

Bay Area Food Economy

Existing Conditions and Strategies for Resilience

Fall 2017

Produced by Sustainable Agriculture Education (SAGE) and American Farmland Trust (AFT) for the Association of Bay Area Governments' (ABAG) Comprehensive Economic Development Strategy

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for the 2018 Ecological Farming Conference*

Vision

The Bay Area's extraordinarily rich and diverse food system is recognized and invested in as an integral part of our region's economic prosperity, environmental sustainability, social equity, regional identity, and vibrant cultural life.



Introduction and Overview

- **Purpose**

- Highlight contributions and vulnerabilities of agriculture and food sectors
- Implement strategies that strengthen contributions and address vulnerabilities
- Catalyze investment in critical sectors

- **Context**

- Bay Area Comprehensive Economic Development Strategy (CEDS) for ABAG

- **Aspiration**

- Development of a regional strategy program to facilitate collaboration, set benchmarks and stimulate investment

Defining the Bay Area Food Economy

- Cluster Analysis
- Foodshed Analysis



Table 1. Agricultural and Food-Related Industry Definitions and NAICS Codes

Food Production and Support Activities

- 111 Crop Production
- 112 Animal Production and Aquaculture
- 1151 Support Activities for Crop Production
- 1152 Support Activities for Animal Production

Manufacturing

- 311 Food Manufacturing (including animal food)
- 3121 Beverage Manufacturing
- 3253 Pesticide, Fertilizer, and Other Agricultural Product Manufacturing

Wholesale Trade

- 42382 Farm and garden machinery and equipment merchant wholesalers
- 4244 Grocery and Related Product Merchant Wholesalers
- 4245 Farm Product Raw Material Merchant Wholesalers
- 4248 Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers
- 42491 Farm Supplies Merchant Wholesalers
- 42493 Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers

Warehousing and Storage

- 49312 Refrigerated Warehousing and Storage
- 49313 Farm Product Warehousing and Storage

Retail Trade

- 445 Food and Beverage Stores
- 446191 Food (Health) Supplement Stores
- 454210 Vending Machine Operators
- 44422 Nursery, Garden Center, and Farm Supply Stores

Food Services

- 624210 Community Food Services
- 722 All Food Service and Drinking Places

Sources: North American Industry Classification System, 2012; AFT; BAE; SAGE, 2016.

Bay Area Ag and Food Economic Trends

- **Employment (2015)**

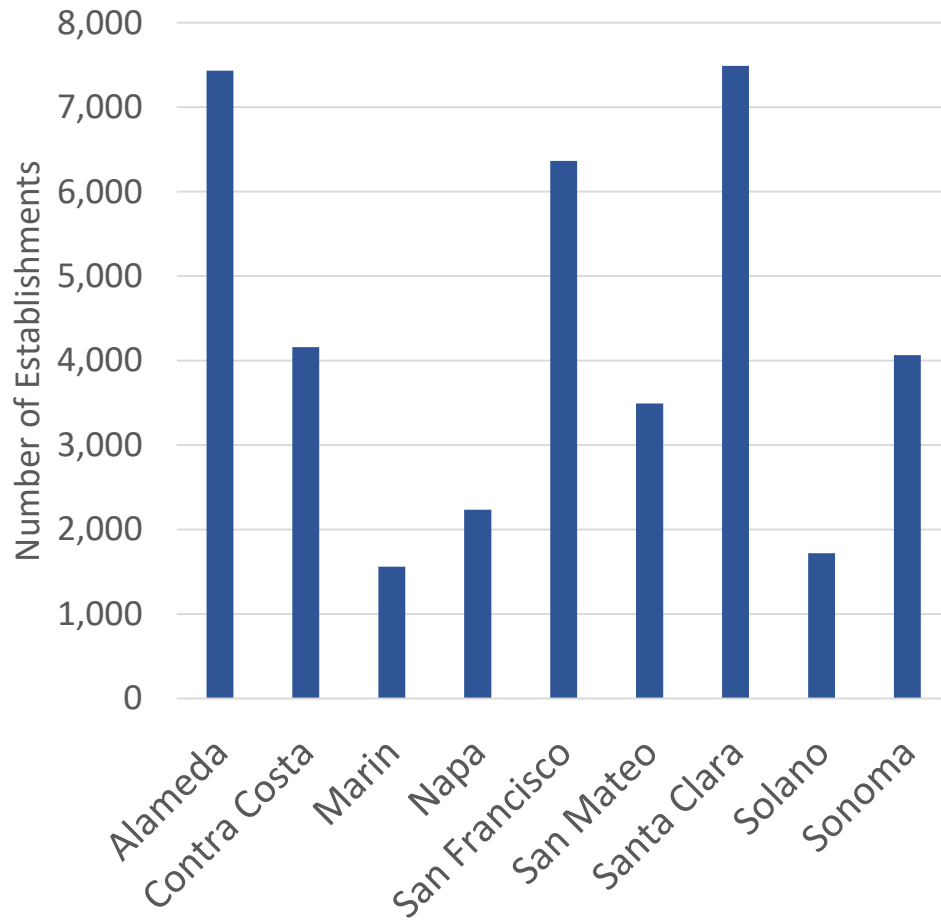
- Over 468,000 ag and food-related jobs
- 13% of the region's total employment
- Ag and food related employment grew 42% since 1995, almost double the growth rate for all jobs in the region

