

## Chapter 3. Food Distribution and Processing

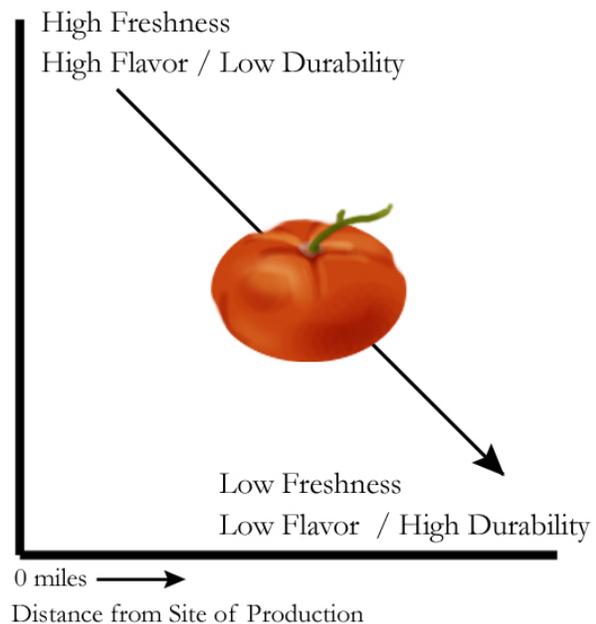
**Food distribution includes transporting, storing, and marketing food products to consumers. Food processing consists of all processes of value-adding; transforming food into food products.<sup>60</sup>**

### Food Distribution and Processing - Why is it Important?

While often invisible to consumers, food distribution and processing is a critical part of the food system. It is through the distribution and processing steps that most value is “added” to food, increasing profit margins beyond raw, unprocessed food. In the traditional, “productionist” or “Fordist” food system, food production is afforded little of the profits associated with the retail cost of food.<sup>61</sup> Food costs increase with transportation, packaging, advertising, and other energy and labor costs. The quality, flavor, freshness, and nutritional value of food is affected by extended transportation distances, storage periods, and the addition of artificial sugars, stabilizers, fats and salts necessary to sustain the “productionist” food system.

Local foods are able to capitalize on reduced transportation distances, reduced storage and packaging, and minimal processing by instead offering products that are fresh, seasonal, and highly flavorful (see Figure 3.1). Additionally, since local food generally passes through fewer food brokers and warehouses before reaching consumers, farmers are able to capture more of the food’s retail price as profit. However, although reductions in transportation distance and other costs can contribute to price reductions, the distributed nature of local food production systems may lead to increased costs through other inefficiencies (in production or distribution). Local foods have also commanded higher retail prices due to consumer perceptions of “higher quality.”<sup>62</sup>

**Figure 3.1: The Food Distribution Matrix**



The challenge for local food systems is to develop the local food producer-consumer relationship through a healthy food processing sector (which provides jobs and economic growth as well as “food accessibility” by transforming food products from their raw state)

<sup>60</sup> “2004 Annual Report: Partners Growing Toward the Future, Food Systems Consortium Highlights.” [www.foodsystemconsortium.org/files/Consortium\\_InsideFINAL.pdf](http://www.foodsystemconsortium.org/files/Consortium_InsideFINAL.pdf)

<sup>61</sup> Lang, Tim; Heasman, Michael. *Food Wars: The Global Battle for Mouths, Minds, and Markets*. Earthscan, 2004.

<sup>62</sup> Miner, Josh. Miner, Josh. “Overcoming Cost Barriers Associated with Local Foods: Bringing Community Food Security Projects to Scale Through Partnerships with Community-Based Non-Profits and the Development of Non-Retail Direct Markets.” Unpublished Manuscript.

and distribution mechanisms that allow for a fair price for farmers and ensure that low-income communities and highly price sensitive institutions (schools, hospitals, etc.) are able to fully participate in the local food system.

This challenge is not small, and is potentially the greatest one facing the scalability of local food (i.e., a substantial increase in the consumption levels of local foods.) Distribution equity, that is, the accessibility and affordability of foods through a given food distribution system, must be a cornerstone of Oakland’s “30% Local” plan.

