



Office of the City Manager

WORKSESSION
May 26, 2015

To: Honorable Mayor and Members of the City Council

From:  Christine Daniel, City Manager

Submitted by: Michael Caplan, Manager, Office of Economic Development

Subject: Economic Development Presentation: Berkeley's Food and Beverage Manufacturing, Wholesaling, and Distribution Sector

SUMMARY

Food is a central component of Berkeley's economy as well as its culture and identity. In the fall of 2014, the Office of Economic Development (OED) set out to study food and beverage manufacturing, wholesaling and distribution (MWD) businesses in Berkeley and the significance of such businesses to Berkeley's cultural and economic vitality. Staff analyzed a variety of datasets and conducted qualitative research, including a survey of food and beverage MWD businesses and interviews with business representatives and key stakeholders. OED found that the sector is strong and, by some measures, growing. In this report, OED provides the Council with an overview of the local MWD sector and identifies some of Berkeley's strengths, challenges and opportunities for this sector going forward.

There are a number of reasons why food and beverage manufacturing, wholesale and distribution (MWD) businesses are important to Berkeley and the region, including:

- **IDENTITY** - Berkeley is celebrated, locally and nationally, for its food culture and activism; food is an essential part of Berkeley's identity.
- **COMPETITIVE ADVANTAGE** - The overall food and beverage economy (including production as well as food services and retail) represents a competitive advantage for Berkeley.
- **JOB CREATION** - Food and beverage MWD businesses create blue-collar jobs and promote economic diversity and the potential for career advancement.
- **GROWING SECTOR** - The number of Berkeley food and beverage manufacturing firms has increased dramatically since 2011, while during that same period the number of firms in the overall manufacturing sector in Berkeley stayed fairly constant.
- **SUPPORT FOR LOCAL FOOD SYSTEM** - The Berkeley City Council has formally recognized the importance of a robust local food system. Food and beverage MWD businesses in Berkeley are essential to that system and deliver a variety of economic, environmental, and public health benefits.

Key research findings include the following:

- As of 2014, there were 70 food and beverage MWD businesses in Berkeley, employing about 800 people and generating roughly \$115 million in gross revenue.
- There are more food and beverage MWD businesses now than 15 years ago, but they have fewer employees.
- The MWD sector is likely to grow in the future - more than two thirds of businesses surveyed are planning near-term expansions.
- In particular, beer, wine, and spirits manufacturing is blossoming, creating synergies that benefit maker and consumer alike. In addition to the industrial West Berkeley "Drinks District," firms are carving out niches in denser commercial areas.
- Opportunities to share space and other resources are essential for the growth of many food and beverage manufacturers – especially smaller and younger ones.
- For many businesses, having a retail space, tasting room, or a café on the same site as their production space was very important for sales.

Berkeley's strengths as a location for food and beverage MWD businesses include:

- Survey respondents affirmed that the 'Berkeley brand' stands for local, sustainable, seasonal, and fresh when it comes to food; that brand is an asset for their business.
- Being in Berkeley puts many food and beverage MWD businesses near their ideal customers.
- Food and beverage MWD businesses in Berkeley benefit from the central Bay Area location, close proximity to major freeways, and temperate climate.

Challenges that inhibit the growth of Berkeley's food and beverage MWD sector include:

- The limited inventory of industrial and warehouse space in Berkeley – in terms of both the quantity of spaces and their size.
- While Berkeley is a strong incubator of food and beverage MWD businesses, it is difficult to retain growing firms.
- The permit and regulation-compliance process poses either a real or perceived challenge to some respondents.
- Access to capital is a key challenge for some food and beverage MWD businesses.

The report concludes by presenting several possible program and policy opportunities for the City and its partners to explore that could support the sector's continued expansion:

- Leverage Berkeley's food and beverage MWD sectors through marketing and placemaking efforts.
- Provide targeted technical assistance offerings to food and beverage MWD businesses.
- Clarify and simplify the permitting controls related to incidental uses for food and beverage manufacturing.
- Explore policies and programs that will facilitate the development of new food and beverage production spaces.

- Encourage and enable City of Berkeley departments and partner agencies to, when possible, direct food purchasing power toward local firms.

BACKGROUND

Food and beverage manufacturing, wholesaling and distribution (MWD) businesses comprise an important segment of Berkeley's overall economy. Although this sector represents less than two percent of the City's total employment, there are a number of reasons why it warrants in-depth analysis and consideration.

1. Berkeley is celebrated, locally and nationally, for its food culture and activism; food is an essential part of Berkeley's identity.

When people think of Berkeley, they think of good food. The late *New York Times* editor R. W. Apple, Jr. remarked on one of the key reasons why this is so: "[Alice Waters] is the creator of Chez Panisse in Berkeley, California, one of the fountainheads of California cuisine, which some demanding judges consider the best restaurant in the United States. It is indisputably the most influential one. Before Chez Panisse, even the grandest American restaurants relied on imported, often canned or frozen products; today, the Waters credo – fresh, local, seasonal, and where possible organic ingredients – is followed by hundreds of farmers' markets, thousands of restaurants, and millions of home cooks."¹ Many of those markets and restaurants are right here in Berkeley, and collectively they make Berkeley a go-to place for good food.

Berkeley is regularly cited in the national media as a foodie destination: Twice in March of 2015, Berkeley's food culture was celebrated in *The New York Times*. First, Mark Bittman (*New York Times* food media creator, chef, and activist) reveled in the fresh California produce to be had at Monterey Market and Berkeley Bowl, both local institutions (see Attachment 1).² Then, the travel page profiled a cross-section of the food and beverage makers who have found a home in West Berkeley (see Attachment 2).³ *Sunset Magazine* also recently designated Berkeley as one of the top five Western cities or towns "offering a consummate culinary experience as part of its Travel Awards for 2015."⁴

Beyond restaurant menus, the public, private, and civic sectors in Berkeley have worked hard to make healthy, sustainably-produced food widely available to local residents. For instance, in 2003 the Ecology Center pioneered the use of CalFresh

¹ McNamee, T. (2007). *Alice Waters and Chez Panisse: The romantic, impractical, often eccentric, ultimately brilliant making of a food revolution*. New York, NY: The Penguin Press.

² Bittman, M. (2015, March 17). Spring's opening act: Mark Bittman revels in California produce. *The New York Times*. <http://www.nytimes.com/2015/03/18/dining/mark-bittman-revels-in-california-produce.html>.

³ Smillie, E. (2015, March 19). In Berkeley's warehouses, foodies find a new home. *The New York Times*. <http://www.nytimes.com/2015/03/22/travel/in-berkeleys-warehouses-foodies-find-a-new-home.html>.

⁴ (n.d.) Best Food Town [webpage]. *Sunset Magazine*. <http://www.sunset.com/travel/sunset-travel-awards-food-town>.

EBT (formerly known as Food Stamps) at local year-round farmers' markets and it has since assisted hundreds of markets statewide in doing the same.⁵ In 2004, the Berkeley Unified School District, the Center for Ecoliteracy, and the Chez Panisse Foundation launched The School Lunch Initiative, an effort that resulted in all Berkeley public schools offering scratch-cooked meals using whole, fresh foods that are organic, seasonal, and local to the maximum extent possible. The improved lunch program, along with model school-based teaching gardens and kitchens like The Edible Schoolyard, garner national attention. Most recently, in 2014 Berkeley became the first city in the nation to pass a law taxing sugar-sweetened beverages in order to improve public health and child nutrition.

People and programs at the University of California also help the City stand out as a leader in all things food related. Journalism professor Michael Pollan has influenced what Americans know about the politics of eating; Saru Jayaraman has brought attention to food-worker labor issues as director of The Food Labor Research Center, "the first [program] at an academic institution anywhere in the country to focus on the intersection between food and labor issues in the U.S. and abroad,"⁶ and meanwhile, the nascent Berkeley Food Institute is already impacting how students and faculty engage in food studies across campus and the entire UC system.

Just as Berkeley fosters innovation in bioscience and Cleantech, it also provides fertile ground for the development of game-changing food and beverage businesses and trends. In addition to being the birthplace of California Cuisine, Berkeley was also the launch pad for PowerBar and Clif Bar, which inspired the creation of a national multibillion-dollar energy bar and gel industry that now includes giants like Kraft Foods.⁷ Peet's Coffee & Tea is another example: from its humble beginnings at Cedar and Vine, it is now a national brand that boasts having catalyzed the gourmet coffee industry. Less than 10 years after its founding on the corner of College and Alcatraz, Noah's New York Bagels was on its way to becoming one of the nation's top-selling bagel-makers when the founder sold it for \$100 million.⁸

2. The food and beverage economy (including production as well as food services and retail) represents a regional competitive advantage for Berkeley.

Berkeley's food and beverage MWD sector is a significant part of the broader Bay Area food economy – which is very competitive on a statewide and national level.

⁵ The Ecology Center. (n.d.). Farmer's market EBT program [web page]. <http://ecologycenter.org/ebt/>.

⁶ UC Berkeley Labor Center. (n.d.) Food Labor Research Center [web page]. <http://laborcenter.berkeley.edu/topic/food-labor-research-center/>.

⁷ Grady, B. (2005, June 11). Battle of the bars: Energy bar makers sink their teeth into growing market. *Inside Bay Area*. http://www.insidebayarea.com/businessnews/ci_2796594.

⁸ Pine, D. (2007, September 10). The audacity of a schmear: Noah Alper's bagel brilliance revealed in new autobiography. *J*. <http://www.jweekly.com/article/full/39819/the-audacity-of-shmear-noah-alpers-bagel-brilliance-revealed-in-new-autobio/>.

California is the largest food exporter in the nation and is responsible for 15% of its food and beverage manufacturing exports.⁹ The Bay Area region is home to over a quarter of the state's food and beverage manufacturers – more than any other California region. Within the Bay Area, Alameda County has had by far the highest food manufacturing employment for more than 25 years (see Attachment 3).

Berkeley makes up a significant percentage of Alameda County's overall food MWD economy in terms of number of firms and jobs. As of 2012, 15% of the County's food manufacturing firms were located in Berkeley, a figure that has trended slightly upward since 1998, when it was 13%. In terms of employment, as of 2012 Berkeley's firms accounted for about 6% of the County's food and beverage MWD jobs. There has been a slight downward trend in that share since 1998. These trends—more, but smaller, food and beverage production firms in Berkeley—reflect Berkeley's role as an incubator of food and beverage businesses, and as a source of innovation in the sector.

Finally, Berkeley has approximately one foodservice establishment for every 295 people. As a point of comparison, Oakland has one for every 400 people. Berkeley's population comprises 7.5% of the total population in Alameda County, yet is home to 12% of the County's food service firms (including restaurants, cafes and bars) and 10% of food retail firms.¹⁰ This is due to a variety of factors, including Berkeley's large daytime workforce, its concentration of evening arts and cultural experiences, and its sizeable population of student commuters. However, these factors do not fully account for the immense variety of Berkeley's food offerings—with scores of ethnicities, regions and food styles represented—which perhaps reflects that food quality and diversity are essential components of the City's culture.

3. Food and beverage MWD businesses in Berkeley are essential to the local food system and deliver economic, environmental, and public health benefits.

A food system is the “interlinked network of processes, actors, resources, and policy and regulatory tools required to produce, process, distribute, access, consume, and dispose of food.”¹¹ Food and beverage MWD businesses play a critical role in getting whole foods and their value-added products from farm to table. There is no standard definition of “local” but it is often thought of in regional or state terms. The increasing demand in the United States for locally produced foods is due in large part to the

⁹ Northern California Center of Excellence, & Office of Economic Development at Cerritos College. (2010). *Food manufacturing in California*. http://www.coeccc.net/documents/foodmfg_custom_ca_10.pdf.

¹⁰ US Census Bureau, County Business Patterns; and OED analysis.

¹¹ Hodgson, K. (2012). *Planning for food access and community-based food systems: A national scan and evaluation of local comprehensive and sustainability plans* (American Planning Association Report, 6). <https://www.planning.org/research/foodaccess/>.

environmental and community food security movements, as well as to the fact that local food systems positively impact the local economy.¹²

Economic Benefits: As of 2014, there were 70 food and beverage MWD businesses in Berkeley, employing about 800 people and generating roughly \$115 million in gross revenue. (See the “Current Situation and its Effects” section for more detail on the sector’s economic impacts and trends.)

In addition to this direct impact, local food production strengthens the local economy through the multiplier effect, or the process by which investments in the local economy yield a return. The multiplier effect happens several ways: directly, such as by creating new jobs, more income, and more sales (which can happen when local producers reduce the need for imports and increase exports); indirectly, through spurring more activity by businesses that support the new producers; and by inducing more local spending. A recent program scan and literature review of the North American food system found that the multiplier effect for certain parts of the supply chain are especially high – such as in food processing and manufacturing, where local economic output multipliers range from 1.4 to 1.9.¹³ As such, we may conservatively estimate that Berkeley’s MWD sector indirectly creates approximately 1,200 additional jobs through the multiplier effect (although those jobs are likely distributed around the region rather than concentrated in Berkeley).

Berkeley food and beverage MWD businesses are important pieces of the local economy. OED’s recent survey of manufacturers found that nearly three-quarters of respondents generate significant sales in the Bay Area (71%), Berkeley (46%), and California (25%) (see Attachment 4). The survey also found that a significant proportion of businesses buy most of their ingredients and products from regional and state suppliers (65% and 48%, respectively) (see Attachment 5). Notably, 75% of respondents said it was either “very important” or “somewhat important” to buy ingredients and products from Bay Area suppliers. A limiting factor for some is their use of ingredients that are difficult or impossible to source locally, like coffee and cacao beans.

Environmental Benefits: The environmental benefits of locally produced foods may include shorter transit distances and therefore reduced greenhouse gases. To the

¹² Martinez, S., Hand, M., Da Pra, M., Pollack, S., Ralston, K., Smith, T., ... Newman, C. (2010). *Local food systems: Concepts, impacts, and issues* (Economic Research Report No. ERR-97). USDA Economic Research Service. <http://www.ers.usda.gov/publications/err-economic-research-report/err97.aspx>.

¹³ Pansing, C., Fisk, J., Muldoon, M., Wasserman, A., Kiraly, S., & Benjamin, T. (2013). *North American food sector, part one: Program scan and literature review*. Wallace Center at Winrock. <http://www.sf-planning.org/index.aspx?page=3540>.

extent that local food is produced using sustainable methods, it further contributes to reduced energy use and emissions.¹⁴

Public Health Benefits: The community food security movement arose to counteract the negative effects of the mainstream food system, which is increasingly globalized, dominated by a few corporations, and largely indifferent to the needs of low-income and especially urban populations.¹⁵ To the extent that it promotes local ownership and creates other community-controlled resources, supporting the local food system can improve equitable access to healthy and affordable food.

4. Food and beverage MWD businesses create blue-collar jobs and promote economic diversity and the potential for career advancement.

Facilitating the creation and maintenance of jobs that do not require advanced degrees is one of the key goals of the West Berkeley Plan. Such jobs are important because about 30% of Berkeley residents over age 25 have less than a Bachelor's degree in formal education.¹⁶ The food and beverage MWD sectors create employment opportunities for people with a range of educational levels, including those who have not graduated from college.

Significantly, food and beverage MWD jobs typically pay above the living wage for a single adult (\$11.51) in Alameda County, as determined by a Living Wage Calculator.¹⁷ In the first quarter of 2014, median wages for typical food and beverage MWD jobs in the Oakland-Fremont-Hayward Metropolitan Division were almost always above the median wage of "personal care and service occupations" (see Attachment 6). They were also above the median wage of "food preparation and service occupations," a category that includes jobs in food services firms like restaurants, but not manufacturing facilities. In comparison to the median wage for *all* occupations, median wages for typical food and beverage MWD jobs are usually lower.

¹⁴ Martinez, S., Hand, M., Da Pra, M., Pollack, S., Ralston, K., Smith, T., ... Newman, C. (2010). *Local food systems: Concepts, impacts, and issues* (Economic Research Report No. ERR-97). USDA Economic Research Service. <http://www.ers.usda.gov/publications/err-economic-research-report/err97.aspx>.

¹⁵ Fisher, A. (n.d.). What is community food security? *Sustainable City*. <http://www.sustainable-city.org/articles/security.htm>.

¹⁶ (2012). City-Data.com. <http://www.city-data.com/city/Berkeley-California.html#b>.

¹⁷ Glasmeier, A.K. (2012). Living wage calculation for Alameda County, California. Massachusetts Institute of Technology Living Wage Calculator. <http://livingwage.mit.edu/counties/06001>.

5. Many Berkeley food and beverage MWD businesses engage in socially and environmentally responsible practices that align with the City's core sustainability values.

OED survey results indicate many Berkeley food and beverage MWD businesses engage in environmentally sustainable practices that include: using product packaging that can be recycled by consumers (87%); prioritizing use of organic products (65%); diverting some or all production-process byproducts from the landfill (57%); using product packaging that is made from recycled content (52%); and installing energy-efficient devices beyond what is formal required (39%) (see Attachment 7). They also engage in socially responsible practices that include: prioritizing local hiring (65%); doing corporate giving or community engagement (30%); and evaluating key-supplier labor practices (22%).

6. The Berkeley City Council has formally recognized the importance of a robust local food system – one that, among other things, fosters the local economy and promotes local food production.

