



**Makers
&
Movers**
ECONOMIC CLUSTER
STRATEGY



RECOMMENDATIONS
FOR
SAN FRANCISCO
FOOD & BEVERAGE
MANUFACTURERS
& DISTRIBUTORS



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&
Movers**

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STRATEGY**



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FOR
SAN FRANCISCO
FOOD & BEVERAGE**

**MANUFACTURERS
& DISTRIBUTORS**

**FINAL REPORT
NOVEMBER 2014**



Photo Credit: SPUR

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**THIS ECONOMIC CLUSTER STRATEGY
WAS CREATED TO HELP FOOD
& BEVERAGE PRODUCERS AND
DISTRIBUTORS START, STAY, AND
GROW THEIR BUSINESS IN SAN
FRANCISCO.**



Executive Summary

San Francisco is home to a diverse network of food and beverage entrepreneurs whose products enjoy a local following and global attention. While many food and beverage brands are synonymous with San Francisco, fewer of these products are made in the City than in past decades. Trends in real estate markets, production and distribution costs, and workforce dynamics have all challenged the ability of San Francisco food and beverage producers to make, package, or distribute their goods from San Francisco locations.

The City and County of San Francisco recognizes these challenges, which is why reviving and bolstering manufacturing is one of Mayor Ed Lee's key strategies in his 17-Point Jobs Plan.¹ This *Makers and Movers Economic Cluster Strategy: Recommendations for San Francisco's Food and Beverage Manufacturers and Distributors* ("Cluster Strategy") explores trends in the production and distribution of food and beverage products by companies based in San Francisco, and recommends a series of policies and actions that can be implemented by the City to strengthen these economic activities.

The overall goal of this effort is to formulate an economic development strategy that helps food and beverage producers and distributors start, stay, and grow their businesses in San Francisco.

¹ Text of Mayor Ed Lee's 17-Point Jobs Plan: <http://www.owd.org/media/docs/Mayor%20Edwin%20Lee%27s%2017%20Point%20Jobs%20Plan.pdf>

KEY FINDINGS

San Francisco's Food and Beverage Production & Distribution (P&D) sectors have started growing again after many years of contraction. From 1990 to 2005, Food and Beverage Production & Distribution ("P&D") cluster employment in the City declined by half. (The P&D cluster includes food manufacturers, beverage manufacturers, and food/beverage wholesalers and distributors.) Since 2006, employment in P&D cluster sectors has stabilized, and grew by 13 percent to over 5,000 jobs in 2012.

San Francisco is home to a large Food and Beverage Wholesale/Distribution sub-sector. With just under 3,000 employees, this sub-sector accounts for 60 percent of all jobs in the overall Food and Beverage P&D cluster in San Francisco. The Food and Beverage Manufacturing sub-sector employs over 2,000 workers.

The Food and Beverage P&D sector provides relatively well paid jobs and career advancement opportunities for San Franciscans at all education levels. Wages in the largest part of the sector, Grocery Wholesale/Distribution, averaged \$56,000 in 2012, compared to an average of \$45,000 for typical service sector jobs that require a similar educational background. The highest wages in the sector were in Beverage Wholesale/Distribution and Beverage Manufacturing, with average annual wages of \$101,000 and \$81,000 in 2012, respectively. In addition, Food and Beverage P&D jobs may present significant opportunities for career advancement.

Food and Beverage P&D is a key part of the City's production economy. Nearly one in four production and distribution jobs in San Francisco are in the food and beverage P&D cluster. Food and beverage P&D cluster jobs account for a significantly larger share of San Francisco's production and distribution workforce than in the Bay Area as a whole.

Co-locating Food and Beverage P&D firms adds value. Geographic concentrations of interconnected food and beverage businesses, suppliers, service providers, and associated institutions create added value for the industry.

Food and Beverage P&D firms have unique space needs. Special space needs like extra drainage, ventilation, and loading access frame the real estate market for food and beverage P&D businesses. Over 90 percent of the city's 20 million square feet of rentable industrial space is in the east and southeast neighborhoods, the majority of which is located in Bayview/Hunters Point. Only a fraction of this space is suitable for food and beverage manufacturing use in its current condition.

Industrial real estate in San Francisco is a competitive and expensive market. Food and Beverage P&D firms at all business stages face a challenging real estate environment when seeking to start, remain, or expand in the City. Industrial rents in San Francisco rose by 13 percent in 2013, and are roughly double the asking amount for equivalent spaces in Alameda and Contra Costa Counties.