## Oakland Wholesalers and Food Processors

The City of Oakland Food wholesaling and processing are important economic sectors in the City of Oakland. Approximately 4,000 are people employed in the “Food Distribution and Processing” cluster, or 4.9% of payroll employees in Oakland’s “target industry clusters” and 2.2% of total employee payrolls.<sup>63</sup> Besides providing jobs and inputs to other economic activities, a healthy local food processing and distribution cluster is an important building block in increasing consumption of local foods.

### Wholesaling

Food wholesalers distribute products from producers to retail, commercial, manufacturing, and other establishments. Food wholesalers serve a critical function in the food system, by connecting farmers to markets and allowing for efficient distribution of food among many end users.

As shown in table 3.1, there are already a wide variety of food wholesalers in Oakland:

*Table 3.1: Oakland Food Wholesalers, 2004<sup>64</sup>*

<i>Wholesaler Type</i>	<i>Type of Food Distributed</i>	<i>Number of Firms</i>
General Line Grocery Merchant Wholesalers	General line (wide range) of groceries.	17
Poultry and Poultry Product Merchant Wholesalers	Poultry and/or poultry products (except canned and packaged frozen).	1
Fish and Seafood Merchant Wholesalers	Fish and seafood (except canned or packaged frozen).	5
Meat and Meat Product Merchant Wholesalers	Meats and meat products (except canned and packaged frozen) and/or lard.	7
Fresh Fruit and Vegetable Merchant Wholesalers	Fresh fruits and vegetables.	12
Other Grocery and Related Products Merchant Wholesalers	Groceries and related products (except a general line of groceries); packaged frozen food; dairy products (except dried and canned); poultry products (except canned); confectioneries; fish and seafood (except canned); meat products (except canned); and fresh fruits and vegetables), bottling and merchant wholesale distribution of spring and mineral waters	31
Other Farm Product Raw Material Merchant Wholesalers	Farm products (except grain and field beans, livestock, raw milk, live poultry, and fresh fruits and vegetables).	1
<b>Total Firms</b>		<b>74</b>
<b>Total Wholesaling Jobs</b>		<b>1610</b>

<sup>63</sup> Developing Alternatives; Fike, David. “Labor Market Study Target Industry Cluster: Food Processing & Distribution.” *Oakland Workforce Investment Board, Oakland Community and Economic Development Agency*. August 2004.

<sup>64</sup> Oakland Community and Economic Development Agency, 2006.

The diversity of Oakland’s wholesaling sector is a strength upon which the City can build. Wholesalers are required in scaling food systems; that is, increasing potential markets for local foods and serving the varied needs of food users and consumers. However, in order for the wholesaling sector to support local foods and sustainable food system goals, non-traditional distribution mechanisms must be utilized (see “Other Innovative Distribution Models,” p. 41)

### *Processing*

Food processing, or “food manufacturing,” is an important link in the food system and an important part of Oakland’s economy. A study on “Oakland’s Emerging New Economy” presented at the Oakland 2000 Technology Summit identified “Food Processing” as an existing industry cluster in Oakland.<sup>65</sup> There are a total of 2047 food processing jobs and 71 total firms.<sup>66</sup>

Oakland’s food processing cluster has the potential to substantially contribute to a local food economy by developing jobs and linkages to other sectors: “[Food Processing] has one of the highest economic impacts of all types of manufacturing activity and is strategically linked to other economic sectors, including tourism, biotechnology, packaging, environment, resource recovery and advertising.”<sup>67</sup> Additionally, a local food processing cluster allows for value-added manufacturing of local food products. A study on Toronto’s food economy found that a “high concentration of value-added food processors provides excellent links to suppliers and/or customers throughout the entire food sector.”<sup>68</sup> A study of Alameda County’s food processing sector found that it is the largest traditional manufacturing industry in the County of Alameda, and that, “One job in Alameda County food processing supports 7.5 additional jobs throughout the region: e.g., manufacturing, distribution, warehousing, testing, services.”<sup>69</sup>