In 2001, Council approved the Food and Nutrition Policy (see Attachment 8), which outlines goals and strategies to help Berkeley “build a more complete local food system based on sustainable regional agriculture that fosters the local economy and [universal] access to healthy, affordable, culturally appropriate food.” Over the years, this Policy has guided the activities of many City departments. Significantly, the Public Health Division's Healthy Eating and Nutrition Program continues to provide interactive nutrition education workshops to a broad spectrum of community members. The 2001 Policy also led to the creation of the Berkeley Food Policy Council, which still meets regularly, and in 2012 helped develop and advocate for an Ordinance to allow Berkeley residents to sell produce grown in their gardens. This Ordinance was unanimously adopted by the Berkeley City Council in July 2012 .

CURRENT SITUATION AND ITS EFFECTS

To study the Berkeley food and beverage MWD sector, OED analyzed data from the US Census Bureau's County Business Patterns; the Bureau of Labor Statistic's Quarterly Census of Employment and Wages, and its Occupational Employment Statistics Survey; and the City of Berkeley's business license records.

It is important to note that OED's analysis of food and beverage MWD businesses excluded food services firms like caterers, as well as retailers that manufacture food or drink onsite but primarily for a single storefront. As a result, this analysis is focused on businesses with specific needs and issues related to operational space, land use, and physical infrastructure. Of course, many of these findings are also relevant to other types of food and beverage firms.

Sector Characteristics and Trends

- **As of 2014, there were 70 food and beverage MWD businesses in Berkeley, employing about 800 people and generating about \$115 million in annual gross revenue.**

Of these, most are food manufacturers (59%) followed by wholesalers and distributors (21%), then beverage manufacturers (20%) (see Attachment 9). Among food manufacturers, the top two categories are baked goods and “other” (which includes coffee, tea, prepared foods, dry mixes, etc.); among wholesalers and distributors the top two categories are wine and “other grocery;” and among beverage manufacturers the top two categories are breweries and wineries (see Attachment 10).

The approximate gross annual revenue for all 70 businesses is \$115 million (see Attachment 10). The average annual gross revenue per food and beverage wholesale and distribution firms (\$2.9 million) is about twice as great as the average annual gross revenue per food manufacturer (\$1.2 million) and per beverage manufacturer (\$1.6 million). This is partly a reflection of the fact that most of Berkeley's food and beverage wholesale and distribution firms are quite well-established, with a median age of 12 years, compared to a median age of 6 years for food manufacturers and 2 years for beverage manufacturers. It should be noted that the median revenue per firm is much smaller than the average. For instance, while the average annual gross revenue per food manufacturer is \$1.2 million, the median is a fourth of that, or \$300,000. This reflects the fact that there are disproportionately more small firms than large firms and that many firms are newer.

- **There are more food and beverage MWD businesses now than 15 years ago, but they have fewer employees.**

From 1998 to 2014, there was a 70% increase (24 to 41) in the number of food manufacturing firms in Berkeley, and a 250% increase (4 to 14) in the number of beverage manufacturing firms (see Attachment 11). The number of wholesale and distribution firms stayed about the same. While the number of firms increased, the number of employees in food and beverage manufacturing actually decreased by nearly 50%, but the number of employees in food and beverage wholesale increased by nearly 100% (see Attachment 12). As noted above, this is due to the loss of a few large and moderate-sized firms with more employees, and the arrival of more but smaller firms with fewer employees (see Attachment 13). For instance, in 1998, 6% of all food and beverage MWD firms had between 100 and 249 employees and 15% had between 5 and 9 – compared to 0% and 25%, respectively, in 2012.

One potential explanation for the shift to more but smaller firms in Berkeley is the growing interest in artisanal food and beverage production – not just in the Bay Area,

but nationally. By definition, artisanal production occurs on a smaller scale in order to develop a level of quality and taste that is not unachievable in mass production.

- **The number of Berkeley food and beverage manufacturing firms increased dramatically since 2011 during a time when the number of firms in the overall manufacturing sector in Berkeley stayed fairly constant.**

The age profile of food and beverage manufacturing firms demonstrates the strong recent growth within the sector (see Attachment 14). Indeed, half of existing firms have been in Berkeley for five years or less. The remaining 50% of businesses are evenly divided among the following age categories: 6 to 9, 10 to 20, and more than 20 years. It is worth noting that several businesses that are new to Berkeley are not new altogether. For example, Urbano Cellars rented space in Emeryville for 15 years, was nomadic for 2, and then landed in Berkeley 3 years ago. Likewise, 10-year-old TCHO Chocolate just moved to Berkeley from San Francisco.

- **The majority of Berkeley's food and beverage MWD firms are located in three distinct clusters west of San Pablo Avenue.**

Consistent with the City's zoning code, most food and beverage MWD firms are located west of San Pablo Avenue, in either a Mixed-Use Light Industrial (MULI) district or in a Mixed-Use Residential (MUR) district (see Attachment 15). These West Berkeley businesses form three fairly distinct clusters. The northernmost cluster has the largest share of beverage manufacturers, forming the core of the Drinks District. The southernmost cluster has most of the food and beverage wholesalers, the greatest concentration of food manufacturers, and a handful of beverage manufacturers. The middle cluster is the smallest and is dominated by manufacturers. Firms located outside of the MULI and MUR districts are primarily small food manufacturers. Some are cottage food businesses, which by definition are in residential areas, and others are firms with a significant retail presence and so they are located in commercial districts.

Business and Stakeholder Surveys and Interviews

OED conducted surveys and interviews with food and beverage MWD businesses in Berkeley in order to gain a more in-depth perspective on trends and conditions in the sector. From February through March 2015, OED invited all 70 Berkeley food and beverage MWD businesses to do an online survey. Twenty-five (25) businesses, or 36% of all businesses in the sector, completed the survey. Of the completed surveys, 72% were from manufacturers and 16% were from wholesalers or distributors. OED also conducted in-depth interviews with 12 manufacturers and 7 local real estate, finance and business development professionals. While the survey and business interview results cannot be considered representative of all Berkeley food and beverage MWD businesses (e.g., there may be important differences in respondents who

volunteered to provide information and those who did not), the results are nevertheless enlightening.

- **More than two thirds of businesses surveyed are planning near-term expansions.**

The individual companies that constitute this sector are growing. 71% of OED survey respondents indicated they were planning to expand or significantly modify their operational space within the next one to three years.

- **Beer, wine, and spirits manufacturing is blossoming, creating synergies that benefit maker and consumer alike. In addition to locations in the industrial West Berkeley “Drinks District,” firms are finding niches in other dense commercial areas.**

Five years ago Berkeley had five alcoholic beverage manufacturers, whereas today that number has nearly tripled. New breweries and wineries have opened, and Berkeley's first distillery recently set up shop. The City has developed a robust “Drinks District,” a term coined by *Berkeleyside*, in a West Berkeley region extending from approximately Gilman to Parker. Beyond the District itself, *Berkeleyside* dubbed 2013 the “Year of Beer,” noting the arrival of The Rare Barrel (sour beer brewery) and Mead Kitchen (mead makers), as well as drinking places like the Sierra Nevada Torpedo Room (bar) and Moxy Beer Garden.¹⁸ 2014 saw the opening of the Westbrae Biergarten (a beer and food-truck garden) and in early 2015 Fieldwork Brewing, a brewery capable of producing more than 310,000 gallons of beer annually, also opened in West Berkeley.¹⁹

Such businesses are part of a revived “East Bay craft beer boom”²⁰ and they are joining established Berkeley firms like Trumer Pils Brauerei, Takara Sake, and Pyramid Alehouse – all located in the Drinks District. A notable firm outside the District is Triple Rock Brewery, which was one of the first microbreweries in California and is now the oldest one that has been in continual operation. In that tradition, the “nano-brewpub” and lounge Hoi Polloi opened its doors in the Lorin District in 2014. These and other local craft breweries may benefit from what one OED survey respondent described as an increase in “beer travel” – people going on beer-centric journeys to do tastings just like at wineries. While beer-making is a

¹⁸ Raguso, E. (2014, January 2). Hot East Bay restaurants, food news of 2013. *Berkeleyside*. <http://www.berkeleyside.com/2014/01/02/best-2013-east-bay-restaurant-news-by-nosh/>.

¹⁹ Sciacca, A. (2014, April 23). Berkeley brewery to join the East Bay craft beer boom. *San Francisco Business Times*. <http://www.bizjournals.com/sanfrancisco/news/2014/04/23/berkeley-brewery-opening-craft-beer.html>.

²⁰ Riley, T. (2014, January 15). East Bay's craft beer boom is just getting started. *Berkeleyside*. <http://www.berkeleyside.com/2014/01/15/east-bays-craft-beer-boom-is-just-getting-started/>.

water-intensive process, so far the California drought does not seem to be slowing them down.

Urban wineries are also thriving. Nearly 10 years ago, the *San Francisco Chronicle* described the growing trend of urban vintners sourcing grapes from Wine Country but then setting up shop in “warehouses beside factories and tastings rooms accessible by BART.”²¹ At that time the East Bay Vintners Alliance was in its infancy and businesses in the sector were already benefitting from close proximity and networking. Many wineries (particularly the smaller ones) share space and equipment. Berkeley vintner Sasha Verhage of Eno Wines said: “It’s like borrowing your neighbor’s lawn mower.”²² More recently, Urbano Cellars moved to Berkeley after a long tenure in Oakland and they benefitted from the availability of a turnkey winery because Donkey & Goat was moving farther into the Berkeley Drinks District.²³ While urban wineries clearly have a market, one OED survey respondent felt Berkeley is not ideal for wine tourists, although it is “perfect for local trade.” Indeed, half of Berkeley’s food and beverage wholesale businesses are in wine.

- **Opportunities to share space and resources are essential for many food and beverage manufacturers’ growth – especially smaller and younger ones.**

In the last year, two space- and resource-sharing venues for food manufacturers started up. While they are the first of their kind in Berkeley, they represent a growing regional and national trend. One venue, Certified Kitchens, is an hourly-rental facility in downtown Berkeley owned by wife and husband team Marie and Thomas Banis. They fill a market niche by reserving their six small kitchens exclusively for the production of gluten-free and organic products. Several of their clients started as cottage food operators (making products in their home kitchens) and could only grow by transitioning to a commercial kitchen. For gluten-free manufacturers in particular, having access to an already-certified space saves significant time and money. So far, the next step for many of their clients has been to graduate to a co-packer (a larger firm that makes and packages products according to client specifications). Certified Kitchens expects to reach capacity in one to three years.

The other venue is The Berkeley Kitchens, which local real estate developer Jonah Hendrickson recently opened in West Berkeley. The renovated historic manufacturing facility has 15 commercial kitchens on the ground floor, with office and studio space above. Remarkably, Hendrickson did not initially intend to put only kitchens on the ground floor, but he quickly discovered a high demand for them. He decided to devote the entire ground floor to kitchens and secured tenants for each

²¹ Gray, W.B. (2006, November 10). East Bay rising: Winemakers find fertile ground in the urban environs of Alameda County. *San Francisco Chronicle*. <http://www.sfgate.com/bayarea/article/East-Bay-rising-Winemakers-find-fertile-ground-2485170.php>.

²² Ibid.

²³ Dinkelspiel, F. (2012, February 3). New Berkeley winery throws a party to celebrate. *Berkeleyside*. <http://www.berkeleyside.com/2012/02/03/new-berkeley-winery-throws-a-party-to-celebrate/>.

space before the renovation was complete. The model is unique in that businesses do not share kitchens or rent by the hour; instead, each tenant has signed a lease ranging from a two to 10 years. This project fulfills an important need for its tenants and could have implications for other similar small food manufacturers. As an in-depth article about The Berkeley Kitchens notes: "Most of the tenants are established companies that had previously operated out of shared community kitchens. While they had outgrown the shared spaces, most...couldn't afford to rent their own stand-alone space."²⁴

In addition to using formal space-sharing facilities, a number of businesses make ad hoc arrangements. OED research revealed that small manufacturers often negotiate agreements with restaurants and more established food and beverage firms to gain access to their commercial kitchens during off-hours.

Business Spotlight: The Berkeley Kitchens

Hub of independent commercial kitchens

The Berkeley Kitchens opened in 2014 and houses 15 commercial kitchens on the ground floor, with office and studio space above. Unlike hourly-rental spaces, tenants at Berkeley Kitchens sign leases and have exclusive use of a commercial kitchen. Having access to such a space is important for food manufacturers that have outgrown shared kitchens but cannot afford to rent and build out a space alone. Current tenants include: bakers like Baron Baking (bagels), Morell's Bread, Muffin Revolution (paleo muffins and cakes), Nuthouse Granola, and Cakes Made by M.E.; caterers and prepared-food providers like Standard Fare, Just Relish Catering, Potliquor, The Quick Cook, and Mission Heirloom; beverage-oriented businesses like Shrub & Co. and Beet Generation; and even a school lunch provider, Nourish You.

Close proximity creates synergies that are good for business development and workplace satisfaction. As Cakes Made by M.E. owner Marla Erojo commented for a *Berkeleyside* article: "We kind of feed off of each other. We bounce ideas off of each other. Like, 'Hey what do you think about this?' or 'Hey, I want to you try this,' " she said. "It's very comfortable. It's very easy. It's like home."²⁵ Nuthouse Granola owner Craig Boon echoed that sentiment when reflecting on why he wanted to be a tenant: "I just knew that the idea of having an incubation situation with a bunch of similarly

²⁴ Williams, K. (2014, April 3). Bakers, cooks, cakemakers thrive at Berkeley Kitchens. *Berkeleyside*. <http://www.berkeleyside.com/2014/04/03/bakers-cooks-and-cakemakers-spread-their-wings-at-newly-opened-berkeley-kitchens/>.

²⁵ Williams, K. (2014, April 3). Bakers, cooks, cakemakers thrive at Berkeley Kitchens. *Berkeleyside*. <http://www.berkeleyside.com/2014/04/03/bakers-cooks-and-cakemakers-spread-their-wings-at-newly-opened-berkeley-kitchens/>.

minded people was going to be cool. Everybody is doing something a little bit different, so you get exposed to all different aspects of a similar industry.”²⁶

- **A recent statewide law that allows for certain foods to be produced in home kitchens and sold to the public is an important advancement for some would-be food entrepreneurs.**

The passage of the California Homemade Food Act in 2012 enabled people to legally sell certain foods produced in their home kitchens, so long as they follow prescribed safety regulations and operating procedures, including obtaining a Business License. Throughout most of California, a Cottage Food Operator (CFO) must obtain proper permits through the county health department (although in Berkeley it's through the City's Public Health Division). The Act caps how much revenue CFOs are allowed to generate before they must transition to commercial kitchens. The cap is \$50,000 in annual gross revenue and there are currently 131 active permits in Alameda County.²⁷ While the Act does not allow CFOs to make much more than supplemental income, it does serve the important function of allowing someone to develop and market-test a product without making a hefty up-front investment.

Business Spotlight: Loving Live Treats and Raw Minds Alive

Cottage Food Operators, past and present

Loving Live Treats is a Cottage Food Operation in the Berkeley home kitchen of Judy Fleischman. Judy makes vegan, gluten-free, lightly sweetened treats from sprouted seeds and “superfoods.” Hers is a story about connecting with community through food. She currently sells her treats directly to customers and to two local retailers, Asha Tea House and the Berkeley Juice Bar Collective. Last year Judy participated in an educational podcast about becoming a homecooking business.”²⁸

While Judy aims to keep her business small, onetime CFO Michael Assayag quickly moved his business, Raw Minds Alive, into a rental space at Certified Kitchens in downtown Berkeley. The impetus for this was a desire to see his product – raw energy bars – on the shelves of Whole Foods, a goal which entailed using a commercial kitchen. Mike's next step is to move production to a bigger and somewhat different breed of rentable kitchen – one Berkeley does not yet have. Kitchen Town in San Mateo is a 10,000 square-foot facility offering hourly rentals, as well as a café and culinary store to support marketing. It also offers a pool of workers manufacturers can contract with for help as needed.

²⁶ Ibid.

²⁷ Atkinson-Adams, D., email communication, April 17, 2015.

²⁸ Real Food Real Talk. (2014, March 28). Homecooking our way to your own food business [podcast]. <http://talkrealfood.com/home-cooking-your-way-to-your-own-food-business/>.

- **For many businesses, having a retail space, tasting room, or a café on the same site as their production space was very important for sales.**

The business survey revealed that incidental retail and food services at the site of production are key parts of many food and beverage manufacturers' business models. The survey asked respondents to identify all the ancillary uses applicable to them. 30% reported having a retail space onsite, 43% reported having a restaurant or café onsite, and 35% had a tasting room. Retail sales at the site of production are especially important for breweries and wineries, since the profit margins are much larger for retail and actually help to subsidize the wholesale piece of the business.

Business Spotlight: Urbano Cellars and Mead Kitchen

Space-sharing urban winery and fermented honey wine producer

Before celebrating the opening of their very own winery in Berkeley in 2012, Urbano Cellars had rented space at Periscope Cellars in Emeryville for many years. When Periscope closed, Urbano Cellars owners Robert Rawson and Fred Dick were on the lookout for a new and more stable home.²⁹ They were tempted by Oakland, but in the end they were thwarted by the high cost of retrofitting and build-out and the loss of tax break offer, due to the dissolution of state redevelopment agencies.³⁰ Urbano Cellars eventually found the perfect place in Berkeley, a turnkey winery being vacated by Donkey and Goat, which was planning a move farther north into the Drinks District. Urbano Cellars now sub-leases space to a fledgling mead maker. Both firms benefit from sharing production space, as well as from having a tasting room onsite.