Key challenges facing Food and Beverage P&D businesses in San Francisco fall into the following categories:

- Affordable and suitable space
- Capital access and financial management
- Workforce development and retention
- Transportation access and inefficient distribution networks
- Complex regulations and high fees

San Francisco

Production

Distribution



**FOOD
MANUFACTURERS**



**BEVERAGE
MANUFACTURERS**



**FOOD AND BEVERAGE
WHOLESALE / DISTRIBUTORS**

BUSINESSES

139

20

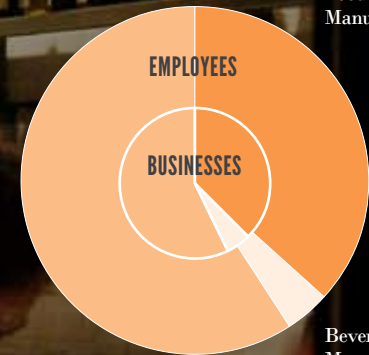
211

EMPLOYEES

1,853

211

2,986



Food and
Beverage
Wholesalers/
Distributors

Food
Manufacturers

Beverage
Manufacturers

1/4

**PRODUCTION & DISTRIBUTION
JOBS IN SAN FRANCISCO ARE
IN THE FOOD AND BEVERAGE
SECTOR**

\$550M

**GROSS REVENUES
IN 2013 BY SAN FRANCISCO
FOOD AND BEVERAGE
P&D FIRMS**

CLUSTER STRATEGY RECOMMENDATIONS

This Cluster Strategy identifies four key areas where the main challenges identified by food and beverage P&D business owners can be addressed. Within each area, this Cluster Strategy includes specific policy recommendations to support food and beverage P&D businesses in San Francisco.

1 Affordable & Suitable Space: Increase the supply of affordable, suitable P&D space for all business stages in San Francisco.

CLUSTER STRATEGY 1.1

Explore and promote development models to support the creation of new production & distribution space that can be made available at affordable or below market rates.

CLUSTER STRATEGY 1.2

Review City fees—especially the San Francisco Public Utilities Commission (SFPUC) Water and Wastewater Capacity Charges and Planning Department Change of Use Fee—to identify ways to reduce or mitigate fee costs to food and beverage production & distribution businesses.

CLUSTER STRATEGY 1.3

Improve community outreach and interagency coordination to ensure that existing spaces zoned for PDR use is used for legally permitted industrial uses.

2 Technical Assistance & Business Support: Make it easier to do business in the City by providing technical support to existing and new businesses.

CLUSTER STRATEGY 2.1

Create a new position or re-assign existing City staff to support Food and Beverage P&D businesses, such as a Food and Beverage P&D Liaison at the San Francisco Office of Economic & Workforce Development (OEWD) and/or a Food and Beverage P&D specialist at the Planning Department.

CLUSTER STRATEGY 2.2

Develop and promote training opportunities to assist and familiarize business owners with evolving regulatory processes that apply to Food and Beverage P&D businesses.

CLUSTER STRATEGY 2.3

Promote and support the formation of a “Food and Beverage Makers and Movers” Merchants Association to increase knowledge sharing among and advocacy on behalf of the City’s Food and Beverage P&D businesses.

CLUSTER STRATEGY 2.4

Adapt existing or establish new local workforce tax credits and incentives to support growth and workforce retention in Food and Beverage Production & Distribution sectors.

3 Workforce Development & Employee Retention:

Develop and retain a skilled local workforce for Food and Beverage P&D.

CLUSTER STRATEGY 3.1

Adapt existing or establish new local workforce tax credits and incentives to support growth and workforce retention in Food and Beverage Production & Distribution sectors.

CLUSTER STRATEGY 3.2

Promote existing or establish new workforce training and job placement programs to increase the availability of work-ready potential employees for the Food and Beverage Production & Distribution businesses.

4 Access & Mobility: Improve transportation access to production & distribution job sites for employees, and support efficient mobility for distributors.

CLUSTER STRATEGY 4.1

Explore expanding and/or enhancing public transit service—including the San Francisco Municipal Transportation Agency (SFMTA) T-line—to improve transit options for production & distribution workers.

CLUSTER STRATEGY 4.2

Explore opportunities to support efficient bike distribution networks, such as improvements to bicycle infrastructure.

CLUSTER STRATEGY 4.3

Develop and implement a plan for improving late night and early morning transit access for San Francisco employees.

CLUSTER STRATEGY 4.4

Improve the availability of on-street loading spaces throughout the City to support deliveries by Food and Beverage P&D businesses.



Photo Credit: SF Planning – Audrey Desmuke

INDUSTRY CLUSTERS, OR CONCENTRATIONS OF RELATED BUSINESSES, GENERATE INNOVATION AND ACCELERATED GROWTH THAT MAY NOT OCCUR WHEN FIRMS OPERATE IN ISOLATION.