#### ***Food Processing in Oakland***

Athens Bakery • Bettermade Foods •  
Crunch Foods • California Brand Flavors •  
California Cereal Products • China Noodle  
Company • Creative Energy • Dobake •  
Ethiopian Ingera • Enat Ethiopian Honey  
Wine • Fung Wong Bakery • Gatoraid •  
Hometown Donuts • Just Deserts • La Finca  
Tortilla • La Dolce Vita • Los Canon Winery  
• Los Mexicanos Bakery • Mr. Espresso •  
Mother’s Cookies • New Deserts • Niman  
Ranch • Numi Tea • Peerless Coffee • Rico  
Pan Bakery • Sconza Candy • Serendipity  
Chocolates • Svenhards • Thayer Food  
products • Voila Juice

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*Source: Oakland Community and Economic  
Development Agency, 2006*

<sup>65</sup> Monroe Consulting, “Oakland’s Emerging New Economy.” Oakland 2000 Technology Summit. 12 November 1999.

<sup>66</sup> Oakland Community and Economic Development Agency, 2004.

<sup>67</sup> “A Wealth of Food: A Profile of Toronto’s Food Economy.” *The Toronto Food Policy Council*. January 1999. April 2006. <[http://www.toronto.ca/health/tfpc\\_wealth.pdf](http://www.toronto.ca/health/tfpc_wealth.pdf)>.

<sup>68</sup> Ibid.

<sup>69</sup> “Food Processing Study.” *Alameda County’s Jobs & Economic Development Project*. Prepared for the Alameda County Board of Supervisors. February 1998. April 2006.

<<http://www.edab.org/study/Food%20Processing%20Study.PPT>>

Food processing also has the potential to contribute to Oakland's "green jobs" economy, as "Many jobs in food processing are entry-level positions; such jobs fit Alameda County's Welfare Project's description of sustainable jobs."<sup>70</sup>

The study found that although some consolidation has occurred in the industry, "emerging small- to medium- sized companies, particularly those that depend on proximity to local markets and distribution networks, continue to grow."<sup>71</sup> The importance of these characteristics in linking Oakland's food processing sector to local food distribution and retail is clear. Additionally, some of the trends observed among food processing companies, including serving gourmet and specialty markets, distributing locally, delivering fresh products on a daily basis<sup>72</sup>, and serving new consumer tastes are particularly well-suited to taking advantage of increased local food opportunities. The study concluded that Alameda County was a regional center for food processing, based on its established network of local food companies and suppliers, its base of skilled employees, high water quality, proximity to growing regions, and inter-modal transportation network. They emphasized the role that local government and educational institutions can have on supporting this regional economic base.<sup>73</sup> City policy that can link local food processing to local food distribution holds great promise in building economic opportunities in this sector.

**Co-op commercial kitchens** and **kitchen incubators** are one of the small-scale food processing models that could provide small entrepreneurs with opportunities to build their businesses and develop job skills. Many small-scale food processors (such as making salsa, jams, etc.) cannot afford to set up a commercial kitchen for their own use solely. In the Bay Area, this is a particularly large obstacle. Sharing or renting space in a commercial kitchen incubator is one way that these business owners can lower their financial burden and risk while building their business. Several businesses owners have already requested these services from Oakland's Community and Economic Development Agency.<sup>74</sup> See "Chapter 6: Toward a Sustainable Food Plan for Oakland: Recommendations" for more information.

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<sup>70</sup> Hansen, Murakami, Eshima. "Alameda County's Jobs & Economic Development Project: Food Processing Study." *Alameda County Economic Development Alliance for Business (EDAB), Community Bank of the Bay*. February 1998. April 2006. <<http://www.edab.org/study/Food%20Processing%20Study.pdf>>.

<sup>71</sup> Ibid.

<sup>72</sup> Ibid.

<sup>73</sup> "Food Processing Study." *Alameda County's Jobs & Economic Development Project*. Prepared for the Alameda County Board of Supervisors. April 2006.

<<http://www.edab.org/study/Food%20Processing%20Study.PPT>>

<sup>74</sup> Lederer-Prado, Margo. Business Development, Brownfields Administration. Community & Economic Development Agency. Personal Interview. 3 February 2006.