- **Wage**

- Average annual wage in ag and food sectors in 2015 was \$31,200
- 64% lower than average annual wage for all other industries
- Food service and drinking places jobs (62% of all ag and food employment) has by far the lowest wage - \$23,485
- Food and beverage retail jobs (17% of all ag and food employment) dropped 12% in average wages to \$32,338
- Food Production and Wholesale Trade jobs (~5% of all ag and food employment) both had wage increases of 19%
- While wages in all other industries doubled in the 20-year period, agricultural and food-related wages grew by only 11%

Economic Contributions by County

ESTABLISHMENTS



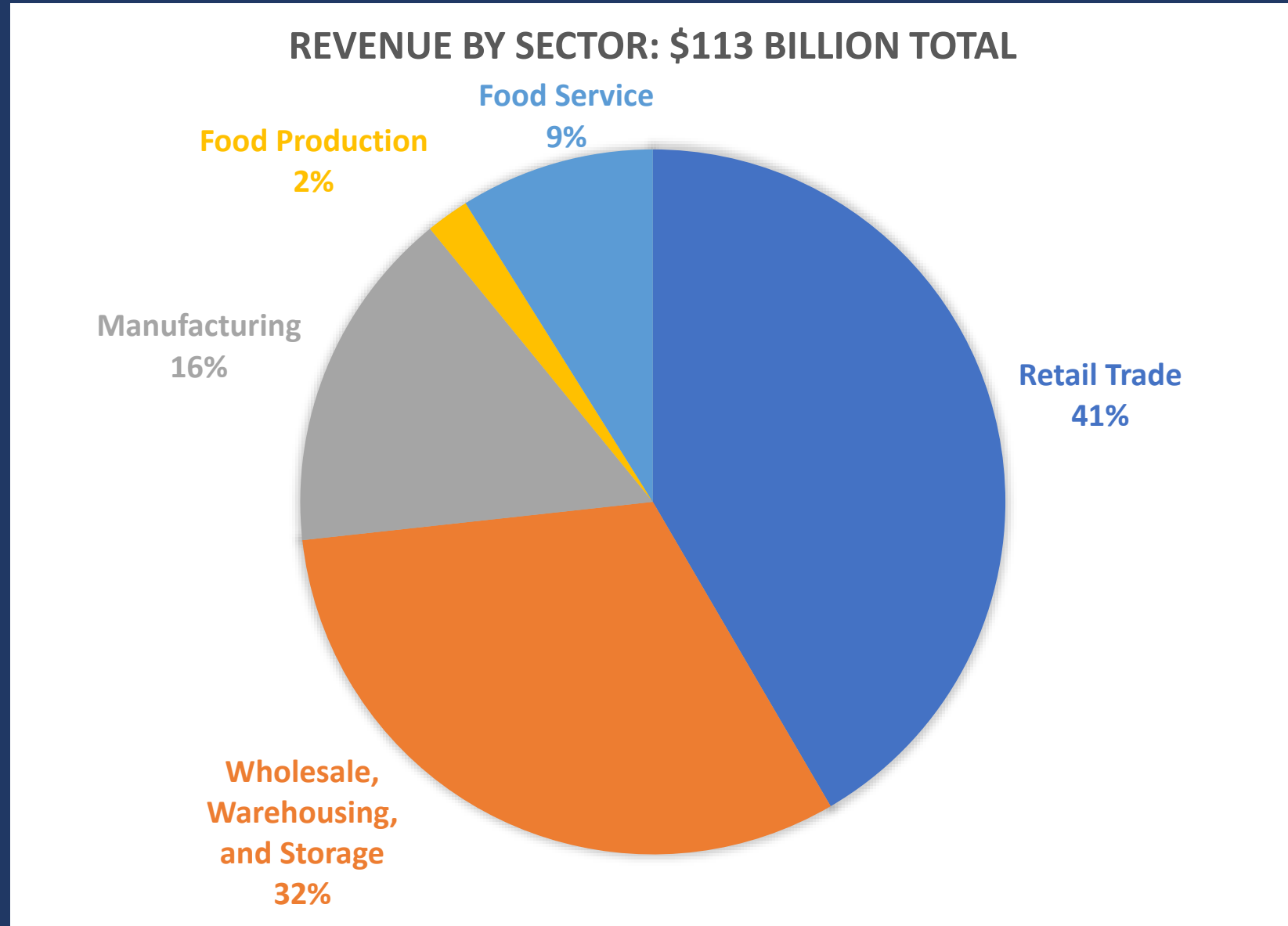
Total Regional Establishments: 38,521

REVENUE (MILLIONS)

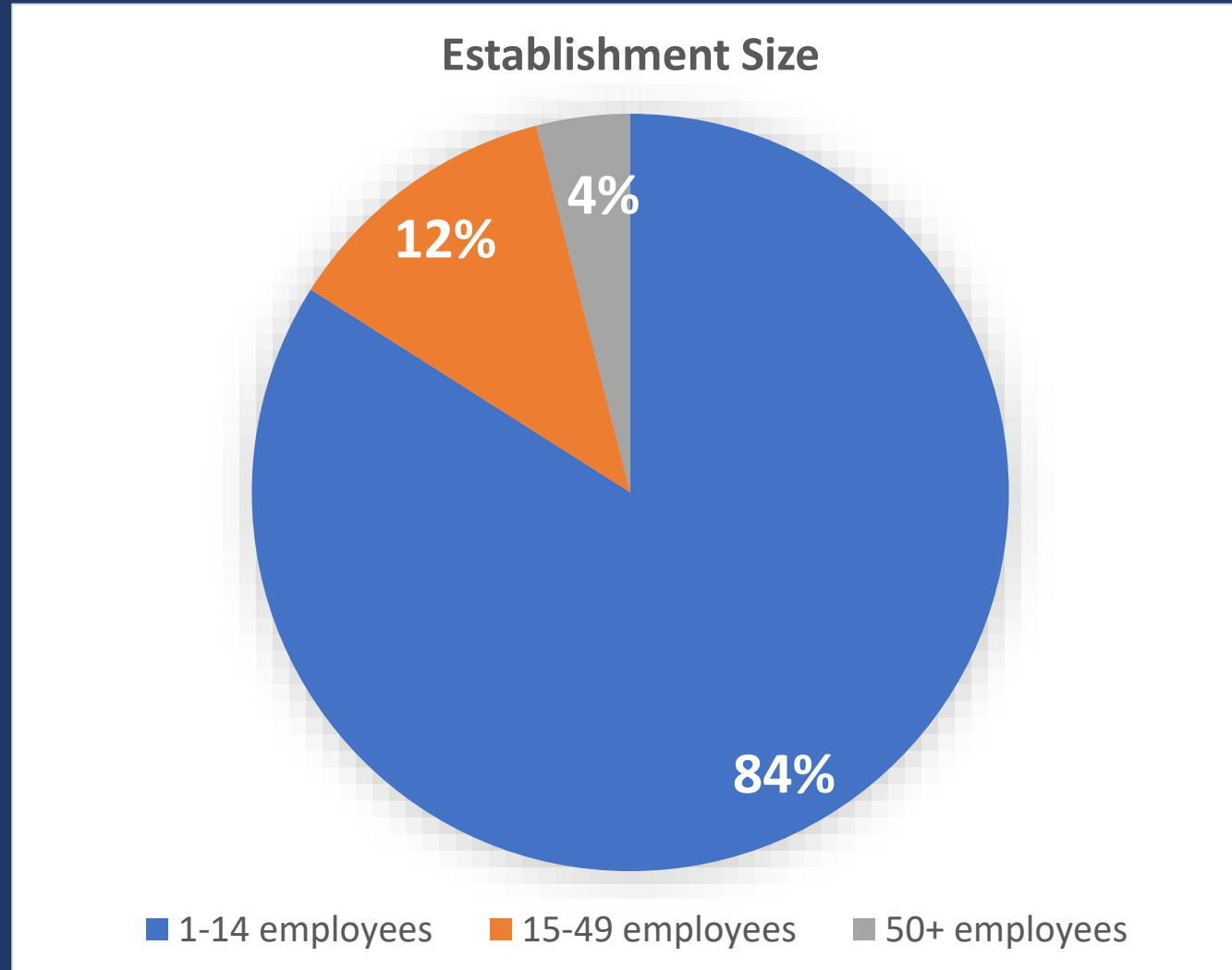
| | |
|---------------|----------|
| Alameda | \$54,850 |
| San Mateo | \$23,881 |
| San Francisco | \$9,788 |
| Contra Costa | \$7,945 |
| Santa Clara | \$6,769 |
| Sonoma | \$4,257 |
| Napa | \$2,895 |
| Solano | \$1,643 |
| Marin | \$1,359 |