Introduction

The Bay Area has grown into a leading center of a nationally resurgent food and drink culture that places a high value on personal craftsmanship, unique offerings, and local sourcing. To support these sectors within San Francisco, the San Francisco Planning Department, San Francisco Office of Economic and Workforce Development (OEWD), and SPUR, with the support of the Columbia Foundation, joined together to develop a Food and Beverage P&D Cluster Strategy. The Cluster Strategy explores trends in the production and distribution of food and beverage products by companies based in San Francisco, and provides a series of policies and actions that can be implemented by the City and County of San Francisco to strengthen this industry. The goal of is to formulate an economic development strategy that helps food and beverage producers and distributors start, stay, and grow their businesses in San Francisco.



CLUSTER STRATEGY PURPOSE AND ORGANIZATION

This report first reviews recent trends in the food and beverage industries at both the regional and local levels and provides a current snapshot of San Francisco food and beverage businesses, based on published data. Second, key challenges facing local food and beverage entrepreneurs are identified and discussed based on the findings of extensive surveys, interviews, and forum and steering committee discussions with food and beverage business owners and stakeholders. Finally, the Cluster Strategy recommends specific policies to support food and beverage production and distribution businesses in San Francisco. These recommendations will guide for ongoing efforts by the Planning Department, Office of Economic and Workforce Development (OEWD), Department of Public Health, and other City departments and stakeholders to advance the local food and beverage production and distribution sectors.



DEFINING THE FOOD AND BEVERAGE CLUSTER

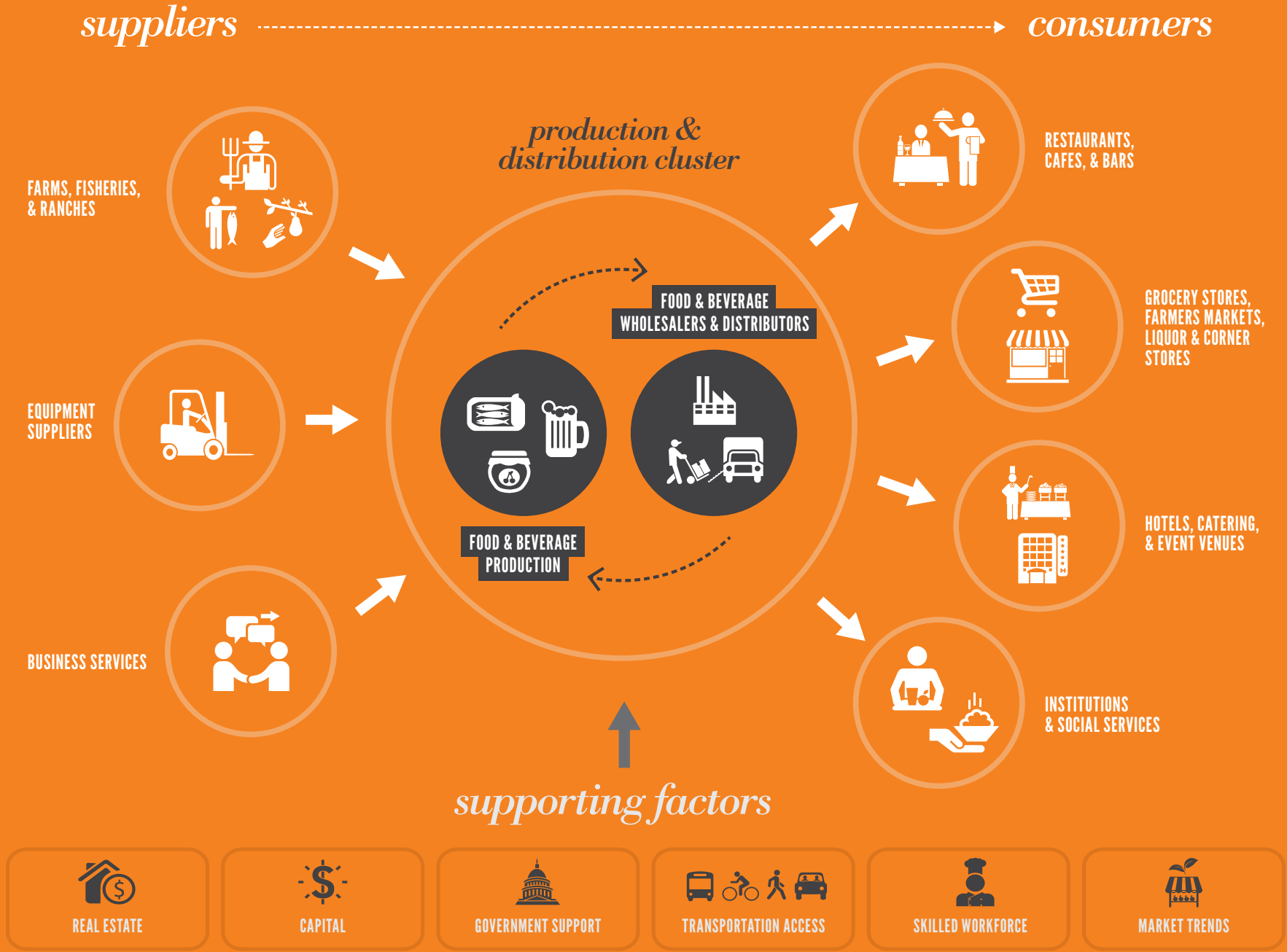
An “industry cluster” refers to a network of interconnected industry sectors that create an interdependent supply chain based on a common set of economic activities. The connections between these groups of producers, equipment suppliers, distributors, business service providers, and supporting institutions link the flow of goods and services from supplier to the end user or consumer. The industry cluster is a useful framework for understanding the specific business and institutional components of a regional economy that are focused on one set of related activities. Generally, industry clusters are studied across a region, and strategies are formulated that build the cluster so that the supply chain can benefit from regional synergy among the parts of the cluster. As shown in Figure 1, this Cluster Strategy focuses on several core components of the Food and Beverage Industry Cluster, including food manufacturers (e.g., bakeries, confectionaries, seafood processors), beverage manufacturers (e.g., breweries, wineries, specialty drink makers), and food and beverage wholesalers and distributors who connect manufacturers to suppliers, grocery stores, public institutions, food banks, and restaurants. These core sectors are linked to suppliers like agricultural producers, and to consumer sectors like restaurants, grocery stores, and bars, forming the full cluster.