## Community Supported Agriculture

Community Supported Agriculture (CSA) is a form of direct-marketing, whereby individual farms or groups of farms sell “shares” of their products to individuals, and distribute products either to designated drop-off sites or to customers’ homes. CSA’s allow farmers to spread some of the financial risk of the year’s harvest to shareholders, since membership fees guarantee income flows. CSA’s also support direct farmer-consumer relationships, allowing farmers to earn 100% of the retail value of their products than through conventional retail markets. Approximately 82¢ to 93¢ of every dollar spent on organics at grocery stores goes to middle-men, while farmers earn only 7¢ to 18¢.<sup>75</sup> Additionally, produce is fresh, local, seasonal and often grown with organic or pesticide-free, sustainable farming techniques. Oakland residents currently enjoy deliveries from 7 CSA’s.<sup>76</sup>

## Other Innovative Distribution Models

While not currently existing in Oakland, it is worth discussing several innovative distribution models that could contribute to the viability of increasing local produce consumption as well as ensuring equity in food distribution.

Because one of the biggest challenges in developing local food markets is ensuring access by low-income and price-sensitive consumers (who often stand to benefit the most from increasing access to and consumption of fresh, nutritious foods), distribution models have been proposed that attempt to bridge the affordability and access gap.

### *Non-retail Wholesale Markets*

One of the new models discussed by Josh Miner, a food systems planner formerly with the UC California Extension for Alameda County are “non-retail” wholesale markets that may include not-for-profit activities and are “explicitly designed to serve low-income communities.” This type of wholesale market would purchase local produce and distribute it to a range of customers and clients, from high-end restaurants and specialty food processors who require top quality produce and farm products, to corporate clients who wish to invest their food dollars in a socially responsible way, to schools and other institutions that operate

### *CSA’s Delivering in Oakland*

- **Eatwell Farm** •  
(Yolo County)
- **Capay Organic** •  
(Yolo County)
- **Full Belly Farm** •  
(Yolo County)
- **Frog Hollow Farm** •  
(Contra Costa County)
- **Riverdog Farm** •  
(Yolo County)
- **Terra Firma Farm** •  
(Yolo County)
- **Winter Creek Gardens** •  
(Yolo County)

*Source: “Find Organics.” Om Organics. March 2006. <<http://www.omorganics.org/page.php?pageid=63>>.*

<sup>75</sup>“Find Organics.” *Om Organics*. April 2006. <<http://www.omorganics.org/page.php?pageid=63>>.

<sup>76</sup> Ibid.

under extremely limited budgets. This model balances the costs and benefits of local food markets, “reducing prices for consumers while continuing to pay producers a fair price.”<sup>77</sup>

Some of the major suggestions that emerge from Miner’s work with food security and food distribution include developing wholesale markets that distribute local products to customers engaged in for-profit endeavors, while building in pricing mechanisms that allow non-profit entities engaged in food security and nutrition activities for low-income and institutional communities to take advantage of the convenience of purchasing local food in bulk quantities. In exchange for reducing mark-ups when selling to not-for-profit customers, city governments could offer tax and other business incentives to wholesale markets, in addition to other outside incentives from agencies such as the United States Department of Agriculture. In order for this type of model to be sustainable over the long term, both supply and demand relationships must be developed, by encouraging local farmers to produce more than they are currently producing for a local market, and by creating new customer markets for these products. Additionally, long-term financial feasibility requires the subsidization of distribution activities by “value-added activities (e.g., restaurant sales or food business development).” This creates a revenue stream which can secure not-for-profit distribution activities. Wholesale markets such as these build on existing local food distribution networks, such as farmers’ markets and CSA’s, to create successful market relationships.<sup>78</sup>

### *Example of Wholesale Market Study: New York Wholesale Farmers’ Market*

A major economic feasibility study conducted to determine the viability of a wholesale farmers’ market for the New York City Region found that, “While some farmers have adapted their operations to grow specialty farm and food products for city retailers, restaurants, and institutions, many farmers describe the lack of an efficient means of food distribution as the key obstacle to gaining customers and expanding sales.”<sup>79</sup> After finding a substantial economic demand for local food, the report concluded that “a major, long-term opportunity exists to strengthen New York State agriculture by enabling farmers and producers to market increased volumes and varieties of farm products through a NYC wholesale farmers’ market.”<sup>80</sup> The study cited a number of economic, social, and environmental benefits that could be achieved through the development of such a market, including increased efficiency in marketing and distribution, enhanced buyer access and supply of specialty products, protection of regional farmland, support for institutional purchasing (by public schools and others), and enhanced regional food security.<sup>81</sup> For more information on the NYC Wholesale Farmers’ Market Study, see the case study in “Chapter 6: Toward a Sustainable Food Plan for Oakland: Recommendations.”