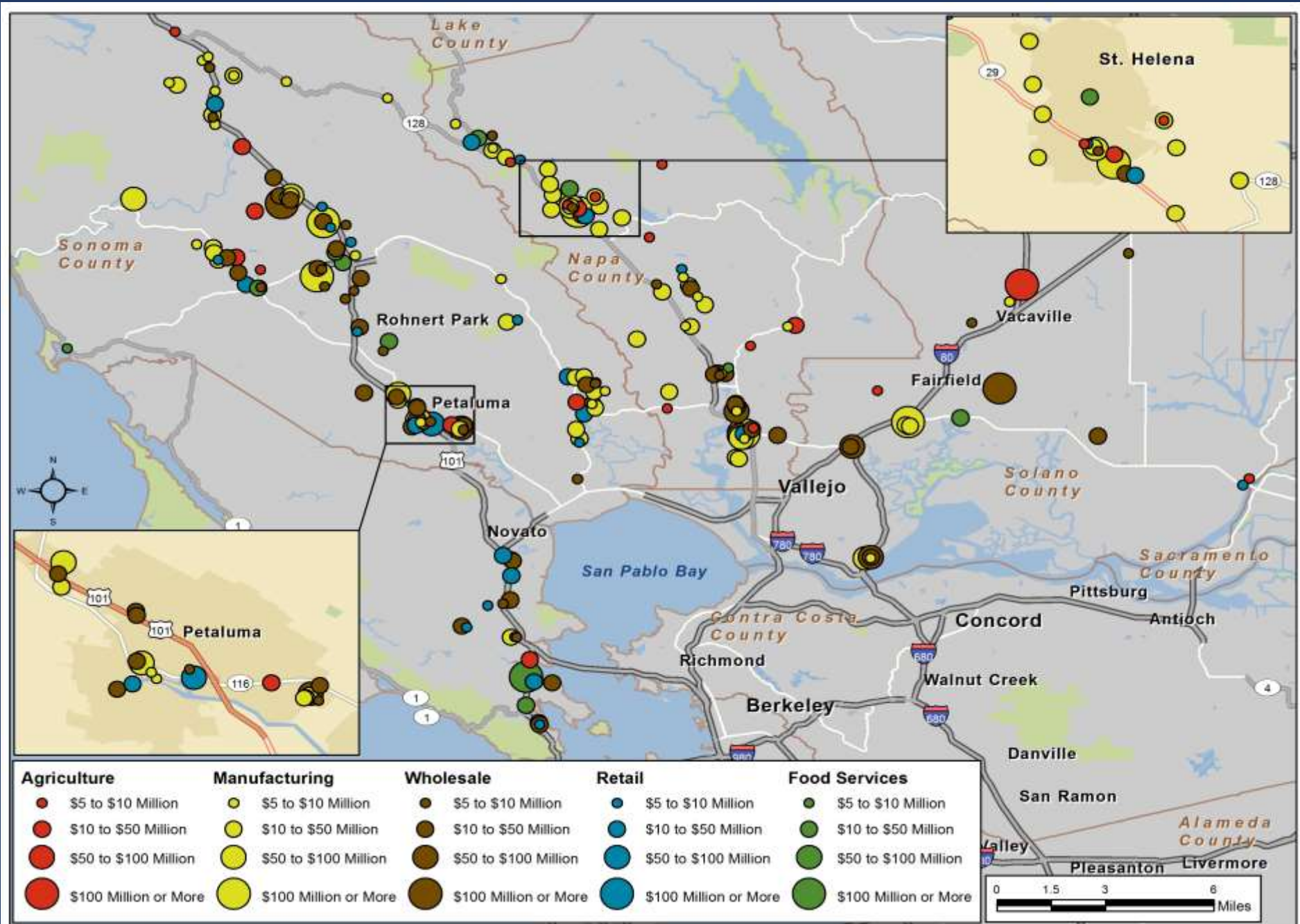
Total Regional Revenue: \$113,388 million