When people think of mead (fermented honey wine) they might think about ancient civilizations and medieval mead halls of the kind memorialized in *Beowulf*. They might not yet know that mead is enjoying a modern revival and is the fastest growing sector in the alcohol industry.³¹ In fact, Berkeley has its first meadery. Dan Cook is the co-owner and operator of Mead Kitchen, which sources honey from two local beekeepers and which shares space and equipment with Urbano Cellars in West Berkeley. As *Berkeleyside* recently explained, when Cook and his business partner were just starting out, they were not able to afford an exclusive-use space, so making a deal with the more established Urbano was essential. That kind of cooperation is typical of the East Bay craft alcohol sector. According to Cook,

²⁹ Dinkelspiel, F. (2012, February 3). New Berkeley winery throws a party to celebrate. *Berkeleyside*. <http://www.berkeleyside.com/2012/02/03/new-berkeley-winery-throws-a-party-to-celebrate/>.

³⁰ Ibid.

³¹ Levin, S. (2014, October 1). The new mead market in the Bay Area. *East Bay Express*. <http://www.eastbayexpress.com/oakland/the-new-mead-market-in-the-bay-area/Content?oid=4085606>.

collaboration “gives people who are considering making the leap from home brewing into commercial endeavors somewhat of a safety net.”³² Now, Mead Kitchen is in the process of expanding at their current site.

Berkeley's Strengths as a Location for Food & Beverage Businesses

Several themes emerged from OED's survey and interviews that indicate why food and beverage MWD businesses are attracted to Berkeley.

- **Survey respondents affirmed that the ‘Berkeley brand’ is an asset for their business and stands for food that is local, sustainable, seasonal, and fresh.**

More than half of survey respondents reported that the association with Berkeley's food culture is one of the top three reasons why they choose to operate here (see Attachment 16). As one said: “I appreciate the high level of food consciousness in Berkeley. It stands for health, wellness, and sustainability when it comes to food.” As another business owner put it: “It's nice to be part of a community where people are aware about food – where they care about it.” Others said that when people think of Berkeley, they think of Chez Panisse and Slow Food, an international grassroots membership organization that seeks to “link the pleasures of the table with a commitment to protect the community, culture, knowledge and environment that make this pleasure possible.”³³

While many respondents unreservedly praised the Berkeley brand, others were hesitant. One business owner said they thought the brand association was more important for restaurants than for food manufacturers, particularly ones that have national distribution. Another owner acknowledged that Berkeley has the “great food movement halo,” but they believe there is not enough infrastructure in place to support small manufacturers.

Business Spotlight: Vik's Distributors & Chaat Corner

Long-time business: Indian groceries retailer, distributor and chaat eatery

In the 1980s, Amod Chopra and his family emigrated from India to the United States, settled in Berkeley, and founded the businesses now known as Vik's Distributors. At the time, Berkeley was the Bay Area destination for Indian groceries and wares, and Vik's helped meet the needs of that market with a small retail store and chaat kitchen in a West Berkeley warehouse. With the tech boom in the late 1990s, a wave of Indian and Pakistani families moved into Silicon Valley and Berkeley gradually lost its distinction as the center of the Bay Area Indian community. Nevertheless, Vik's

³² Raguso, E. (2013, April 2). The Mead Kitchen joins local artisan drinks boom. *Berkeleyside*. <http://www.berkeleyside.com/2013/04/02/artisan-alcohol-boom-continues-with-mead-kitchen/>

³³ Slow Food USA. (n.d.). About us [webpage]. <https://www.slowfoodusa.org/about-us>.

continues to thrive in Berkeley. The new and larger Chaat Corner, just a few blocks from the original site, serves thousands of regional chaat dishes daily to a hungry clientele – one that is hungry for history, community, and delicious food. The expanded retail store is a go-to source for Indian staples and specialties, and the distribution part of the business has a national reach. Meanwhile, Vik's fittingly leased part of its original warehouse to Ancient Organics, a manufacturer of grass-fed ghee.

- **Being in Berkeley puts many food and beverage MWD businesses near their ideal customers.**

One in three survey respondents said being near customers is a key reason why they choose to operate in Berkeley. One food manufacturer commented that Berkeleyans value local, healthy food for the whole family and they said reaching such consumers is a key part of their business model. A beverage manufacturer praised Berkeley eaters and drinkers as being “more progressive” and “more open to trying new things foodwise.” Similarly, the longtime owner of a wholesale-retail business said: “People in Berkeley are more cosmopolitan and interested in higher quality food; they’re open to trying new things.” However, this person also commented that, whereas Berkeley was once “the clear spot to be [in the East Bay] for reaching such an audience,” it now has lively competition from neighbors like Oakland and Emeryville.

Business Spotlight: Local Greens

New business: Hydroponic indoor vertical farm (one of Berkeley's only growers)

Like Vik's, Local Greens is a family-owned business. Unlike Vik's, Local Greens is new to Berkeley and can proudly boast to be one of its only commercial growers. The hydroponic farm uses LED lighting and water (instead of sunlight and soil) to grow a variety of micro-greens, culinary herbs, pea shoots, and wheat grass. Because Local Greens uses a vertical growing method, it needs much less space (about seven times less) to operate than if it were outside.³⁴ Its roughly 2,200 square-foot facility is tucked away inconspicuously amidst a row of auto shops, near the new Whole Foods in the Gilman shopping district. Local Greens takes the “local” part of its name very seriously – part of its business model is to only sell to retailers and foodservice firms within 20 miles of the growing facility. Local Greens was drawn to Berkeley in part by the City's progressive food movement and its emphasis on healthy eating for the whole family – including in schools.

³⁴ Wall, A. (2014, December 16). Local Greens: A water-smart farm in urban Berkeley. *Berkeleyside*. <http://www.berkeleyside.com/2014/12/16/local-greens-a-water-smart-farm-in-urban-berkeley/>.

- **Food and beverage MWD businesses in Berkeley benefit from the central Bay Area location, close proximity to major freeways, and temperate climate.**

A quarter of survey respondents cited favorable location factors as a key reason why they choose to operate in Berkeley. One manufacturer emphasized this by joking: “Even though we [are wholesale bakers], my real business is delivery logistics. Transportation infrastructure is the most important thing to me.” Another food manufacturer similarly noted: “Berkeley is well positioned to reach the rest of the Bay Area, which makes logistics easier.” They said this benefit outweighed the overhead costs that are higher in Berkeley as compared to places farther afield. On the other hand, some businesses – especially those involved in distribution – prefer to cast a wider net in order to secure suitable operational space along freeway corridors in lower cost areas. Interestingly, several food and beverage MWD businesses cited Berkeley’s mild climate as an unexpected but desirable benefit, as it reduces energy expenses associated with maintaining interior conditions conducive to food and beverage manufacturing and warehousing.

Sector Challenges

This section describes some of the challenges facing the food and beverage manufacturing and wholesale sector in Berkeley.

- **It is expensive to rent or buy – and then build out – operational space that is suitable for food and beverage MWD businesses.**

Over a third of food and beverage MWD businesses reported that the cost of securing (whether renting or buying) a suitable operational space is a key challenge limiting the growth of their business (see Attachment 17). Real estate market research confirms this challenge. A 2014 first-quarter report by Cornish & Carey Commercial indicated that Berkeley had the highest average asking rate for industrial and warehouse space out of five major East Bay cities (Berkeley, Emeryville, Hercules, Oakland, and Richmond) (see Attachment 18). The average asking rate for industrial space in Berkeley was \$0.99 per square foot, compared to \$0.65 in Emeryville, which had the second-highest asking rate, and compared to the all-city average of \$0.42. For warehouse space, the average asking rate in Berkeley was \$0.68 per square foot, compared to the all-city average of \$0.35.

Once a food or beverage MWD business secures a space, the next step is often the costly process of building it out with the specific amenities needed and that meet code requirements. Needed improvements may include floor drains, grease traps, extensive sprinkler systems, loading infrastructure, and specific electric, gas, and

water connections. Such build out costs typically run about \$50 per square foot;³⁵ at the extreme end, one business reported a build-out cost of \$200 per square foot in order to bring electrical and plumbing to their building. Many food and beverage manufacturers (especially smaller and younger ones) are harder pressed than other types of industrial and commercial-space users (such as those in the technology sectors) to absorb these costs.

- **There is limited inventory of industrial and warehouse space in Berkeley –in terms of both the quantity of spaces and their size.**

Many – though not all – food and beverage MWD businesses reported it took a great deal of effort to find suitable industrial or warehouse space. They typically attributed this to limited inventory. As one manufacturer phrased it: “There is precious little space available for, and being used by, light manufacturing businesses.” When it came to securing a space, many businesses emphasized the importance of “luck,” networking, and acting quickly. Said one manufacturer: “You have to be ready the day a space becomes available – with paperwork in hand.” Another issue is the typical size of available spaces. There are very few larger spaces in the market.

The abovementioned report by Cornish & Carey Commercial report confirms the respondents’ perceptions that there is limited availability of space. It indicates that in the first quarter of 2014, Berkeley had an industrial vacancy rate of less than 1% (see Attachment 18). Its warehouse vacancy rate was just under 2%. All of the spaces that were available were less than 15,000 square feet. Food manufacturers like TCHO Chocolate, which recently moved from San Francisco into a 49,000-square-foot space in Berkeley, are unusual.³⁶ Of course, it is good news that Berkeley’s industrial spaces are being more actively and intensively utilized than in recent years. But the limited inventory of space means that growing businesses sometimes have to look beyond Berkeley.

- **While Berkeley is becoming an increasingly a strong incubator of food and beverage MWD businesses, it is difficult to retain growing firms.**

Of the OED survey respondents who are planning to modify their operational space within the next three years, most are doing so in order to expand – and most are looking outside of Berkeley (see Attachment 19). Of the 71% of survey respondents that expect growth within the next three years, 64% said they were either “somewhat unlikely” or “not likely at all” to stay in Berkeley when they expand. “We’ve [grown]

³⁵ San Francisco Planning Department, San Francisco Office of Economic and Workforce Development, and SPUR. (November 2014). Makers and movers economic cluster strategy: Recommendations for San Francisco food and beverage manufacturers and distributors. See p. 33.

³⁶ Taylor, T. (2014, February 25). TCHO Chocolate to move from San Francisco to Berkeley. *Berkeleyside*. <http://www.berkeleyside.com/2014/02/25/tcho-chocolate-to-move-from-san-francisco-to-berkeley/>.

really fast,” said one food manufacturer, who anticipates needing double or triple the room that his current 7,500-square-foot space offers. While he plans to keep his current space in Berkeley – in part because he loves the “cool” West Berkeley area – he will look beyond if for additional space because “everything [in Berkeley] is already taken” and the bigger loading dock he needs will be difficult to find. Another manufacturer looking to expand is also “very motivated to stay” because he enjoys the Berkeley food community and is also a resident. Yet the “scarcity of [larger] manufacturing spaces” will likely force him to go.

While some manufacturers reported a desire to keep part of their business in Berkeley while expanding elsewhere, others expect to eventually move altogether in order to keep all components of their business (such as manufacturing, warehousing, and administration) on the same site.

For some companies it makes sense to move beyond Berkeley given their expanding geographical reach and their need for much larger spaces for manufacturing, warehousing, distributing and staging – spaces that can be difficult or impossible to find in Berkeley. An illustrative example is Peet's Coffee & Tea, which moved its roasting facility from Berkeley to Emeryville in the mid-90s, attracted by an industrial area that at the time did not have to compete with other uses. However, as a *San Francisco Chronicle* article described: “Housing, offices and retail crept in, [and] industry has felt increasingly unwelcome...Emeryville is evolving into a high-density, multi-use community, which can be fraught with problems [for industrial operations].”³⁷ Thus in 2007 Peet's moved to a much larger facility in an industrial area of Alameda.

Business Spotlight: Fra'Mani Handcrafted Foods

Award-winning salumi and prepared foods, renowned Bay Area chef

Fra'Mani specializes in salumi – cured and uncured meats that include dry salami, pancetta, and sausage; they also have a prepared foods line. In addition to their local presence, Fra'Mani distributes its products nationally. Founder Paul Bertolli was 10 years a chef at Chez Panisse Restaurant in Berkeley and 10 years a chef and co-owner of Oliveto Restaurant in Oakland. He is also active as a writer and teacher on culinary subjects and has won several awards and other distinctions.³⁸ Most recently, Fra'Mani won a Good Food Award, a national recognition of food and beverage makers who are contributing to a “vibrant, delicious, sustainable local food economy.”³⁹ (Another 2015 Good Food Award winner from Berkeley is The Local

³⁷ Jones, C. (2007, May 29). Alameda: Peet's moves roasting plant to double output of coffee. *San Francisco Chronicle*. <http://www.sfgate.com/bayarea/article/ALAMEDA-Peet-s-moves-roasting-plant-to-double-2558249.php>.

³⁸ (n.d.). Paul Bertolli [website]. <http://www.framani.com/paul-bertolli/>.

³⁹ Good Food Awards. (2015). Good Food Award winners [website]. <http://www.goodfoodawards.org/winners/>.

Butcher Shop, a neighborhood whole-animal butcher and retailer). While Fra'Mani found an ideal start-up location in Berkeley nearly 10 years ago, it is ready to expand and anticipates needing a four- to five-fold increase in the size of its production space. However, large spaces suitable for food manufacturing are extremely rare in Berkeley.

- **Being located in a Mixed Use-Residential (MUR) District may create challenges for some food and beverage MWD businesses – even though MUR is intended to accommodate them.**

Several businesses expressed this sentiment. One commented thus about being in an MUR District: “It is an issue and will remain so. It creates transportation problems, [such as when] parked cars prevent easy truck access. There are different needs for each usage type – if residential and commercial get priority, then manufacturing will be forced out.” In addition, a new cluster of food and beverage MWD businesses also reported challenges with being in close proximity to residents, some of whom complain about truck noise during early morning and late night hours.

- **The increase in Berkeley's minimum wage poses a challenge for some food and beverage MWD businesses.**

Nearly 30% of OED survey respondents reported that labor costs are one of the top three barriers to the growth of their business. They were referring to the recent increase in the Berkeley minimum wage, and the wage increases they subsequently felt compelled to make for other workers. One business owner was not opposed to the increase so much as its timeline. Yet this same owner acknowledged that many of his employees cannot afford to live in Berkeley, and instead commute from Richmond or Oakland. Another business owner expressed that raising the minimum wage “was the absolute right thing to do” but he worried that it put his business at a competitive disadvantage since Berkeley now has a higher minimum wage than many of its neighbors. On the other hand, one business owner emphasized Berkeley's new minimum wage did not go high enough, and that \$12-something per hour is still a “poverty wage” in this part of the Bay Area.

- **The permit and regulation-compliance process posed either a real or perceived challenge to some respondents.**

Nearly 30% of respondents indicated that “burdensome regulations or permitting” was or is a significant barrier to their growth. Several reported that obtaining a business license was an extremely (and unusually) frustrating experience. Some respondents reported instances where there was confusion over jurisdictional authority (City vs. County vs. State), or where the State regulations seemed to be out of alignment with local regulations. Others noted that some inspectors were

unfamiliar with their specialized manufacturing equipment, which made the process more difficult.

While Berkeley has a reputation in some quarters for having complicated regulations,⁴⁰ several interviewees noted that their individual experience did not substantiate it. Some interviewees even praised the permitting and compliance-regulation process, remarking that Berkeley inspectors had a great deal of knowledge about best practices and the latest technology, and that they were patient rather than punitive when it came to meeting code.

- **Accessing capital is a key challenge for some food and beverage MWD businesses.**

20% of OED survey respondents indicated that accessing enough and the right kind of capital was or is one of the top three barriers to the growth of their business. This finding is consistent with other surveys of Bay Area food and beverage MWD businesses.⁴¹ Like other small businesses, food and beverage manufacturers are often in the tough position of being least likely to access capital at the very time they most need it – during the start-up or early expansion phase. While banks enthusiastically encourage businesses to apply for loans, underwriters often reject applicants that are not well established. But unlike many other small businesses, food and beverage manufacturers have unique start-up costs. As described above, it is quite expensive to outfit a space to make it suitable for production, and then there is the costly matter of acquiring equipment. Even one piece of specialized industrial equipment can cost thousands of dollars.

While alternative capital-raising tools exist, they have their own limitations. Some survey respondents reported small successes using crowd-funding sites like Kickstarter or IndieGoGo, but others worried about over-burdening friends and family. Equity financing can be useful for some, but tricky for others – not because they cannot obtain it, but because they worry that diluting ownership could compromise business values. For many respondents and interviewees to reach the point where they could secure a conventional loan, they had to grow very slowly, tapping into personal savings, cobbling together funding from alternative sources, building credit, acquiring collateral, and proving their stability in the marketplace.

Opportunities

⁴⁰ Dinkelspiel, F. (2011, January 20). Is it hard to do business in Berkeley? *Berkeleyside*. <http://www.berkeleyside.com/2011/01/20/is-it-hard-to-do-business-in-berkeley/>.

