Jose Downtown Association (SJDA) and the Downtown Business Improvement District it manages. The SJDA advocates for downtown businesses and property owners, works with owners to simplify bureaucratic processes, facilitates events such as San Pedro Square Farmers’ Market and “South First Fridays,” and invests in other promotional activities on behalf of downtown businesses and events.

The second neighborhood with a vibrant food scene is Willow Glen. Within this neighborhood, there is a total of 136 restaurants and drinking establishments. The Willow Glen Business Association (WGBA) formed in 1984 and established a Business Improvement District in 2008. The association created and now maintains attractive planters and information kiosks along Lincoln Avenue, renovated and maintains historic buildings, and organizes events – including Dancing on the Avenue and the Willow Glen Wine and Willow Glen Beer walks. The WGBA has invested over $1.3 million to support Downtown Willow Glen, about half of that sum coming from festivals, events and promotions. The partnership between the City and WGBA has helped improve Willow Glen’s food sector, while preserving its culture.

East San Jose has a total of 155 food service establishments, including: 104 restaurants, 30 fast food and quick-service establishments, nine casual restaurants and two coffee shops. Roughly 89% of these establishments are listed as a single location. The streets with the most food and drinking establishments are Story and Tully Roads, with 64 and 45 establishments, respectively. The majority of food and drinking establishments in East San Jose are located in malls and shopping centers of varying size.

Though East San Jose has a significant number of food service establishments, the neighborhood has not benefited from focused investments centered on a central shopping and dining area. There is a small Story Road Business Association, and the Hispanic and Vietnamese Chambers of Commerce are both active in the area.

Gaps and Opportunities

The Food Works team worked with the project’s Advisory Committee to identify San Jose restaurant, gastropub, and food truck owners and managers who could share their insights for this study. Of the 20 food businesses contacted by email or phone, the team interviewed nine restaurant representatives and one food truck operator. Subject restaurants had annual revenues ranging from $0.047 million to $0.87 million. The ten restaurants purchased produce, meat and dried goods from 32 different food distribution companies, markets, and growers. Of these purveyors, seven are based in San Jose.

Interest in Sourcing Locally Made Products Exceeds Opportunities to Do So

Many of the interviewees had at one point sourced local produce and meat but found that price, logistics and convenience prevented them from continuing to source locally. Currently, a few of
the ten restaurants source local produce or meat directly. Several expressed interest in more local procurement either directly or through one of their distributors.

Several restaurants source value-added products from nearby cities like Oakland, San Francisco, Lodi, and other areas. Though there is interest in purchasing more value-added products from San Jose-based food manufacturing companies, most interviewees said they didn’t know about these companies or know how to find out about them.

**San Jose Restaurants Are Poised for Growth – But There Are Barriers**

Of the ten food businesses surveyed, nearly half are currently looking to expand. Some are looking in San Jose and several are considering opening up stores in nearby cities. Owners are interested in marketing based on authenticity and quality more than on low cost. On the other hand, some interviewees noted their perception that San Jose customers are very cost-conscious and are not willing to pay more for locally sourced or higher quality ingredients.

Many restaurants noted that it’s helpful to have places like San Pedro Square Market and Santana Row, because they offer more high-quality food in San Jose and these small spaces are a great way for newer restaurants to establish themselves.

High density housing is helping businesses located in downtown San Jose. In the next three years, there will be more housing available, leading to more foot traffic and more customers who will want to frequent restaurants downtown. At the same time, crime, homelessness, and lack of population density and foot traffic, and lack of parking are still barriers to success for Downtown businesses. Across the City, a cumbersome regulatory process is a burden on all restaurants. One interviewee said “San Jose is notorious for being one of hardest cities in which to open a restaurant because of planning and building departments [it feels like] every single city department has to be involved.” The City has an excellent business coaching center to help small businesses navigate the process, but the process itself is cumbersome and daunting.

**Restaurateurs Can Do More to Work Together and Learn From Each Other**

Several interviewees said it would be helpful to meet with others who work in restaurant and related areas to share information about sourcing locally or to consider opportunities to source jointly in order to lower costs. Others responded that such a convening might be poorly attended since people are already busy and over-taxed. Some interviewees suggested that small restaurants were not well represented by the Downtown Association, and one said he had been thinking about an association for small restaurants.

**Potential for More Business Associations**

The most striking opportunity arises from the clear gap in business associations outside of Downtown and Willow Glen. This is a bit of a circular problem, as business associations don’t form unless there is a critical mass of businesses to support them. Outside of Downtown, organizing around central commercial districts may not be feasible, but this leaves independent restauranteurs outside of Downtown and Willow Glen without an effective association.

Downtown restauranteurs had a list of things that could be done to improve Downtown as a destination, and to promote San Jose as a food city – the question is what entity would lead such efforts if they are beyond the current capacity or agenda of the Downtown Association.
FOOD SERVICE

Overview
This section covers the food service industry, defined as non-restaurant facilities that serve meals and snacks. Food service subsectors include catering, food service contractors, in-house food services, in-home food delivery services, publicly funded supplemental nutrition programs, and mobile food services.

Caterers are business providing food and drinks at events (graduations, wedding receptions, conferences, etc.). Some catering companies also have sit-down restaurants or storefronts. Food service contractors have contracts to operate cafeterias and food concessions for institutions.

In-house food services are owned and operated by the institution or company being serviced. Economic data related to the value of food processed and the number of people employed working with food is generally not available as part of restaurant or food service analysis, rather it is absorbed into the costs of the company.

Publicly funded supplemental nutrition programs include those run by not-for-profit institutions such as food banks and homeless shelters, federally funded school feeding programs, and federally funded senior feeding programs. Some of these programs prepare food; others distribute groceries and prepared foods (like frozen entrees); and some do both. Programs may be executed through contract food service providers or in-house.

In-home delivery services include grocery delivery, partially prepared meal kits, and fully prepared meals. This last category includes both private chefs and caterers who deliver, and programs such as Meals on Wheels for seniors.

Existing Conditions in San Jose

Catering
There are 112 catering businesses with San Jose headquarters. The average yearly salary for catering chefs in San Jose is $52,415. San Jose is also serviced by a number of catering firms headquartered elsewhere, some of them specializing in fine dining and local ingredients. Not included in this category are food trucks which are increasingly used for catering.

Food Service Contractors
Few of these types of businesses are based in San Jose. The Fresh & Natural Food Service Group is located in San Jose and serves colleges, medical centers, businesses and government facilities. In addition to providing meals, the contract includes programs to promote food nutrition and environmental sustainability. Revolution Foods processes food for school districts. It is located in Oakland, but serves schools in San Jose.

Several large regional and national food service companies, located on the Peninsula and in San Francisco, have clients in San Jose. Companies including Bon Appetit, headquartered in Palo Alto, Guckenheimer, based in San Mateo, the Epicurian Group, headquartered in Los Altos, and Taste Catering and Event
Mobile Food Services

There are many food trucks in San Jose, following the trend of other big cities. Food trucks based in San Jose include: 3 Brothers Kitchen, Crepe ‘Em Coming, Halal Gyro Express, Jeepney Guy, Jon Jon’s BBQ, Judie’s Tacos Locos, Lean On Wheels, Paddy Wagon Sliders, Porky’s SJ Street Food, Quickdog, Road Dogs Weenie Wagon, Scoops Sj, SoulNese Food Truck, Street Fusion, Sugar Tree Sweets and Treats, Swifty Sweets, Tacos el Pelon, TaKoz Mod Mex, Tastee Bytes SJ, Treatbot, and Twisted Chill.

Food trucks can be stationed all over San Jose at various times. There are online resources to locate individual food trucks and to find food truck events in San Jose. For example, Roaming Hunger is an online platform with a website and app that shows users, on an interactive map, where all the food trucks are at a given time in certain select cities, including San Jose. The website, http://roaminghunger.com/sjc/, also facilitates booking food trucks for catering. The online platform Eventbrite provides information specifically about food truck events in San Jose at https://www.eventbrite.com/d/ca--san-jose/food-truck/.

There are several consistent, weekly events where food trucks gather at specific places and times in San Jose, organized by promoter organizations. For example, Moveable Feast, based in San Jose, organizes food truck gatherings in San Jose from 5-9 pm on Mondays at Blossom Hill VTA Station (525 Blossom Hill Rd) and Fridays at the Curtner VTA Station (2310 Canoas Garden Ave). A similar company, Off the Grid, which is based in San Francisco, has started to host food truck gatherings every Saturday at lunchtime in San Jose at Evergreen Village Square. These types of food truck events are common across the Bay Area and greatly help the high-end food trucks that are included to stay in business.
Gaps and Opportunities

One opportunity to raise the profile and perhaps the profitability of some restaurant and food service businesses is to increase their access to locally produced foods. This could be done in part by supporting existing food processing companies, local farmers producing for the local market, distribution companies selling local farm products, and the incubation of new artisan food producers. More housing in areas such as Downtown, more mixed use developments and more food offerings at transit hubs, can all help add vitality to San Jose's food and restaurant scene.

Restaurants and Food Service Recommendations

+ Address the challenge of labor shortages in the restaurant and food services sector, by increasing and promoting job training programs and facilitating food-related jobs outreach.
+ Educate consumers about why they should know where their food comes from.
+ Make more information about local producers and/or San Jose-based food manufacturing companies available to local restaurants.
+ Develop a restaurant start-up resource kit with information about fees, applications, permits and timelines.
+ Develop a bundled and discounted permit program for targeted food business types.
+ Establish a small business association for newer Downtown restaurants.
+ Conduct research to better understand the tech workforce employed in and near San Jose: Where do they live? Where do they spend their time? What would draw them to San Jose?
+ Compile and disseminate to local restaurants information about emerging technology that is used in food ordering, serving and customer experience that appeals to certain customer niches.
+ Food trucks, food carts, and food micro-entrepreneurs are part of the solution for ensuring healthy food access especially in food deserts, food swamps and areas with high SNAP and WIC utilization, and for after-school snacks.
  - *The City can encourage food trucks and carts by creating a bundled, expedited, and discounted permitting process.*
  - *The City can encourage food trucks to have healthy food options by limiting the expedited and discounted permitting process to trucks and carts offering healthy options and operating in food deserts and areas with high SNAP and WIC participation.*
Other Food Sectors

San Jose has 17 certified farmers’ markets operating at 16 different locations.

Farmers’ Markets

OVERVIEW
Farmers’ markets, Community Supported Agriculture (CSA) subscriptions, and produce stands, are among the most popular ways for consumers to buy produce directly from farmers and agricultural producers. These markets and programs allow farmers to reap greater profit from their sales, while also facilitating personal interactions and relationship building between customers and producers.

According to a recent UC Davis study conducted in the Sacramento area, a dollar of sales for a direct-market fruit or vegetable grower has about twice the local economic impact as a dollar of sales at one of the region’s larger wholesale farms.46

The Bay Area has numerous farmers’ markets running all days of the week, run by various types of groups: farmers’ markets associations, non-profit organizations, individual producers, and business associations. There is strong community support for farmers’ markets around the region, given the diversity and selection of producers in the region and growing awareness and desire to support local producers.
Vendors at these markets include local producers ranging from regional-based producers around the Bay Area to hyper-local urban farms. Markets also serve as venues for local food entrepreneurs and arts and crafts vendors to advertise and sell their products, which include processed foods (jams, jellies, pickled products, breads, cheeses, etc.), hot/ prepared foods, and arts and crafts (e.g., soap, ceramics, etc.). A USDA survey of farmers' markets has indicated growing demand for farmers' markets (more than 8,400 exist across the nation as of July 2015), with increasing customer traffic and more vendors applying to participate in markets.

**Existing Conditions in San Jose**

**Farmers’ markets**
Farmers’ markets are places (usually temporarily set up) where farmers and producers can sell their products directly to consumers. San Jose has 17 certified farmers’ markets operating at 16 different locations. Their operators include four Farmers’ Market Associations: Urban Village FMA (two markets), Pacific Coast FMA (eight markets), and California FMA (one market). Two individual producers, Hector Mora and Patricia & Rosario Rodriguez, run two markets each, and the Japan Town Business Association runs one market.

**Farm Stands**
Farm Stands are small market stands usually run by a single farm selling its own products. A few small farm stands operate in San Jose, selling produce from a single farm. These include Jacobs Farm (located at Martial Cottle Park), J&P Farm Stand, Spina Farms, and Tsukuda Fruit Farm Stand.

**CSAs**
CSA (Community Supported Agriculture) and produce box enterprises entail weekly or bi-weekly delivery of a box containing a selection of seasonal produce from local farms that is preordered by customers and delivered to homes, institutions or drop sites. Sometimes these include value-added products as well. There are a wide range of CSAs that deliver to customers in San Jose, though many of these producers are based in areas outside of San Jose. There are only a few CSAs based in San Jose, such as ones from Veggielution and Freshness Farms, which source from urban growing areas around suburban San Jose and surrounding areas. Santa Clara County Food System Assessment reports there were over 22 CSAs that served Santa Clara County. There are many other CSA and farm box enterprises with production areas in the region that serve San Jose. Some CSA type businesses are discussed under e-commerce.

**Findings**
San Jose has many farmers’ markets and CSA delivery options due to its proximity to productive growing regions in the state, with demand continuing to grow for more markets and produce options.

All certified farmers' markets accept EBT cards and there are efforts to encourage EBT users to spend their money at farmers' markets and on CSAs, notably through the Market Match program which doubles EBT spending power at markets.

Despite growing demand for markets, the City also faces competing demands for space, especially as the demand for land for housing and development increases. In some cases, farmers’ markets in San Jose and Santa Clara County have needed to relocate. Most of these markets are temporary venues. One farmers’ market operator suggested that San Jose may benefit from a more permanent establishment where farmers can showcase their products and become fixtures in the community (similar to the covered pavilion in Davis or the Ferry Building in San Francisco). One suggested location is the Guadalupe Park.
**Food E-Commerce Sector**

The food e-commerce subsector, also called the “on-demand and convenience” sector, can be defined as all companies that use the Internet to facilitate transactions for food. Types of companies within this sector include online ordering platforms, online order and delivery companies, grocery ordering/delivery companies, and meal and meal kit preparation/delivery companies. Most of these companies have websites as well as mobile apps to facilitate their services, to attract more customers and make the food ordering and/or delivery process more efficient for both restaurants and customers.

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**Online Ordering Platform** companies provide website and mobile apps that customers can use to browse menus and order food from take-out restaurants that have partnered with the food e-commerce companies.

**Online Ordering and Delivery** companies offer online ordering platforms as well as delivery services for customers of partnered restaurants.

**Grocery Order and Delivery** companies provide online marketplaces where customers order groceries, then the company employs its own drivers to deliver them to homes.

**Meal and meal kit preparation and delivery** companies prepare and deliver either fully made meals or meal kits (ingredients and recipes cards) to people's homes. Most require a subscription to receive a certain number of recipes and servings per week.
There are also services like Splick.it, Olo, Chow Now and Online Ordering System Food that work with restaurants to create ways for customers to order food online and/or develop delivery services that will help business. As an example of pricing, Chow Now charges restaurants $200 for set up and $119/month for a year of service.

**Trends in Food E-commerce**

As mentioned above, this sector has seen huge growth in recent years, receiving 36% of the total global funding raised by food ag tech companies in 2015. However, some speculate this rapid growth may be an economic bubble, suggesting that a few big companies will most likely prevail in each subsector while many start-ups won’t make it.

The meal kit preparation/delivery sector has seen the most start-ups and largest increase in funding in the past two years. In fact, top U.S. companies in this sector received three times as much as funding as they did in 2014, with funding levels continuing to grow in 2016. Although revenues for these companies are still low, they have been estimated to grow by a factor of ten in the next five years. The biggest costs for these companies, which make raising revenue difficult, come from the extensive packaging and transportation fees.

Companies differentiate in terms of price, cuisine, quality of ingredients, meal preparation time and complexity, number of meals to choose from, and flexibility in subscription deals. Companies also specialize in certain types of cuisine, including vegan food, organic foods, bargain meals, or deluxe meals.

SpoonRocket, which was based in Berkeley, recently went bankrupt despite receiving $13.5 million in funding. Other companies may be able to learn from its mistakes. The company’s failure has been attributed to not expanding its customer base beyond the Bay Area; not having a regular workforce of drivers with set hours and pay; placing too much an emphasis on low prices, making it impossible to make up for a dip in funding; losing business to other bigger companies like Sprig and Munchery; and not requiring customers to pre-order food, resulting in more food waste and higher waiting times.

**Existing Conditions in San Jose**

San Jose is a hub for many of these food e-commerce companies, some of which are based in San Jose and have since expanded to other parts of the U.S. Each company offers a slight variation on food order and delivery, carving out a specific niche in the ever-growing industry. Some examples include: Sun Basket; CityCheers; Real Fuel; G2G; and BrewCrew.

There also numerous food e-commerce companies serving San Jose. In summary, this growing sector is important to track, and some companies may have interest in distribution space.
Food and Agriculture IT

This section covers food and agriculture information technology (IT) nationwide and in San Jose. Food and ag IT is a broad industry that encompasses innovative technology used for agricultural production, called “AgTech,” and throughout the rest of the food supply chain, called “Food Tech,” as well as support mediums for the sector. As our population continues to grow much more rapidly than the capacities of our food production systems, food and ag IT is bound to continue emerging as an indispensable source of solutions to relevant issues, such as food scarcity and food waste.53

AgTech can be divided into technology affecting use of water, crops, fertilizer, pest control and soil/land; animal agriculture; indoor agriculture; sustainable (vegetable-based) protein production; smart machinery and equipment (including drones, robotics, sensors, AI, satellite mapping); biotechnology; and agricultural databases/decision support technology (systems that collect, organize and analyze data to help farmers make decisions in the field).54 Innovation in technology targeting the various subsectors of agricultural production may benefit San Jose by creating jobs, increasing food production, minimizing the environmental impact of agriculture and supporting societal development.

Food Tech targets food processing, distribution, consumption, safety and storage. Among the potential benefits of technology within this category for San Jose and its residents include the creation of jobs, support for local food service businesses, promotion of the consumption of healthy foods and decreased environmental impact of the city's food system. Support platforms for food and ag IT include accelerators, conferences, publications and events. These platforms serve to attract attention funding for food and ag IT and R&D, serving to expand innovation and jobs within the industry.

Funding Trends

Trends in funding for food and agriculture IT have been thoroughly examined by annual reports by AgFunder,55 in conjunction with data from Crunchbase and individual investors, as well as Rosenheim Advisors.56 According to these sources, nearly $2.4 billion was raised in the U.S. in 2015 alone for the food and ag tech industry. California received by far the most investments of any state in the U.S. (36% of the deals offered).57 Globally, funding for food and ag tech has nearly doubled between 2014 and 2015. Agriculture and the food and ag IT industry do not receive nearly as much funding relative to the percentage of global GDP they represent as other sectors, such as health care.58 Most funding is now coming from the private sector. While there has recently been a monumental influx in funding to food and ag IT, venture capitalists won't see big returns on their investments for an estimated 10 to 15 years. As a result, now is a critical time to maintain investor support for the industry.59

Industry Trends

The categories of companies that have received the largest increase in funding in the past year are food e-commerce, biologicals (making biopesticides and biofertilizers to increase crop production), drones and robotics, and precision agriculture (practices using technology to increase farming efficiency).60
Several other types of companies that have emerged in the food and ag tech space in recent years have promising futures. First, supply and demand for transparent and readily available nutrition information is on the rise nationwide. Indoor agriculture is also expanding, defined as the growth of produce and fish in contained, indoor locations using special farming techniques enabled by innovative technology. Another trend is the expansion of “alternative sustainable protein” companies, which produce non-meat protein sources using a variety of crops and new technologies. This type of protein has been estimated to comprise a third of the world's protein market by 2050.