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<sup>77</sup> Miner, Josh. “Overcoming Cost Barriers Associated with Local Foods: Bringing Community Food Security Projects to Scale Through Partnerships with Community-Based Non-Profits and the Development of Non-Retail Direct Markets.” Unpublished Manuscript.

<sup>78</sup> Ibid.

<sup>79</sup> Market Ventures, Inc., Karp Resources, Urbanomics of New York & New Jersey, Hugh A. Boyd Architects, Buckhurst Fish & Jacquemart, Inc. “Executive Summary.” *A Study on Development of New York City Wholesale Farmers’ Markets*. January 2005. Prepared for: New York State Department of Agriculture and Markets, Albany, NY and USDA and Agricultural Marketing Service, Washington, DC. 24 February 2006. <<http://www.wholesalefarmersmarketnyc.com/res/NYCWFMEExecutiveSummary.pdf>>.

<sup>80</sup> Ibid.

<sup>81</sup> Ibid.

### *Conclusions from the NYC Wholesale Farmers' Market Study*

“The study has documented strong interest and enthusiasm for use of a New York City wholesale farmers’ market by New York State farmers and city wholesale food buyers. It showed that other world class cities such as Toronto and Paris have benefited greatly from the development of public wholesale farmers’ markets. It identified **significant potential economic benefits of a market for farming regions** of New York State, where effective strategies beyond farmland preservation measures are needed for keeping farms in production in face of strong development pressures. It also projected **significant benefits for New York City in terms of economic development, cuisine and culture, food security, and improved access for low income consumers to nutritious food**, including those served by government nutrition programs such as the school lunch program.” (Emphasis added)

*Source:* Market Ventures, Inc., Karp Resources, Urbanomics of New York & New Jersey, Hugh A. Boyd Architects, Buckhurst Fish & Jacquemart, Inc. “Executive Summary.” *A Study on Development of New York City Wholesale Farmers’ Markets*. January 2005. Prepared for: New York State Department of Agriculture and Markets, Albany, NY and USDA and Agricultural Marketing Service, Washington, DC. 24 February 2006.  
<<http://www.wholesalefarmersmarketnyc.com/res/NYCWFMExecutiveSummary.pdf>>.

### *Example of Social Equity in Local Produce Distribution: The Grower’s Collaborative*

The Growers Collaborative, a Ventura, California-based distribution project of the non-profit Community Alliance with Family Farmers (CAFF), contracts with individual “small, sustainable family farms” farmers. As a local food distributor, the Growers Collaborative attempts to provide these farmers with new, profitable markets for their products, and to provide schools and other institutions with the opportunity to serve local, fresh, sustainable products at an affordable price. Although currently funded by a grant from the USDA, the Grower’s Collaborative aims to increase financial sustainability by broadening its client base to include private corporations whose social investment in local products helps subsidize the costs of other less affluent clients. The Grower’s Collaborative aims for a client profile mix of 40 percent “high social return” (e.g., public schools and other extremely price sensitive clients), 40 percent “social and fiscal return” (e.g., hospitals and other institutional clients) and 20 percent “fiscal return” (e.g., private corporations and other higher profit margin institutions).

The farms with whom the Grower’s Collaborative contract primarily grow crops on under 80 acres of land, are organic or pesticide free, and are trying to holistically improve environmental conditions. Although not currently required, the Grower’s Collaborative is planning on instituting a clear written “declaration” by farmers of what they do and why it is sustainable, with the Grower’s Collaborative auditing farms for compliance.