This report focuses on these core sectors because they represent critical components of the regional Food and Beverage Cluster that have historically been located in urban San Francisco and that are emerging as a hub for entrepreneurship and creativity. Moreover, in recent years, the City has focused on preserving its manufacturing and industrial jobs (called “Production, Distribution, and Repair” uses in the Planning Code, or “PDR”) in order to retain and grow middle income jobs. To align with this focus on PDR, the core sectors described in this report are referred to as Food and Beverage Production & Distribution (P&D).



Photo Credit: Flickr User Creative Commons – Phil Dokas “Magnolia Pub & Brewery”

Figure 1: Food and Beverage Production & Distribution Cluster Diagram



Sources: BAE, San Francisco Planning Department. Image credits: The Noun Project (Krisada, John Caserta, Martha Ormiston, Sergi Delgado, Luis Prado, Simon Child, Ion Trillana, & Edward Boatman)

BENEFITS TO SAN FRANCISCO

San Francisco boasts a rich and diverse economy characterized by the creativity and dynamism of its entrepreneurs and workforce. While Food and Beverage P&D businesses make up a relatively small segment of the overall economy, these sectors provide important benefits to the City, including:

- **Employment Diversity.** The jobs created by these sectors are a key source of employment for workers without advanced formal education. As the City continues to attract and grow sectors like tech and finance that require a high level of education, Food and Beverage P&D helps maintain economic diversity for residents.
- **Economic Diversity.** Diverse economic activity allows San Francisco to adapt to new circumstances created by shifting economic trends and cycles. A diverse economy provides residents and businesses with vital goods and services. Food and Beverage P&D contributes to that diversity and is a fundamental part of what makes San Francisco thrive.
- **Entrepreneurial Opportunity.** Food and Beverage P&D also offers opportunities to aspiring local entrepreneurs seeking to introduce creative new products and services. Encouraging entrepreneurship in multiple sectors promotes a diverse and stable economy for the City.
- **Cluster Effects on Industry Growth.** Geographic concentrations of firms in related sectors stimulate positive feedback loops that can accelerate growth and innovation. The opportunity to locate together allows Food and Beverage P&D businesses to share knowledge and ideas that spur new business models and products.
- **The San Francisco Brand.** Unique, creative businesses—especially in the food and beverage industries—attract diverse residents and visitors. This effect supports many other industries in the City, including tourism, restaurants, entertainment, and the arts.
- **Access to Local Food.** Food and Beverage P&D offers critical infrastructure to ensuring access to local food for San Francisco’s residents. Such access is a key component in support of a healthy, sustainable, and vibrant city.



Photo Credit: Flickr User Creative Commons – Flickr!



Photo Credit: Oregon Department of Agriculture

Overview of Food and Beverage Production & Distribution

To place San Francisco Food and Beverage P&D in context, this chapter analyzes publicly available industry and employment data from the federal Bureau of Labor Statistics (BLS) from 2012, the most recent full year for which data was available. Additional data for San Francisco firms in the Food and Beverage P&D sectors was acquired from Dun & Bradstreet, a leading national business information resource, in order to provide more detailed business location, revenue, and employment data.