**Innovation Trends**

The main hubs of food and ag IT innovation are in New York City and Silicon Valley, with San Francisco not far behind. The huge spike in support platforms for the food and ag tech industry has centered around these areas in recent years, including conferences, events, online support networks and financial firms. In the fall of 2015, San Jose was the location of one of the huge annual conferences in a series called VERGE, run by Greenbiz Group. The focus of VERGE is to bring together a diverse set of actors involved in creating and supporting technologies that make our world more sustainable. “Food & Ag Tech” is one of the series’ seven program tracks. Although the 2015 event was held in San Jose, its programs did not particularly focus on the city or companies based within it.

In California, there are several centers of food and ag tech innovation, but none in San Jose. For example, Western Growers founded the Western Growers Center for Innovation and Technology in Salinas to support companies finding sustainable technological solutions to pressing issues facing food and agriculture as result of declining resources and increasing population demands, and facilitate their communication with farmers. Another example is the UC Davis Sustainable AgTech Innovation Center, which provides support to innovators of technology promoting sustainability in the food and agricultural systems of Sacramento and beyond.
Findings

While the food and agriculture IT industry has great potential to beneficially transform nearly every aspect of the food supply chain for San Jose’s food system, there are some issues that may hinder progress. For one, all subsectors within the industry could use more funding.

On the agricultural side, farmers need greater access to, comprehension of, and incentive (high returns) to adopt new agricultural technologies and data. Smaller businesses that can’t afford new technologies will struggle foremost as food and ag technology expands. The process of integrating new technology into agriculture will require more communication between tech companies and farmers. Another issue all farmers may face as they try to adopt new technologies, specifically those requiring access to big data like precision agriculture technologies, is a lack of Internet connectivity in rural areas (especially in the Central Valley). Additionally, new technologies such as automated weed-removal robots may decrease the number of farm jobs available in California, many of which are held by immigrant workers, and therefore may impact rural economies.67

The food and ag tech space is receiving significantly more funding, innovation efforts, and start-up companies than ever before. This expansion means that successful start-ups targeting all aspects of the food system have huge potential to provide jobs, bring in money from revenues and innovators, and support local farmers and food businesses in San Jose. To help these start-ups succeed in an increasingly competitive climate, the City may invest in a food and agriculture IT innovation center/incubator, similar to the Western Growers Center for Innovation and Technology in Salinas. Such a center could also help to connect small businesses and farmers to relevant technologies/tech companies that will help their businesses grow and succeed,
**Food and Agriculture R & D**

Currently, no major food and ag research and development centers are based in San Jose, though regionally, many efforts are underway. This section will cover Research and Development in food and agriculture. Because there are no evident huge centers for food and ag R&D located in San Jose, this section will look at nationwide trends and specific R&D hubs in California that undoubtedly affect San Jose’s food system.

Private sector investment in food and agriculture continues to outpace public funding and tends to support a more narrow scope of research topics. Still, public policies, especially relevant regulations, hugely shape what private sector R&D targets and accomplishes.68

In 2011, a report by the ERA under the USDA found that R&D relating to farming machinery, biofuels, biotechnology and crops seeds had recently received the most public funding, while R&D funding for traditional crop protection chemicals and animal nutrition had declined.69

There are several geographic hubs of food and agriculture R&D in California that involve universities and private corporations. In Yolo County, a multitude of seed companies are developing crop-protection products and new crop material. Farmers in Salinas Valley are collaborating with Silicon Valley tech innovators to develop, test and integrate new smart food and agriculture equipment and machinery. In Fresno, farmers from the San Joaquin Valley and scientists from Fresno State’s large-scale Center for Irrigation Technology are focusing on R&D in irrigation and water management technology, using drones and satellites.70

Besides Fresno State, other universities in California, such as UC Davis, have very central and influential programs and facilities dedicated to food and agricultural R&D. Many university programs are in part funded by corporations like Monsanto and attract other private companies looking to collaborate and utilize the universities’ resources. The California Institute of Food and Agricultural Research at UC Davis is a bustling site of food and agricultural R&D, with projects addressing industrial food processing energy and water use, residues from food processors, biotechnology, nutrition, etc. There is also a UC Davis College of Agricultural and Environmental Sciences that conducts, organizes and funds R&D in the field and works with the California Institute of Food and Agricultural Research on certain projects.71

Many of the large agriculture corporations are building more and more facilities in California because of its food production systems and conditions. For example, Bayer CropScience has recently moved its biological crop protection R&D headquarters from Davis to West Sacramento.72 Syngenta also recently built a multi-million dollar lab in Yolo County to do research on seed technology.73
Best Practices

As cities consider ways to enhance their economies, revitalize neighborhoods, improve public health, create more sustainable environments, and preserve cultural heritage, many are implementing sustainable food best practices and business innovations.

INTRODUCTION

The San Jose Food System Today chapter of this report identified existing activity in the City and County that is supportive of a robust local food system linked to economic development, public health, and sustainability efforts. The chapters on Food Supply Chain Sectors and Other Food Sectors described existing conditions and identified opportunities, gaps, and preliminary recommendations. This Best Practices chapter looks at what San Jose can learn from other efforts in the Bay Area and cities across the country. As cities consider ways to enhance their economies, revitalize neighborhoods, improve public health, create more sustainable environments, and preserve cultural heritage, many are implementing sustainable food best practices and business innovations.

The chapter has six sections covering categories of best practices for strengthening food systems in cities: City-level Organization; Tools for Setting Goals and Measures; Promising Supply Chain Innovations; Food as Placemaking; Healthy Food Access; and Urban and Peri-Urban Agriculture. Each section uses examples from other cities to illustrate best practices. The key studies and reports that were used as the primary means to identify best practices are listed in Appendix C.
1. CITY-LEVEL ORGANIZATION

From dedicated food offices in local government to food policy councils and government task forces, what are the best practices in terms of building a city’s organizational capacity to improve its local and regional food system? This section looks at national best practices for building organizational capacity, setting up processes, and leveraging resources and partnerships to assess a food system and implement action plans.

Food Policy Councils

Research has shown that developing food systems groups creates a “social infrastructure that is likely to generate and support the use of concrete policies, programs, and activities to support local farming and food systems”. Food Policy Councils (FPCs) are one type of group that usually operates at the state, local, or county level.

FPCs can be created by community organizations and residents or through a government act such as an executive order or joint resolution. Having an official connection to local government can provide a FPC with resources, status, and access within a community. As of October 2015, there were 215 food policy councils across the country. Almost one in five of them (18%) were embedded in local government.

Ideally, a FPC includes representatives from all sectors of the food system and from many constituencies in the community, including farmers, food advocates and non-profits, food processors, wholesalers and distributors, scholars and researchers, and government officials. FPCs can provide a forum and structure for collaboration among municipal departments, and similarly between municipal departments and community groups and residents. FPCs can also serve as a bridge organization between a specific municipality and its neighboring communities by encouraging collaboration and resource sharing.

Other types of groups that usually have functions similar to FPCs include groups organized as a food systems alliance or a food task force. There are currently over 30 FPCs and similar groups in California, including the Santa Clara Food System Alliance, Oakland and Berkeley Food Policy Councils, and a San Francisco Food Security Task Force.

Many of these groups are initially convened to prepare a food system assessment or action plan, or come together as part of such a plan being developed. Some exemplary plans as well as action steps include:

- New York City developed FoodWorks, a Vision to Improve the Food System. It includes data, goals, strategies, programs and metrics to measure progress.
- The Seattle Food Action Plan was adopted by the Mayor and City Council in 2013.

Interagency Task Forces

Since improvements to local and regional food systems can require expertise in planning, transportation, public health, housing, agriculture, and economic development, interagency task forces are helpful mechanisms for ensuring that efforts in city government are streamlined and coordinated. Interagency task forces can also be helpful for community stakeholders to have a central point of contact for giving input on priorities and recommendations, and for the task force to be able to regularly communicate its activities and progress to the public.
Hired Staff
Hiring a dedicated staff member can further strengthen organizational capacity by establishing a leader to coordinate activities across city departments and with community stakeholders. While hired staff typically requires a larger financial investment than task forces or food policy councils, having a dedicated employee promotes accountability and leadership, and helps to streamline municipal governance functions related to the food sector. The titles and responsibilities of these positions vary. For example, the New York City Mayor’s Office hired a Director of Food Policy, Seattle hired a Food Policy Advisor, and Baltimore hired a City Food Policy Director.

2. TOOLS FOR SETTING GOALS AND MEASURES
The North American Food Sector Scan, Part II: A Roadmap for City Food Sector Innovation and Investment includes an investment evaluation tool and a risk management tool to assess different food sector innovations. The investment evaluation tool assesses the investing or spending of public funds to support the creation or expansion of local, sustainable food ventures. The risk management tool determines and manages the level of risk associated with these investment decisions. Each tool comes with an Excel worksheet for inputting and analyzing data provided by the city.

The USDA’s AMS Economic Impact Toolkit helps communities better measure the expected economic impact of planned local food system activities, and thereby supports better-informed policy and regulatory decisions on the local, state, and federal levels. This toolkit includes seven modules to guide and enhance the capacity of local organizations to make more deliberate and credible measurements of local and regional economic activity and other ancillary benefits. The first four modules discuss using primary and secondary data to create a local food assessment. Modules five through seven provide a more technical set of practices and methodologies to conduct rigorous economic impact analysis. The customizable nature of the Toolkit supports the development of specific economic, infrastructure, or regulatory strategies that correspond with individual communities’ entrepreneurial ambitions and social/environmental priorities related to food production, manufacturing, and distribution.

It should be noted that the tools recommended in the North American Food Sector Scan, Part II: A Roadmap for City Food Sector Innovation and Investment are more closely geared to cities, whereas the USDA Economic Impact Toolkit has so far been primarily used by regions and states. However, both resources provide information on how to guide specific investment decisions for local food initiatives. These toolkits can also be used to help evaluate the impacts of San Jose’s current and future food systems work, which is a critical measure of effectiveness; and can also help build local and regional knowledge about what works where, and why.
3. PROMISING SUPPLY CHAIN INNOVATIONS

A food systems best practice is an activity, policy or program that has one or several of the following attributes: it brings diverse food system stakeholders together, develops or changes food system-related policies, and/or creates a shared vision of a city's food system. According to the *North American Food Sector Scan Part I: Program Scan and Literature Review*, an innovation is defined as “a discrete program, project, or policy that uses a new business model, or delivers new products and services, that either have demonstrated or have the potential for significant socioeconomic, health and nutrition, and environmental impacts, with an emphasis on economic development.” There are two main differences between a best practice and an innovation: 1) an innovation focuses on economic impact; and 2) innovations typically require more capital funding. Below are brief explanations with examples of various categories of innovations.

**Food Hubs**

The National Food Hub Collaboration defines a regional food hub as “a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.” Food hubs are less defined by their business or legal structure and more defined by their functions and outcomes.

Regional food hubs typically aim for the triple bottom line (economic development, environmental sustainability, and social equity) and offer three kinds of services: 1) operational (e.g., distribution, aggregation, brokering, branding, storage, etc.); 2) producer services (e.g., actively linking producers and buyers, transportation, on-farm pick up, etc.); and 3) community/environmental services (e.g., increasing community awareness of “buy local” benefits, distributing to nearby food deserts, food bank donations, etc.). As of December 2011, the National Food Hub Collaboration compiled a list of 168 food hubs, of which 67 or 40% were privately held, 54 or 32% were non-profits, 36 or 21% were cooperatives, eight or 5% were publicly owned, and three or 2% are informal. Of this list, 70 or 42% were farm-to-business/institution oriented, 60 or 36% were farm-to-consumer, and 38 or 22% were a hybrid model.

**Some examples of non-profit food hubs include:**

+ Common Market Philadelphia aggregates product from 75 farmers to over 150 schools, hospitals, restaurants, wholesalers, etc. They share farmers’ names and locations on all produce that they distribute. While Common Market is operated by a non-profit with funding from public and private grants, the City of Philadelphia supports Common Market through institutional buyers, such as the School District of Philadelphia.

+ ALBA Organics (Salinas, CA) buys from limited-resourced, Latino farmers and sells to wholesale distributors, corporate food services, restaurants, hospitals, universities, and retail stores in the San Francisco Bay Area and Monterey Bay Area. Customers receive source-verified produce.
Some examples of publicly-owned regional food hubs include:

+ Eastern Market in Detroit, MI is one of the nation’s oldest publicly-owned wholesale retail markets. According to the USDA's Regional Food Hub Resource Guide, it has four individual markets: wholesale, retail, flowers, and special events.

+ Central New York Regional Market in Syracuse, NY operates as a hybrid food hub. They offer space for over 300 vendors who collectively earn $15.6 million annually in revenue and offer a wholesale market that earns $600 million annually in revenue.

Some examples of cooperative regional food hubs include:

+ Co-op Partners Warehouse in St. Paul, MN is a consumer co-op with over 14,000 household members. It distributes products from 30 farmers to 200 retail co-ops, natural food stores, and restaurants.

+ Eastern Carolina Organics (not noted in the USDA Regional Food Hub Guide, but a recipient of funds from RSF Social Finance) markets and distributes wholesale Carolina organic produce to retailers, restaurants, and buying clubs. The farmer-owned organization pools diverse harvests from different regions.

Food Commons is a new national nonprofit organization that offers a blueprint for a national network of regional food systems. It includes: 1) a trust to hold the brand, land, and assets; 2) a fund to encourage local investment and; 3) a community corporation of vertically integrated farm-to-table enterprises. Fresno’s Ooooby is one of several Food Commons prototypes that reinvests all profits into developing local food production and ensures that all food supply chain actors are fairly compensated. Additional examples can be found on pages 83-87 in the Regional Food Hub Guide.

Food Business Incubators and Commercial Kitchens

Food Business Incubators and Commercial Kitchens (stand-alone commercial kitchens as opposed to commercial kitchens in schools or churches) are growing in popularity, both in dense urban areas as well as in more suburban and rural areas. They are looked to as integral parts of community economic development plans due to their function in supporting small, local entrepreneurs. Such incubators have been shown to decrease the failure rate for food business start-ups from 56% to 13%.
Examples include:

+ Community Kitchen Pittsburgh (Pittsburgh, PA), launched in July 2013, is a mission-oriented culinary workforce development company that maintains a commercial kitchen, which they use to advance “workforce development, community-engaged social enterprise, and food waste reduction.” They run a catering business and also provide food and nutrition education to the community.

+ La Cocina (San Francisco, CA) helps low-income food entrepreneurs (mostly women from communities of color and immigrant communities) as they formalize and grow their businesses by providing affordable commercial kitchen space, industry-specific technical assistance and access to market opportunities. With eight full-time and seven part-time staff, La Cocina helped to incubate 36 businesses in 2014-2015, of which 19 were owned by immigrants. In addition to running the kitchen incubator program, La Cocina also rents out its 4,400 square-foot certified commercial kitchen to other users at a higher rate than incubated businesses.84

+ DC Central Kitchen employs over 35 men and women with histories of hardship in their Culinary Job Training Program. They sell lunches to ten public and private schools in Washington, DC and offer cooking demonstrations, taste tests, and nutrition education lessons for students and staff.85

+ Rutgers Food Innovation Center (Bridgeton, NJ) supports start-ups and established food and value-added agriculture businesses with market testing, product development, networking services, business development, regulatory assistance, quality control and food safety assistance.86

Some community kitchens are part of larger enterprises such as small public markets and food hubs. Examples include:

+ Portland Mercado (Portland, OR) is a public market and business incubator that offers retail space for Latino/Latina entrepreneurs, including food and grocery businesses. Opened in April 2015, the Mercado is a project of a local community development corporation (non-profit) with support from multiple levels of government. The space houses the Micro Mercantes commercial kitchen, nine food trucks, seven food businesses, as well as other culturally specific services, such as language training and bilingual insurance companies and tax assistance. The Micro Mercantes kitchen also offers business incubation assistance, including one-on-one advising, business training, and help accessing capital. In 2015-2016, the Mercado created 114 new jobs bringing in a total of $2.5 million in gross sales, and averaging 580 customers per day.

+ Athens Food Venture Center (Athens, OH) started in 1993 and is one of the first food venture incubation programs in the country. It assists food businesses (up to 65 annually) with business planning, marketing, regional brand access, financial management, and manages a shared-use kitchen, the Food Ventures Center. It is part of the Appalachian Center for Economic Networks (ACENet), a regional economic development organization.

Food hubs have a direct relationship to the “localist” and “placemade” movements, which promote support for entrepreneurs and investments in facilities for locally-based manufacturing and processing, including food. San Jose Made (SJ Made), a local non-profit that helps small businesses including food-based business to succeed, is part of this movement. Examples of other leading “localist” and “placemade” organizations are the national Business Alliance for Local Living Economies (BALLE) and PlaceMade based in San Francisco.
**Food Business Technology Companies**

As noted in the Food and Ag IT section in this report, food business technology companies are a fast-growing business sector of the overall food industry. According to the Cleantech Group, in the third quarter of 2014, venture capitalists and private equity firms invested $269 million into 41 deals in agriculture and food start-ups. This was the highest dollar amount ever in that sector and double the amount invested during the third quarter of 2013. Two California examples are Impossible Foods (Redwood City, CA), which recently raised $108 million to launch a plant-based burger; and Juicero (Los Angeles, CA), which raised over $120 million based on the promise of a $700 machine that makes cold-pressed juices from pre-packaged specially ordered pouches of freshly-cut fruits and vegetables.

**4. FOOD FOR PLACEMAKING AND CREATING SENSE OF PLACE**

Placemaking, as a practice, is a multi-faceted approach to the planning, design and management of public spaces in order to encourage the presence of people and activities. At the scale of a neighborhood, city or region, placemaking encompasses the physical, cultural, and social attributes that define a place, maximize its shared value and support its ongoing evolution. Sense of place is a response, by local inhabitants and visitors, to places that hold a strong identity and reflect the intrinsic, authentic character of a community. Successful placemaking results in sense of place; it can happen over centuries, as in the shaping of great cities or iconic landscapes, or during the course of a development project.

Food is integral to placemaking because it can enliven public spaces and can also express the authentic culture of a place. Whether through a formal design and redevelopment process or by happenstance, using food to revitalize public spaces attracts visitors, spurs economic development, and fosters community identity. According to New Venture Advisors LLC, a food business consulting firm in Chicago, IL, establishing farmers’ markets, converting vacant buildings into public markets, processing facilities, or grocery stores, and giving financial incentives and technical assistance to farm-to-table restaurants and microbreweries can all help to revitalize downtown districts and turn cities into food and cultural destinations.

**Public Markets**

Public Markets are one of the best examples of food as placemaker. The most successful markets are often those that occupy centrally-located historic buildings that have had a long-time food market function or that have been re-purposed as a market hall. Typically, markets have a range of food businesses including food retailers and restaurants, both of which emphasize locally-produced food ingredients and dishes. Often markets accommodate both day stalls and permanent shops. Some markets have additional facilities that can accommodate wholesale businesses, educational programming, and even provision of food-related social services. Especially when authentically local in their offerings and location, markets often serve as important community gathering places and tourist destinations.
The San Pedro Square Market in San Jose, a space with multiple restaurants and food offerings linked with a vibrant weekly farmers’ market, is a good local example. Nationally famous examples include the Ferry Building Marketplace in San Francisco, Pike Place Market in Seattle and the Reading Market in Philadelphia. As discussed above, some Food Hubs and Food Business Incubators also function as mission-based public markets.

A related example of food as placemaker in cities is cultural districts such as myriad Chinatowns, Japantowns, Little Italy's, and so on, found in most cosmopolitan cities, including San Jose.

**Farmers’ markets, Food Trucks and Festivals**

Food trucks, food festivals, and other regular, temporary food events can help to make a place a major destination for community life and local food. In San Antonio, Texas, a weekly farmers’ market in the Pearl Brewery – a previously abandoned building – with regular food festivals in the parking lot gave the city a quick and inexpensive way to attract visitors as well as new and emerging food businesses. The Culinary Institute of America (CIA) opened its third campus in the building, which serves as a major stimulus for other food and cooking events on the campus.