⁴¹ San Francisco Planning Department, San Francisco Office of Economic and Workforce Development, and SPUR. (November 2014). Makers and movers economic cluster strategy: Recommendations for San Francisco food and beverage manufacturers and distributors. See p 44.

There are a variety of ways the City of Berkeley and its private and nonprofit sector partners can support the continued vitality of Berkeley's food and beverage manufacturing, wholesale and distribution businesses.

- **Leverage Berkeley's food and beverage MWD sectors through marketing and placemaking efforts.**

Visit Berkeley already uses the tagline "Come for the culture, stay for the food." The City's concentration of food services and high quality food retail is a significant tourist attraction. The growth of distinctive, high quality food and beverage production firms represents an opportunity to expand this marketing pitch and brand halo. In particular, there is an opportunity to more formally adopt the "Drinks District" moniker through, for example, a website, business association, banners, or tourist map.

Additionally, as businesses and production centers grow in popularity, there is potential for some to develop into destinations themselves, particularly those manufacturers with incidental retail or food services onsite. Activities that highlight these producers, such as a 'brewery tour', could expand Berkeley's regional and global tourism draw.

- **Clarify and simplify the permitting controls related to incidental uses for food and beverage manufacturing.**

The Planning Commission recently identified the clarification of regulation of incidental uses as a prioritized item on its future work plan. By making it easier for manufacturers to pursue incidental uses such as retail or food services, the City could attract more producers as well as generate significant new economic activities. While the potential impacts of these uses – e.g., on parking and traffic – must be evaluated and considered, in many cases the actual impacts may not be as significant as the perceived impact, and also may be mitigated.

- **Explore policies and programs that will facilitate the development of new food and beverage production spaces.**

There is high demand for food and beverage production spaces of all sizes. Both the owners and prospective tenants of such spaces – in particular, multi-tenant commercial kitchens that can incubate developing businesses – report on the difficulty of securing spaces. If the City determines that the development of additional spaces is a high priority, staff could explore potential ways to encourage projects of this type.

There are several current examples of public/private/nonprofit partnerships that are developing urban infill manufacturing spaces, including in San Francisco (see

Attachment 20). OED could explore the feasibility of such a model as may apply to the food sector for the City of Berkeley.

- **Provide technical assistance offerings to food and beverage MWD businesses.**

Food and beverage MWD businesses would benefit from a single source of technical assistance related to securing capital, identifying space, and other sector-specific needs. The nonprofit organization SFMade fills this role for manufacturers based in San Francisco; unfortunately no corresponding agency exists to serve the East Bay. The City could engage in conversations with other East Bay municipalities, Alameda County Small Business Development Center, and other potential partners to determine how to meet that need. OED can also conduct outreach regarding the City's Revolving Loan Fund aimed specifically at small food and beverage manufacturers with high growth potential.

OED could also develop a simple guide to the permitting and licensing process specifically for food and beverage producers, including local and state regulations.

- **Support the development of a network of food and beverage manufacturers, wholesalers and distributors.**

The Berkeley Restaurant Alliance claims over 150 members and the East Bay Vintners Alliance has 20 members. However, no corresponding association of food and other beverage manufacturers currently exists. The City or a partner agency could convene these businesses once or twice per year – initially, to share the results of this report – and see if there is interest in establishing a network.

- **Encourage and enable City of Berkeley departments and partner agencies to, when possible, direct food purchasing power toward local firms.**

Berkeley's Food and Nutrition Policy, adopted by Council in 2001, includes guidelines for values-based food procurement. Staff or City partners could review the City's current food procurement practices and identify products and services offered by local firms that may be of interest, with the goal of increasing Berkeley's levels of local procurement.

ENVIRONMENTAL SUSTAINABILITY

Food and beverage MWD businesses play a critical role in getting whole foods and their value-added products from farm to table. They are an essential ingredient in a robust local food system. The environmental benefits of locally produced foods may include shorter transit distances and therefore reduced greenhouse gases. In addition, to the extent that local food is produced using sustainable methods, the further it contributes to reduced energy use and emissions. The opportunities outlined above have the potential

to promote the environmental sustainability goals of the City of Berkeley, especially the Council's specific goal to "increase access to healthy, affordable food produced locally."

POSSIBLE FUTURE ACTION

The Office of Economic Development will convene food and beverage manufacturers, wholesalers and distributors to share these findings, gather feedback and discuss possible industry actions. OED will also continue to support this industry on an ad hoc basis as opportunities arise. Finally, Council should consider whether any of the policy ideas or programs described above warrant further research and direct staff accordingly.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

An expansion of the food and beverage manufacturing, wholesale and distribution sector in Berkeley has the potential to generate revenue from increased sales, job creation and associated economic benefits. While it is difficult to develop specific projections at this time, staff hopes to assist the continued strong growth of economic activity in this sector.

CONTACT PERSON

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ATTACHMENTS

1. "Spring's Opening Act: Mark Bittman Revels in California Produce" (Mark Bittman, *NY Times*, 3/17/15)
2. "In Berkeley's Warehouses, Foodies Find a New Home" (Eric Smillie, *NY Times*, 3/19/15)
3. Bay Area Food Manufacturing Employment by County, 1990-2012
4. Primary Target Market for Berkeley Food and Beverage MWD Businesses
5. Location of Berkeley Food and Beverage MWD Businesses' Primary Ingredient Suppliers
6. Food and Beverage MWD Occupations and Wages
7. Social and Environmental Practices of Berkeley Food and Beverage MWD Businesses
8. City of Berkeley Food and Nutrition Policy
9. Berkeley Food and Beverage MWD Businesses, by Type
10. Berkeley Food and Beverage MWD Businesses, by Type (Detailed)
11. Number of Food and Beverage MWD Businesses in Berkeley, 1998-2014
12. Number of Food and Beverage MWD Employees in Berkeley, 1998-2012
13. Size (by Employee Count) of Berkeley Food & Beverage MWD Businesses, 1998 & 2012
14. Berkeley Food & Beverage MWD Businesses by Age, 2014
15. Map of Berkeley Food & Beverage MWD Businesses
16. Top Reasons Food and Beverage MWD Businesses Locate in Berkeley
17. Challenges for Berkeley Food and Beverage MWD Businesses
18. East Bay Industrial and Warehouse Market Statistics, Q1 2014

19. Likelihood of Food & Beverage MWD Businesses to Stay in Berkeley When They Expand
20. "How SFMade is Expanding San Francisco's Manufacturing Space" (Annie Sciacca, *San Francisco Business Times*, 4/21/15)

ATTACHMENT 1

The New York Times | <http://nyti.ms/1Gk2yMZ>

FOOD

Spring's Opening Act

Mark Bittman Revels in California Produce

By **MARK BITTMAN** MARCH 17, 2015

BERKELEY, Calif. — Back in the '80s, I resented the existence of Meyer lemons and anyone who championed them. Those groovy Bay Area people would write recipes calling for Meyer lemons, as if anyone could find them, and insist that a regular lemon just wouldn't do.

Now I have a Meyer lemon tree growing outside my kitchen door. My friends come and take 10 at a time, and there are still 100 lemons left.

And actually, they are amazing, with an oily orange fragrance. But this isn't a story about lemons. Rather, it's about me, and Berkeley, where people leave boxes of Meyer lemons on the sidewalk because they have too many.

I struggled over whether to even write this; you may hate me for having drunk the kombucha. My only defense is that it's all true, and thankfully, people here think I'm a cranky New Yorker — you can take the boy out of New York, etc. (And by the way, I don't drink kombucha.)

And yet. Here I am. Even as I write, the sun is on my face and I can see my lemon tree. (For those of you in the Midwest and Northeast who have suffered through this difficult, even record-setting winter — hello, Boston! — I say: Take heart. Spring begins on Friday and the peas you may be lusting after are on the way.)

How I got to Berkeley and what will happen here is a long and developing story, but let's stick to the food: When I arrived in January, a friend and I

walked to the local store, a sort of fruit-and-vegetable paradise of a small supermarket, which boasts among other things a mushroom aisle. Ever since, I have been buying wild black trumpet mushrooms whenever the mood strikes, which is often.

But I'm getting ahead of myself. Within 40 minutes of getting here I was standing in this store, **Monterey Market** — a local institution I had never heard of — with my mouth open.

I'd arrived in cooks' heaven.

The mushrooms were one thing; there were also a dozen varieties of tangerines, ranging from kumquat-size to almost as big as grapefruits. There were an equal number of oranges (including the superior Cara Cara) and sweet limes and, yes, Meyer lemons. There were fresh chickpeas and shishito peppers, red carrots and a dozen different turnips and radishes, Little Gem lettuces along with probably 40 other edible greens (including things I didn't even know had edible greens, like fava beans). There was spectacular romanesco broccoli piled high, and cauliflower of every color imaginable. There was also bread that, less than a mile away, people stand in line for; here, you just pick it up and buy it.

And there was chervil. Which, I don't know, I never even see when it's supposed to be in season back East. You scramble an egg with chervil and basically you're happy.

Much of this stuff was organic, and much of it was local, from an hour or so away. And some of it was from Mexico and neither organic nor superior, though the fact that there were six or eight different kinds of eggplants was pretty impressive.

That was the dead of winter. I won't go on about the four farmers' markets each week within a quick bike ride — yes, I have a bike — or how many residents rave about Berkeley Bowl (the ultimate supermarket), to which I've been exactly once.

Now that it's just about spring, things are starting to become interesting. The jasmine and the wisteria are in bloom; the magnolias, almost over. The place is a riot of color. I walk around gaping, looking like those people in New

York craning their necks to see the top of some random building on Sixth Avenue.

Most of the produce I mentioned above is still available. I asked someone when the citrus went away and she said: “Oh, around the time the apricots come. May, I guess.” There are more greens and more herbs, of course, and now we have asparagus from several sources and spring onions. And peas and artichokes, though not the best ones yet.

Let’s pause and think about the asparagus and onions for a second: They both beg to be grilled or roasted. And so I did both, within short order. I thought of some fried spring onions I’d had at Chez Panisse a few days earlier and tackled those when a friend came over for a glass of wine; nice and easy. I roasted a couple of pounds of asparagus and ate them, alone, over a couple of days, just making use of them. My favorite was a simple frittata of roasted asparagus, and frankly, my uber-favorite was that frittata in a sandwich.

I remembered a bowl of grilled Little Gems with a kind of pea stew on top that I’d had at Camino in Oakland last year, and I called Russ Moore, the chef there, and asked how to make those. I was too lazy to grill that day, and so I cooked the lettuce on top of the stove; that was fine, and the dish was as lovely as it sounds. I made it again the next night, with some chicken stock, and added pasta to the stew — and flipped out.

There was a party the other day, and there we were, 30 people standing in a backyard grilling onions and asparagus. I thought of a time I had done that same thing, in Catalonia, at an annual festival called the Calçotada. To my delight, this was equally unpretentious. People had made romesco; others were grilling the vegetables by the dozen. We peeled the charred parts off the onion and dipped them in the sauce, then ate them like oysters — straight in the mouth. The asparagus burst with juice as none I’ve ever had.

Honestly? I’ve never had more fun cooking. Or eating. I didn’t want to write this piece; it’s almost humiliating to hear myself talk this way. But there it is. I’m in Berkeley. I’m lucky to be here. I may stay.

Though I swear I’ll never write a recipe calling for Meyer lemons.
Recipes: English Peas With Grilled Little Gems, Green Garlic and Mint |

Deep-Fried Spring Onions | Roasted Asparagus Frittata | More Spring Recipes

More recipes can be found on **NYT Cooking**, the recipe resource of The New York Times, where you can browse, search and save more than 16,000 recipes. You can also sign up for our regular **Cooking email newsletter**, and download the **iPad app**. **Sign up** to receive the NYT Living newsletter, a weekly roundup lifestyle news from the Style, Travel, Food and Home sections delivered to your inbox.

A version of this article appears in print on March 18, 2015, on page D7 of the New York edition with the headline: Spring's Opening Act.

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ATTACHMENT 2

The New York Times | <http://nyti.ms/1GtgYKF>**TRAVEL**

In Berkeley's Warehouses, Foodies Find a New Home

MARCH 19, 2015

Surfacing

By **ERIC SMILLIE**

West Berkeley's warehouse district has long been known for high-end lumberyards, tile shops and other stores serving creative homeowners, a kind of D.I.Y. answer to the upscale showrooms of San Francisco's Design District. Recently, the area's large, relatively affordable spaces have begun attracting a different creative crowd: innovative culinary entrepreneurs looking to spread their wings. Even some big boys are jumping in. Last June, the Bay Area-based specialty chocolatier TCHO moved its headquarters to a 49,000-square-foot facility here. This new wave of good food purveyors is making the neighborhood a draw for foodies as well as design lovers.

Iyasare

The chef Shotaro Kamio opened this intimate spot in late 2013, inspired by the cuisines of Japan's mountainous Tohoku region, where he grew up. The cod poached in sweet miso artfully balances buttery and delicate flavors.

1830 Fourth Street; 510-845-8100; iyasare-berkeley.com.

The Rare Barrel

In a warehouse fronted by a tasting room done up in white subway tile, this three-year-old brewery is one of a handful in the country dedicated solely to sour beer. The dry tartness serves as a backdrop for unusual flavorings like

zesty lemon peel, grassy green tea or fresh raspberries, which come through with stunning clarity.

940 Parker Street; 510-984-6585; therarebarrel.com.

Standard Fare

At this high-minded takeout restaurant, diners order ahead or drop in to choose from a menu of elegantly simple dishes made from local, seasonal ingredients, like albacore confit with roasted pepper salsa and fresh shell beans. The chef, Kelsie Kerr, packs the meals, which are picked up or delivered, in reusable ceramic dishes.

2701 Eighth Street No. 118; 510-356-2261; standardfareberkeley.com.

Builders Booksource

Homes and hobbies are the focus of this shop. Its outstanding collection of beautiful design tomes and how-to guides covers topics like plotting a tiny house and building the ultimate woodworking bench.

1817 Fourth Street; 800-843-2028; buildersbooksource.com.

Artis Coffee

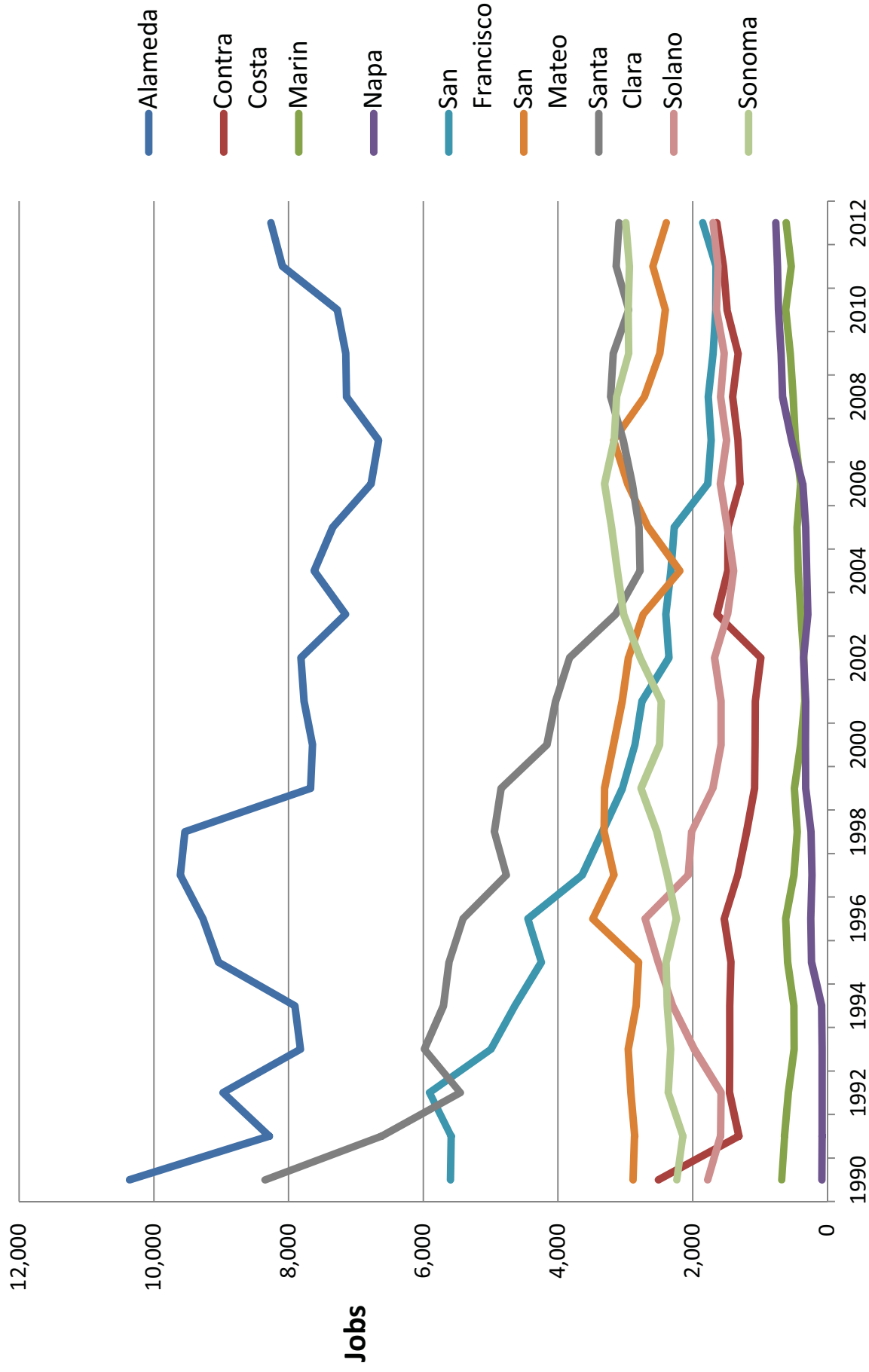
This year-old cafe flanked by boutiques doesn't just brew cups of single-origin coffee to order, it also custom-roasts half a dozen varieties of raw beans on the spot to suit patrons' flavor preferences and satisfy their desire for freshness.