REGIONAL SNAPSHOT AND TRENDS

BAY AREA SNAPSHOT

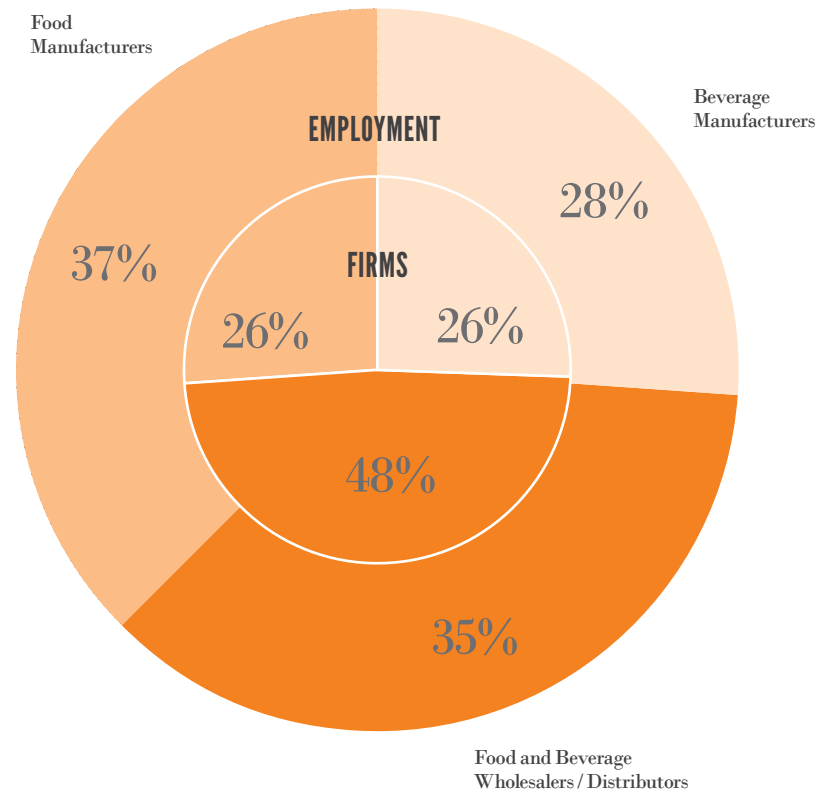
The nine-county Bay Area² is home to roughly 3,000 firms in Food and Beverage P&D industries. Half of these firms are in the wholesale/distribution sector, including grocery, alcoholic beverage, and farm product wholesalers. The remaining firms fall into the Food and Beverage Manufacturing sectors.³

Nearly 65,000 Bay Area workers are employed at Food and Beverage P&D firms. Over one-third of these jobs are in the food manufacturing sector and wholesale/distribution sector, respectively, and one in four jobs are in beverage manufacturing.

The largest share of Bay Area Food and Beverage P&D jobs are located in the East Bay, with Alameda and Contra Costa Counties accounting for over 22,000 jobs (just over one-third of the region's total; see Figure 4). Napa and Sonoma Counties dominate beverage manufacturing, with over 80 percent of regional jobs in this sector, while the East Bay has the largest share in food manufacturing and wholesale/distribution.

San Francisco has the third largest wholesale/distribution employment base among the region's counties, with nearly 3,000 employees. In the food manufacturing sector, San Francisco's workforce of 1,850 employees makes it the fifth largest employer of food makers, out of nine Bay Area counties. San Francisco's beverage manufacturing sector employs just over 200 people, a relatively small share of the region's beverage manufacturing.

Figure 2: Bay Area Food and Beverage Production & Distribution Firms and Employment, 2012



Note: Employment data for Beverage Manufacturing and Alcoholic Beverage Wholesalers in Solano County, and for Farm Product Raw Materials Wholesalers in several counties are not publicly disclosed due to confidentiality rules by data collection agencies. Source: QCEW (BLS), 2013; BAE, 2014.

² The nine-county Bay Area includes Alameda, Contra Costa, Marin, Napa, San Mateo, San Francisco, Santa Clara, Solano, and Sonoma Counties.

³ Food and beverage-related transportation/trucking firms are not included, due to data limitations. Please see Appendix H for more detail.