As a relatively low-cost startup opportunity, food trucks and festival booths also have the potential to grow into brick-and-mortar restaurants, which can further anchor the host city as a permanent food destination. Additionally, the allowance of food trucks in a community signals to budding entrepreneurs that government is helping to create and support an entrepreneurial culture.

Of course, existing brick-and-mortar restaurants could see food trucks as a threat, and cities will need to engage with various stakeholders to determine the ideal regulations. To do this, the American Planning Association recommends encouraging dialogue among competing stakeholders, starting out with pilot programs, and creating partnerships for mobile vendors to gather and vend in the same location.

**Urban Agriculture and Rural Agriculture Places**

Urban agriculture is another example of placemaking in cities. Community gardens and urban farms provide opportunities to grow products that reflect local culture and also create important community gathering spaces for a neighborhood.

Agricultural areas also have an important role to play in placemaking. Combining unique topography, historical development, traditional or typical agricultural products, opportunities for public interaction, and sometimes traditional arts and vernacular design, agricultural places can foster a sense of place for residents, visitors and nearby cities. The Tuscany region in Italy is a venerated example. In California, Napa Valley, Apple Hill in the Sierra foothills, and San Mateo coast agriculture are examples at a variety of scales of treasured agricultural places with iconic working landscapes.
5. HEALTHY FOOD ACCESS

In working to strengthen their local food systems, cities across the country are leveraging local, state, and federal resources to ensure that all people have access to fresh, healthy food. A few of the many promising strategies put forward by cities are summarized below. Other examples include healthy corner store programs, community gardens, and feeding programs for senior communities. Healthy food in schools programs, especially those that adopt the Good Food Purchasing Policy, first developed in Los Angeles and adopted by its school district, can benefit students’ health while helping sustain local food production.89

Partnerships for Health

A foundational best practice is creating and empowering partnerships of city and county agencies, nonprofit advocates and businesses to address the range and complexity of food access issues. An example in San Jose is the Campaign for Healthy Food, led by The Food Trust, which brought together representatives from the City of San José, FIRST 5 Santa Clara County, Pacific Coast Farmers’ Market Association, and Working Partnerships USA to make changes in City policies that would increase access to fresh fruits and vegetables. The Health Trust also directs the Healthy Cornerstore Program, the Mobile Farmers’ Market, and Good-To-Go campaign, which includes a map of healthy food outlets.

Electronic Benefits Transfer (EBT)

Public benefits, which are administered via Electronic Benefits Transfer Cards (EBT), require specific technology to process purchasing transactions. One of the ways in which cities can support low-income access to healthy food is by ensuring that participants can spend their benefits at farmers’ markets, Community Supported Agriculture programs (CSAs), and other healthy food outlets. San Jose has already made significant strides in this area, by requiring all certified farmers’ markets to establish a way for customers to pay with food assistance benefits. The new ordinance allows farmers’ markets to be approved more quickly and at less expense while expanding low-income residents’ access to fresh produce.
**Nutrition Incentive Programs**

Nutrition incentive programs help to increase healthy food access for low-income people who participate in Supplemental Nutritional Assistance Program (SNAP), Special Supplemental Nutrition Program for Women and Children (WIC), and other public benefits by providing them with matching dollars to buy additional produce when they spend their federal nutrition benefits on locally produced food. Many cities partner with local non-profits, foundations, and other organizations to fund and administer these types of programs. Like nutrition incentive programs, FVRx programs issue “prescriptions” for healthy food, in the form of a voucher that participants can spend on fruits and vegetables at participating retailers. For example, the Seattle Fresh Bucks program matches EBT users’ spending dollar-for-dollar at farmers’ markets to purchase fresh fruits, vegetables, and edible plant starts. National organizations such as Wholesome Wave and the Fair Food Network provide funding and technical assistance to local communities who wish to provide these programs.

Market Match is an incentive program that allows SNAP (Supplemental Nutritional Assistance Program) users to use their EBT (Electronic Benefits Transfer) cards to receive a dollar-for-dollar match, up to $10 per market per day, on fruits and vegetables at farmers’ markets and farm direct locations (farm stands and CSAs) offering Market Match. Many markets in San Jose are part of this program.

Additionally, San Jose is also the site of a pilot program, led by SPUR, to test a program similar to Market Match for grocery stores in Santa Clara County. The program, called Double Up Food Bucks, would give CalFresh participants up to $10 for fresh fruits and vegetables after they first purchase $10 of California-grown produce in a grocery store.

**Healthy Food Financing**

Healthy food financing provides financing tools for fresh food business development in underserved communities. Through tax credits, grants, or low-cost loans and technical assistance, healthy food financing initiatives operate at both the city and federal level to facilitate greater access to healthy food options while also providing employment and business development opportunities in low-income communities. This model emerged from Philadelphia’s Fresh Food Financing Initiative, which matches state appropriation funds with private capital to provide one-time loans and grants for fresh food retailers to locate or remain in underserved low-income communities. Cities can provide technical and/or financial assistance for food businesses to encourage them to locate, start, and operate in their city.

In a local example, People’s Community Market (Oakland, CA), a neighborhood grocery store in West Oakland, offers California residents the opportunity to buy shares in their enterprise and become a Founding Shareholder. This local investment earns a return of 3% annual interest plus 1% store credit.
6. URBAN AND PERI-URBAN AGRICULTURE

Best practices for promoting urban and peri-urban agriculture include robust city-run community garden programs, using urban agriculture as an economic development strategy, changing land use regulations to support agricultural uses, rewarding ecosystem services provided by farmland, and using conservation and agricultural easements.

In a literature review conducted by the University of California Sustainable Agriculture Research and Education Program, urban agriculture was found to have a multitude of benefits for cities. In terms of social impacts, urban farms help to reduce blight, create safe spaces, and contribute to positive community development, increased social capital, and cultural integration. Urban agriculture helps to address food security concerns and increase fruit and vegetable consumption by helping individuals and families save money on food. And urban agriculture can also help to create jobs, new businesses, and increase home values in surrounding areas.

Managing Community Gardens

Cities such as New York, Portland, and Seattle all manage and operate their own community gardening programs. These programs maintain the gardens, organize volunteers, provide technical assistance and educational programs for urban gardeners, and oversee an application process for people to obtain their own community garden plots.

Using Urban Agriculture as an Economic Development Strategy

In Seattle, the demand for land, technical assistance, and urban garden maintenance has far outweighed the supply. Since the city does not have the funds or the capacity to meet these demands, Seattle has proposed that the Office of Economic Development conduct a business plan for advancing urban agriculture. The business plan will include a market and financial needs assessment, an inventory of available land, and educational opportunities for cultivating new urban farmers, particularly within the city’s immigrant community. Seattle will look at the potential for job creation, cost savings for social services, public health, and environmental remediation, and an increase in the property tax base for areas near urban agriculture projects.

Updating Land Use Regulations to Support Urban Agriculture

Cities can also promote urban agriculture by incorporating it in land use policy, by creating zoning for urban agriculture, and by streamlining the permitting process for new urban farms and gardens. Cities like Boston and Cleveland have established urban and community garden districts, while cities such as Seattle and Nashville have updated their land-use codes to make more City-owned land available for food production; they have also allowed commercial and non-commercial community gardens as a Permitted use or a Special Exception use, respectively.

Multiple Tools to Preserve and Revitalize Urban-Edge Agriculture

There are a number of tools that cities can use to preserve agricultural lands within their limits and to protect agricultural lands at their borders. These include: establishing transfer of development rights programs, general plan land use policies and zoning designations; adopting urban growth boundaries; land
acquisition; participating in habitat conservation plans; and supporting efforts to incentivize ecosystem services provided by agriculture that benefit nearby cities. Supporting local procurement policies, public education about healthy eating and local foodsheds, and promotion of locally-produced foods can also help support the economic viability of urban-edge farmland. Cities can also be supportive of the farmland protection efforts of land trusts and counties.

Metro regions across the country have preserved agriculture at the urban edge through the use of conservation easements. California’s own Marin Agricultural Land Trust pioneered the specific model of an agricultural conservation easement in the 1980s. Since then, the model has spread across the country and preserved thousands of acres of land that would have otherwise been lost from agricultural production. American Farmland Trust has done national work to establish best practices in acquiring and maintaining agricultural easements.

Typically, conservation easements are paid for with a combination of public and private money. Federal and State money is currently available for agricultural land conservation, and locally, private organizations and public agencies such as the Peninsula Open Space Trust and the Santa Clara Valley Open Space Authority, respectively, have the capacity to acquire and manage easements.

**EXAMPLES OF CITIES WITH MULTIPLE INITIATIVES**

Following are examples of a number of cities that have implemented multiple food-related initiatives.

» **Baltimore**

Baltimore began by hiring a consultant within the Baltimore City Planning Department to work with its Food Policy Advisory Committee (PAC) on implementing task force recommendations. Then, in 2010, Mayor Stephanie Rawlings-Blake appointed a Food Policy Director, with funding from the city.

The Baltimore Food Policy Initiative (BFPI) is now a formal collaboration between the Department of Planning, Office of Sustainability, Health Department, and Baltimore Development Corporation, drawing on the expertise of each. Many other agencies contribute to and support this work. This comprehensive set of internal stakeholders provides critical resource coordination and ensures that the initiative has buy-in and support from across municipal government.

Each department within BFPI oversees different policies and programs to support the city’s food systems work. The Department of Planning houses the office of the Food Policy Director, who directs the strategic planning and policy agenda, including the Food Desert Retail Strategy, the State and Federal Nutrition and Agricultural Policy, and Food System Maps and Plans. This Department also organizes monthly meetings of the Food PAC which is composed of 65 individuals from over 50 organizations, representing stakeholders in Baltimore City’s anti-hunger community, city government, community non-profits and schools.

The Baltimore Development Corporation hires and hosts the Retail Economic Development Officer, who implements the Food Desert Retail Strategy to support existing food stores and stimulate retail development in food deserts. The office is in charge of retail attraction and retention, implementing the supermarket tax credit in food deserts, and overseeing other food financing opportunities.
The Baltimore Health Department is in charge of community-based programming, including healthy stores and a virtual supermarket, with the mission to improve health and wellness by using food access and food justice as strategies for community transformation.

Finally, the Office of Sustainability implements Homegrown Baltimore, an initiative to increase the production, distribution, sales, and consumption of locally grown food within the city, and oversees the Urban Farm Tax Credit, the Food Resilience Plan, and land leasing.

The Baltimore Food Policy Initiative (BFPI) benefits from a working relationship with Johns Hopkins University's Center for a Livable Future (CLF), which has provided data and analysis on food access in the city. Not relying solely on city dollars, the BFPI sought and secured funding for staff and programming from local funders including Kaiser Permanente, Abell Foundation, Annie E. Casey Foundation, and the Baltimore Community Foundation. As of early 2013, over $1 million had been raised to support BFPI and its food access programs.

Now being planned for a blighted section of East Baltimore, the Baltimore Food Hub will have a commercial kitchen, canning facility, urban farm, produce market, and kitchen incubator program to train food entrepreneurs. American Community Trust is working closely with the Historic East Baltimore Community Action Coalition, Johns Hopkins University, the City of Baltimore, and other stakeholders. This hub is estimated to create hundreds of jobs.

» Minneapolis

In Minneapolis, Homegrown Minneapolis brought together key partners from local government, area businesses, community organizations, non-profits, and residents to build a healthy, local food system. Homegrown Minneapolis began by engaging over 100 stakeholders, organized into four subcommittees, to meet regularly and develop recommendations related to: 1) Farmers’ Markets; 2) Community, School, and Home Gardens; 3) Small Enterprise Urban Agriculture; and 4) Commercial Use of Local Foods. Each subcommittee was co-chaired by a City staff member and a community expert. The final report included 72 recommendations and 146 detailed action steps for the city. In 2008, the Minneapolis City Council passed an ordinance requiring corner stores to carry certain categories of foods (e.g., milk, eggs, grains, and five types of produce).

» Seattle

In Seattle, the City Council passed the Local Food Action Initiative in 2008, which aims to improve the local and regional food system. Since then, the city established the Food Interdepartmental Team (IDT) to coordinate food system work across government departments. The Food IDT convened meetings with community members and food system experts to determine the city's food priorities, and then used these priorities to establish goals, review current activities and recommend new actions, and establish criteria through which to filter recommendations.
The criteria include factors of feasibility, potential reach, inclusivity, and community health impacts. Since the IDT was established, the group has developed a five-year Food Action Plan that was adopted by the Mayor and City Council in 2013. The plan contains 40 actions that are recommended to be implemented by 2018. Coordination and monitoring of plan implementation is led by the City's Office of Sustainability and Environment. According to its 2014 progress report, the IDT has already experienced some success in increasing public lands available to urban farmers and supporting its Fresh Bucks nutrition incentive program to make healthy food more affordable for low-income families.

Sacramento

Sacramento has proposed two cross-cutting financing strategies for developing financing mechanisms and catalyzing existing funding resources that would support the city's Food Action Plan implementation. The first one includes convening a Funders Forum of funders and potential investors from within and outside the region and inviting them to consider investing in regional strategies, models and initiatives. Participants will include philanthropic organizations; state, federal and other levels of governments; banks; Community Development Financial Institutions (CDFIs); hospital systems (especially related to their community benefit programs); social benefit organizations; non-profits; and other institutions. This strategy also involves increasing efforts to access state and federal funds, such as the California FreshWorks Fund and USDA grants.

The second strategy builds on research into healthy food finance models across the country, the majority of which are loan programs, sometimes paired with grants. They are geared toward building facilities, primarily grocery stores and other types of retail outlets, including conversion of existing corner stores that help bring healthy foods to underserved areas/food deserts using existing infrastructure. Examples include the California FreshWorks Fund, the Pennsylvania Fresh Food Financing Initiative, and the Fair Food Fund, created by the Fair Food Network in Michigan. Almost always, these funds are supported by federal grants such as the Healthy Food Financing Initiative as well as local foundations and investments. These funds provide grants, financing, and business assistance to a variety of food projects.

Based on these examples, Sacramento has proposed its own Fresh Food Fund, which would have:

- An investment/financing mechanism with associated funds for infrastructure and new business planning and development, including food-related business accelerators and incubators (farms, culinary kitchens, AgTech, etc.), food hub infrastructure, and new business models for growing crops.
- Grant funds for ongoing food-related educational activities (garden builds, school gardens, food literacy, career pathways, etc.).
- Grant funds for ongoing emergency food access activities (hubs, food banks, food closets, healthy food incentive match programs, etc.).
Findings, Opportunities, & Recommendations

From the perspective of public health and quality of life, there are opportunities to integrate healthy food access initiatives with efforts to develop entrepreneurship and placemaking, and to protect urban and peri-urban agricultural lands.

INTRODUCTION

As the culmination of this report, this Recommendations chapter draws from the chapters on the San Jose Food System Today, Food Supply Chain Sectors, Other Food Sectors and Best Practices. The first section summarizes key findings identified by food supply chain sector as well as general findings. Next, the Opportunities section identifies the most significant opportunities for San Jose in food system programs, planning and investments. Finally, the Cross-Cutting Recommendations section is a synthesis of preliminary recommendations identified in the Food Supply Chain Sectors and Other Food Sectors chapters with best practices described in the previous chapter.
FINDINGS - FOOD SUPPLY CHAIN SECTORS.
Following is a summary of key findings, summarized by major food supply chain sectors

Production
The production food supply chain sector findings are grouped by subsector, including Urban Agriculture and Production Agriculture.

Urban Agriculture
+ As an historic agricultural region, San Jose is an ideal location for growing fruits and vegetables and could benefit from increased investment in urban agricultural production.
+ High demand for community gardening plots and strong community support for existing farms (demonstration and commercial) indicate an overall positive response to urban agricultural areas. However, as in other urban areas, urban agriculture faces challenges in securing land for production and funding to maintain such projects.
+ Pro-actively implement AB551
+ The City of San Jose needs to implement the recommendations from the 2016 Community Garden Program Study.
+ Santa Clara County and the City of San Jose do not yet have systematic plans for food production within urban areas to improve the county’s urban social and environmental conditions.

Production Agriculture
+ Headquarters of regional and statewide food production businesses can be anchors within the local food system.
+ San Jose could be a more significant market outlet for products grown on farms in San Jose and in the region, if there was a stronger market ‘pull’ coming from wholesale, retail, processing and restaurant sectors.
+ Initiatives and programs could better link local producers with local market outlets. As suggested by some urban producers, an aggregation facility, perhaps as part of a larger food hub, could facilitate connections between agricultural producers and local buyers.
+ In the Coyote Valley, the largest expanse of farmland in the City limits, continued land use uncertainty discourages investment in production of high-value crops for local consumption. Other challenges include: rising land costs; input suppliers and vendors not being close by; conflicts with non-farm urban residents; water issues; and scarcity of labor.
+ Potential monetization of and/or mitigation investment in the ecosystem services provided by farms could make agricultural land use more viable.
Distribution

- This sector had significant potential for growth in revenue, jobs and physical space, but is facing challenges.
- Most distribution businesses lease buildings and are experiencing considerable uncertainty regarding long-term availability of affordable space, located with good freeway access. There is a strong interest from several larger distributors (as well as from larger processors) for shared, dedicated permanent space (of around 150,000 sq. ft.) for wholesale food distribution and processing. Very large companies, that require facilities from 75,000 sq. ft. to over 200,000 sq. ft., generally operate stand-alone facilities.
- Distribution is negatively impacted by the traffic pressures facing all movement of goods in the Bay Area. San Jose has a relative advantage for local distribution based on its strategic location north of the Salinas and San Joaquin Valleys and south of the Peninsula and the East Bay.
- There is a considerable shortage of labor in the food distribution sector, both drivers and warehouse workers.
- Produce wholesale and distribution businesses have changed significantly in the past decades: some have been impacted by the reduction of independent grocers and by consolidation of retail grocery chains with their own distribution centers; advent of food safety and traceability protocols has added operational costs and required new facilities; additional offerings, such as value-added produce products and dairy items, is a growth trend.
- There is growing interest in organic and specialty items in San Jose, but still lower demand than elsewhere in the Bay Area.

Processing

- Specialty food manufacturing and processing is a vital and highly diverse sector. Similar to the distribution sector, space for processing businesses is being squeezed by pressures on industrial building space.
- There are unrealized opportunities to promote the specialty food processors that are unique to San Jose and that represent the area’s many culinary traditions.
- More commercial kitchens and new kitchen incubators would help launch new and expanded food enterprises.

Retail

- There is a need to increase the percentage of retail food outlets that offer healthy, affordable food.
- Smaller stores supplement direct deliveries of products with trips several times a week to regional wholesale markets to buy produce, indicating a need for more local wholesale produce companies.
- Retail stores cannot meet customer demand to carry more local products.
- Several stores are seeking assistance with public education about healthy, fresh, locally produced food and best practices in reducing food waste.
Restaurants and Food Service
+ Food service companies serving the Bay Area are experiencing growth of above 10 percent per year.
+ For many businesses in this category, the biggest challenge is labor, including skilled cooks, managers and dish washers.
+ Some restaurants need more information about local producers and/or San Jose-based food manufacturing companies so that they can more effectively source locally produced ingredients.
+ There are indications that a restaurant association of some type might benefit existing restaurants and spur the creation of more restaurants.
+ Support development of new food service businesses, from micro-enterprises to destination restaurants.
+ Create opportunities in new transit hubs and mixed use developments for development of new food businesses.

FINDINGS - OTHER FOOD SECTORS
This section presents findings from other food sectors that do not fall neatly within the NAICS code classification scheme.

Farmers’ Markets
+ All certified farmers’ markets accept EBT cards.
+ There is interest in developing indoor-outdoor infrastructure for farmers’ markets in central locations. One suggested location is the Guadalupe Park.