Every week, the Grower’s Collaborative calls farmers and find out what they want to sell. Farmers are responsible for bringing their products to their warehouse. The Grower’s Collaborative requires minimal overhead and space: approximately 800-1,200 sq ft of refrigerated warehouse space, and one or two distribution trucks.

Currently, the Growers Collaborative works primarily with public schools, private schools and hospitals. Because they work within the budgets of schools, the types of foods they currently offer to schools is limited. However, contrary to perceptions that local foods are prohibitively expensive for public schools, the Grower's Collaborative has been able to save money for the school districts with whom they are working, on average over the course of the year. In one year, the Grower's Collaborative sold \$120,000 worth of fresh, local produce to Ventura Unified, a school district of over 17,600 students.<sup>82</sup> Local foods, "don't cost more money, but they do take more time."<sup>83</sup> Increasing consumption of local foods in schools requires receptive and enthusiastic school administrators.

The Grower's Collaborative is exploring options for additional programmatic activities. They are currently preparing a feasibility study for Kaiser Permanente for distributing local produce to hospitals and opening farmers markets or farm stands in small cafeterias. Working with a community-based organization in Central Los Angeles, they are including job skills and training through a small commercial kitchen-food processing venture.

The Grower's Collaborative has plans to expand into five California "hubs," of which the Bay Area is one. Each expansion costs approximately \$200,000 in staff, overhead, and other expenses. (See Chapter 6 for a case-study description of CAFF and the Grower's Collaborative)

## City Initiatives and Policies

### *Land Use Planning*

Within land use planning, the lynchpin to a viable food distribution and processing sector is planning for available industrial land. Oakland's Land Use and transportation element acknowledges the role that industrial land in general plays in Oakland's economy: "The City's potential for future economic expansion is furthered by...a strong established industrial presence and room to grow,"<sup>84</sup> and suggests that "Since Oakland is a built-out City, development and reuse of underutilized industrial acreage is critical for continued growth."<sup>85</sup>

Food processing through commercial kitchens, bakeries, and food packaging requires industrial inputs such as low-cost land, transportation access (for trucking, airports, ports, railroads, etc.), water and energy. "Best Practice" land use planning for industry attempts to locate industrial land in areas that have good access to all these inputs. Preserving the affordability of industrial land through zoning is one of the ways that land use planning can maintain the viability of industry in high-cost land markets.

Oakland, a port city with a strategic Bay Area location and a major historical industrial presence, plays a significant role in the Bay Area and nationally in food processing. However, Oakland is now facing substantial pressures from developers who buy industrially-zoned land and wish to convert it to residential land uses. Currently, the city has 699 acres

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<sup>82</sup> "Ventura Unified District Profile: Fiscal Year 2004-05." *Ed-Data Website*. April 2006. <<http://www.ed-data.k12.ca.us/profile.asp?fyr=0405&county=56&district=72652&Level=06&reportNumber=16>>.

<sup>83</sup> Fernald, Anya. Personal Interview. 3 April 2006.

<sup>84</sup> "Oakland General Plan: Transportation and Land Use Element," p. 37. City of Oakland, CA. March 1998.

<sup>85</sup> "Oakland General Plan: Transportation and Land Use Element," p. 23. City of Oakland, CA. March 1998.

of “general industrial land,” or 1,273 acres including “light industrial” that the Community and Economic Development Agency has recommended for retention.<sup>86</sup> While not exclusively designated for “food processing,” preserving this land as industrially zoned will protect existing food processing businesses and allow for potential expansion or new business attraction. It is important to note that the transition from industrially-zoned land to zoning for other types of uses is not automatic; it requires a legislative action by the City Council.<sup>87</sup>

The criteria that CEDA has developed for rezoning industrial land is designed to consider the impacts that this decision has on the economic, social, and environmental health of the City and includes the following: “General Plan- Consistency with Other Elements of the General Plan;” “Economic Benefit;” “Environmental Quality;” “Transportation Modes and Transit Oriented Development.” Adopting these recommendations and valuing the broader impact that retaining industrially-zoned land has on the City would be important steps in ensuring that food processing continues to be viable in Oakland.