BAY AREA TRENDS

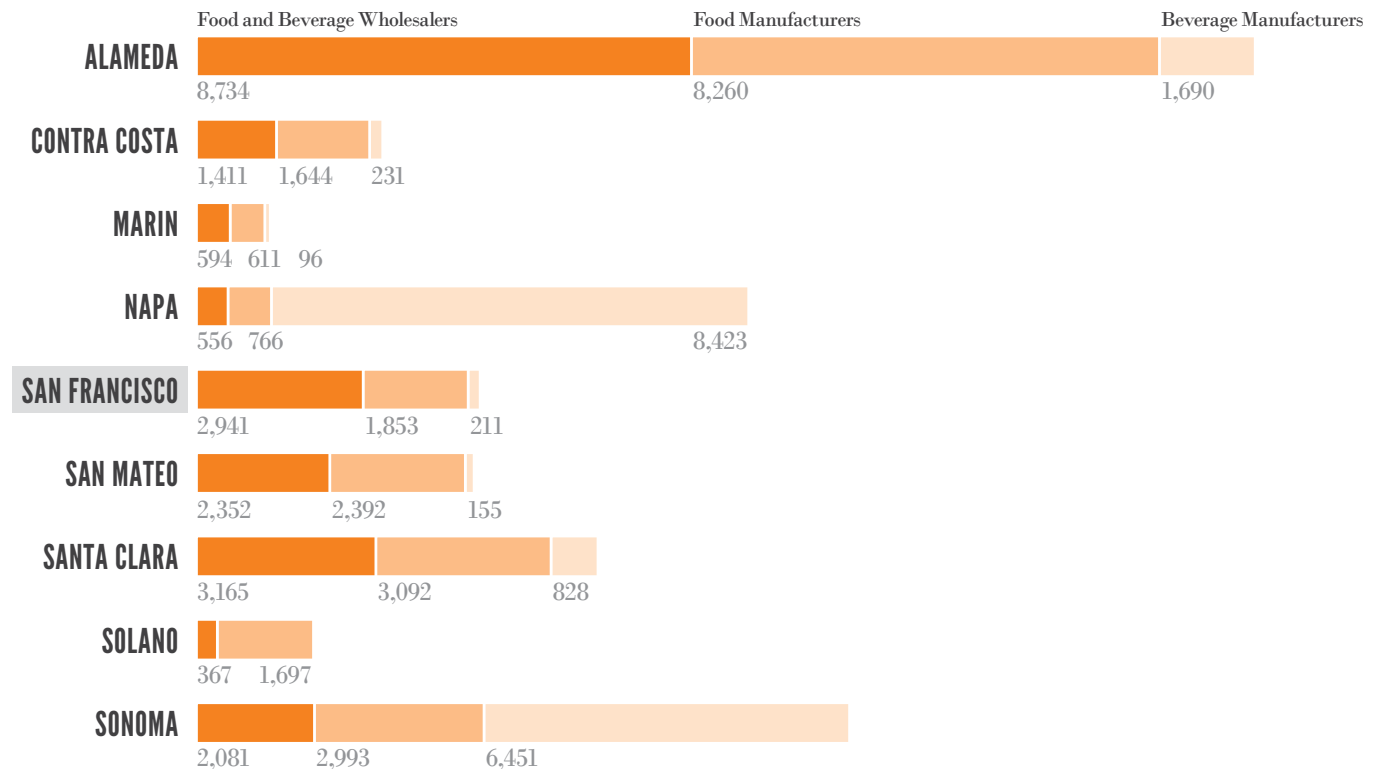
In the Bay Area about 63,600 workers were employed in Food and Beverage P&D sectors in 2012. In total, this figure has remained relatively unchanged since 1990, when employment totaled just over 63,800 employees (see Figure 5, next page). However, the mix of P&D cluster jobs has shifted dramatically, with significantly different growth profiles between the key sectors and across the Bay Area.

While Bay Area Food Manufacturing declined by over 11,000 jobs between 1990 and 2012, net gains in Beverage Manufacturing (up 7,300 jobs for the period, a nearly 70 percent net increase), and in Wholesale/Distribution (3,600 jobs, a nearly 20 net percent increase) offset the Food Manufacturing decline.

For Beverage Manufacturing, almost all (98 percent) of the growth during the period occurred in wine-dominated Napa and Sonoma Counties. In the Wholesale/Distribution sector, most of the growth occurred in Alameda County (increase of 4,200 jobs). In the rest of the region, four counties grew by fewer than 1,000 jobs and four counties lost jobs, including San Francisco, which lost just over 650 jobs in this sector.

Figure 6 (on following page) illustrates changing employment by county for just the Food Manufacturing component. Between 1990 and 2012, the Bay Area declined by approximately 32 percent, from 34,500 jobs in 1990 to just under 23,400 jobs by 2012. Alameda County, while experiencing a 20 percent decline in employment for the period, has continued to dominate Food Manufacturing in the region.