Food and Ag IT
+ Food and ag IT encompasses innovative technology used for agricultural production, called “AgTech,” and throughout the rest of the food supply chain, called “Food Tech”.
+ The huge spike in support platforms for the food and ag tech industry has been centered in New York, Silicon Valley and San Francisco.
+ In the fall of 2015, San Jose was the location of one of the national annual conferences in a series called VERGE, run by Greenbiz Group.

Food and Ag R&D
+ Currently, no major food and ag research and development centers are based in San Jose, though regionally, many efforts are underway, for example in Salinas, Davis and Fresno. More research needs to be done to explore whether this sector presents unmet opportunities for San Jose.
+ Private sector investment in food and agriculture continues to outpace public funding and tends to support a more narrow scope of research topics. Still, public policies, especially relevant regulations, hugely shape what private sector R&D targets and accomplishes.
Food E-Commerce

+ The food e-commerce subsector includes online ordering platforms, online order and delivery companies, grocery ordering/delivery companies, and meal and meal kit preparation/delivery companies.
+ This sector has seen huge growth in recent years, receiving 36% of the total global funding raised by food ag tech companies in 2015.
+ The meal kit preparation/delivery sector has seen the most start-ups and largest increase in funding in the past two years.

FINDINGS - GENERAL

Following are a series of broad findings that cut across the various food sectors.

+ The Food Works team’s economic analysis indicates that the food system is an important contributor to the City of San Jose’s economic base, but it is not as fully developed as it could be, based on comparisons with other cities. Still, employment growth within the food system was twice the citywide average between 2005 and 2015. Food system businesses provide a career ladder that is accessible to a diverse population such as the City’s, including minorities, people with limited formal education and/or limited English language proficiency, and people at various socio-economic levels.
  • There is a need to streamline the process for meeting permitting and licensing requirements for small food-related businesses.
  • There is a need for more technical assistance for small food-related business, including programs to help small business owners develop business and regulatory compliance plans and access capital.
  • There are no San Jose preferential procurement programs to support local food production.
+ Reviewing city documents and interviewing City employees and business owners and thought leaders clearly showed that food is an integral part of the City of San Jose’s policies regarding land use, health, economic development, housing, and environment.
  • There are still challenges to increasing CalFresh enrollment and nutrition education and to advancing Market Match enrollment in grocery stores.
  • There is continued interest in public-private partnerships such as the Santa Clara County Public Health Department’s Healthy Food Initiative and the Health Trust’s Healthy Corner Store program.
  • There is an opportunity to create more programs to divert food waste from landfills and educate the public about reducing and reusing food waste.
  • Residential zoning is impacting food distribution businesses in central San Jose.
  • New zoning measures are needed in order to incentivize urban agricultural production and protect existing farmland.
  • Interviews and meetings conducted throughout this process showed that San Jose’s diverse food environment creates a cultural bridge between communities and attracts visitors to San Jose as a food destination; though that could be increased significantly.
Opportunities

Based on our analysis of the food system environment in and around San Jose as described in the San Jose Food System Today, Food Supply Chain Sectors and Other Food Sectors chapters of this report, following are the most significant opportunities in food system programs and planning. The individual sections on food supply chain sectors have identified opportunities and gaps, and recommended actions to improve the environment for each of the sectors. This chapter discusses cross-cutting issues affecting more than one part of the supply chain, and more than one of the City’s goals for economic growth, placemaking and public health.

a. **Opportunity to increase jobs and to develop the economic value of the food sector.**

Food preparation jobs in the Bay Area are multiplying at a rate much higher than the national average. This gap, along with other labor gaps in food distribution, agricultural labor, and food service management, shows that San Jose has an opportunity to create more jobs across the food supply chain at a range of pay scales. Those jobs that are not particularly high paying are nevertheless significant because they have a relatively low barrier to entry, but are not unskilled. This means that people can enter without advanced education and advance through acquiring skills.

San Jose could consume more products grown or processed in San Jose or distributed through San Jose-based specialty distributors. This represents significant opportunities for existing food businesses to grow and for San Jose to attract new food businesses. Distribution, processing, retail and food service sectors are all experiencing regional growth. However, individual businesses are facing challenges including, in addition to the labor shortages mentioned above, lack of space to expand, leases that discourage investments in improvements, and inefficiencies in distribution.

b. **Opportunity to integrate healthy food access initiatives with efforts to develop entrepreneurship and placemaking.**

Government and non-profit entities are already fully engaged in efforts to improve healthy food access in San Jose. The current level of effort should be maintained and enhanced if possible. The Health Trust has already prepared a number of reports and recommendations related to the issue of healthy food access. This report focuses on jobs related to the food economy and using food-related businesses to improve the quality of life in San Jose through placemaking.

San Jose already has a number of small initiatives at the intersection of small-scale entrepreneurship and healthy food access. Notable among these is the Veggielution Community Farm which teaches farming, cooking, preserving, and nutrition and provides citizens with opportunities for outdoor recreation on their teaching farm. San Jose Made is a local non-profit that helps small businesses, including food-based business, to succeed. The Health Trust had a “fresh cart” program to encourage small entrepreneurs to provide fresh uncut fruits and vegetables to low-access neighborhoods, but the initiative did not succeed in part because the cart operators could not source fresh produce at a low enough price to sell it at a competitive price and make a profit. These three efforts are examples of opportunities to bridge gaps between programs by coordinating communications and strategies among food system leaders.
c. **Opportunity to improve quality of life and protect air and water quality by protecting urban and peri-urban agricultural lands.**

Within urbanized San Jose, community gardens and urban farms improve quality of life for residents by providing access to open space, outdoor recreation and community gathering places, and by promoting opportunities to grow and access healthy, culturally appropriate food. At and near the edge of the City, production farms provide fresh food as well as stormwater capture, groundwater re-charge, open space and agri-tourism destinations. There are multiple economic, social and environmental benefits from protecting and investing in the City’s agricultural areas in a range of scales and locations.

d. **Opportunity to enhance the effectiveness of existing programs and initiate strategic new efforts by increasing coordination between the City, non-profit organizations and food businesses.**

The research and analysis for this study identified thriving food businesses, aspiring entrepreneurs, and knowledgeable and motivated City and non-profit staff. What is missing is a coordinated vision for improving the food economy and environment in San Jose. General Plan goals, policies and procedures include various actions related to the food economy and environment, but there is no mechanism for cross-cutting and coordinated implementation. Similarly, within the non-profit sector, there are multiple inspired efforts to improve the food economy and environment, but again no mechanism for coordinating across multiple sectors and efforts. For example, a mechanism for connecting small business advisors with healthy food access advocates could help bring small food business opportunities to areas with the greatest food access needs.

Following is a summary of the opportunities outlined above and their correlation with the cross-cutting recommendations presented in the next section.

<table>
<thead>
<tr>
<th>OPPORTUNITY</th>
<th>RECOMMENDATION</th>
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<tbody>
<tr>
<td>a. Opportunity to increase jobs and to develop the economic value of the food sector.</td>
<td>Recommendation #1. Grow the City’s economy by investing in food jobs and new, expanded or relocated food businesses. Recommendation #2. Develop a feasibility study for a wholesale food market terminal.</td>
</tr>
<tr>
<td>b. Opportunity to integrate healthy food access initiatives with efforts to develop entrepreneurship and placemaking.</td>
<td>Recommendation #3. Improve quality of life and public health outcomes by increasing opportunities for all San Jose residents to access fresh, affordable, healthy, and culturally appropriate foods. Recommendation #4. Advance food as placemaking at city and neighborhood scales: permanently in development projects, street upgrades, and new marketplaces; and occasionally through food pop-ups, events, festivals and other promotions. Recommendation #5. Support development of food business incubators such as kitchen incubators, food maker-spaces, commercial kitchens, farm business incubators, and food and ag IT incubators; and provide related technical assistance programs for food entrepreneurs.</td>
</tr>
<tr>
<td>d. Opportunity to enhance the effectiveness of existing programs and initiate strategic new efforts by increasing coordination between the City, non-profit organizations and food businesses.</td>
<td>Recommendation #7. Institutionalize food system planning and implementation in City policies and plans.</td>
</tr>
</tbody>
</table>
Cross-Cutting Recommendations

Following are a series of cross-cutting recommendations that address multiple opportunities for the City of San Jose and local food system stakeholders to build a more robust and vibrant local food system. For each recommendation, the team has identified one or more lead actors who have agreed to help, or who are considering helping, with implementation. The team has also made preliminary, rough estimates of resources needed for implementation.

1 Grow the City’s economy by investing in food jobs and supporting new, expanded or relocated food businesses. (Lead actors - Office of Economic Development, Center for Employment Training, vocational education training programs, food businesses)

1.1 Assess food businesses’ workforce needs, though outreach, a convening, and/or a work group, and develop strategies to meet these needs, in order to maintain and increase food-related jobs and revenues in San Jose.

1.2 Develop strategies to address barriers that are being encountered by emerging and growing food businesses in San Jose, and food businesses that want to locate in the City.

Minimal funding requirement; primary commitment is City staff time.

2 Conduct a detailed feasibility study for a wholesale food market. (Lead actors - wholesale food businesses, Knight Foundation, Office of Economic Development)

2.1 Develop a feasibility study for a wholesale food market of 125,000-200,000 square feet which would house long-term San Jose distributors seeking to invest in permanent space, as well as new wholesale, distribution and processing businesses, and possibly food business incubator space.

Funding requirement of ~$70,000 for feasibility study. Additional funding would be needed for business plan if warranted. City staff time would be used to help identify potential sites; provide City economic and real estate data; and analyze how the facility would fit into broader economic and site-specific planning efforts.

3 Improve quality of life and public health outcomes by increasing opportunities for all San Jose residents to access fresh, affordable, healthy, and culturally appropriate foods close to where they live and work. (Lead actors – Santa Clara County Public Health Department, Parks and Rec. Dept., School Districts, The Health Trust)

3.1 Continue to support healthy food access initiatives, and integrate such initiatives with efforts to develop entrepreneurship and placemaking.

3.2 Continue to provide senior nutrition programs at community centers.

3.3 Continue and enhance public education programs about healthy food, nutrition, cooking, gardening, sustainable agriculture and local foods.

Minimal funding requirement; primary commitment is City staff time.
Advance food as placemaking at city and neighborhood scales: permanently, in development projects, transit centers, street upgrades, and new marketplaces; and temporally, through food pop-ups, events, festivals and other promotions. (Lead actors - Housing Dept., Planning Dept., Parks and Rec. Dept., Office of Economic Development, Chamber of Commerce, Visitors and Convention Bureau, Business Districts and Associations, SJ Made)

4.1 In new urban villages and transit hubs, proactively plan for food businesses; incentivize businesses that reflect neighborhood character, offer healthy foods, and feature locally produced products.

4.2 In retail streets and shopping areas, create opportunities for outdoor dining areas and new marketplaces featuring local foods; in parks and community gathering places, plan for mobile food businesses; for interested residential neighborhoods, assess the planting of edible/fruiting street trees.

4.3 Assess the concept of an outdoor pavilion in a public park that could be used as a site for a farmers’ market and other community activities.

4.4 Promote the City's rich and diverse food offerings, including local agricultural products, through promotions and events (e.g. Taste of San Jose, First Fridays, Restaurant Week, San Jose Restaurant Passport, a Strip Mall Food Crawl, and/or a Hidden Eats app/treasure map).

4.5 Offer City staff time as a matching contribution to help applications from the non-profit sector to various grant and contract programs that could be used to improve infrastructure and marketing. Minimal funding requirement; primary commitment is City staff time.

Support development of food business incubators such as kitchen incubators (including as part of small public markets), commercial kitchens, food maker-spaces, farm business incubators, and food and ag IT incubators; provide related technical assistance programs for food entrepreneurs. (Lead actors - Planning Dept., Office of Economic Development, Parks and Rec Dept., Silicon Valley Small Business Development Center - SMDC)

5.1 Directly provide, and partner with non-profits and educational institutions to provide, technical assistance (business development, permitting, licensing, financing, operations, marketing, etc.) for food business start-ups.

5.2 Conduct a feasibility study for a commercial kitchen to serve entrepreneurs from lower-income households; allocate Community Development Block Grant funds for this purpose.

5.3 Support private-public partnerships to develop permitted spaces, such as neighborhood-scale public markets and food business incubators, for multiple small food businesses to produce and sell their products.

5.4 Support private-public partnerships to develop farm business incubators, such as Agricultural Parks, that provide land access and technical assistance for small farm businesses.

5.5 Consider designating a City employee to navigate permitting requirements for small food businesses and develop a bundled and discounted permit program for targeted food business types.

Funding requirement is primarily staff time. A feasibility study for an incubator kitchen would cost ~$100,000. Potential funding sources include the USDA AMS Local Foods Promotion Program.
Cultivate initiatives and dedicate land for multi-benefit urban and peri-urban food production. (Lead actors – City Council, Parks and Rec. Dept., Planning Dept., Santa Clara County Ag Commissioner’s Office, Santa Clara Valley Open Space Authority)

6.1 In implementation of the Urban Agriculture Incentives Act (AB551), allow parcels of up to three acres to qualify and include a public benefit mandate

6.2 Act on the recommendations from the 2016 Community Garden Program study (e.g. develop measurable goals, identify and develop new sites, increase the number and diversity of gardeners, and improve operations and management).

6.3 Consistent with Envision 2040 MS-21, adopt agro-forestry into the City's urban forestry management plan; USDA Forest Service community forestry grants could be a funding source.

6.4 Consistent with Envision 2040 LU-20, re-evaluate current zoning for the northern Coyote Valley. Consider designating the area as a permanent urban-edge foodbelt, vital agricultural heritage area, and critical area for ecosystem services provision; and support efforts to secure agricultural and conservation easements on these lands.

6.5 Support initiatives and programs that enhance the local agricultural economy. Funding requirement is primarily staff time.

Institutionalize food system planning and implementation in City policies and plans. (Lead actors – City Council, Office of Economic Development, Parks and Rec. Dept., Planning Dept., Housing Department, Santa Clara County Food System Alliance)

7.1 Make food system planning and implementation a City priority.

7.2 Incorporate food system planning and implementation in strategic planning of City Departments (e.g. in the Park and Rec. Dept.’s pending Greenprint Strategic Plan update).

7.3 Establish a Food Policy Council with the charge of providing a forum and structure for government, non-profit and industry leaders to work together to advance food-related initiatives and activities across City. Members of the Food Policy Council would come from constituencies including farmers, food advocates and non-profits, food processors, wholesalers, and distributors, educators, researchers and government officials.

The first priority of the Food Policy Council should be to establish food-related goals and measures for the City to adopt.

Dedicate at least a half FTE from the City and a half FTE from a participating non-profit to staff the Food Policy Council. The jointly staffed position will maximize coordination across government and non-government efforts.

Authorize an interdepartmental task force to support and implement the work of the Food Policy Council. The task force should include representatives with expertise in planning, transportation, public health, housing, agriculture, and economic development.

Funding requirement of ~$75,000 per year. Initial funding could be provided by foundations already engaged in San Jose.
REALIZING A VISION FOR SAN JOSE
These recommendations, if acted on in a strategic, concerted, and significant way, represent critical steps towards realizing the vision proposed by the Food Works project for San Jose.

San Jose's spirit of innovation, commitment to resilience and renowned diversity are expressed in a dynamic food culture of healthy food access for all residents and thriving food businesses, from ethnic grocery stores and neighborhood restaurants, to industrial processing and distribution, to market gardens and farms located in and around the City.
Appendix A:

Preliminary Assessment of a San Jose Market District/Wholesale Food Market

INTRODUCTION

Project Genesis

Food distribution and processing are two pillars of vibrant local food systems. The San Jose Market District is conceived of as a synergistic concentration of wholesale produce businesses and other food distribution/processing/manufacturing businesses, to be co-located within an industrial area of San Jose where some wholesale/distribution food companies are already established.

The need for investment in co-located distribution and processing infrastructure in San Jose was initially identified by several San Jose-based produce distributors in 2012. The opportunity came about in 2016 when the Market District Assessment was funded by the Local Food Promotion Program (LFPP) of the USDA Agricultural Marketing Services Agency. The Local Food Promotion Program approved the Assessment being developed as an integrated part of, and incorporated as an appendix to, the San Jose Food Works project, which was funded at the same time.

Food Works analyzes San Jose's existing food supply chain and provides actionable recommendations for a food system that serves all of San Jose's communities, and that advances San Jose's goals for economic development, placemaking, public health and sustainability. The project also aligns with San Jose's Vision 2040 General Plan Update and with regional strategies for new jobs and housing in priority development areas, investments in efficient goods movement and key industrial areas and protection of priority conservation areas.

Market District and Wholesale Food Market Clarification

The term Market District implies a number of food distributors and wholesalers existing as separate businesses on separate premises, but located in sufficient proximity to each other to facilitate efficiencies for receiving products from any common suppliers and for selling products to any common customers (either on-site or via distribution). The term Wholesale Food Market (also called a Terminal or sometime a Hub) implies a facility that serves multiple individual wholesale food businesses tenants or co-owners, and that is developed and operated as a single, public, private or cooperative business (or hybrid).

The team's research determined that the primary focus of San Jose food wholesalers and distributors is foremost in a Wholesale Food Market, rather than a Market District. For this reason, the name and focus of this assessment has changed from Market District Assessment to Preliminary Wholesale Food Market Assessment.
PURPOSE
The purpose of the Preliminary Wholesale Food Market Assessment is to investigate demand and opportunity for a facility and related infrastructure to serve existing, and potentially new, co-located wholesale produce distributors, other food distributors and processors and local specialty foods producers. The goal is to catalyze investment in the produce distribution and local food production/processing sectors. If realized, the San Jose Wholesale Food Market could increase the efficiency of food distributors and processors, benefit independent grocery stores and restaurants, create new markets for producers, and catalyze the emergence of new businesses (e.g., local specialty or ethnic food production companies, value-added food processors, etc.), all of which are central to a vibrant local food system.

Additional desired outcomes from the development of a San Jose Wholesale Food Market include:
- Increased viability of existing distributors, independent grocers, restaurants and food service companies and creation of new food enterprise businesses. This will help enhance and diversify community economic development in San Jose.
- Creation of new market opportunities for local and regional farmers, including established, beginning and immigrant farmers, who could in turn help make the demographics of agriculture (in terms of diversity of farmers and crops) near San Jose more closely reflect the demographics of the City itself.
- Creation of new market opportunities for existing and new specialty food production and processing businesses, including those serving specific ethnic communities with culturally-appropriate products.
- Alignment of the Wholesale Food Market development with other local food system enhancement efforts (e.g. healthy food access and promotion of urban and peri-urban agriculture), with City of San Jose economic development and placemaking goals, and with regional and state-level planning for and investment in sustainable communities.

APPROACH
The Preliminary Wholesale Food Market Assessment focuses on demand for a wholesale food market from food distributors and processors, their customers and their suppliers. As noted above, the Assessment was conducted in the context of the overall Food Works food supply chain research. The Demand subsections include summaries of the Food Works research which addressed existing conditions, gaps and opportunities for the food distribution, processing, production, retail and restaurant/food services sectors. Following the Demand section, the Assessment looks at illustrative models in other cities and opportunities and constraints for such a project in San Jose. The Assessment concludes with the outline for an in-depth feasibility study.

HISTORY
San Jose previously had a wholesale produce market. This facility, initially called the Growers Market, was established about 100 years ago at the corner of East Taylor Street and North 7th Street. Not upgraded as the wholesale produce industry modernized and no longer in a convenient location, the facility was torn down in the 1980s and eventually replaced by housing. Galli Produce and Chef’s Choice are two companies still in existence that got their start in the old market.
Food Works

The American Can Company, a block-size building on South 5th Street and Martha Street, is another historic food processing facility that is still in existence. Although it still houses two small wholesale distributors (Eddie’s Produce and the Old San Jose Produce Company) that take advantage of the loading docks and extensive storage areas, the building is slated for conversion to residential development in the next few years.