### *Development Agreements*

A development agreement (within or without of a redevelopment framework) could be a particularly useful tool for Oakland in locating or developing a wholesale produce market space. **Development agreements are bi-lateral agreements (contracts) between cities and developers, which allow both parties to benefit from a proposed development.** In this case, developers who want to develop existing industrial land as a non-industrial use could only be allowed to do so under the condition that they dedicate land and/or resources towards a food use (in this case a wholesale produce market). Development agreements could be just as useful in ensuring that food retail (grocery stores or market space) is incorporated into new developments.

Developing a successful wholesale farmers’/produce market could potentially require a significant amount of land and resources on the part of the developer; however, large projects with substantial capital on the line may have more discretion. A agreement of this kind could provide an excellent opportunity for a unique economic and social development endeavor as well as keep a crucial piece of the food system operating.

### **Summary of Key Findings and Barriers**

This chapter has discussed food processing and distribution in Oakland’s context, along with some distribution models that could contribute to improvements in the sustainability of Oakland’s food system. Oakland currently has a substantial food processing and wholesaling sector base. However, global trends are concentrating food processing and distribution in the hands a few corporate players, while local dollars leave the local economy and national and global food systems players benefit from Oakland’s substantial food demand. Municipal policy that can combat concentration and help decentralize food system components will result in more local dollars being reinvested into the local economy, and will support local

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<sup>86</sup> Community and Economic Development Agency (CEDA). “A Report Forwarding Recommendations on Industrial Land Use Policy and Proposed Criteria for the Conversion of Industrial Land to Non-Industrial Uses.” City of Oakland. 8 November 2005.

<sup>87</sup> Under CA law, all zoning changes are “legislative actions” taken by a City Council or Board of Supervisors, and are subject to initiative and referendum.

Fulton, William. “*Guide to California Planning, S.E.* Point Arena: Solano Press Books. 1999.

entrepreneurialism and local knowledge. While there are many opportunities for creative and entrepreneurial solutions that benefit Oakland residents, increase local food consumption and improve sustainability, political will to support these initiatives is critical for their success.

Oakland is at a major crossroads in terms of its food processing sector. As food processing (like many other industrial land uses) becomes less and less viable through decreasing available industrial land and increasing rents, this economic base may erode, leaving a gap in Oakland's ability to maintain a local food system. As discussed in the EDAB food processing study, without serious political and structural support, "Companies will choose to locate in other parts of Northern California as they make their next round of investment decisions, and the need to upgrade or expand existing facilities."<sup>88</sup> Encouraging growth in the food processing sector should include targeting assistance in locating land for start up businesses and existing business who desire to expand.

As Oakland looks to become a leader in green jobs and sustainable economic development, food processing is a key sector for investment. Local food processing jobs can bring sustainable development into a broad community-based context, allowing low-income and low-skilled individuals to build skills through jobs that benefit Oakland's economic, environmental, and social systems.

Food wholesaling and distribution is also vulnerable to being "squeezed out" of Oakland. Because of Oakland's strategic Bay Area location, it is in an excellent position to expand food wholesaling and distribution activities with a focus on local food and improving access for low-income communities; however, policy and action is needed to achieve this vision. With some upfront city assistance in locating and leasing warehouse space, non-retail wholesale distribution networks like the Grower's Collaborative could serve as an important link in connecting local food and sustainable food system outcomes. As Anya Fernald from the Grower's Collaborative stated, "If you want to survive economically, you really need to make [your market] broader."<sup>89</sup> This means developing new markets for local food products and incentivizing more local food production. Oakland has an opportunity to position itself to not only increase local food consumption, improve access to food, increase food security and support its schools and institutions through fresh, local, food within the city itself, but also to serve as a center of local food distribution and processing activity within the Bay Area.

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<sup>88</sup> Hansen, Murakami, Eshima. "Alameda County's Jobs & Economic Development Project: Food Processing Study." *Alameda County Economic Development Alliance for Business (EDAB), Community Bank of the Bay*. February 1998. April 2006. <<http://www.edab.org/study/Food%20Processing%20Study.pdf>>.

<sup>89</sup> Fernald, Anya. Personal Interview. 3 April 2006.