1717B Fourth Street; 510-898-1104; artiscoffee.com.

A version of this article appears in print on March 22, 2015, on page TR13 of the New York edition with the headline: A Haven for Foodies and Design Mavens.

Attachment 3

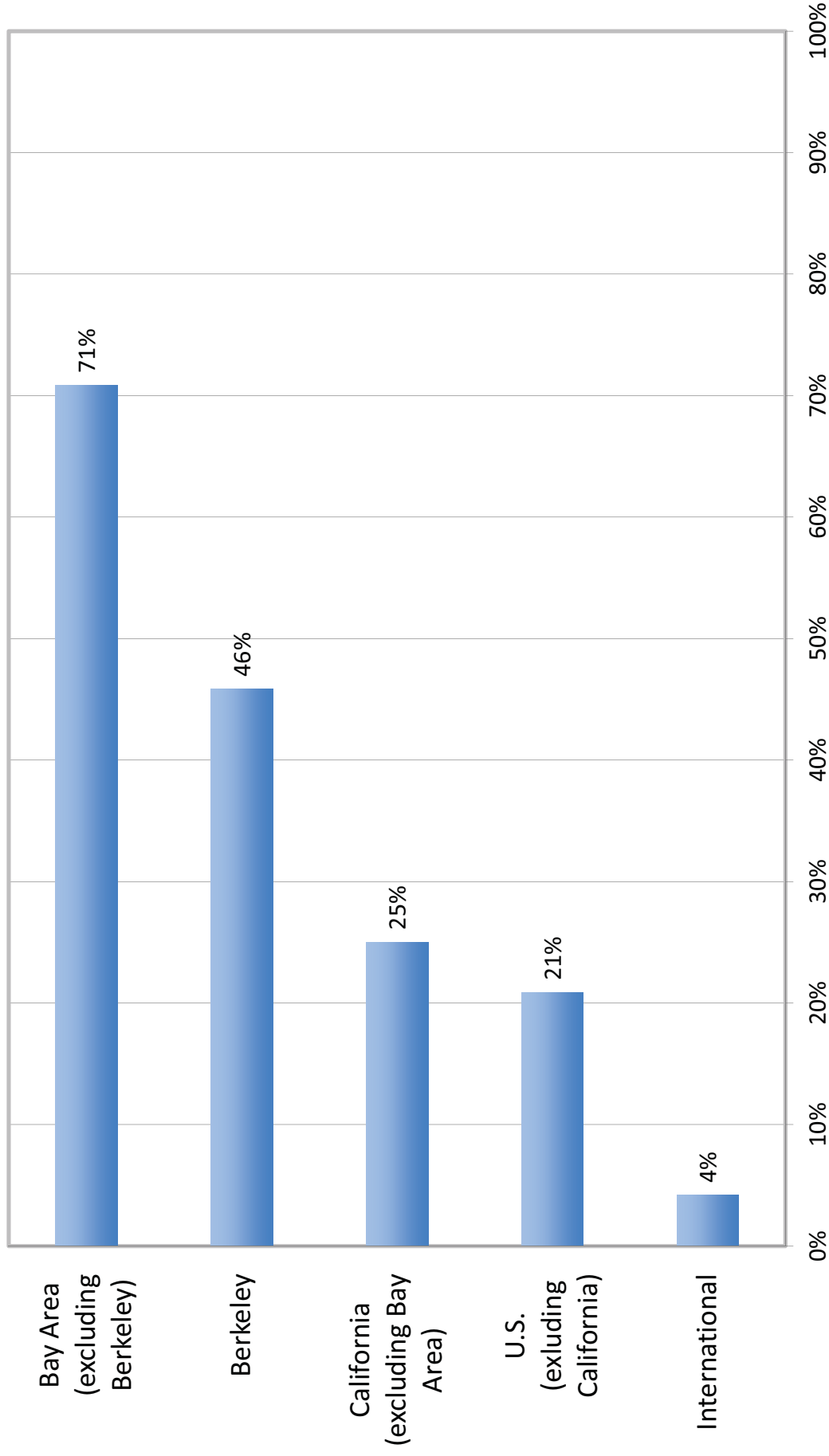
Bay Area Food Manufacturing Employment by County, 1990 to 2012



Source: US Census Bureau, County Business Patterns

Attachment 4

Primary Target Market for Berkeley Food and Beverage MWD Businesses

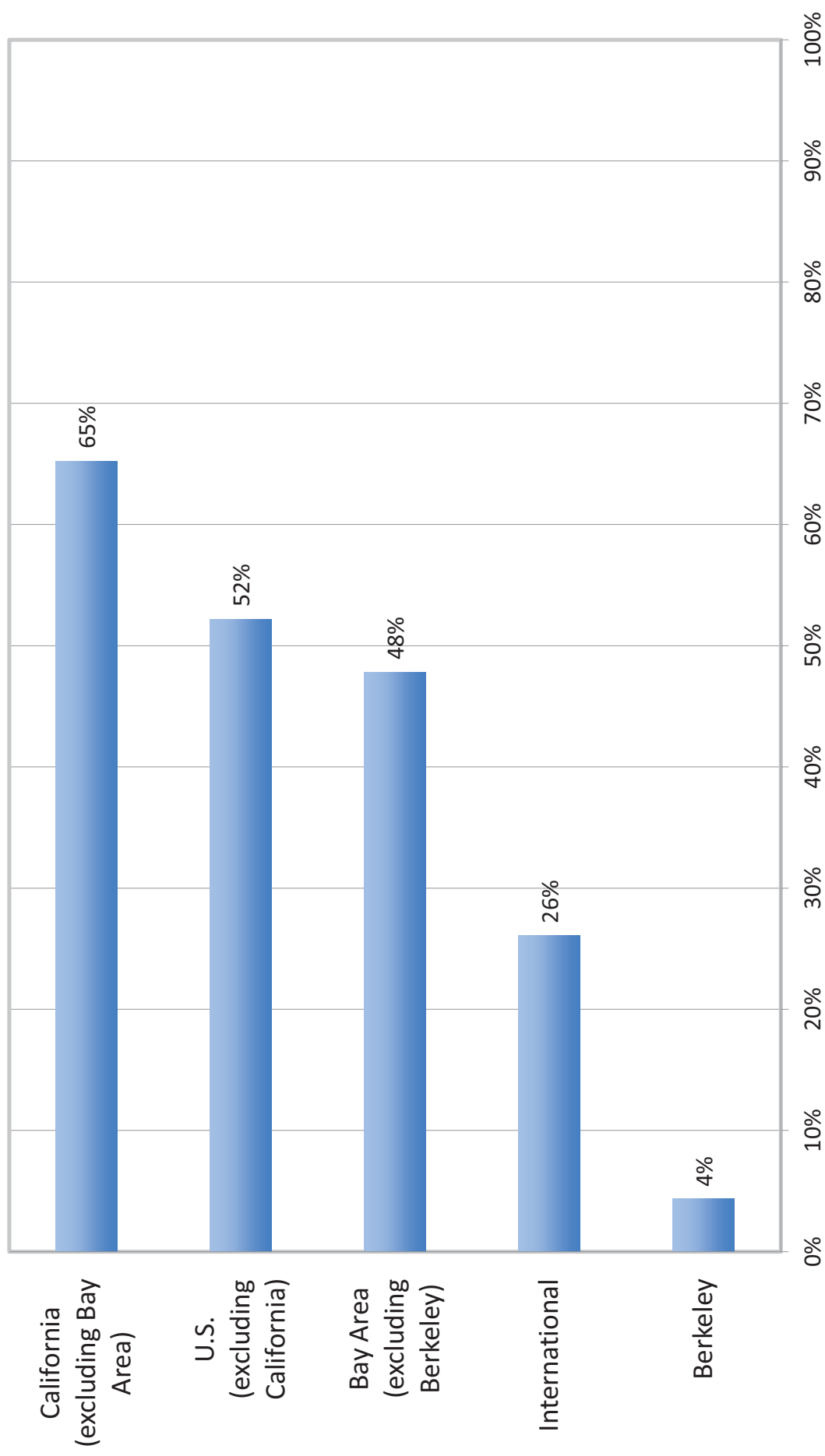


Source: City of Berkeley, Office of Economic Development: Survey of Businesses, Spring 2015

Note: Multiple selections allowed, n=24

Attachment 5

Location of Berkeley Food and Beverage MWD Businesses' Primary Ingredient Suppliers



Source: City of Berkeley, Office of Economic Development: Survey of Businesses, Spring 2015
Note: Multiple selections allowed, n=23

Food & Beverage MWD Occupations and Wages

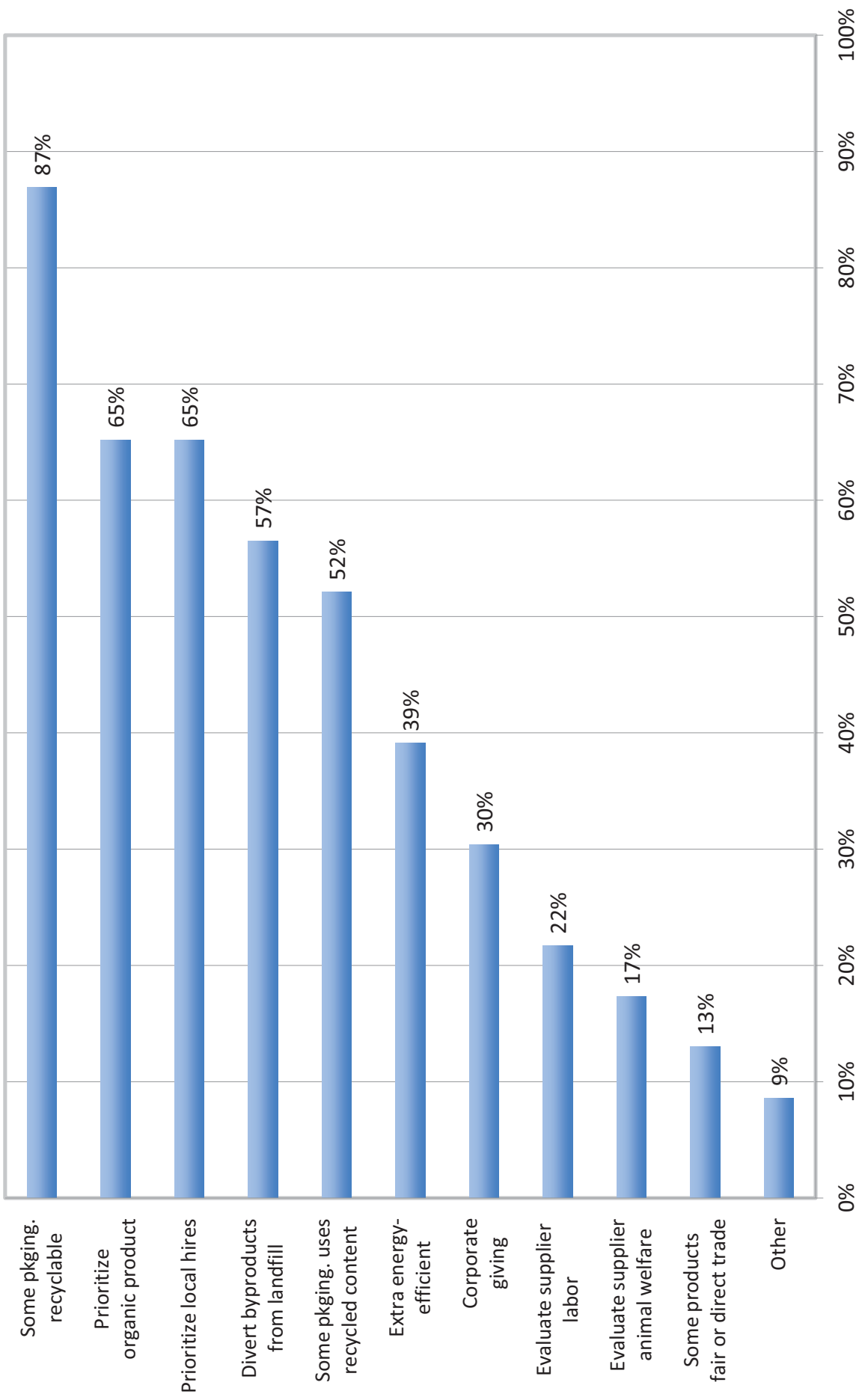
Occupational Title	Median Hourly Wage	Avg. Annual Wage	Percentile (All Occs.) ¹	Percentile (Personal Care & Svc. Occs.) ²
Manufacturing - Production				
First-Line Sups of Production & Operating	\$33.36	\$71,680	50 ≤ 75	> 75
Separating, Filtering... & Still Machine	\$27.60	\$57,826		
Inspectors, Testers, Sorters, Samplers, &	\$20.64	\$46,472	25 ≤ 50	
Butchers & Meat Cutters	\$16.36	\$34,752		
Food Roasting, Baking, Drying Machine	\$16.10	\$34,427		
Bakers	\$14.72	\$31,103	<25	50 ≤ 75
Helpers, Production Workers	\$13.69	\$30,636		
Production Workers, All Other	\$13.38	\$31,876		
Food Batchmakers	\$13.37	\$29,243		
Packaging & Filling Machine Operators,	\$12.50	\$31,764		
Meat, Poultry, & Fish Cutters, Trimmers	\$11.29	\$25,625		
Food Cooking Machine Operators, Tenders	\$11.28	\$25,218		
Food Processing Workers, All Other	\$11.11	\$24,507		
Manufacturing, Wholesale & Distribution - Business Support				
First-Line Sups of Office & Admin Support	\$29.09	\$63,276	50 ≤ 75	> 75
Sales Reps - Wholesale & Mfg (Except Tech,	\$28.89	\$69,965		
Buyers & Purchasing Agents, Farm Products	\$27.77	\$87,717		
Wholesale & Retail Buyers - Except Farm	\$24.68	\$56,735		
Bookkeeping, Accounting, Auditing Clerks	\$21.35	\$45,222	25 ≤ 50	
Secretaries, Admin Assistants - Except Legal,	\$20.44	\$42,984		
Billing, Posting Clerks, Machine Operators	\$19.98	\$41,779		
Customer Service Reps	\$19.51	\$42,771		
Order Clerks	\$17.99	\$39,440		
Shipping, Receiving, Traffic Clerks	\$15.96	\$34,245		
Stock Clerks, Order Fillers	\$12.30	\$29,598	<25	50 ≤ 75
Weighers, Measurers, Checkers, Samplers,	\$11.88	\$31,532		25 ≤ 50
Demonstrators, Product Promoters	\$10.92	\$24,652		
Wholesale & Distribution - Transportation				
Transportation, Storage, Distribution Manager	\$46.84	\$106,769	> 75	> 75
First-Line Sups of Material-Moving Machine, Vehicle Operators	\$31.62	\$67,499	50 ≤ 75	
First-Line Sups of Helpers, Laborers, Material	\$24.39	\$53,078	25 ≤ 50	
Heavy, Tractor-Trailer Truck Drivers	\$21.26	\$46,219		
Industrial Truck, Tractor Operators	\$20.93	\$48,099		
Light Truck, Delivery Services Drivers	\$15.28	\$36,320	≤ 25	50 ≤ 75
Laborers & Freight, Stock, Material Movers	\$13.50	\$31,442		25 ≤ 50
Driver, Sales Workers	\$13.26	\$30,731		
Packers, Packagers (Hand)	\$10.59	\$24,095		
Cleaners of Vehicles, Equipment	\$9.97	\$25,396		

¹ Median hourly wage for all occupations in Oakland-Fremont-Hayward Metropolitan Division is \$22.64. 25th percentile is \$13.75; 75th is \$37.32.

² Median hourly wage for all personal care and service occupations is \$10.95. 25th percentile is \$9.10; 75th is \$14.80.

Attachment 7

Social and Environmental Practices of Food and Beverage MWD Businesses in Berkeley



Source: City of Berkeley, Office of Economic Development: Survey of Businesses, Spring 2015

Note: Multiple selections allowed, n=23

ATTACHMENT 8

EXHIBIT A

City of Berkeley Food And Nutrition Policy

Purpose

The purpose of the City of Berkeley Food and Nutrition Policy is to help build a more complete local food system based on sustainable regional agriculture that fosters the local economy and assures that all people of Berkeley have access to healthy, affordable, and culturally appropriate food.

Responsibilities

The City Council recognizes the opportunity to contribute to the conditions in which optimal personal, environmental, social, and economic health can be achieved through a comprehensive food policy. The City Council also recognizes that the sharing of food is a fundamental human experience; a way of nurturing and celebrating diverse cultures, thereby building community and strengthening inter-generational bonds.