DEMAND

Overview

Demand for a Wholesale Food Market comes from at least three different but inter-dependent types of businesses, all of which would be beneficiaries. The first type of demand is from food distributor businesses themselves, which would the primary occupants of the Wholesale Food Market building space. These businesses need a place within the San Jose area from which to base their operations, which serve other business customers located in San Jose and surrounding areas. The second type of demand is from the businesses that food distributor businesses serve, including restaurants, grocery stores, and other types of retail food purveyors that buy produce, meats and dairy products, and other food and related products that they use in the course of their own business operations. These businesses create demand for a Wholesale Food Market as a convenient and efficient way to source, from a number of co-located wholesalers, produce and other food-related products that they need in order to supply their operations. The third type of demand is from supplier businesses that produce the food and related products that distributor businesses need to purchase in bulk in order to re-sell to meet their customer’s specific needs. Supplier businesses, such as farmers, and food processors and manufacturers sell to distributor businesses as an efficient means to market their products.

Following is a discussion of the demand for a San Jose Wholesale Food Market created by the three types of businesses described above. In addition to these three types of demand, it is possible that retail consumers would also support a Wholesale Food Market. Depending on how it would be configured and operated, a Wholesale Food Market could also offer periodic shopping opportunities for retail consumers. For example, the Wholesale Food Market could promote events such as monthly or seasonal “Market Evening” when distributor businesses would open for retail sales to the general public.

Distributor and Processor Demand

The main type of demand for a wholesale food market in San Jose comes from food distributors, wholesalers and processors based in San Jose and serving San Jose. A number of these businesses have considerable, if cautious, interest; they state that such a facility could address some of the needs and opportunities that are identified in the Distribution and Processing Sections of the Food Works report. These needs are summarized below, followed by the specific requirements and short profiles of six businesses that have indicated interest in helping to develop and/or being part of a new wholesale food market.
SUMMARY OF FOOD WORKS REPORT SECTIONS: FOOD DISTRIBUTION AND FOOD PROCESSING

Existing Conditions
The distribution sector of the food supply chain covers wholesale and distribution businesses that handle a wide range of food and beverage products, including: fresh fruits and vegetables, nuts, dairy products, meat, seafood, poultry, bakery and confectionary products, grocery products, grains and field beans, frozen items, wine, beer and distilled beverages. Distribution-Wholesale is the largest food sector in San Jose terms of total revenue, which is $865.2 million, or 30.6% of overall San Jose food industry revenues.

The food processing/manufacturing sector of the food supply chain includes both food and beverage businesses. With 187 businesses in San Jose and total annual revenues of $343.6 million, this sector ranks fourth in size behind distribution/wholesale, retail and food services and well in front of production. The food manufacturing sector tends to be more labor intensive and have higher revenues per employee (1,935 total employees) than the wholesale distribution sector (1,859 employees), which is much larger in terms of gross revenues.

Selected Findings and Opportunities

Growth (and growing pains)
+ Food distribution and processing sectors are growing. A number of large, long-established companies need more space, more permanent space, and upgraded space.
+ Several large businesses expressed interest in re-locating to or establishing additional facilities in San Jose.
+ There is a considerable shortage of labor, both drivers and warehouse workers.
+ The advent of food safety and traceability concerns has meant added operational costs and required upgraded and new facilities.
+ There is growing interest in organic and specialty items in San Jose, but still lower demand than elsewhere in the Bay Area.
+ Some businesses have been impacted by the reduction of independent grocers and by consolidation of retail grocery chains that develop their own distribution centers and supply chains.
+ There is an opportunity for more commercial kitchens and for new kitchen incubators that can help launch new food enterprises.
+ There is a desire for the City to consider pro-active efforts to retain and support the food distribution and processing sector.

Competition
+ The food distribution business is highly competitive. Bigger players that serve hotel chains and large corporate accounts run up against the price ceilings set up by national supply chain management companies such as Avendra and national/international food service companies. Smaller players compete for local accounts and there is a certain amount of distrust between some of them.
Range of product offerings
+ Among produce distributors, a growing trend is to increase the range of product offerings. Most medium-sized produce distributors now offer pre-cut produce and basic dairy products such as eggs. Most of the larger distributors offer, in addition to fresh produce, a wide range of fresh, processed and frozen food products, to facilitate one-stop shopping for their customers. This increased range of offerings requires increased attention to both food safety, including handling protocols, and transparency information.
+ Specialty food manufacturing and processing is a vital and highly diverse sector. There are unrealized opportunities to promote the specialty food processors that are unique to San Jose and that represent the area’s many culinary traditions.

Suppliers
+ Distributors and processors source their products from a range of suppliers, including from brokers, other manufacturers/processors/wholesalers and farmers/ranchers. For perishable products subject to seasonal supply, sources vary with the season, from local to more distant suppliers. Most products are shipped by truck, some also by ship, and more perishable, higher-value products by air.
+ For fresh fruits and vegetables, wholesalers in the Golden Gate Produce Terminal (South San Francisco) and the San Francisco Wholesale Produce Market are important sources of supply.

Customers
+ Distributors and processors serve a range of customers including restaurants, grocery stores, schools and universities, institutions and food service businesses. For smaller businesses, most customers are local. Larger businesses serve customers all over Northern California.

Goods movement
+ Food distributors and processors, of perishable foods especially, depend on timely receiving of goods from suppliers and delivery to customers; increased traffic congestion in the Bay Area is a significant problem.

Costs
+ Regionally, costs for wholesale produce warehouse space, where available, range from around $0.65 per square foot to as much as $2.00 per square foot (for improved space in a terminal market).

SPECIFIC DISTRIBUTOR AND PROCESSOR DEMAND
While the section above describes general findings, this section describes specific interest in a wholesale food market.

In terms of wholesalers and distributors, the team focused on businesses handling produce, since this was the sub-sector that initially expressed the need for additional and permanent space. Businesses contacted included wholesalers and distributors located in and serving San Jose, as well as wholesalers and distributors located elsewhere in the Bay Area but for whom San Jose is an important market.

There are 12 produce distributors located in San Jose. Collectively, these businesses handle a range of fruits and vegetables from local, state, national and off-shore suppliers and serve a local to regional
customer base. Many businesses have on-site produce processing operations, ranging from custom ripening to cut products to salsas; many offer other food products such as a dairy line or canned or dried produce.

There are dozens of other distribution and wholesale produce companies that serve San Jose that are located in San Francisco and the East Bay, both in market terminals and in stand-alone facilities.

Of the 17 produce wholesale/distribution businesses interviewed, eight indicated strong interest in expanding or upgrading operations including within or into San Jose. During the course of the project, three of these businesses already started planning a move: Daylight Foods (150 employees) purchased a building so they could move leased facilities in Milpitas back to San Jose, where the business started; Chef’s Choice expanded operations to Santa Clara; San Francisco/Los Angeles Specialty Produce ($500 million in annual sales) is planning a move from Union City to a new 285,000 square foot facility in Hayward.

Five other produce distributors – Galli Produce, Pacific Rim Produce, Eddie’s Produce, A&J Produce, and Farm-Fresh-To-You – expressed interest in exploring options for new, permanent space in a dedicated wholesale food market.

One other business, CustomRipe Avocado Company, is interested in the development of a Wholesale Food Market in San Jose because it would facilitate delivery to some of their customers and possibly serve as a location for their own business in the future. The company is a year-round marketer and distributor of fresh organic and conventional avocados that are sourced from California, Mexico, Peru and Chile. The avocados are marketed and distributed through the Henry Avocado Corporation sales offices and CustomRipe Avocado Company regional ripening centers. The Northern California ripening and distribution center, formerly in San Jose and now in a 40,000 sq. ft. leased facility in Milpitas, distributes to customers throughout the Bay Area and beyond.

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<th>TABLE 1: WHOLESALE FOOD MARKET DEMAND</th>
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<td>A &amp; J Produce</td>
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<td>Bassian Farms</td>
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<td>Galli Produce</td>
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<td>Pacific Rim Produce</td>
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Three other wholesalers interviewed are located in and co-owners of the Golden Gate Produce Terminal in South San Francisco. Their businesses serve San Jose distributors who drive to the Terminal regularly, if not daily, for products. To some extent they viewed the prospect of a new wholesale market in San Jose as a threat, but they also saw that it could present an opportunity for partnership or developing a satellite operation.

In terms of processors and manufacturers, for the Food Works supply chain assessment, the team interviewed eight companies representing a range of scales and products from a family-owned tofu producer to a major importer and processor of products from Central America. Of these, one, Bassian Farms, indicated enthusiastic interest in exploring options for new, permanent space in a dedicated wholesale food market.

As shown in Table 1, of the six companies to date that have indicated interest, there is a combined need for 145,000 sq. ft. with 40 loading docks.

Following are the main reasons given for interest in exploring options for new, permanent space in a dedicated wholesale food market.

+ Uncertainty regarding long-term availability of affordable leased space due to potential for conversion – or conversion already underway - to other uses, such as residential or industrial tech. Space for wholesale and distribution businesses is being squeezed by low vacancy rates for industrial buildings, demand from tech industries that can afford higher rental rates, and conversion of some industrial zoned land to residential zoning.
+ Need for upgrades for food safety and traceability or to accommodate more types of products or other issues that could be money down the drain on leased premises.
+ Potential for improved and modernized facility, including cold chain handling, loading docks, truck circulation, parking for employees, etc.
+ Desire on the part of some businesses to establish equity in a facility, along with resources to do so.
+ Sense that a multi-business facility could offer new opportunities, such as new forms of investment, wholesale ‘street sales’, potential to attract new customers, options for piggy-back distribution, and a higher-profile location.

Following are some of the concerns that tempered interest in exploring options for new, permanent space in a dedicated wholesale food market.

+ Cost would need to be comparable with current space and amenities.
+ Location would need to provide for easy freeway access; location near airport also desirable.
+ Potential to lose some privacy in operations.
+ Potential for more competition.
Below are brief profiles of the companies that have indicated interest.

**Pacific Rim Produce**

Pacific Rim Produce is a wholesale and distribution produce company established in 1993. The company offers over 200 produce items with an emphasis on Asian produce. The corporate office is located in Alameda and its primary warehouse is in Oakland. In addition, the company has consolidation facilities in Salinas, Santa Maria, El Centro and Miami. The company has 40 employees at its Oakland warehouse.

Pacific Rim Produce is growing steadily and is seeking to develop additional warehouse infrastructure. A location in San Jose is desirable due to its proximity to the company's main agricultural suppliers and to the company's customer base in the East and South Bay. The desired space would be 40,000-50,000 sq. ft., would have 16-20 docks, and would have convenient freeway access. The company estimates that it would have around 100 employees or more based at this location. The company is open to being part of, investing in and helping develop a facility for multiple wholesale food companies.

**Bassian Farms**

Bassian Farms / Pangea Packing is a family-run meat packing company established in 1990. The company supplies grocers, food service companies and restaurants in Northern California with beef, poultry, pork, and seafood products, which it sources from farmers and other suppliers in California, the Midwest and internationally. It is located at 1865 South 10th Street, where it operates from a 20,000 sq. ft. leased facility. The company has 60 employees, many of them long-term employees, and has annual revenue of $54 million. Bassian Farms prides itself on exceeding USDA meat-handling standards and partnering with farmers and ranchers who produce top meat quality and subscribe to humane animal treatment and livestock raised without the use of antibiotics or artificial growth hormones.

Bassian Farms is growing at the rate of 10 to 20% per year, and expects to outgrow its current facilities within the next couple of years. It is also concerned that its current location could be converted to non-industrial uses. The company is actively seeking permanent space of around 40,000 sq. ft. with 25,000 sq. ft. of refrigerated space and with 10 or more loading docks. It has already set aside several million dollars toward a future move. The company is open to being part of, investing in and helping develop a facility for multiple wholesale food companies.

**Galli Produce Company**

Galli Produce Company was established in the 1940s by Angelo Galli. It has been owned and operated by the Pieracci family since 1956. Initially located in the old G rower’s Market on 7th and Taylor Streets, the company moved to its current location on Old Bayshore Highway in the late 1980s. The company occupies around 16,000 sq. ft. of leased space, including extensive refrigerated areas for produce processing, and docks on both sides of the building for its 15 trucks. Galli Produce, which recently absorbed Imahara Produce Company and has leading food service companies as customers, has current annual revenue of $15 million and is growing steadily. Within a few years, the company projects a need for around 30,000 sq. ft. (with two-thirds of it refrigerated), at least six loading docks and a growth in the number of employees from the current 35 to around 50. The company could be interested in an expanded operation in a terminal market facility, provided financial terms were beneficial (and ideally included equity interest) and the same convenient freeway access as their current location.
Galli sources products from the San Francisco and South San Francisco produce terminal markets. It also directly sources summertime deliveries from Salinas, Watsonville, Hollister, Sacramento, and the San Joaquin Valley, and wintertime deliveries directly from Mexico, Arizona and Florida. Galli’s customers include food services, institutions, restaurants and grocery stores, mostly located in the South Bay. Galli is the only processor of both conventional and organic fruits and vegetables for food service and retail in the Santa Clara Valley.

**Eddie’s Produce**

Eddie's Produce was established in 2008 by Eduardo (Eddie) Flores. It is located at 1005 South 5th Street in the block-sized building that formerly housed the American Can Company and that is slated to become housing in the next few years. The company occupies 4,000 sq. ft., for which it pays $4,500 per month, and has three loading docks. With annual revenues of around $0.5 million and six employees, the company is eager to find new space to continue to grow the business. Eddie’s Produce buys product daily at the San Francisco Wholesale Markets and regularly in Salinas and also gets product via brokers. The company primarily serves restaurants.

**A & J Produce**

Arturo Regalado established A & J Produce in 2012 in a small business park at 1780 Old Bayshore Highway. A & J Produce currently occupies 4,000 sq. ft., has 10 employees and annual revenues of around $2 million. The company provides fresh produce and other wholesale food items primarily to South Bay restaurant customers including many food trucks. Products are sourced from local growing areas and manufacturers, the Golden Gate Produce Terminal, and also from Mexico. The company likes its current location with good freeway access but needs room to grow. It projects a need for about twice as many employees and for a space of around 10,000 sq. ft., with two to four loading docks.

**Farm-Fresh-to-You**

Farm-Fresh-to-You is a CSA farm-to-customer fresh produce delivery box service, headquartered in Sacramento close to their Yolo County Farm, Capay Organic. With another major distribution hub in Los Angeles and another farm in Southern California, the company has state-wide reach. The company maintains a small satellite facility of 5,500 sq. ft. in East San Jose, where semi trailers with produce boxes from Sacramento are off-loaded for delivery via 15 vans to South Bay customers. The current facility, which has 20 employees, has some limitations including inconvenient semi trailer access and no loading docks. Farm-Fresh-to-You might be interested in leasing space in a more convenient multi-tenant facility, as long as the price was competitive.

The expression of interest in a wholesale food market from the food distributors and processors described above is just an indication of demand. A more comprehensive assessment would explore interest from other food distributors, processors and manufacturers both located in San Jose and interested in starting a business there, and who handle a range of products including produce, flowers, cheese, breads and baked goods.
Wholesale/Distributor/Processor Customer Demand
The second type of demand for a wholesale food market comes from the businesses that food distributor businesses serve, including restaurants, grocery stores, and other types of retail food purveyors interested in sourcing produce and other food product from a number of co-located wholesalers.

Below is a summary of existing conditions and findings for these sectors from the Food Works report, followed by some additional information about demand for a new wholesale food market.

Summary of Food Works Report Sections: Retail and Restaurant/Food Service

Existing Conditions
In San Jose, the retail sector of the food supply chain has 671 establishments with annual revenues of $816.1 million, 70 percent of which comes from supermarkets and other grocery stores. The sector has a number of large specialty supermarkets, such as Mi Pueblo and the locally-owned Lions and Fresco’s markets. The largest numbers of establishments are small ethnic grocery stores, mainly owned by minorities: Latino, Chinese, Vietnamese, Japanese, Indian, Filipino, Middle Eastern, Eastern European, and others. Most of these businesses are relatively small, on average employing four people or fewer.

The restaurant and food service sector of the food supply chain has 2,095 establishments, with $731.6 million in annual revenues. This sector includes restaurants, ranging from fine dining establishments to chains to ethnic eateries representing the City’s diversity, catering services, food service companies, bars and nightclubs.

Selected Findings and Opportunities
+ Grocery store chains, such as Safeway and Whole Foods, and large food retailers, such as Mi Pueblo, have their own regional distribution centers and/or direct supply chains. Some grocery store buyers will occasionally shop at food market terminals for specialty products and to see ‘what is going on’.
+ Hotels chains, large restaurants, corporate dining facilities and healthcare and education institutions are served by major food all-purpose distribution systems such as Avendra and Sysco, as well as by larger distributors, such as Daylight Foods and SF/LA Specialty that carry produce and other fresh food items and that can accommodate demand for locally-sourced products.
+ Smaller markets and restaurants also get products from distributors but are challenged by minimum order sizes, by limited storage for perishables, and by limited buying power that can result in not getting the best selection. To supplement buying from distributors, these smaller businesses travel to the San Francisco wholesale terminals to buy direct and shop at establishments such as Restaurant Depot and Costco that sell a range of products in bulk.
+ Ethnic markets and restaurants also buy from wholesalers with specialty products, such as imported tropical fruits and spices, and from the numerous small and large processors, who offer products such as Middle Eastern Bread and Vietnamese sweets.
**Specific Retail and Restaurant Demand**

Primary demand for a new wholesale food market comes from small retailers and restaurant owners who seek more convenience, flexibility and choice in their product purchasing, including more specialty and locally-grown products, and who already have a routine of shopping regularly for relatively small volumes.

While it is beyond the scope of this report to identify the extent to which a new wholesale market would attract new business from retail and restaurants, it is likely there would be some increase given the convenience factor. Then again, in so far as establishments in a wholesale market are primarily focused on distribution, these sorts of ‘street sales’ would be an addition to their core business.

**Wholesale/Distributor/Processor Supplier Demand**

San Jose is the closest Bay Area city to the significant agricultural production areas of southern Santa Clara County and San Benito, Santa Cruz, Monterey and San Luis Obispo Counties, and it is close to farmlands in San Mateo, Alameda and Contra Costa Counties. It is also located within 150 miles of the most productive Central Valley agricultural counties: San Joaquin, Stanislaus, Merced, Fresno, Kings, Tulare, Madera and Mariposa. Collectively, these counties account for over $15 billion in annual agricultural output and a good percentage of California’s 80,000 or so farmers.

Local and regional farmers sell to distributors and wholesalers throughout the Bay Area, including in San Jose, both directly and through brokers. However, sales in San Jose may be constrained by there being no wholesalers (who have ‘street’ sales), relatively few distributors (and all those being in diffused locations), and limited demand for locally-sourced farm products despite willing suppliers.

Grower-shippers such as Uesugi Farms based in Santa Clara County and Coke Farm, based in San Benito County, believe that a wholesale food market in San Jose could potentially increase demand in San Jose for local farm products. They also believe that it could potentially increase competition, especially if it spurs creation of new wholesale businesses, which in turn could drive down prices that farmers receive or, in the case of Coke Farm, decrease demand for the aggregation services they provide for over 40 regional farms.

The hundreds of farmers who already sell at the 17 farmers’ markets in San Jose are another group who might benefit from a wholesale food market; while in San Jose, they could sell by the case to interested distributors. At a smaller scale, urban agriculture projects in San Jose that are scaling up production also see a wholesale food market as a potential site for a small food hub that aggregates products from small producers.

The expectation of local producers is that the more source-identified locally-grown products being bought and sold at a wholesale market, the more it will stimulate demand for local foods from San Jose restaurants and markets.
MODELS

Wholesale food markets can basically be described as places where food is bought in bulk from suppliers and sold in smaller bulk lots to businesses that then resell to consumers at retail markets or restaurants. Beyond that description, wholesale markets vary considerably, depending on their history, purpose, location and evolution. The most important factors relate to: why, how and by whom the market was developed: type of ownership and governance; financial structure and business model; types of products, functions and services; and, if relevant, mission and program elements. Below are brief examples of six types or models of wholesale food markets.