Figure 3: Bay Area Food and Beverage Production & Distribution Employment by County, 2012



Note: Employment data for Beverage Manufacturing and Alcoholic Beverage Wholesalers in Solano County and for Farm Product Raw Materials Wholesalers in multiple counties were not publicly disclosed, due to small number of firms creating confidentiality rules by data collection agencies.

Figure 4: Bay Area Food and Beverage Production & Distribution Cluster Employment, 1990–2012

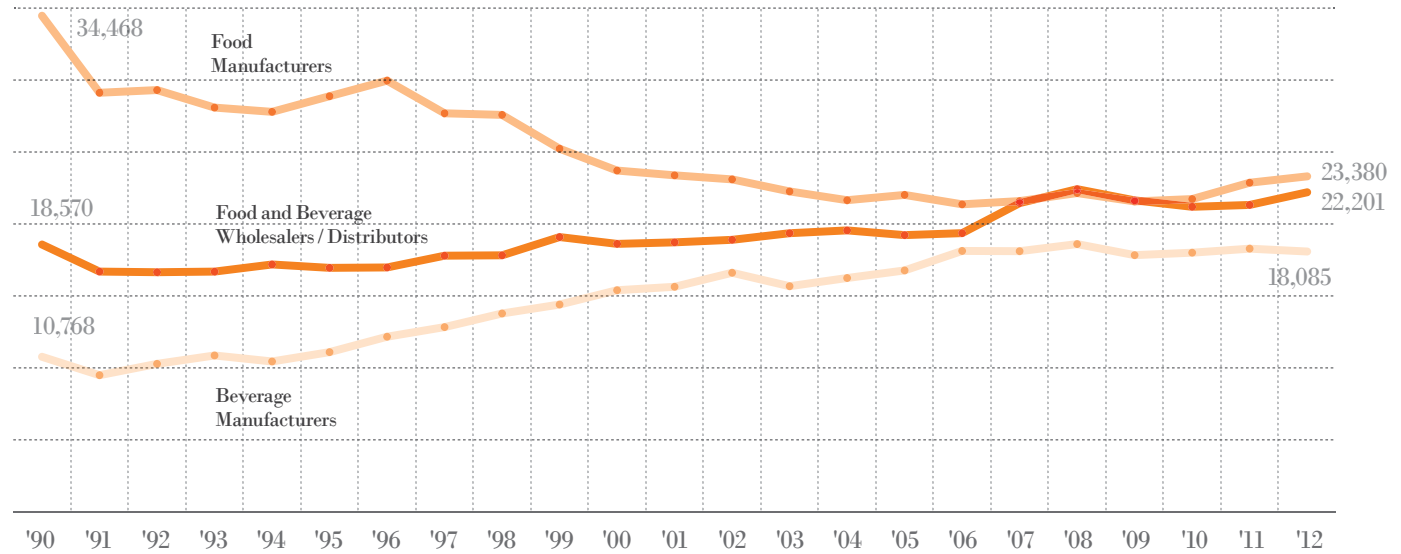
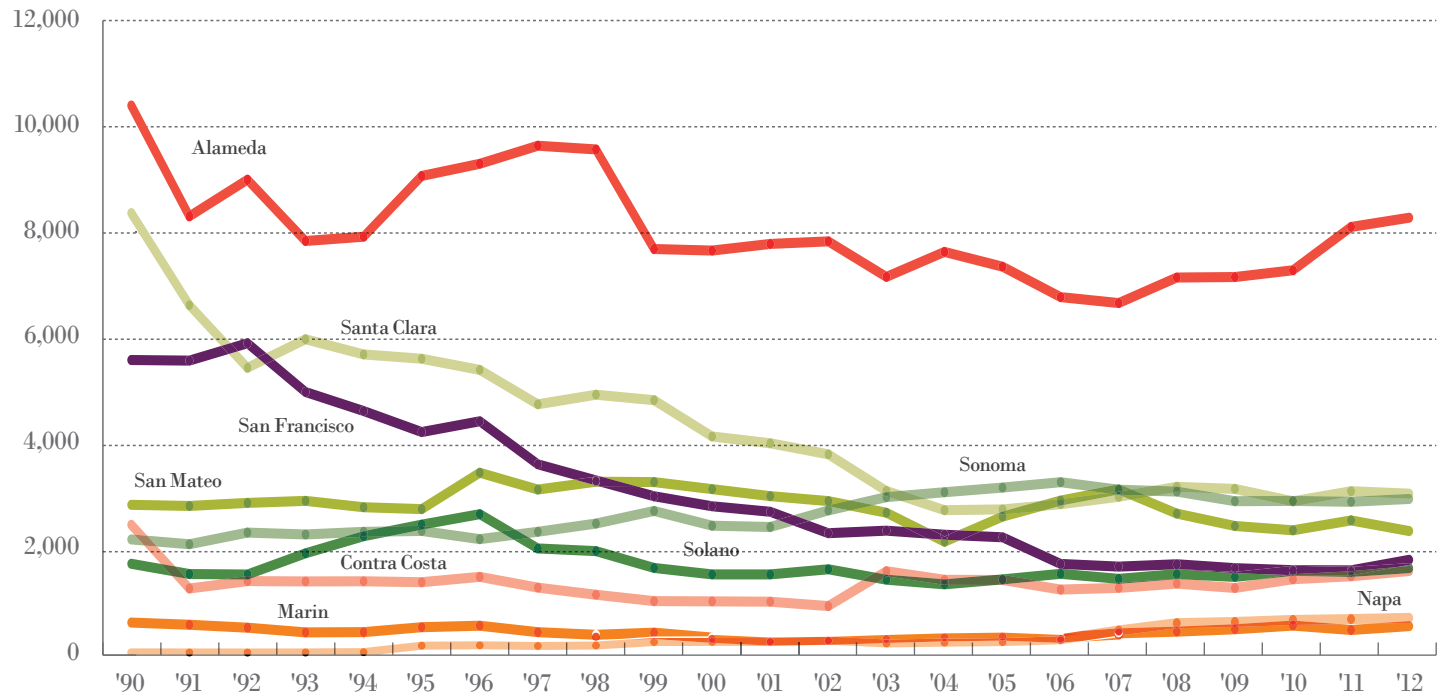