Economic Contributions by Sector



Economic Contributions by Sector





- \$113 Billion
- Almost ½ million jobs
- Food jobs growth at 42%
- Wide range of scales, locations and types of businesses
- Extensive ag land base: 40 % of land; 570,00 acres of farms; 1.7 M acres of ranchlands

Strengths

- High cost of labor
- Lack of skilled, low-wage labor
- New businesses need more assistance
- Strained transportation infrastructure

Weaknesses

- Farmland loss
- Development pressures
- Competitive urban real estate
- Climate Change

Threats

Opportunities

- Story Behind the Food
- Re-localize movement
- New businesses (co-location, co-packing, new foods, food/ag IT/R&D)
- Climate mitigation

Best Practices



Goals and Strategies

- **Goal 1.** Improve the business climate for a vibrant, innovative food and agriculture economy that attracts investment and is collaboratively promoted as a key cluster for the region's resilience.
 - **Strategy 1.1** Establish a regional agricultural and food economic development program.
 - **Strategy 1.2** Upskill the workforce and provide pathways to better jobs by improving the alignment between workforce skills and business needs; evaluate ways to improve low wage jobs.

Goals and Strategies

- **Goal 2. Protect the agricultural resource base and invest in its stewardship to maximize the provision of co-benefits and ecosystem services and support economic viability.**
 - **Strategy 2.1** Enhance Plan Bay Area (PBA) and support development and implementation of other sub-regional plans that protect agricultural lands and support their economic viability.
- **Goal 3. Promote equity for consumers, workers and businesses across the food supply chain and in urban and rural communities.**
 - **Strategy 3.1** Support equitable access to fresh, healthy, affordable and culturally appropriate foods.
 - **Strategy 3.2** Support equal opportunities for business development.

Goals and Strategies

- **Goal 4.** Upgrade and invest in food supply chain infrastructure to address strains on land use and transportation planning, needs to increase energy and water efficiency and recycle waste streams, a growing population and resilience for both natural disasters and climate change.
 - **Strategy 4.1** Support value chain climate and natural disaster resilience to help regional ag and food industries manage climate and natural disaster impacts, adopt best practices, innovate, and manage business risks and opportunities.

Next Steps

Strategy 1.1 Establish a regional ag and food economic development program

Phase 1 Actions

- Produce a *Bay Area Ag and Food Strategy Scorecard*

Food and beverage manufacturing and distribution makes significant economic, social and environmental contributions to the region's food & ag economy, as well as to the region's overall resilience. However, this sector is hampered by upward trends in real estate markets, increased production and distribution costs, workforce dynamics, insufficient anticipation of technology changes, unmet demand for business incubator assistance, and in addition, may not be adequately prepared for disaster events and long-term climate change.

- Develop a proof of concept for a communications and branding campaign: opportunities for enhancing and coordinating existing efforts.

Next Steps

Strategy 1.1 Establish a regional ag and food economic development program (cont.)

- Raise private funds and leverage public investment to develop a private, nonprofit loan fund that fills that gap in the Bay Area lender landscape for debt capital to existing, start-up, and transformational food and agricultural operations

Strategy 4.1 Support value chain climate and natural disaster resilience

Phase 1 Actions

- Develop an assessment of food goods movement and distribution infrastructure that looks at both disaster preparedness and long-term food supply/security resilience; identify gaps and opportunities.

Key Implementation Agents

Government

- Association of Bay Area Governments
- Bay Area City and County Economic Development Departments
- Bay Area City and County Planning Departments
- Bay Area City and County Public Health Dept's
- Bay Area County Agriculture Commissioners
- Bay Area County Boards of Supervisors
- Bay Area LAFCOs
- Bay Area Resource Conservation Districts
- California State Coastal Conservancy
- Napa-Sonoma Small Bus. Develop. Center
- Sonoma County Economic Develop. Board
- Santa Clara Valley Open Space Authority
- Sonoma County Agriculture and Open Space Preservation District