Model: NGO-Operated Wholesale Market

San Francisco Wholesale Product Market, San Francisco, CA

The San Francisco Wholesale Product Market is located on Jerrold Avenue, near the intersection of Hwy 280 and Hwy 101 on land owned by the City of San Francisco. The market was built by the City when the downtown Embarcadero location was razed to make way for the Embarcadero Center development in the 1960s. The 25-acre facility includes 280,000 square feet of recently improved warehouse space and will total around 500,000 square feet once a new facility is built out in the coming years. It is home to over 30 produce businesses offering a variety of produce products. Many of these businesses have been in operation for over 50 years. The organization itself recently became a nonprofit and is developing a mission-driven program that is supportive of farmers, workforce development, and food recovery.

Model: Privately Held Wholesale Markets

Golden Gate Produce Terminal, South San Francisco, CA

The Golden Gate Produce Terminal, located in South Francisco near the San Francisco Airport, was built around the same time as the San Francisco Wholesale Produce Market by produce businesses that wanted a privately held market when they moved from the Embarcadero location. Today it houses about 20 produce businesses, some of which are shareholders in the Produce Terminal. Tenants pay around $5,000 per month for a 2,500 square foot stall.

San Antonio Wholesale Produce Market

San Antonio Wholesale Produce Market (SAWPM) is a privately held warehouse complex in South San Antonio, close to the Mexican border and next to the markets of the San Antonio, Houston and Austin metropolitan areas. It lies adjacent to main highways like I-37 that facilitate the transportation of products between Mexico and the northern and east coast U.S. markets. The 80-acre site holds a total of 200 warehouses in which each warehouse unit is 3,100 square feet with an additional 900 square foot mezzanine for offices. The warehouse units also have a 450 square foot dock, cold rooms that can hold up to 156 pallets (about seven truck loads) and vehicle parking for both general visitors and trucks. SAWPM was built by Abasto Properties LLC, sister company to Abasto Corporation, which has built and operated five wholesale markets in Mexico and South Texas since 1983, including the McAllen Produce Terminal. Abasto has three rollout phases to fill its eight buildings and is currently wrapping up phase one as it fills Buildings A and B.
Model: Wholesale Produce Market Governed by a Condominium Association

**Chicago International Produce Market, Chicago, IL**

The Chicago International Produce Market (CIPM) is a state-of-the-art terminal produce market and one of the few terminal produce markets left in America. It is the largest facility of its kind in the Northwestern U.S., with 22 different wholesale produce merchants and delivery/cartage services on a 26-acre site. CIPM is a wholesale-only organization. Merchants sell to distributors, jobbers, and directly to stores, manufacturers, government agencies and others. To purchase products from CIPM merchants, buyers need a valid Illinois tax ID. The market is located on the near southwest side of Chicago, just north of the South Branch of the Chicago River, between Chicago’s Pilsen and McKinley Park neighborhoods. In 2003, the Chicago Planning Commission granted its approval for the new site in order to replace the smaller and congested South Water Market. It was developed by CenterPoint Properties and is now governed by Chicago International Produce Market Condominium Association.

Model: Hybrid Wholesale-Retail Markets

**Pike Place Market, Seattle, WA**

Pike Place Market is a historic farmers’ market established in 1971 in the heart of Seattle’s downtown. In addition to preserving the historic buildings and character of the nine-acre historic district and serving as a supporter of farmers, artisans and small businesses, the Pike Place Market was charted by the City of Seattle in 1973 to provide services and affordable housing for low-income individuals. The market offers a large farmers’ market that includes dairy, produce, meats and fish, honey, and flower merchants in addition to a crafts market, specialty food, restaurants, retail shops and services like hairdressers and photographers. Many merchants in the farmers’ market do wholesale produce and delivery. Pike Place itself does wholesale flowers. In addition, there are community spaces to rent for events. The Market is governed by the Pike Place Market Preservation and Development Authority, a nonprofit, public corporation.

**Eastern Market, Detroit, MI**

Eastern Market first opened in Downtown Detroit in 1841 and has expanded over time into a complex of five huge market sheds on a 17-acre site. Although the market is in the largest historic public market district in the U.S., the market itself is operated by the private sector though a public-private partnership with the Eastern Market Development Corporation (EMDC). EMDC also engages in commercial and mixed-use (mixed-income housing, retail, industrial) development projects in collaboration with private and philanthropic partners.

The Eastern Market wholesale retailers include 42 wholesale businesses, distributed among the five sheds of Eastern Market’s retail space. These businesses sell products including meats, seafood, produce, coffees and teas, spices, beverages, nuts, and mushrooms. Many of these wholesalers have been around for decades, such as Germack Pistachio Co. (1920s) and Wolverine Packing Co. (1930s). The GROW Eastern Market (GEM), which markets itself as “Detroit’s Locavore Wholesale Connection,” is a for-profit wholesale business – in effect a food hub - that focuses on connecting small-scale regional growers and suppliers with wholesale buyers. GROW coordinates and manages orders between producers and buyers.
The retail component features a wide variety of produce, meat, spice and other products. It is particularly busy on Saturdays, when farmers bring in their poultry and livestock, along with fresh produce for sale. Eastern Market hosts vendors of various craft and art products at its onsite location and also hosts offsite markets that include the Detroit Market Garden, a pilot program to close the gap between farm and market, Gratiot Central Market, a specialty meat and cheese market a few blocks from Eastern Market, and Detroit Community Markets scattered across Detroit. Along with offsite markets, Eastern Market also runs multiple community programs including Tasting Stations, a community kitchen, “Ways to Pay” and a Food and Health Fellowship.

**Model: Food Distribution Complex**

The Hunts Point Food Distribution Center, Hunt’s Point, New York, is currently comprised of 3 markets: Hunts Point Terminal Produce Market; Hunts Point Cooperative Market; and the New Fulton Fish Market. The New York City Economic Development Corporation owns and manages the 329 acres of property on which the food distribution center sits. Over 115 firms operate at the center, which employs over 10,000 workers.

**Hunts Point Terminal Market**

Hunts Point Terminal Market (HPTM) is located in the Hunts Point region of Bronx, New York and is the largest wholesale produce market in the world with 113 acres of property with 1 million square feet of interior space. HPTM offers a diverse selection of fruits and vegetables from around the world and receives its produce daily by plane, boat, and tractor trailer from 49 states and 55 countries. Open five days a week, 24 hours a day, HPTM provides produce to a variety of vendors including New York City bodegas, upscale restaurants, restaurant suppliers, secondary wholesalers and individual customers. HPTM generates $2.4 billion in sales annually, employs 10,000 people and handles 210 million packages of fruits and vegetables per year. At the end of each day, HPTM donates their remaining food to community organizations that work with underserved segments of the community including the Food Bank of New York City and City Harvest.

**Hunts Point Cooperative Meat Market, Inc.**

First opened in 1974, The Hunts Point Cooperative Market Inc. is a 60-acre facility with seven buildings under a long-term lease with the City of New York in the Hunts Point section of the Bronx. Its member shareholders and other tenants, all of which are primarily involved in the process and distribution of meat and meat products in the tri-state area, also maintain national distribution channels. Governed by the USDA, the facility is the largest of its kind in the world and is the major distribution hub for the New York City metro area. Customers of the market include large chain store supermarkets, most top restaurants in the tri-state area, hotels, and country clubs, as well as large and mom and pop butcher shops up and down the east coast. The Cooperative consists of 52 companies that process and distribute meat and meat products, with approximately 2,400 employees. The Cooperative maintains approximately one million square feet of refrigerated space. Each business that joins is part of the Cooperative, which is governed by a Board made up of members of several companies who sell at the market.
**New Fulton Fish Market**

In 2005, this privately operated wholesale fish market – the oldest in the U.S. - moved from Manhattan to the Hunts Point Food Distribution Center. New York City spent $86 million to build the indoor, fully refrigerated HAACP facility. The 400,000 square foot facility includes ample refrigeration space, loading docks, and executive office space.

Up to 60% of the fresh fish received are wild-caught from the East Coast between Maine and Florida, while the rest come from farms and fisheries within and outside the US. The market offers 100 to 300 types of fish, including fresh fish, frozen seafood, salted seafood, and smoked fish. A small amount of processing, mostly filleting, occurs on site at the market. Over 29 wholesale retailers operate on the 33 acres of the market.

**Wholesale Greenmarket**

Planned as a state-of-the-art food hub for the City, the new site of Wholesale Greenmarket will feature over 100 local and regional food markets within 120,000 square feet of indoor/outdoor space. Expected to launch in 2017 at a cost of $20 million, the facility is expected to create 245 jobs. In contrast to the existing Hunts Point Terminal Market, this market is aimed at serving more regional producers, which may be excluded from the competitive, high-volume Hunts Point Terminal market that supplies from a variety of global producers. For the past two and a half years, the market has been operating in a much smaller 5,000 square foot rented facility.

**Model: Regional Food Hubs**

Regional Food Hubs are a relatively new phenomenon that combines typical wholesale/distribution business functions (e.g. distribution, aggregation, brokering, storage, sales, etc.) with mission-driven programs functions (e.g. actively linking producers and buyers, increasing community awareness of “buy local” benefits, distributing to nearby food deserts, etc.). Most food hubs are operated as single entities with multiple functions.

**Nonprofit Regional Food Hubs**

1) DC Central Kitchen in Washington, DC aggregates products from multiple farms, offers a job training program, sells to schools and other institutions, and offers over 5,000 free meals to 80 shelters, churches, etc.

2) ALBA Organics in Salinas, CA buys from limited-resourced, Latino farmers and sells to wholesale distributors, corporate food services, restaurants, hospitals, universities, and retail stores in the San Francisco Bay Area and Monterey Bay Area. Customers receive source-verified produce.

3) Common Market Philadelphia aggregates product from 75 farmers to over 150 schools, hospitals, restaurants, wholesalers, etc. They share farmers’ names and locations on all produce that they distribute.

4) Baltimore Food Hub will offer a commercial kitchen, canning facility, urban farm, produce market, and kitchen incubator program to train food entrepreneurs. American Community Trust is working closely with the Historic East Baltimore Community Action Coalition, Johns Hopkins University, the city of Baltimore, and other stakeholders.
5) ACEnet, Athens, OH. The Appalachian Center for Economic Networks (ACEnet) is a community-based economic development organization serving the 32 counties of Appalachia Ohio. The Athens Food Ventures Center houses the Central Kitchen, Thermal Processing Room, and Warehouse. The Nelsonville Business Center and Food Hub encompasses 94,800 square feet of warehouse and office space. The facility’s location central to major Ohio and West Virginia cities makes the Nelsonville Business Center an ideal distribution hub. Close proximity to a number of higher education centers enables collaboration with departments focusing on manufacturing or food business development.

Cooperative Regional Food Hubs

6) Co-op Partners Warehouse in St. Paul, MN is a consumer co-op with over 14,000 households. It distributes products from 30 farmers to 200 retail co-ops, natural food stores, and restaurants.

7) CROPP Cooperative has 1,650 producer members in 35 states selling to 10,000 retail outlets.

8) Eastern Carolina Organics (not noted in the USDA Regional Food Hub Guide, but a recipient of funds from RSF Social Finance) markets and distributes wholesale Carolina organic produce to retailers, restaurants, and buying clubs. Farmer-owned, it pools diverse harvests from different regions.

Additional examples can be found in the Regional Food Hub Guide.

OPPORTUNITIES AND CONSTRAINTS

Opportunities

The preliminary demand from interested distributors, wholesalers and processors, along with input from the suppliers who sell to these businesses and the retailers and restaurants who buy from these businesses, begins to paint a picture of the kind of wholesale food market that might work in San Jose.

The primary driver is the need for permanent location or locations, with facilities including extensive cold storage modernized for food safety and transparency, sufficient loading docks, good truck circulation, room for employee and customer parking and good freeway access. It needs to be affordable and offer opportunities for both facility owners and tenants. The co-location of businesses is not in and of itself a strong driver, but the opportunity for ‘street sales’ provided by such co-location is a plus for customers. The participation of businesses handling various types of foods is intriguing, but a bit of an unknown. Interest from other existing wholesale and processing businesses and for the incubation of new ones in the facility is also possible and even likely, but as yet not well explored.

In many ways, the most significant opportunity is to give a major and needed boost to the overall food supply chain infrastructure, food business economy and food-city identity of San Jose. As noted in the models above, beyond direct benefits, major investment in food systems can offer cities significant economic development, public health, placemaking, and environmental benefits.

Constraints

The primary constraint to the development of a Wholesale Food Market in San Jose is the availability and cost of real estate to accommodate the interested businesses, including base costs to lease or purchase industrial land and buildings, and additional costs to construct tenant improvements to suit the specific needs of the businesses that would operate in the Wholesale Food Market.
According to CBRE, the City of San Jose contained approximately 36 million square feet of industrial space as of first quarter of 2016. Of the total inventory, only 610,000 square feet are currently vacant, corresponding to a vacancy rate of roughly 1.7 percent. In addition to vacant space, CBRE references an additional 780,000 square feet of industrial space that was occupied but seeking new tenants, indicating a total availability of roughly 3.8 percent. Additionally, CBRE provides information for sub-regions within the City, which indicate that the southern portion of San Jose contains a slightly softer industrial market, as compared to the downtown/International Business Park sub-market and the northern region. The southern San Jose sub-market vacancy rate is 3.8 percent and the total availability rate is 6.4 percent. Rental rates are lowest in the southern sub-market and the Downtown/International Business Park area, at $0.65 per square foot for wholesale space.

Based on interviews with local industrial real estate brokers, it is apparent that in general the industrial real estate market within the City of San Jose is strong, with low vacancy rates and high rental rates. Despite these trends, brokers did indicate that large Class B or C industrial space with the appropriate attributes for a wholesale or distribution facility is still somewhat available in the area. Brokers highlighted a few different properties currently listed that meet these criteria, but also noted more generally that historically, there are typically a few industrial spaces in the 25,000 to 100,000 square feet range available on the market at any given time. With regard to estimated rental rates, brokers indicated that the lowest likely rental rate these buildings would fetch is roughly $0.60 per square foot, but the rates will more likely be in the $0.65 to $0.75 per square foot range.

In addition to discussions with local industrial real estate brokers, a scan of available properties listed on CoStar, a private commercial real estate listing service, and LoopNet, a public real estate listing website, shows availability consistent with the local broker comments, albeit at somewhat higher prices than those quoted by brokers interviewed for this study. According to CoStar, 14 properties are currently listed on the market, individually containing between 15,000 and 100,000 square feet of warehouse and distribution space, most of which include loading docks and other amenities likely needed for a wholesale market district facility. The asking rental rates for the available properties range from $0.75 to $1.35 per square foot triple net, with an average of roughly $0.89 per square foot, triple net. Geographically within the City of San Jose, the current available space listed on CoStar and LoopNet generally tends to be located in the central portion of the city, south of the I-280 corridor, and also north of downtown in the vicinity of the International Business Park, located south of Milpitas between I-880 and I-680.

A detailed Wholesale Food Market feasibility study will be necessary to:

- More closely define the types and amounts of building space needed to accommodate a Market District
- Determine the specific locational requirements for businesses interested in occupying a Wholesale Food Market in order to identify the availability of potential sites that are suitably located within San Jose
- Determine how interested businesses’ capacity to pay for costs of occupancy in a Wholesale Food Market setting correspond to the anticipated costs to provide the market and associated buildings that meet the businesses’ locational requirements and business facility needs.
Recommendation: Proposed Feasibility Study Scope of Work

The team recommends the development of a Wholesale Food Market Feasibility Analysis, to further gauge business interest and needs, further define the Wholesale Food Market concept, and analyze feasibility from a real estate development standpoint, including potential sites, development partners, subsidy needs and sources of funding, and implementation strategy, if appropriate. Recommended tasks include:

1. Compile Facility Requirements from Interested Businesses

The initial task for the project team will be to contact each of the interested businesses and collect updates and augment information regarding their requirements for new facilities that would be located within the proposed Wholesale Food Market. The objective of this task is to understand how much and what type of space is needed, specific features of the buildings and grounds required, desired tenure (i.e., ownership or terms of lease), and desired Wholesale Food Market governance and organization structure. The team will also obtain estimates of the targeted building lease rates or purchase costs, as applicable and information regarding the capital that each of the interested businesses might be able to bring to the project.

2. Explore Financial Models and Funding Sources Used by Other Wholesale Food Markets

Drawing from the list of wholesale markets already profiled and others, the consultant team will describe the financial models that other wholesale food markets have used to develop, upgrade and operate their facilities. This information, to be collected via interviews with project representatives and other sources as available, will include information, with as much detail as feasible, about types of public and private funding sources and financial instruments. Given the provisional interest of some existing businesses to have equity in a prospective facility, the condominium, cooperative and LLC models would be the likely focus of the research.

3. Develop Wholesale Food Market Parameters and Conceptual Project Description

Using the information collected in Tasks 1 and 2, the consultant team will develop a set of physical specifications for the Wholesale Food Market project (e.g., building square footage by type and size, site acreage and identification of any special site characteristics) and prepare a narrative conceptual project description that will outline how the project would be structured, from a physical standpoint as well as from an organizational/operational standpoint. The purpose of this task is to provide the basis for subsequent financial feasibility analysis for a real estate development that could meet the space and tenure needs of the interested businesses, plus provide some additional space for as-yet unidentified tenants.

4. Review Wholesale Food Market Concept with Interested Businesses and Refine

For this task, the consultant team will meet with the interested businesses, present the Wholesale Food Market concept, and obtain feedback on any necessary refinements to the concept. The consultant team will then update the Wholesale Food Market concept accordingly. The updated Wholesale Food Market concept will serve as the basis for the rest of the feasibility analysis.
5. Identify Potential Locations
After refining the Wholesale Food Market concept, the consultant team will reach out to commercial real estate brokers who work in the San Jose area, along with a short list of property owners who have been identified as having property holdings that could potentially accommodate the Wholesale Food Market. The purpose of this task is to identify sites that have the proper locational characteristics (e.g., regional freeway access, zoning) and sufficient size to accommodate the Wholesale Food Market. In addition, the research for this task will include collection of the asking prices for specific properties as well as more general input from commercial real estate brokers regarding the appropriate range of market value for vacant land and/or market lease rates for existing buildings that meet the Wholesale Food Market criteria, for feasibility analysis purposes. This will refine the real estate information previously collected as part of the Food Works study.

6. Prepare Financial Feasibility Assessment
The consultant team will prepare a financial feasibility assessment for the Wholesale Food Market concept from the standpoint of a master developer. The feasibility analysis will establish planning level cost estimates for property acquisition, building development (including hard construction costs, financing costs, and developer soft costs) and a reasonable developer profit allowance. In addition, the assessment will incorporate estimates of the master developer’s ongoing project operating costs. The project income component of the feasibility analysis will also incorporate the property acquisition and/or lease rate targets provided by prospective Wholesale Food Market occupants. The consultant team will synthesize all of the information into a pro-forma model that will identify the extent to which the project sales revenues and annual operating income would be sufficient to offset the master developer costs and allow for a reasonable profit.

7. Identify Funding Gaps and Potential Funding Sources
Using the results of the pro-forma analysis, the consultant team will identify any potential funding gaps that arise due to the fact that project costs might exceed those which can be supported by the facility purchase prices/or lease rates that are viable for the targeted businesses. To the extent that gaps are identified, the consultant team will seek to identify potential funding sources that could be incorporated into the project in order to help achieve feasibility. This may include agriculture, food, sustainability, and/or economic development related funding from public or charitable sources and/or land cost write-downs for publicly owned land, or other funding opportunities that might be identified.

