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USDA Awards Grant for *San Jose Wholesale Food Center Feasibility Analysis*

(San Jose, CA, October 3, 2018 --) Bay Area nonprofit, SAGE (Sustainable Agriculture Education), was just awarded a highly competitive U.S. Department of Agriculture ([USDA Local Food Promotion Program](#)) grant for the project, *San Jose Wholesale Food Center Feasibility Analysis - Linking Agricultural Roots to Future Sustainability*. SAGE revitalizes agricultural places near cities and fosters vital food systems that connect urban and rural communities. The purpose of this project is to analyze the feasibility of developing a Wholesale Food Center that will meet the needs of wholesalers, processors, farmers and customers, while strengthening agricultural vitality, San Jose's diverse economy, and community health. Wholesalers and processors in San Jose (and throughout the Bay Area) are facing critical growth constraints mainly due to labor shortages and high-priced industrial real estate. At the same time, regional farmers are asking for more efficient, centrally located distribution systems to meet growing demand for local food from food service, restaurant and retail customers.

"San Jose is the hub of our distribution business; there couldn't be a better hub for all the suppliers we buy from and for the customers we serve from Monterey to Sacramento," says Jeff Pieracci, third-generation owner of Galli Produce, a wholesale produce company located in leased space near the intersection of Highways 101 and 880. Pieracci adds, "As the only fruit and vegetable processor left in the City, we'd like to stay here and continue to steadily grow our business." Galli Produce needs around 30,000 square feet for its projected growth, ideally in a permanent facility with good freeway access.

According to analysis from its earlier projects, [San Jose Food Works](#) and a very preliminary [Wholesale Food Center Development Prospectus](#), SAGE estimates that a permanent facility of 100,000 to 125,000 square feet is required to accommodate the needs of six to ten food wholesalers and processors who, like Galli, want to stay and grow in San Jose. Some of these businesses want to participate in the project as equity owners; others want market-rate leased space; and still others will likely need subsidized space.

The City of San Jose Office of Economic Development supports the *Wholesale Food Center Feasibility Analysis* and provided, along with the Knight Foundation, the funding match for the USDA grant. "We are a partner in this project because we believe in the importance of retaining food distribution and processing businesses, which are a foundation for the City's almost \$3 billion food industry sector. Food industry jobs play an important role in our economy," says Nanci Klein, Deputy Director of the Office of Economic Development.

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The project team, SAGE and BAE Urban Economics, plans to collaborate on outreach to food processors and distributors with [Manufacture: San Jose \(MFG:SJ\)](#), an initiative the City launched earlier this year to provide San Jose manufacturers with support, connections and workforce development opportunities. The project is synergistic with other City initiatives including [Climate Smart San Jose](#), [Food for Everyone](#) (a partnership with The Health Trust), and the pending Measure T public safety bond, which would support protection of farmland that provides flood protection and water recharge benefits for the City.

The San Jose Wholesale Food Market Feasibility Analysis also aligns well with County priorities. “The project directly supports the goals, strategies and many of the actions of the [Santa Clara Valley Agricultural Plan](#), which was adopted by the County in January 2018 and which is now being implemented,” says Supervisor Cindy Chavez. “In addition, the project supports our General Plan Health Element and the efforts of our Departments of Agriculture, Environmental Health and Planning & Development to foster healthy local food systems as part of community resilience.” At the regional level, the project aligns with the Association of Bay Area Government’s (ABAG) commitment to incorporate the contributions and needs of the food and agriculture sector (as described in SAGE’s [Bay Area Food Economy](#) white paper) into implementation of the recently adopted regional Economic Action Plan.

During the coming year, the project will work with stakeholder businesses, interested developers, the City, County, and financial institutions to analyze promising sites, financial models and governance structures, and identify the best options. Assuming the concept is determined to be feasible, the project will result in a high level business plan for a San Jose Wholesale Food Center and some key commitments towards implementation. More broadly, the project reflects the growing recognition that a healthy sustainable food system needs to be invested in as an integral element in local and regional resilience.

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