NGOs

- Ag Innovations
- American Farmland Trust
- Bay Area Open Space Council
- Bay Area Farm Bureaus
- Bay Area land trusts
- California Climate & Agriculture Network
- California Farmlink
- Center for Ecoliteracy
- Changelab Solutions
- Committee for Green Foothills
- Community Alliance with Family Farmers
- Friends of the Earth
- Greenbelt Alliance
- Kitchen Table Advisors
- Natural Resources Defense Council
- PlaceMade
- Roots of Change; CA Food Policy Council
- SPUR
- Sustainable Agriculture Education (SAGE)
- TomKat Ranch Educational Foundation

Academic Institutions

- Berkeley Food Institute
- Stanford FEED Collaborative
- Stanford Woods Institute for the Environment
- Sonoma State University
- UC Cooperative Extension, County Offices
- UC Division of Ag and Natural Resources

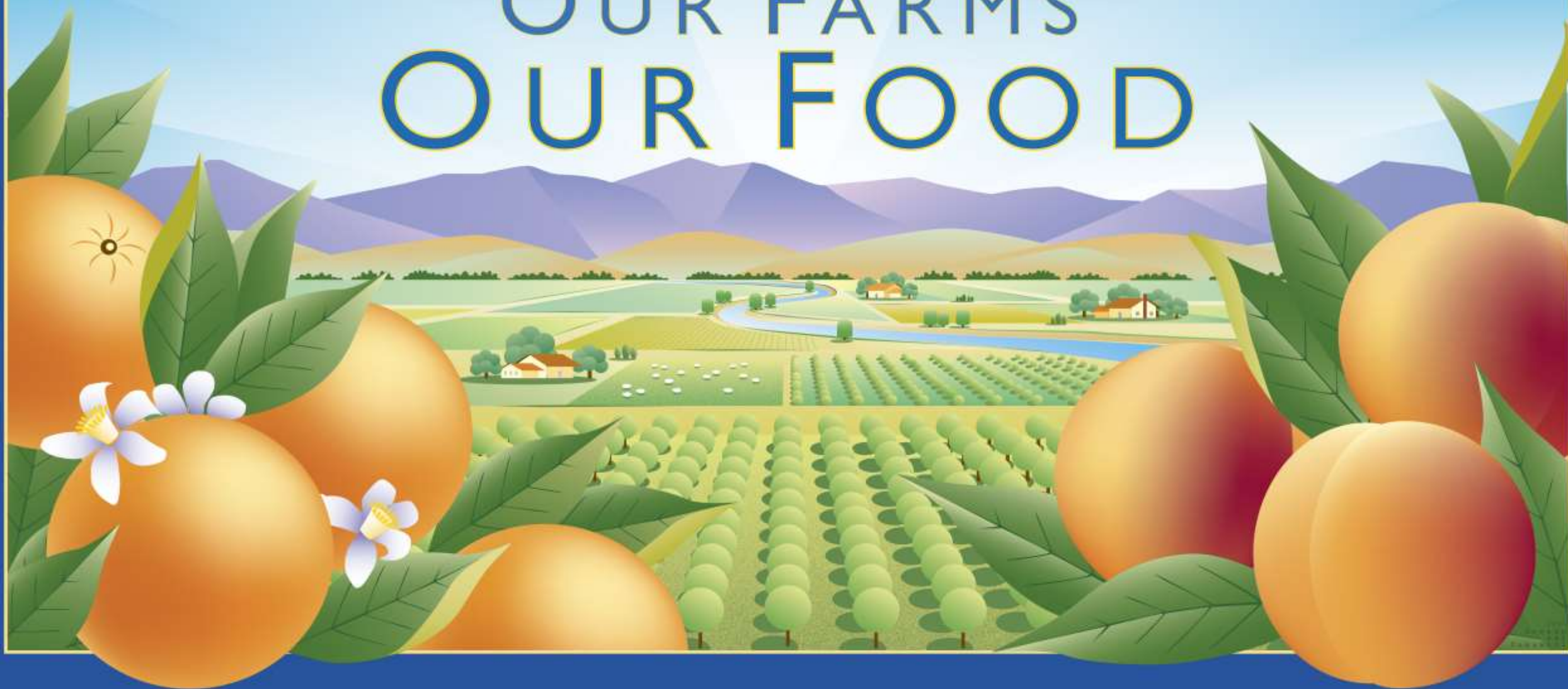
Funders

- 11th Hour Project
- California Coastal Conservancy
- California Foodshed Funders
- Gaia Fund
- Moore Foundation

Business Community

- Leading food sector businesses
- Trade associations
- Lenders

OUR FUTURE OUR FARMS OUR FOOD



SUSTAINABLE AGRICULTURE EDUCATION