8. Develop Implementation Strategy
Based on further consultation and review of the preliminary feasibility study results with interested businesses, property owners, City staff, and other stakeholders who might be involved with implementation, the consultant team will develop an implementation strategy that outlines a series of steps that involved parties can take to pursue the Wholesale Food Market project. This will include a process to continue to engage interested businesses in the refinement of the Wholesale Food Market concept, identification of a master developer, identification of supporting actors and their roles, and an outline of the development process and timeline.
9. Prepare Draft and Final Reports

The consultant team will compile all of the research and analysis into a Draft Report, for review and comment by project stakeholders. This will include one in-person meeting to review and discuss the report and its findings. The consultant team will answer questions and solicit comments on desired revisions. The consultant team will then prepare a Final Report, incorporating revisions as appropriate.

FEASIBILITY STUDY BUDGET

Following is a preliminary budget breakdown for the feasibility analysis. Phase II would be undertaken only if warranted by Phase I findings indicating sufficient initial feasibility.

<table>
<thead>
<tr>
<th>Phase I</th>
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<tbody>
<tr>
<td>1. Refine Facility Requirements from Interested Businesses</td>
<td>$5,000</td>
</tr>
<tr>
<td>2. Explore Financial Models and Funding Sources Used by Other Wholesale Markets</td>
<td>$4,500</td>
</tr>
<tr>
<td>3. Develop Wholesale Food Market Parameters and Conceptual Project Description</td>
<td>$5,000</td>
</tr>
<tr>
<td>4. Review Wholesale Food Market Concept with Interested Businesses and Refine</td>
<td>$5,000</td>
</tr>
<tr>
<td>5. Identify Potential Locations</td>
<td>$6,000</td>
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<tr>
<td><strong>Subtotal, Phase I</strong></td>
<td>$25,500</td>
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<table>
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<tr>
<th>Phase II</th>
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<tbody>
<tr>
<td>5. Articulate Assumptions and Prepare Financial Feasibility Assessment</td>
<td>$24,000</td>
</tr>
<tr>
<td>6. Identify Funding Gaps and Potential Funding Sources</td>
<td>$6,000</td>
</tr>
<tr>
<td>7. Develop Implementation Strategy</td>
<td>$6,000</td>
</tr>
<tr>
<td>8. Prepare Draft and Final Reports</td>
<td>$9,000</td>
</tr>
<tr>
<td><strong>Subtotal, Phase II</strong></td>
<td>$45,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$70,500</td>
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Appendix B:  

Citywide Goals & Strategies

The City of San Jose has a well-established framework of goals and strategies that guide various aspects of the City’s work to ensure San Jose’s ongoing vitality. Within these existing policy or strategy documents, there are many references, both direct and indirect, to the role of food and food-related activities in making San Jose the place that it is, and that the City wants to become. The table below, and continued on the following pages provides a list of goals from key existing City policy documents that relate to the food system, including the City of San Jose’s General Plan: Envision 2040, Green Vision, and Economic Development Strategy.

| FOOD-RELATED CITYWIDE GOALS AND STRATEGIES (1 OF 6) |
|---------------------------------|-----------------|-------------------------------------------------|
| **Goal**                        | **Document**    | **Connection to Food-Related Activities**       |
| Health                          |                 |                                                 |
| Major Strategy #11: Designing for a Healthful Community that supports the physical health of community members by promoting walking and bicycling as commute and recreational options, encouraging access to healthful foods, and supporting the provision of health care and safety services. | General Plan: Envision 2040 | Creating walkable and bikeable communities increases residents’ access to food outlets. |
| LU-12: Expand the cultivation and sale of locally grown agriculture as an environmentally sustainable means of food production and as a source of healthy food for San José residents. | General Plan: Envision 2040 | Growing your own food increases consumption of and access to healthy foods. |
| PR-2: Build healthful communities through people, parks, and programs by providing accessible recreation opportunities that are responsive to the community’s health and wellness needs. | General Plan: Envision 2040 | Accessible recreation opportunities includes spaces made available for community gardens. |
| PR-8: Provide fiscally sustainable recreation programs, facilities, and infrastructure assets. | General Plan: Envision 2040 |                                                 |
| NOTE: We contacted the County Public Health Department to learn about their countywide and specific goals for San Jose but have not yet heard back. |                 |                                                 |
| Environment                     |                 |                                                 |
| Create 25,000 clean tech jobs.   | San Jose Green Vision | Food is a growing interest in the clean tech sector. Some of clean tech’s goals relate to a sustainable food system: managing natural resources more efficiently, and reducing the environmental impacts of human activity. |
| Reduce Per Capita Energy Use by 50%. | San Jose Green Vision | The city notes that green roofs are one way to reduce per capita energy use. |
| By 2022, adopt a General Plan with measurable standards. | San Jose Green Vision | Specific measurable goals like ensuring that all residents have access to trails within three miles of their home, recycling or beneficially reusing 100% of the City’s wastewater, etc. may help residents increase access to food outlets and help the city and its surrounding food system to conserve water. |
| Recycle or beneficially re-use 100% of wastewater. | San Jose Green Vision | see above |
| Build or retrofit 50 million square feet of green buildings | San Jose Green Vision | Green buildings may incorporate sustainable food purchasing policies. |

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<table>
<thead>
<tr>
<th>Goal</th>
<th>Document</th>
<th>Connection to Food-Related Activities</th>
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<tbody>
<tr>
<td><strong>Environment</strong> <em>(Continued)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goal</strong></td>
<td>Document</td>
<td>Connection to Food-Related Activities</td>
</tr>
<tr>
<td>Divert 100% of waste from landfill and convert waste to energy</td>
<td>San Jose Green Vision</td>
<td>Organic material from homes, businesses, etc. can be converted into high quality compost for farmers and can be diverted from landfills saving the city money.</td>
</tr>
<tr>
<td>Advance the City’s Green Vision through 2040 and establish Measurable Environmental Sustainability indicators consistent with Green Vision.</td>
<td>General Plan: Envision 2040</td>
<td>Developing walkable communities (e.g., a trail network) increases residents’ access to food outlets; preserving open space/creating parks may encourage more urban agriculture and farmland that is currently in production to remain in production.</td>
</tr>
<tr>
<td>Promote access to the natural environment and a favorable climate by building a world-class trail network, reinforcing the Greenline / Urban Growth Boundary as the limit of the City’s urbanized area and to preserve the surrounding hillsides largely as open space, and by adding parks and other recreational amenities to serve existing and new populations.</td>
<td>General Plan: Envision 2040</td>
<td>Developing walkable communities (e.g., a trail network) increases residents’ access to food outlets; preserving open space/creating parks may encourage more urban agriculture and farmland that is currently in production to remain in production.</td>
</tr>
<tr>
<td>MS-7: Establish San José as a nationally recognized leader in reducing the amount of materials entering the solid waste stream.</td>
<td>General Plan: Envision 2040</td>
<td>Separating food waste and composting reduces the amount of materials entering the solid waste stream.</td>
</tr>
<tr>
<td>MS-8: Establish San José as a local, regional, and statewide model for responsible management of resources.</td>
<td>General Plan: Envision 2040</td>
<td>Report notes that city may consider an ordinance banning food waste.</td>
</tr>
<tr>
<td>MS-9: Operate a municipal solid waste management system that maximizes efficiencies in service delivery while protecting the environment, public health, and safety</td>
<td>General Plan: Envision 2040</td>
<td>By converting food waste and yard trimmings to compost, cities can a) help create a valuable product, and b) save money by diverting waste from landfills.</td>
</tr>
<tr>
<td>MS-21: Preserve and protect existing trees and increase planting of new trees within San José to create and maintain a thriving Community Forest that contributes to the City’s quality of life, its sense of community, and its economic and environmental well-being.</td>
<td>General Plan: Envision 2040</td>
<td>Planting fruit trees is one food-related activity that would support this goal.</td>
</tr>
<tr>
<td>LU-19: Respect the Greenline/Urban Growth Boundary to preserve the beauty and natural resources of the rural and hillside areas, to maintain the fiscal health of the City, to direct private and public investment within identified growth areas, and to preclude development in areas subject to natural hazards.</td>
<td>General Plan: Envision 2040</td>
<td>Preserving land protects natural resources/the environment, and may ensure that land that is in ag production remains in ag production.</td>
</tr>
<tr>
<td>LU-20: Provide and protect sufficient agricultural land to facilitate local food production, to provide broad community access to healthful foods, to add to a distinct community image, and to promote environmental, fiscal, and economic benefits of rural agricultural lands.</td>
<td>General Plan: Envision 2040</td>
<td>Protecting land is essential for food production.</td>
</tr>
<tr>
<td><strong>Place-Making</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LU-15: Increase public awareness and understanding of the history of San José, historic preservation, and its importance to the economic and cultural vitality of the City.</td>
<td>General Plan: Envision 2040</td>
<td>The rich cultural diversity of San Jose results in a wide variety of foods produced and consumed.</td>
</tr>
<tr>
<td>CD-2: Create integrated public and private areas and uses that work together to support businesses and to promote pedestrian activity and multi-modal transportation.</td>
<td>General Plan: Envision 2040</td>
<td>Food businesses are one type of business that could be impacted by integrated public and private areas.</td>
</tr>
<tr>
<td>CD-4: Provide aesthetically pleasing streetscapes and new development that preserves and builds on the unique characteristics of the local area and contributes to a distinctive neighborhood or community identity.</td>
<td>General Plan: Envision 2040</td>
<td>Food businesses (e.g., restaurants, retail stores, etc.) contributes to the overall feel of a neighborhood.</td>
</tr>
</tbody>
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### FOOD-RELATED CITYWIDE GOALS AND STRATEGIES (3 OF 6)

<table>
<thead>
<tr>
<th>Goal</th>
<th>Document</th>
<th>Connection to Food-Related Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Place-Making (Continued)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“CD-5: Create great public places where the built environment creates attractive and vibrant spaces, provides a safe and healthful setting, fosters interaction among community members, and improves quality of life. A46”</td>
<td>General Plan: Envision 2040</td>
<td>Food can attract residents to an area, create a vibrant setting, and encourage interaction among community members.</td>
</tr>
<tr>
<td>LU-2: Focus new growth into identified Growth Areas to protect the quality of existing neighborhoods, while establishing new mixed use neighborhoods with a compact and dense form that is attractive to the City’s projected demographics i.e., a young and senior population, and that supports walking, provides opportunities to incorporate retail and other services in a mixed-use format, and facilitates transit use.”</td>
<td>General Plan: Envision 2040</td>
<td>Giving young people and seniors many food options, and mixed-use neighborhoods that enable residents to walk to and from food outlets contribute to a high quality neighborhoods.</td>
</tr>
<tr>
<td>LU-3: Strengthen Downtown as a regional job, entertainment, and cultural destination and as the symbolic heart of San José.</td>
<td>General Plan: Envision 2040</td>
<td>Food (e.g., restaurants, and retail stores) can play an important role in strengthening downtown.</td>
</tr>
<tr>
<td>LU-9: Provide high quality living environments for San José’s residents.</td>
<td>General Plan: Envision 2040</td>
<td>Access to food (e.g., restaurants, retail stores, etc.) is a part of creating a high quality living environment.</td>
</tr>
<tr>
<td><strong>Planning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The General Plan establishes the Urban Villages concept to create a policy framework to direct most new job and housing growth to occur within walkable and bike friendly Urban Villages that have good access to transit and other existing infrastructure and facilities.</td>
<td>General Plan: Housing Element</td>
<td>Neighborhood-oriented Urban Villages are planned to enhance established neighborhoods by integrating a mix of uses, including retail, food markets, offices, public services, housing, places of worship, public parks and plazas, within or adjacent to existing or emerging neighborhoods.</td>
</tr>
<tr>
<td>CD-6: Promote and achieve the Downtown's full potential as a regional destination and diverse cultural, recreational, civic, and employment center through distinctive and high-quality design.</td>
<td>General Plan: Housing Element</td>
<td>Food can help attract people, businesses (e.g., restaurants, retail stores, etc.) to the Downtown area.</td>
</tr>
<tr>
<td>CD-7: Create thriving, attractive Urban Villages that reflect unique urban characteristics of an area and provide complete neighborhoods for residents, workers, and visitors.</td>
<td>General Plan: Housing Element</td>
<td>Access to different food options is one aspect of thriving and vibrant Urban Villages.</td>
</tr>
<tr>
<td>“H-3: Create and maintain safe and high quality housing that contributes to the creation of great neighborhoods and great places.”</td>
<td>General Plan: Housing Element</td>
<td>Access to food outlets (e.g., restaurants and grocery stores, etc.) contribute to creating great neighborhoods and places.</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOTE: Many goals and policies within Envision 2040 are noted in the City of San Jose's Housing Element. These are noted below (though they already appear in other sections).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VN-1: Develop new and preserve and enhance existing neighborhoods to be vibrant, attractive and complete.</td>
<td>General Plan: Housing Element</td>
<td>noted in economic development section</td>
</tr>
<tr>
<td>VN-2: Empower communities to improve the quality of life in their neighborhoods.</td>
<td>General Plan: Housing Element</td>
<td>Living near food outlets is more desirable and improves quality of life.</td>
</tr>
<tr>
<td>VN-3: Ensure that all residents have sufficient access to healthful food, as defined by the U.S. Department of Health and Human Services and the U.S. Department of Agriculture.</td>
<td>General Plan: Housing Element</td>
<td>noted in economic development section</td>
</tr>
<tr>
<td>CD-1: Create a well-designed, unique, and vibrant public realm with appropriate uses and facilities to maximize pedestrian activity; support community interaction; and attract residents, business, and visitors to San José.</td>
<td>General Plan: Housing Element</td>
<td>Food outlets like farmers' markets, mobile food trucks in one area, and food-related events are several ways to support community interactions and encourage people to visit San Jose.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Goal</th>
<th>Document</th>
<th>Connection to Food-Related Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD-2: Create integrated public and private areas and uses that work together to support businesses and to promote pedestrian activity and multi-modal transportation.</td>
<td>General Plan: Housing Element</td>
<td>Food businesses are one type of business that could be impacted by creating integrated public and private areas.</td>
</tr>
<tr>
<td>CD-3: Maintain a network of publicly accessible streets and pathways that are safe and convenient for walking and bicycling and minimize automobile use; that encourage social interaction; and that increase pedestrian activity, multi-modal transit use, environmental sustainability, economic growth, and public health.</td>
<td>General Plan: Housing Element</td>
<td>Improving walkability and bikeability, and multi-modal transit use will make it easier for residents to access food.</td>
</tr>
<tr>
<td>CD-4: Provide aesthetically pleasing streetscapes and new development that preserves and builds on the unique characteristics of the local area and contributes to a distinctive neighborhood or community identity.</td>
<td>General Plan: Envision 2040</td>
<td>Food businesses (e.g., restaurants, retail stores, etc.) contributes to the overall feel of a neighborhood.</td>
</tr>
<tr>
<td>CD-5: Create great public places where the built environment creates attractive and vibrant spaces, provides a safe and healthful setting, fosters interaction among community members, and improves quality of life.</td>
<td>General Plan: Housing Element</td>
<td>Food can play an important role in attracting residents to an area, creating a vibrant setting, and encouraging interaction among community members.</td>
</tr>
<tr>
<td>CD-6: Promote and achieve the Downtown's full potential as a regional destination and diverse cultural, recreational, civic, and employment center through distinctive and high-quality design.</td>
<td>General Plan: Housing Element</td>
<td>Food can help attract people, businesses (e.g., restaurants, retail stores, etc.) to the Downtown area.</td>
</tr>
<tr>
<td>CD-7: Create thriving, attractive Urban Villages that reflect unique urban characteristics of an area and provide complete neighborhoods for residents, workers, and visitors.</td>
<td>General Plan: Housing Element</td>
<td>Access to different food options is one aspect of thriving and vibrant Urban Villages.</td>
</tr>
<tr>
<td>H-3: Create and maintain safe and high quality housing that contributes to the creation of great neighborhoods and great places.</td>
<td>General Plan: Housing Element</td>
<td>Access to food outlets (e.g., restaurants and grocery stores, etc.) contribute to creating great neighborhoods and places.</td>
</tr>
<tr>
<td>H-4: Provide housing that minimizes the consumption of natural resources and advances our City's fiscal, climate change, and environmental goals</td>
<td>General Plan: Housing Element</td>
<td>Building housing and food system-related activities (e.g., growing food, etc.) uses many similar resources. Minimizing the consumption of natural resources and meeting the City's climate change and environmental goals are aligned with a sustainable food system.</td>
</tr>
<tr>
<td>LU-9: Provide high quality living environments for San José's residents.</td>
<td>General Plan: Housing Element</td>
<td>Access to food (e.g., restaurants, retail stores, etc.) is a part of creating a high quality living environment.</td>
</tr>
<tr>
<td>LU-10: Meet the housing needs of existing and future residents by fully and efficiently utilizing lands planned for residential and mixed-use and by maximizing housing opportunities in locations within a half mile of transit, with good access to employment areas, neighborhood services, and public facilities.</td>
<td>General Plan: Housing Element</td>
<td>Neighborhood retail is a part of the services that are important to residents.</td>
</tr>
<tr>
<td>IP-5: Use new proposals for residential, mixed use, or employment development to help create walkable, bicycle-, and transit-friendly &quot;Urban Villages&quot; (also referred to as &quot;Villages&quot; within the Envision General Plan) at strategic locations throughout the City, and to enhance established neighborhoods. In new Village development, integrate a mix of uses including retail shops, services, employment opportunities, public facilities and services, housing, places of worship, and other cultural facilities, parks and public gathering places.</td>
<td>General Plan: Housing Element</td>
<td>Food outlets are an important part of Urban Villages.</td>
</tr>
</tbody>
</table>

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## FOOD-RELATED CITYWIDE GOALS AND STRATEGIES (5 OF 6)

<table>
<thead>
<tr>
<th>Goal</th>
<th>Document</th>
<th>Connection to Food-Related Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Development</strong></td>
<td><strong>Goal #2: Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality</strong></td>
<td>Economic Strategy 2010 &amp; Economic Strategy Implementation Workplan 2013-2014 Restaurants provide unique destination opportunities, while grocery stores and other food retail locations provide anchor tenants for new developments.</td>
</tr>
<tr>
<td>Goal #3: Preserve and Strengthen Manufacturing-Related Activity and Jobs</td>
<td>Economic Strategy 2010 &amp; Economic Strategy Implementation Workplan 2013-2014</td>
<td>The food sector is an important aspect of individual neighborhood vitality and economic development. Food-related Manufacturing provide jobs for a diverse range of education attainment and skill levels. An increase focus in the freight industry for continued economic opportunities, the food industry can provide a stable freight product given the current supply of food wholesale and manufacturing activity.</td>
</tr>
<tr>
<td>Goal #4: Nurture the Success of Local Small Businesses</td>
<td>Economic Strategy 2010 &amp; Economic Strategy Implementation Workplan 2013-2014</td>
<td>While the data indicate a strong presence of established food-related small businesses, the City can continue to support these establishments while also opening up opportunities for new businesses to come to the area.</td>
</tr>
<tr>
<td>Goal #10: Continue to Position Downtown as Silicon Valley's City Center</td>
<td>Economic Strategy 2010 &amp; Economic Strategy Implementation Workplan 2013-2014</td>
<td>Dining options play an important role in attracting both residents and visitors, thus the continuing support of these establishments, while encouraging new food-related businesses to locate in the downtown area will help create a vibrant downtown region.</td>
</tr>
<tr>
<td>Goal #11: Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent</td>
<td>Economic Strategy 2010 &amp; Economic Strategy Implementation Workplan 2013-2014</td>
<td>Food-related establishments, whether it be retail or restaurants, are typically incorporated in mixed-use communities, allowing residents close access to various commodities.</td>
</tr>
<tr>
<td>IE-1: Proactively manage land uses to provide and enhance economic development and job growth in San José</td>
<td>General Plan: Envision 2040</td>
<td>Restaurants and food-related retail establishments are one component of a balanced economic base and also provide a necessary business support service that serve the local employees.</td>
</tr>
<tr>
<td>IE-2: Nurture existing and attract new companies of all sizes in industries that will drive job and revenue growth.</td>
<td>General Plan: Envision 2040</td>
<td>Increasing the number of food-related retail establishments can create more revenue and jobs, while improving customer convenience and neighborhood livability.</td>
</tr>
<tr>
<td>IE-5: Development a distinctive set of sports, arts, and entertainment offerings for San José to attract economic development and increase patronage.</td>
<td>General Plan: Envision 2040</td>
<td>A variety of food-related establishments help create a stronger late-night scene, while generating jobs and attracting visitors and workers to the area.</td>
</tr>
<tr>
<td>IE-6: Provide widespread access to diverse employment and training opportunities in San José and strive to increase job growth, particularly jobs that provide self-sufficient wages and benefits to allow the community to broadly share in the region's prosperity.</td>
<td>General Plan: Envision 2040</td>
<td>Many food-related industries provide jobs for ranging skill and education levels, while providing adequate wages and benefits.</td>
</tr>
<tr>
<td>FS-4: Maintain, enhance, and develop our City's employment lands as part of our strategy for Fiscal Sustainability.</td>
<td>General Plan: Envision 2040</td>
<td>Food-related retail establishments can fill the role of large-scale and neighborhood-scale shopping centers for consumers.</td>
</tr>
<tr>
<td>FS-5: Provide the highest level of service feasible with fiscal resources so that the City's method of service delivery contributes toward the achievement of a fiscally sustainable City.</td>
<td>General Plan: Envision 2040</td>
<td>Preserving the agricultural lands within the Urban Service Area will allow current agricultural production to continue, while allowing new production capacity.</td>
</tr>
</tbody>
</table>