Council will direct City staff, in collaboration with the Berkeley Food Policy Council and other community groups, to take the necessary steps within the resources available to work toward the achievement of the Food and Nutrition Policy goals in:

- ~~✍~~ City of Berkeley programs involving the regular preparation and serving of food and snacks in youth centers, senior centers, summer camp programs, City jail, and other similar programs.
- ~~✍~~ Food purchased by all City of Berkeley programs and staff for meetings, special events, etc.
- ~~✍~~ Other City-funded programs and sites interested in voluntary participation in policy implementation.

City staff from the Chronic Disease Prevention Program in the Public Health Division of the Department of Health and Human Services will coordinate the implementation of the Food and Nutrition Policy through the following activities: 1) promoting awareness of the policy and information on implementation strategies; 2) providing technical assistance to City programs working on implementation through collaboration with community groups and agencies such as the Food Policy Council; 3) monitoring implementation and reporting on progress; 4) coordinating outreach and education promoting voluntary participation in policy implementation to City residents, non-profit agencies, government agencies, businesses and other groups.

In addition, Council supports the City's role as a model promoter of healthy food and a sustainable and diverse food system and encourages other public agencies, private sector businesses, and non-profit agencies to adopt relevant portions of the policy.

Goals

1. Ensure that the food served in City programs shall, within the fiscal resources available:
 - ~~be~~ be nutritious, fresh, and reflective of Berkeley's cultural diversity
 - ~~be~~ be from regionally grown or processed sources to the maximum extent possible
 - ~~be~~ be organic (as defined by the United States Department of Agriculture (USDA) National Organic Program regulations) to the maximum extent possible
 - ~~be~~ not come from sources that utilize excessive antibiotics, bovine growth hormones, irradiation, or transgenic modification of organisms until such time as the practice is proven to enhance the local food system¹
2. Utilize a preventive approach to nutrition-related health problems.
3. Improve the availability of food to Berkeley residents in need.
4. Promote urban agriculture throughout the City.
5. Support regional small scale, sustainable agriculture that is environmentally sound, economically viable, socially responsible, and non-exploitative.
6. Strengthen economic and social linkages between urban consumers and regional small-scale farms.
7. Maximize the preservation of regional farmland and crop diversity.
8. Provide community information so residents may make informed choices about food and nutrition and encourage public participation in the development of policies and programs
9. Coordinate with other cities, counties, state and federal government and other sectors on nutrition and food system issues.

Strategies

A. Local and Regional Food Systems

1. Purchase fresh food from nearby and regional farms, gardens and food processors as a first priority, when affordable, readily available, and when quality standards are maintained.
2. Purchase prepared or processed foods from nearby, small businesses that procure ingredients from regional organic farmers and food processors to the maximum extent possible.
3. Support cooperatives, bartering, buying clubs, local currencies and other non-traditional payment mechanisms for purchasing regionally and sustainably grown food.

¹ While existing research indicates that food grown and processed utilizing these practices may have risks that are at acceptable levels for human consumption and there are some positive consequences of their use, it is the negative social and ecological consequences of the advancement of such technologies that prompt their exclusion in this policy.

4. Join with neighboring “food shed” municipalities, county governments and organizations in the purchase of agricultural conservation easements² in neighboring rural communities where feasible.
5. Promote ecologically sound food cultivation in public and private spaces throughout Berkeley.

B. Equitable Access to Nutritious Food

1. Increase access to affordable fruits, vegetables and healthy foods for all Berkeley residents through support of farmer’s markets, community supported agriculture, produce stands and other farm to neighborhood marketing strategies.
2. Promote neighborhood-based food production, processing, warehousing, distribution, and marketing.
3. Improve public transportation that increases access to food shopping, especially in highly transit dependent communities.
4. Assist low-income residents in accessing available emergency and subsidized food sources.
5. Where feasible, make City-owned kitchen facilities available to community-based groups to provide nutrition education and increased access to healthy foods for residents.

C. Public Policy

1. Advocate for food labeling laws, and request that federal and state representatives support legislation that will clearly label food products that have been irradiated, transgenically modified or have been exposed to bovine growth hormones.
2. Promote the use of the Precautionary Principle in agriculture and food issues to ensure the environment is not degraded and Berkeley residents are not exposed to environmental or health hazards in the production and availability of local foods.³
3. Work with media to offset unhealthy eating messages and to promote activities that alter public opinion in ways that will support policy initiatives that promote the public's health.
4. Support state and local initiatives, including research, which provide clear, concise, accurate, culturally appropriate messages about food and healthful eating patterns.
5. Advocate for federal and state programs that increase access to nutritious food for low-income residents.
6. Foster regional food production through support for initiatives that assist nearby farms, gardens, distributors and neighborhood stores.
7. Advocate for local, state and federal actions that support implementation of the City of Berkeley Food and Nutrition Policy.

² Purchase of agricultural conservation easement programs compensate property owners for permanently limiting non-agricultural land uses. Selling an easement allows farmers to cash in a percentage of the equity in their land, thus creating a financially competitive alternative to development. After selling an easement, the landowner retains all other rights of ownership, including the right to farm the land, prevent trespass, sell, bequeath or otherwise transfer the land.

³ In contrast to the Risk Management Principle that weighs hypothetical outcomes and determines hypothetical manageability of risk, the Precautionary Principle states that a practice must be proven to be safe in order to be allowed. Where risk is indeterminable and recall is questionable, as in the case of transgenically modified organisms and genetically engineered seeds and substances, the Precautionary Principle is becoming the standard of choice in policy development.

D. Public Outreach and Education

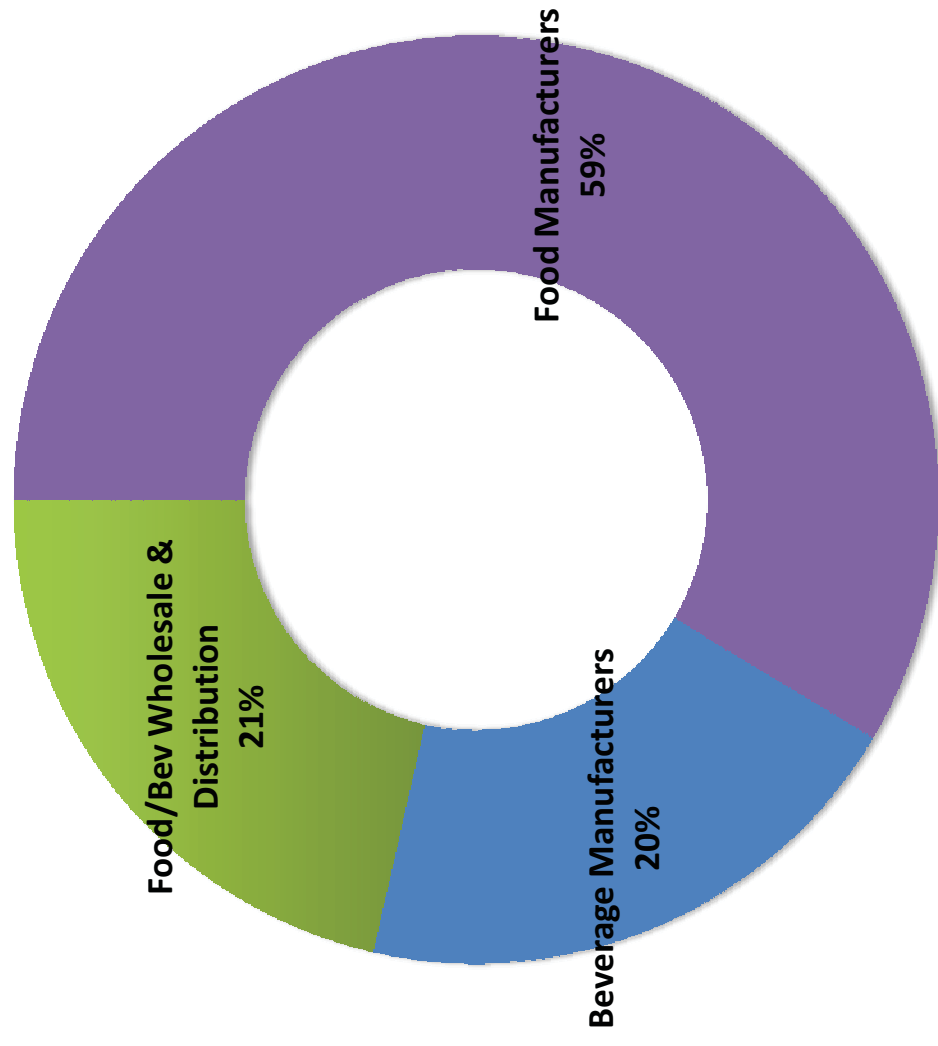
1. Conduct outreach to a wide range of stakeholders in the food system through support of regular public events such as festivals of regional food, resource guide on the regional food system, publicizing community supported agriculture (CSA) options, and farmer's markets.
2. Provide training to appropriate City staff on basic nutrition, nutrition education, and the benefits of organic and regional sustainable agriculture.
3. Provide accurate, ongoing, and culturally appropriate nutrition education messages to residents that are tailored to their individual needs and that consider the whole health of individuals, including emotional, mental and environmental health as well as social-well-being.
4. Increase resident skills in consumer literacy, reading labels, analyzing conflicting healthy eating and weight loss messages, meal planning, cooking, and shopping for nutritious foods.
5. Conduct citywide culturally specific social marketing activities promoting nutritious food choices.
6. Increase food system literacy among residents on issues such as the environmental and social impact of synthetic biocides (fungicides, pesticides, and herbicides), large-scale industrial farming, and patenting of life forms.
7. Provide training to residents and community groups in backyard, container, and rooftop gardening techniques.
8. Provide information to residents on the impact of open-air propagation of transgenically modified plants and the use of synthetic biocides.
9. Outreach to neighborhood stores to promote the availability of a variety of fresh, affordable regional and organic produce.

E. Berkeley Food Policy Council

1. The Berkeley Food Policy Council, a community group in existence since May, 1999, consisting of a wide range of Berkeley residents and agency providers and open to all interested persons, shall serve in an advisory capacity to the Department of Health and Human Services and City Council on food issues and provide a forum to discuss food-related topics of concern to the community.
2. The Berkeley Food Policy Council shall meet at least six times a year at hours convenient for public participation.
3. The Berkeley Food Policy Council will provide technical assistance to City programs, staff and community groups in the implementation of this Food and Nutrition Policy and subsequent recommendations.

Attachment 9

Berkeley Food & Beverage MWD Businesses, by Type



Source: Berkeley Business License Data (2013-2014)
Note: n=70

Attachment 10

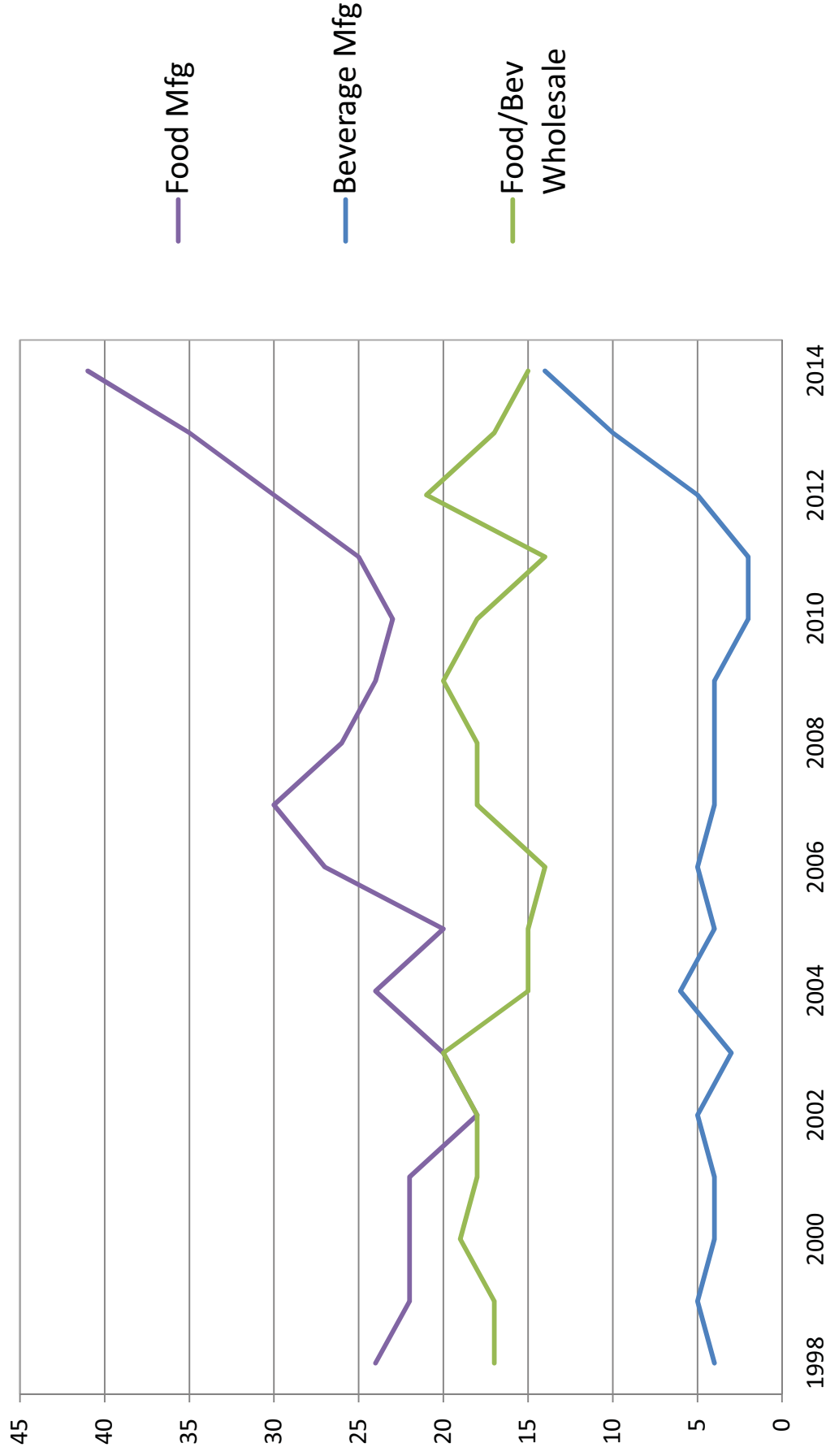
Berkeley Food & Beverage MWD Businesses, by Type (Detailed)

Food Manufacturers		Firms (#)	Employees (#)	Gross Annual Revenue	Revenue per Firm (Median, Avg.)	Years in Business (Median, Avg.)
Baked Goods		16	511	\$48.5 M	\$300 K, \$1.2 M	6 Yrs, 9 Yrs
Other*		10				
Sugar & Confectionery		5				
Fruit & Vegetable Preserving		5				
Dairy Product Manufacturing		4				
Animal Processing		1	162	\$22.5 M	\$375 K, \$1.6 M	2 Yrs, 7 Yrs
<i>Sub- Total</i>		41				
Beverage Manufacturers						
Breweries		7				
Wineries		5				
Distilleries		1				
Non-Alcoholic		1				
<i>Sub- Total</i>		14	118	\$44 M	\$490 K \$2.9 M	12 Yrs, 12 Yrs
Wholesale & Distribution						
Wine		7				
Other Grocery*		5				
General Line Grocery		1				
Meat		1	791	\$115 M		
Confectionery		1				
<i>Sub- Total</i>		15				
TOTAL		70	791	\$115 M		

*Other includes coffee, tea, prepared foods, spices, dry mixes, etc.