(Continued on next page)
## FOOD-RELATED CITYWIDE GOALS AND STRATEGIES (6 OF 6)

<table>
<thead>
<tr>
<th>Goal</th>
<th>Document</th>
<th>Connection to Food-Related Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Development (Continued)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VN-1: Develop new and preserve and enhance existing neighborhoods to be vibrant, attractive, and complete.</td>
<td>General Plan: Envision 2040</td>
<td>The complete neighborhoods idea incorporates access to neighborhood retail destinations within walking distance of residents, including food-related retail and restaurants.</td>
</tr>
<tr>
<td>LU-4: Establish commercial uses that maximize revenue to the City and provide employment for its residents in order to achieve fiscal sustainability and desired jobs per employed resident ratio.</td>
<td>General Plan: Envision 2040</td>
<td>Food-Related businesses provide revenue generating commercial destinations and jobs for ranging skill and education levels.</td>
</tr>
<tr>
<td>LU-5: Locate viable neighborhood-serving commercial uses throughout the City in order to stimulate economic development, create complete neighborhoods, and minimize vehicle miles traveled.</td>
<td>General Plan: Envision 2040</td>
<td>Food-Related businesses provide revenue generating commercial destinations and jobs for ranging skill and education levels.</td>
</tr>
<tr>
<td>LU-9: Provide high quality living environments for San Jose's residents.</td>
<td>General Plan: Envision 2040</td>
<td>High quality living environments includes access to the appropriate commercial uses, including food-related retail and dining options.</td>
</tr>
<tr>
<td>LU-10: Efficiently utilize lands planned for residential and mixed-use and maximize housing opportunities in locations within a half mile of transit, with good access to employment area, neighborhood services, and facilities.</td>
<td>General Plan: Envision 2040</td>
<td>By efficiently utilizing land, residential developments will be at sufficient densities to support additional neighborhood-serving food-related retail establishments.</td>
</tr>
<tr>
<td>TR-6: Provide for safe and efficient movement of goods to support commerce and industry.</td>
<td>General Plan: Envision 2040</td>
<td>Food products provide a steady product to help support an increase focus on freight throughout the region.</td>
</tr>
<tr>
<td>LU-20: Provide and protect sufficient agricultural land to facilitate local food production, to provide broad community access to healthful foods, to add to a distinct community image, and to promote environmental, fiscal, and economic benefits of rural agriculture lands.</td>
<td>General Plan: Envision 2040</td>
<td>Local food production provides a distinct identity, while incurring the economic benefits for both the grower and consumer within the region.</td>
</tr>
</tbody>
</table>

Sources: City of San Jose, General Plan: Envision 2040, 2011; City of San Jose Office of Economic Development, Economic...
# Appendix C: Key Reports

## Exemplary Studies and City-Level Food System Assessments

Research conducted by the consultant team identified numerous city-level food system assessments that have been conducted for cities throughout the United States. The team also identified case studies of exemplary projects as well as reports that provide context for local food system assessments.

This section also includes a summary of policies, programs, projects, and recommendations from the exemplary assessments.

<table>
<thead>
<tr>
<th>City of San Jose Studies and Reports</th>
<th>County of Santa Clara Studies and Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department</strong></td>
<td><strong>Department</strong></td>
</tr>
<tr>
<td>Economic Development (OED)</td>
<td>Planning</td>
</tr>
<tr>
<td>San Jose Economic Strategy Report, 2010</td>
<td>Santa Clara County General Plan Update of Health Element</td>
</tr>
<tr>
<td>San Jose Economic Strategy Update (2013-2014) and Proposed 18-month Workplan</td>
<td>Direct Economic Contributions of Santa Clara County Ag: Indirect Economic Contributions of Santa Clara County Ag (pending)</td>
</tr>
<tr>
<td>San Jose Green Vision</td>
<td>Food Rescue Services, Barriers, and Recommendations in Santa Clara County</td>
</tr>
<tr>
<td>OED - Office of Cultural Affairs</td>
<td></td>
</tr>
<tr>
<td>Arts and Economic Prosperity IV: the Economic Impact of Nonprofit Arts and Cultural Organizations and their Audiences in San Jose</td>
<td></td>
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<tr>
<td>Cultural Connection</td>
<td></td>
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<tr>
<td>Public Art Next! San Jose’s New Public Arts Master Plan</td>
<td></td>
</tr>
<tr>
<td>The Creative Industries of San Jose, California</td>
<td></td>
</tr>
<tr>
<td>Downtown Next! A Public Art Focus Plan for Downtown San Jose</td>
<td></td>
</tr>
<tr>
<td>Downtown San Jose Street Life Plan</td>
<td></td>
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<tr>
<td>Housing</td>
<td></td>
</tr>
<tr>
<td>City of San Jose Final 2015-2020 Consolidated Plan and 2015-2016 Action Plan</td>
<td></td>
</tr>
<tr>
<td>City of San Jose 2014-2023 Housing Element</td>
<td></td>
</tr>
<tr>
<td>Food for Everyone. (in partnership with the Health Trust). Identified challenges and approaches for addressing food insecurity for two groups disproportionately affected by poverty, low-income seniors and individuals who are homeless.</td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>Envision San Jose 2040 General Plan Update (report and presentation)</td>
<td></td>
</tr>
</tbody>
</table>

*Continued on next page*
### Key Studies and Reports – San Jose, Santa Clara County, Bay Area, and the US (2 of 3)

**San Jose and Santa Clara County Food System Reports and Studies**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Author and Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Conservation</td>
<td>Santa Clara County Open Space Authority. Santa Clara Valley Greenprint: a Guide for Protecting Open Space and Livable Communities</td>
</tr>
<tr>
<td></td>
<td>SAGE with BAE Urban Economics, Cultivate, Sustaining Agriculture and Conservation in Coyote Valley</td>
</tr>
<tr>
<td>Sustainable Food Systems</td>
<td>Santa Clara County Food System Alliance. Santa Clara County Food System Assessment</td>
</tr>
<tr>
<td>Planning</td>
<td>San Jose Downtown Association. Downtown San Jose Street Life Plan</td>
</tr>
<tr>
<td>Planning and Economic Devel.</td>
<td>San Jose Downtown Association (DSJA). Ten-point plan for Downtown San Jose</td>
</tr>
</tbody>
</table>

**Bay Area Food Systems Reports and Studies**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economics and Food</td>
<td>SF Offices of Economic Development and SF Planning. Makers and Movers Economic Cluster Study: Recommendations for San Francisco Food and Beverage Manufacturers and Distributors</td>
</tr>
<tr>
<td>Food and Technology</td>
<td>San Jose Mercury News (Business). High-Tech Farming Poised to Change the Way World Eats</td>
</tr>
<tr>
<td>Health and equity</td>
<td>SPUR. Healthy Food Within Reach</td>
</tr>
<tr>
<td>Food Shed</td>
<td>SAGE, American Farmland Trust. San Francisco Foodshed Assessment</td>
</tr>
<tr>
<td>Regional Agriculture</td>
<td>SAGE, American Farmland Trust, Greenbelt Alliance. Sustaining our Agricultural Bounty</td>
</tr>
<tr>
<td>Food, Economics, Law</td>
<td>Sustainable Economies Law Center. Resources for Food and Farming Enterprises</td>
</tr>
<tr>
<td>Economics and Agriculture</td>
<td>Contra Costa County Food System Analysis and Economic Strategy</td>
</tr>
<tr>
<td>Food, Economics, Agriculture</td>
<td>Sustainable Economies Law Center. Resources for Food and Farming Enterprises</td>
</tr>
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<td>Economics and Agriculture</td>
<td>Contra Costa County Food System Analysis and Economic Strategy</td>
</tr>
</tbody>
</table>

**Other Reports, Studies and Articles about Exemplary Projects and Tools**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economics and Food</td>
<td>North American Food Sector Scan Part One: Program Scan and Literature Review. Changing Tastes</td>
</tr>
<tr>
<td>Economics and Food</td>
<td>North American Roadmap Part Two: A Roadmap for City Food Sector Innovation and Investment. Changing Tastes</td>
</tr>
<tr>
<td>Economics and Food</td>
<td>The $11T Reward: How Simple Dietary Changes Can Save Lives and Money, and How We Get There. Union of Concerned Scientists</td>
</tr>
<tr>
<td>Equity and Climate Change</td>
<td>NRDC Urban Solutions Strategic Plan: Creating Strong, Just and Resilient Communities</td>
</tr>
<tr>
<td>Food and Place</td>
<td>Local Foods, Local Places Summary Report for 2015, 2016. Environmental Protection Agency (EPA)</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>$16M Food Hub Could Break Ground Next Month</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>Anthony Bourdain’s Food Market Takes Shape</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>Case Study of Baltimore Food Initiative</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>Findings of the 2013 National Food Hub Survey</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>Food Commons 2.0</td>
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<tr>
<td>Food Distribution</td>
<td>Food Production Campus Aims to Help Entrepreneurs Get Started</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>Jack and Jake’s (website for regional food hub in New Orleans)</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>Making the Invisible Visible: Looking Back at 15 years of Local Food Systems Distribution Solution</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>New Fresh Grocery Concepts Poised to Shake up St. Louis Market</td>
</tr>
<tr>
<td>Food Distribution</td>
<td>Running a Food Hub: Lessons Learned from the Field (Volume One)</td>
</tr>
</tbody>
</table>

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### KEY STUDIES AND REPORTS – SAN JOSE, SANTA CLARA COUNTY, BAY AREA, AND THE US (3 OF 3)

**Other Reports, Studies and Articles about Exemplary Projects and Tools (Continued)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Distribution</td>
<td>Why Louisville is Betting Big on a Massive Food Wonderland</td>
</tr>
<tr>
<td>Food System</td>
<td>Assessing the San Luis Obispo County Food System</td>
</tr>
<tr>
<td>Food System</td>
<td>City of Seattle's Food Action Plan</td>
</tr>
<tr>
<td>Food System</td>
<td>Food Markets Nourishing Development</td>
</tr>
<tr>
<td>Food System</td>
<td>Food Works: A Vision to Improve NYC's Food System</td>
</tr>
<tr>
<td>Food System</td>
<td>Food Works: A Vision to Improve NYC's Food System. Accomplishments and New Ideas 2013</td>
</tr>
<tr>
<td>Food System</td>
<td>Multnomah County Food Report</td>
</tr>
<tr>
<td>Food System</td>
<td>NYC Food Policy: Food Metrics Report for 2014</td>
</tr>
<tr>
<td>Food System</td>
<td>Resilient Food Systems, Resilient Cities: Recommendations for the City of Boston</td>
</tr>
<tr>
<td>Food System</td>
<td>Trends in U.S. Local and Regional Food Systems: a Report to Congress. USDA ERS</td>
</tr>
<tr>
<td>Food System</td>
<td>Planning / Baltimore Food Policy Initiative / Healthy Food Retail</td>
</tr>
<tr>
<td>Economics and Agriculture</td>
<td>Contra Costa County Food System Analysis and Economic Strategy</td>
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<tr>
<td>Food Distribution</td>
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<tr>
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<td>Running a Food Hub: Lessons Learned from the Field (Volume One)</td>
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<tr>
<td>Equity and Climate Change</td>
<td>NRDC Urban Solutions Strategic Plan: Creating Strong, Just and Resilient Communities</td>
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</tbody>
</table>
### Appendix D

**Food Works Informants**

Numerous individuals from the following agencies, businesses and organizations provided information which is included in, and helped shape, the Food Works report.

<table>
<thead>
<tr>
<th>FOOD WORKS INFORMANTS</th>
<th>Agencies</th>
<th>Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of San Jose</td>
<td>A &amp; J Produce</td>
<td>New Seasons Market</td>
</tr>
<tr>
<td>Department of Housing</td>
<td>Arteaga’s</td>
<td>Original Gravity Pub</td>
</tr>
<tr>
<td>Division of Planning</td>
<td>Bassian Farms</td>
<td>Pacific Rim Produce Company</td>
</tr>
<tr>
<td>Mayor’s Office</td>
<td>Bay Area Herbs</td>
<td>Paper Plane</td>
</tr>
<tr>
<td>Office of Economic Development</td>
<td>Bluefin Sushi</td>
<td>Pizza Antica</td>
</tr>
<tr>
<td>Parks, Recreation &amp; Neighborhood Services Department</td>
<td>Bon Appetit at Google</td>
<td>Pizza Bocca Lupo</td>
</tr>
<tr>
<td>County of Santa Clara</td>
<td>Bray Butcher Block</td>
<td>Scott’s Seafood</td>
</tr>
<tr>
<td>Agriculture Commissioner’s Office</td>
<td>Café Pomegranate</td>
<td>Second Story Bakeshop</td>
</tr>
<tr>
<td>County Executive’s Office, Asset and Economic Devel.</td>
<td>Café Stritch</td>
<td>SF/LA Specialty Produce</td>
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<tr>
<td>Department of Environmental Health</td>
<td>Caffe Frescati</td>
<td>SP2 Communal Bar + Restaurant</td>
</tr>
<tr>
<td>Organizations</td>
<td>Carcione Fresh Produce</td>
<td>Sprout Farmers Market</td>
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<tr>
<td>Community for Green Foothills</td>
<td>Chapparral Supermarket</td>
<td>SunBasket</td>
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<tr>
<td>Communivercity</td>
<td>Chavez Supermarket</td>
<td>The Farmers Union</td>
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<tr>
<td>Fresh Approach</td>
<td>Chef Choice Produce</td>
<td>The Garage</td>
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<tr>
<td>Garden To Table</td>
<td>Chong’s Produce</td>
<td>The Table</td>
</tr>
<tr>
<td>Greenbelt Alliance</td>
<td>Coastal Fresh Produce</td>
<td>Treatbot and Moveable Feast</td>
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<td>Knight Foundation</td>
<td>Coke Farm</td>
<td>Uesugi Farms</td>
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<td>Our Lady of Guadalupe Church</td>
<td>Custom Ripe Avocado Company</td>
<td>Zanotto’s</td>
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<tr>
<td>Sacred Heart Community Services</td>
<td>Da Kine Island Grill</td>
<td>Daylight Foods</td>
</tr>
<tr>
<td>San Francisco Wholesale Produce Market</td>
<td>Deli and Sausage</td>
<td>Earthquake Produce</td>
</tr>
<tr>
<td>Santa Clara County Food System Alliance</td>
<td>Earthquake Produce</td>
<td>Eat on Monday</td>
</tr>
<tr>
<td>Santa Clara Univ., Environmental Studies Institute</td>
<td>Farm Fresh to You</td>
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<td>Veggielution</td>
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### END NOTES (1 OF 3)

30. Meeting with community leaders and food micro-entrepreneurs in San Jose on August 9th 2016.
31-33 Id.
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END NOTES (2 OF 3)

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<td><a href="http://www.spur.org/news/2016-08-30/increasing-economic-access-healthy-foods">http://www.spur.org/news/2016-08-30/increasing-economic-access-healthy-foods</a></td>
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<td><a href="http://www.dinicolains.com/san_jose_restaurant_insurance_2014_industry_trends/">http://www.dinicolains.com/san_jose_restaurant_insurance_2014_industry_trends/</a></td>
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<td>37</td>
<td>Quarterly Census of Employment and Wages (QCEW), 1990; 2000; 2010; 2015</td>
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<td><a href="http://www.sanpedrosquaremarket.com/about-san-pedro-square-market">http://www.sanpedrosquaremarket.com/about-san-pedro-square-market</a></td>
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<td><a href="https://www.willowglen.org/CBID">https://www.willowglen.org/CBID</a></td>
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<td><a href="http://Salarygenius.com/ca/san-jose/salary/catering-chef-salary">http://Salarygenius.com/ca/san-jose/salary/catering-chef-salary</a></td>
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<td><a href="https://www.foodtrucksin.com/city/san-jose_ca">https://www.foodtrucksin.com/city/san-jose_ca</a></td>
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<td><a href="https://research01.agfunder.com/2015/AgFunder-AgTech-Investing-Report-2015.pdf">https://research01.agfunder.com/2015/AgFunder-AgTech-Investing-Report-2015.pdf</a> (8)</td>
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<td><a href="http://foodtechconnect.com/2016/05/31/food-tech-startup-funding-ma-and-partnerships-march-april-2016/">http://foodtechconnect.com/2016/05/31/food-tech-startup-funding-ma-and-partnerships-march-april-2016/</a></td>
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<td>53</td>
<td><a href="https://www.jimcarroll.com/2005/12/10/big-trends-for-agriculture/#.V36jczkrjO0">https://www.jimcarroll.com/2005/12/10/big-trends-for-agriculture/#.V36jczkrjO0</a></td>
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<tr>
<td>55</td>
<td>AgFunder is an online food and ag tech &quot;marketplace&quot; with an emphasis on research on economic trends of the sector.</td>
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<td>56</td>
<td>Rosenheim Advisors is a strategic and financial consulting firm for the food-related tech and media sectors.</td>
</tr>
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<td>58</td>
<td><a href="https://research01.agfunder.com/2015/AgFunder-AgTech-Investing-Report-2015.pdf">https://research01.agfunder.com/2015/AgFunder-AgTech-Investing-Report-2015.pdf</a> (8)</td>
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<td>59</td>
<td>Panel Discussion at FOOD IT Solution Harvest Event in Mountain View on 7/13/16</td>
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<td>61</td>
<td><a href="http://www.cnbc.com/2015/04/02/vertical-farming-a-hot-new-area-for-investors-commentary.html">http://www.cnbc.com/2015/04/02/vertical-farming-a-hot-new-area-for-investors-commentary.html</a></td>
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<td><a href="http://www.wginnovation.com/">http://www.wginnovation.com/</a></td>
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END NOTES (3 OF 3)

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73 http://www.dailymail.com/article/NI/20150915/NEWS/150919915
74 Sharp et al. 2011, 202
75 Harper et al. 2009
80 In 2010, the USDA partnered with the Wallace Center at Winrock International to form a National Food Hub Collaboration. Additional founding members include the National Good Food Network, the National Association of Produce Market Managers, and the New York City-based non-profit Project for Public Spaces. Source: http://www.ngfn.org/resources/ngfn-database/knowledge/FoodHubResourceGuide.pdf
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