Attachment 11

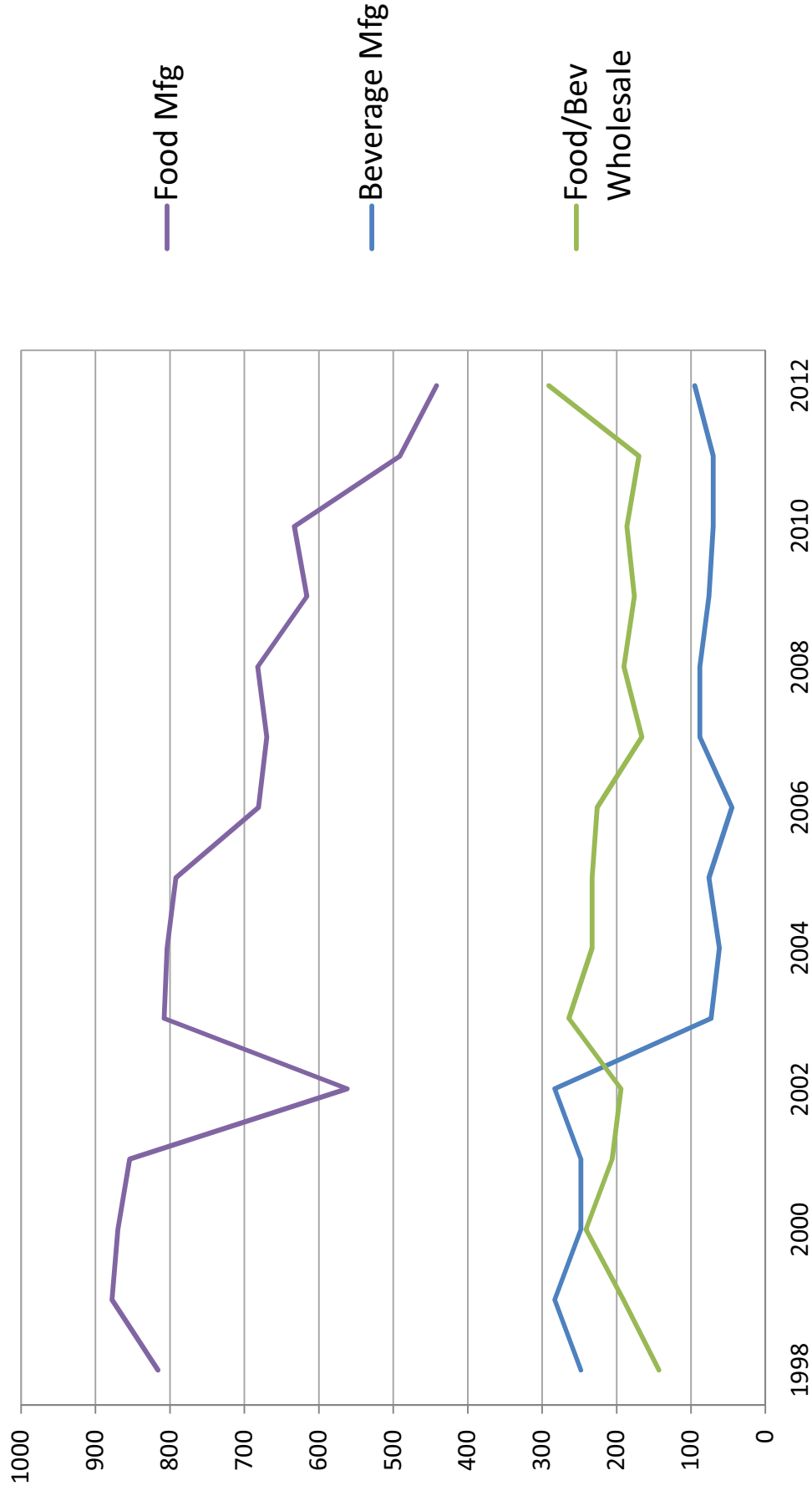
Number of Food & Beverage MWD Firms in Berkeley, 1998 - 2014



Source: County Business Patterns (1998-2012); Berkeley Business License Data (2013-2014)

Attachment 12

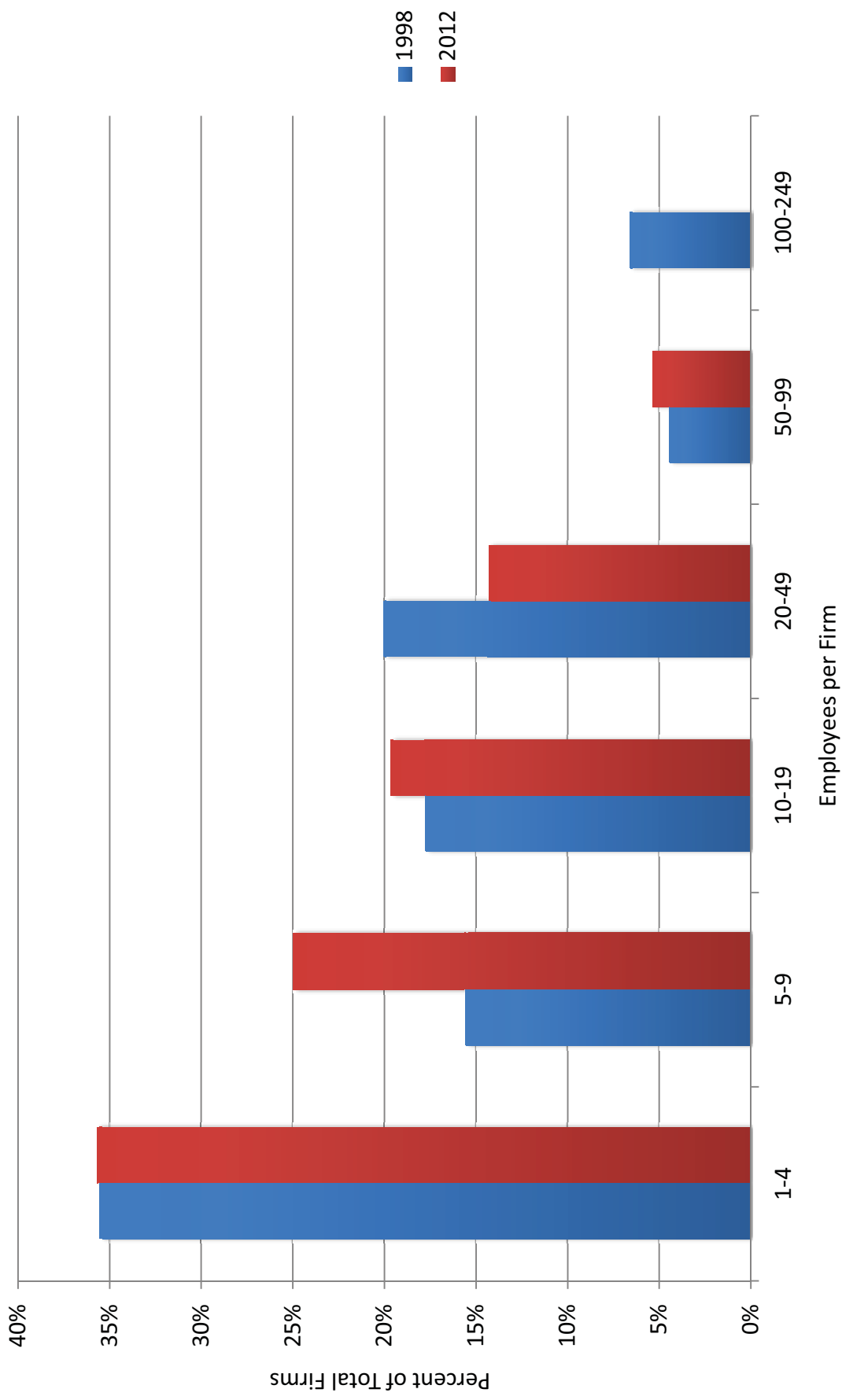
Number of Food & Beverage MWD Employees in Berkeley, 1998 -2012



Source: County Business Patterns (1998-2012)

Attachment 13

Size (by Employee Count) of Berkeley Food & Beverage MWD Businesses, 1998 & 2012

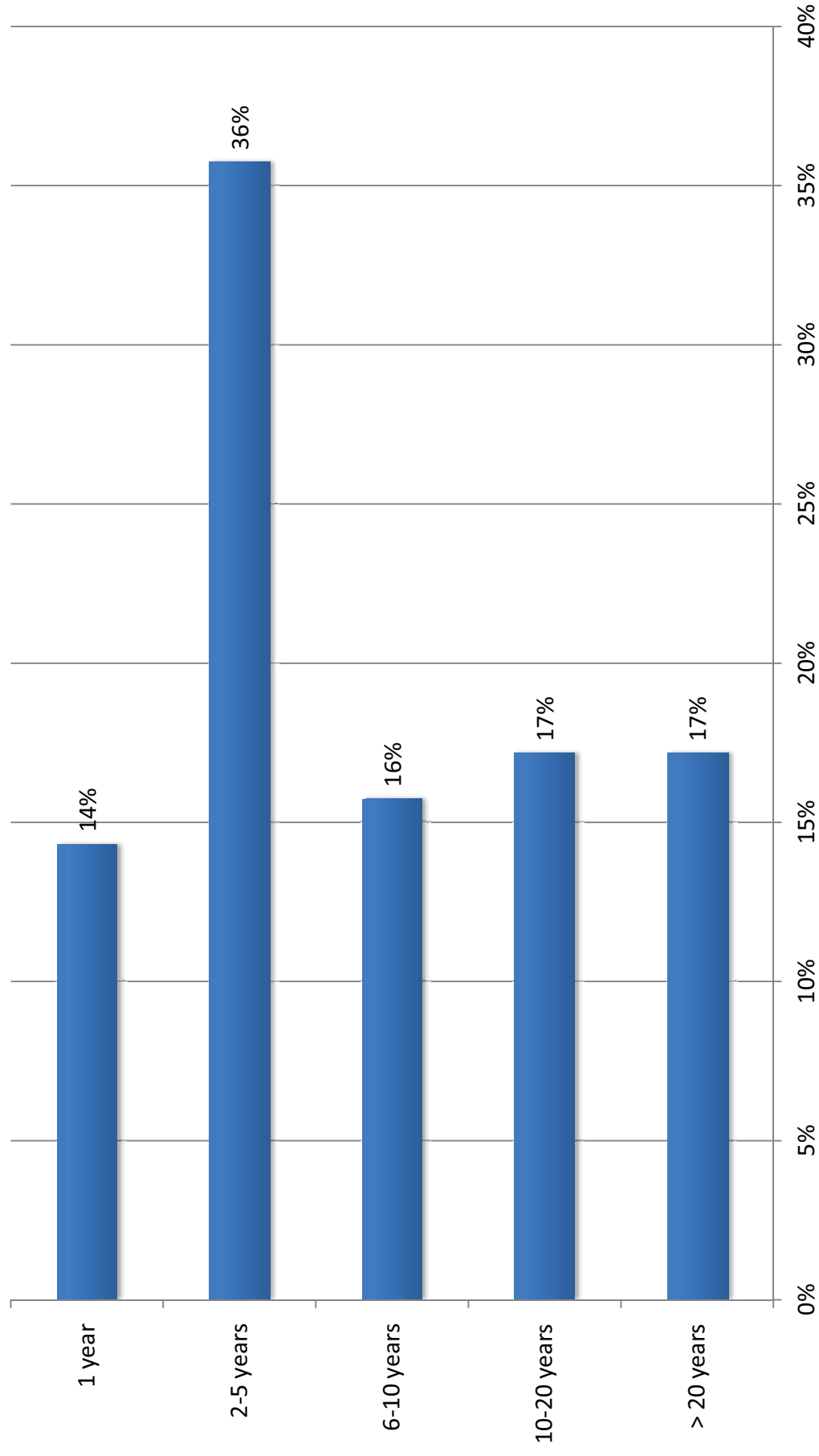


Source: County Business Patterns (1998-2012)

Note: n=45 in 1998; n=56 in 2012

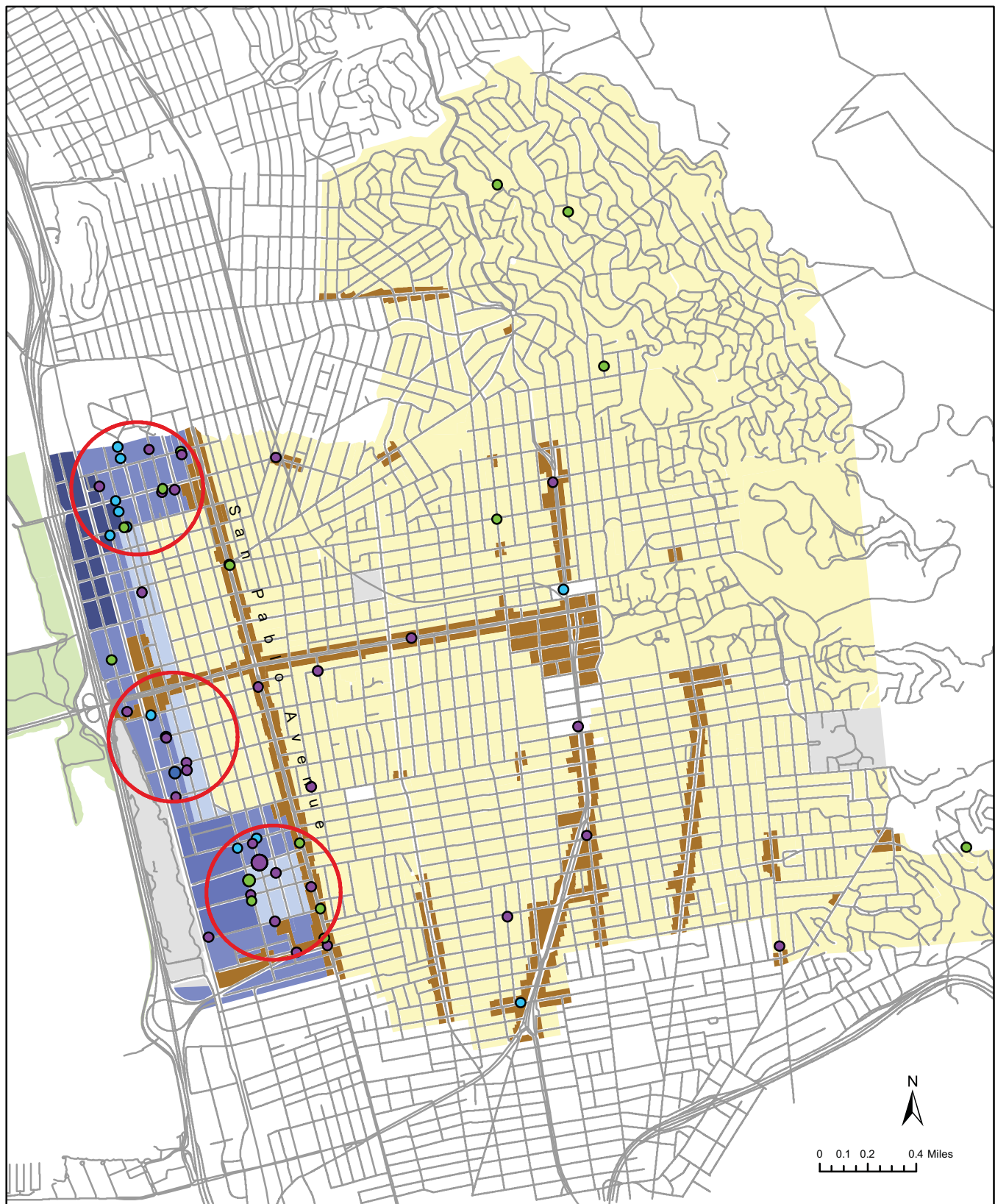
Attachment 14

Berkeley Food & Beverage MWD Businesses by Age, 2014



Source: Berkeley Business License Data
Note: n=70

Berkeley Food & Beverage MWD Businesses



Business Type

- Beverage Manufacturers
- Food Manufacturers
- Wholesale & Distrib. (Food & Bev)

Zoning

- Commercial
- Manufacturing

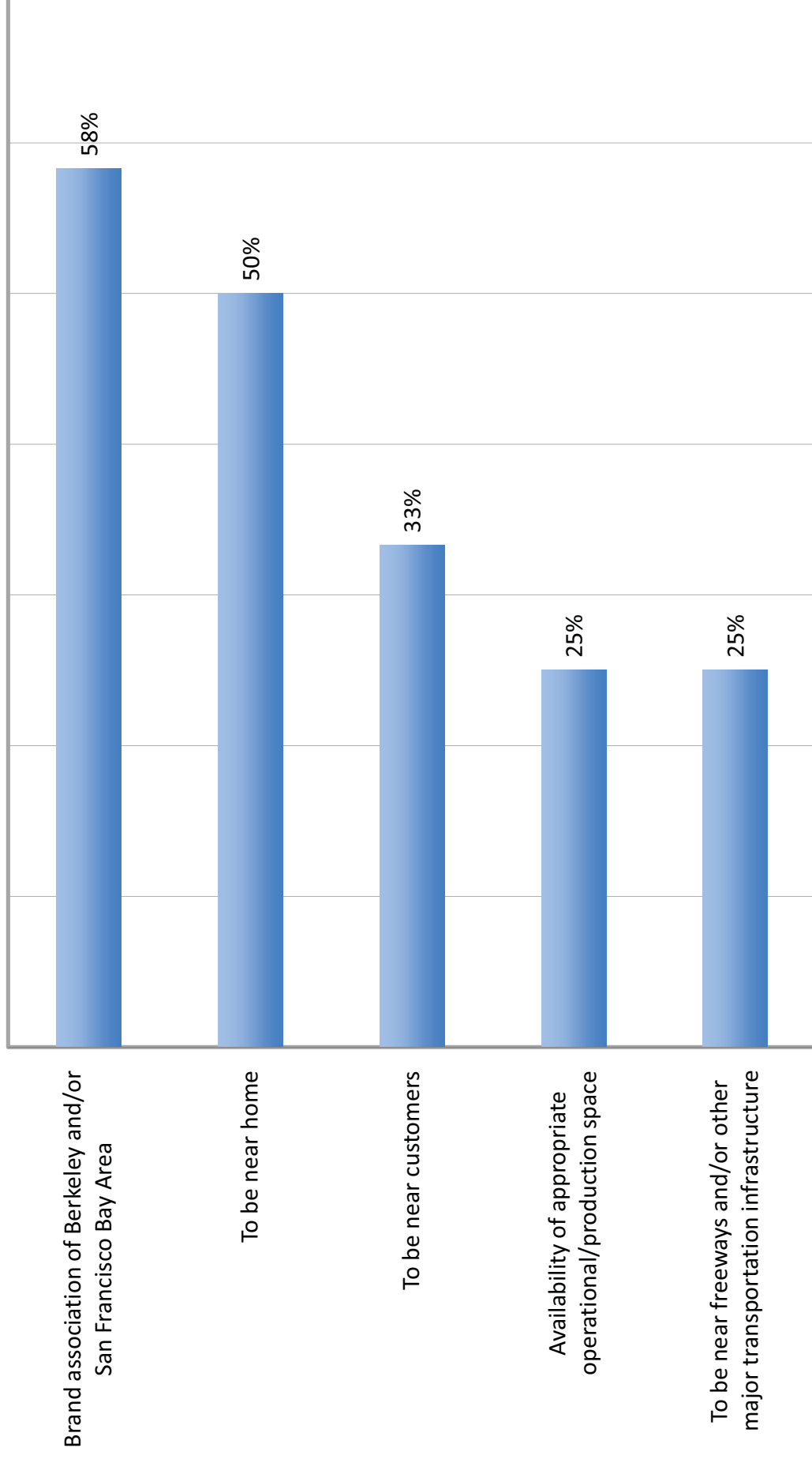
- Mixed Manufacturing
- Mixed-Use Light Industrial
- Mixed-Use Residential

- Residential
- Special Plan
- Unspecified

Source: Berkeley Business License Data, 2014; COB Dept. of Information Technology, 2015
 Note: Bigger dots indicate more than one business at a location.

Attachment 16

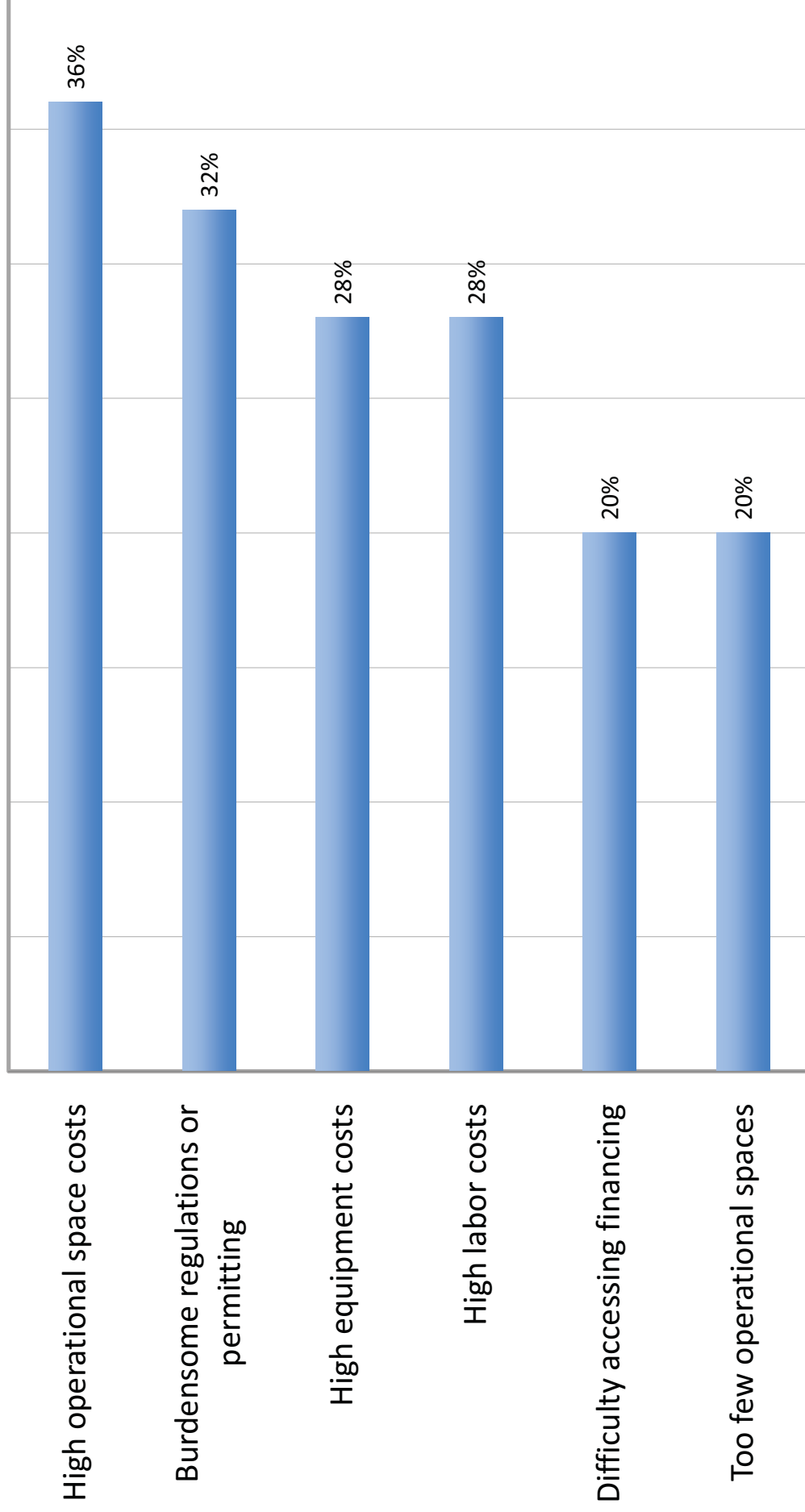
Top Reasons Food & Beverage MWD Businesses Locate in Berkeley



Source: City of Berkeley, Office of Economic Development: Survey of Businesses, Spring 2015
Note: Multiple selections allowed, n=24

Attachment 17

Challenges for Berkeley Food & Beverage MWD Businesses



Source: City of Berkeley, Office of Economic Development: Survey of Businesses, Spring 2015
Note: Multiple selections allowed, n=25

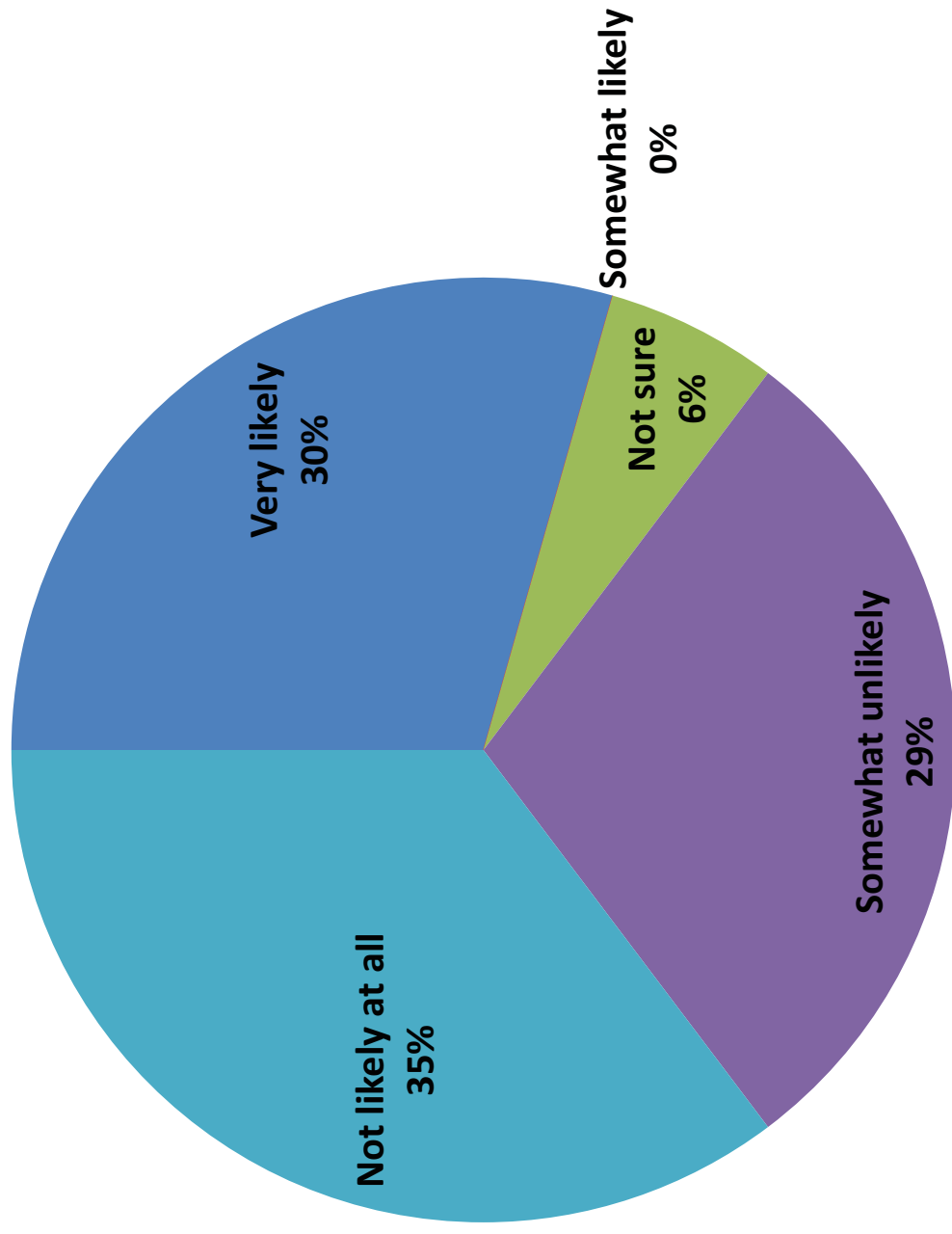
East Bay Market Statistics

City/Use	Number of Buildings	Inventory (SF)	Vacancy (%)			Availability (SF)		Gross Absorption (SF)	Net Absorption (SF)	Average Asking Rate (NNN)
			Overall	Direct	Sublease	Overall	Direct	Sublease		
BERKELEY										
Industrial	218	4,269,564	0.82%	0.82%	0.00%	35,157	35,157	-	51,080	\$0.99
Warehouse	27	672,848	1.89%	1.89%	0.00%	12,690	12,690	-	63,774	\$0.68
R&D	7	235,241	0.00%	0.00%	0.00%	-	-	-	-	-
TOTAL	252	5,177,653	0.92%	0.92%	0.00%	47,847	47,847	-	114,854	\$0.92
EMERYVILLE										
Industrial	116	2,586,133	1.82%	1.82%	0.00%	31,514	47,043	-	20,668	\$0.65
Warehouse	16	548,492	8.85%	7.05%	1.80%	48,565	38,665	9,900	30,116	\$0.54
R&D	5	141,623	0.00%	0.00%	0.00%	-	-	-	-	-
TOTAL	137	3,276,248	2.44%	2.62%	0.30%	80,079	85,708	9,900	50,784	\$0.60
HERCULES										
Industrial	13	288,726	0.00%	0.00%	0.00%	-	-	-	-	-
Warehouse	1	49,996	0.00%	0.00%	0.00%	-	-	-	-	-
R&D	23	235,637	2.91%	2.91%	0.00%	6,860	6,860	-	12,547	\$0.97
TOTAL	37	574,359	1.19%	1.19%	0.00%	6,860	6,860	-	12,547	\$0.97
OAKLAND										
Industrial	481	14,745,771	2.90%	1.33%	1.57%	427,282	195,782	231,500	40,500	\$0.50
Warehouse	543	16,986,470	6.04%	5.98%	0.06%	1,026,346	1,016,346	10,000	203,551	\$0.34
R&D	47	690,174	0.50%	0.50%	0.00%	3,456	3,456	-	-	\$0.83
TOTAL	1,071	32,422,415	4.49%	3.75%	0.74%	1,457,084	1,215,584	241,500	244,051	\$0.38
RICHMOND										
Industrial	214	7,326,403	11.27%	10.46%	0.81%	825,584	766,584	59,000	76,735	\$0.32
Warehouse	54	4,544,274	4.58%	4.58%	0.00%	208,018	208,018	-	53,000	\$0.37
R&D	44	1,390,804	12.88%	12.88%	0.00%	179,111	179,111	-	12,547	\$0.71
TOTAL	312	13,261,481	9.14%	8.70%	0.44%	1,212,713	1,153,713	59,000	142,282	\$0.39
TOTAL MARKET										
Industrial	1,042	29,216,597	4.57%	3.58%	0.99%	1,335,066	1,044,566	290,500	188,983	\$0.42
Warehouse	641	22,802,080	5.68%	5.59%	0.09%	1,295,619	1,275,719	19,900	350,441	\$0.35
R&D	126	2,693,479	7.03%	7.03%	0.00%	189,427	189,427	-	12,547	\$0.71
TOTAL	1,809	54,712,156	5.15%	4.59%	0.57%	2,820,112	2,509,712	310,400	551,971	\$0.40

Source: Cornish & Carey Commercial

Attachment 19

Likelihood of Food & Beverage MWD Businesses to Stay in Berkeley When They Expand



Source: City of Berkeley, Office of Economic Development: Survey of Businesses, Spring 2015
Note: Single selection allowed, n=17

ATTACHMENT 20

From the San Francisco Business Times

:<http://www.bizjournals.com/sanfrancisco/blog/2015/04/sfmade-manufacturing-space-sf-100-hooper-st-makers.html>

How SFMade is expanding San Francisco's manufacturing space

Apr 21, 2015, 1:55pm PDT Updated: Apr 22, 2015, 10:44am PDT



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It's expensive to build office space in San Francisco, but it can be even more challenging to build industrial space, and make it pencil, according to SFMade executive director [Kate Sofis](#).

That's why SFMade, which works to expand manufacturing in San Francisco, launched a sister nonprofit, PlaceMade a nonprofit real estate development initiative akin to an affordable housing developer.

Click on the photo to see renderings

See Also

- [Why one of Oakland's largest food manufacturers is leaving](#)
- [Why San Leandro has become a hotbed for makers](#)
- [Oakland industrial project snags major warehouse tenant](#)

Similar to affordable manufacturing space developers in other cities, such as Greenpoint Manufacturing out of Brooklyn, PlaceMade is focused on partnering with the city and with private sector developers to create industrial space. It also provides consulting support to developers or architects who need input on how best to design an industrial product suited for manufacturing.

"In this city we haven't focused on manufacturing in the past as much as other cities have," Sofis said. While zoning is effective, and there isn't a ton of encroachment on industrial space from other uses, the urgent need at the moment is simply for more space.

The demand for space has bakers and chocolatiers competing for space with businesses like repair shops, clothing makers and 3D printer manufacturers. Some are bootstrapping their money while others get investment, and the differences in products mean wildly different profit margins. That means bidding wars can knock out those with less cash flow.

"There is a shortage right now; rents are up 30 to 40 percent just in the past two years or so," [David Lai](#), a principal with Yosemite Investment LLC, [told the Business Times in September](#). That South San Francisco-based company develops and runs industrial space.

The first project to come from PlaceMade is the [56,000-square-foot multi-tenant industrial building that could be the first new manufacturing building in decades](#). Approved in January, more details on the project are emerging.

SFMade's "manufacturing foundry" is part of a three-building site at 100 Hooper St. in the Potrero Hill neighborhood. Currently a self-storage facility, SFMade's building, which is at 150 Hooper, would provide space for food producers, clothing makers and other startup manufacturers in the city.

Designed by Pfau Long Architecture, the building is the first project to take advantage of legislation sponsored by Supervisor [Malia Cohen](#) and Mayor [Ed Lee](#) that offers developers increased office space in exchange for dedicating a large portion of their buildings to manufacturing space.

The other buildings at 100 Hooper will connect via skybridges, making it a "campus-style" project, said [Daniel Murphy](#) of Urban Green Devco, which is developing the site.

In addition to the SFMade building, 100 Hooper will have another 90,000 square-feet of industrial space on the ground floor of the other two buildings, and the remainder — about 290,000 square-feet — will go to offices.

SFMade will own the manufacturing building outright, and it is pouring \$20 million into construction costs alone, Sofis said, adding that the number would be much higher if the organization was not partnering with a developer as it is.

Having its own manufacturing space will allow SFMade to further its effort to find space for startup manufacturers and pursue public subsidies, such as new market tax credit, that will allow it to ultimately lower the rent for the manufacturing spaces it rents out, Sofis said.

SFMade will rent out the spaces at a range of about \$15 to \$22 per square-foot — or less than \$2 per month per square-foot. Other industrial spaces with the site's proximity to downtown San Francisco are trending well above \$24 — in some cases, \$36 — per month, Sofis said.

The space will also provide around 200 manufacturing jobs, mostly for people in entry-level positions and from lower-income communities. And SFMade will have personnel in the building to provide consulting and resources for manufacturers.

There's been a flight of light industrial users to other cities with lower costs, Murphy said.

"We haven't had space to accommodate the growing industrial sector," he said. "This is a response to those trends."

While SFMade will continue to help its network of manufacturers find space, PlaceMade's focus will be on creating permanently affordable industrial space.

Some areas of the city are more ripe for industrial development than others. Areas like the

Dogpatch and the northeast portion of the Mission have vibrant manufacturing scene, including Rickshaw Bagworks, Heath Ceramics, and Timbuk2.

The lower Potrero area, where the Hooper buildings are, holds potential, too, Sofis said, as does the Bayview neighborhood. The key is adding density and building vertically on sites that make sense for manufacturing. The Bayview, for example, has spots that could be renovated for better uses or added to. There are a few self-storage facilities that could provide cross-subsidization needed for such projects, Sofis said. In other neighborhoods, office space makes more sense as a partner in developing this kind of space.

Construction on 100 Hooper will likely begin in the second half of this year, Murphy said, and will take about a year to build.

Annie covers hospitality & food.