Figure 5: Bay Area Food Manufacturing Employment by County, 1990–2012

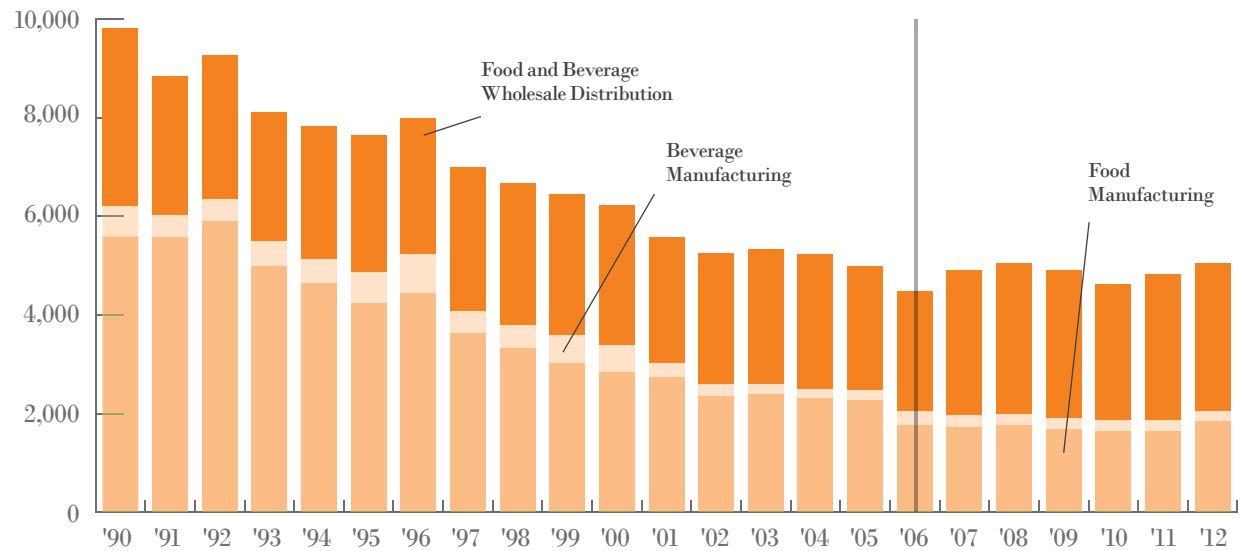


Note: Employment data for Beverage Manufacturing and Alcoholic Beverage Wholesalers in Solano County and for Farm Product Raw Materials Wholesalers in multiple counties were not publicly disclosed. Source: QCEW (BLS), 2013; BAE, 2014.

San Francisco saw the most dramatic decline among all counties in the Bay Area, declining from 5,600 jobs in 1990 to just 1,850 Food Manufacturing jobs by 2012 (a drop of 67 percent).

However, the Bay Area—including San Francisco—has seen Food Manufacturing employment stabilize and achieve modest growth since a low point in 2006. Between 2006 and 2012 the Bay Area added over 2,000 Food Manufacturing jobs, a 9.5 percent increase. San Francisco's Food Manufacturing employment grew by more than 4 percent since 2006, adding over 100 jobs.

Figure 6: San Francisco Food and Beverage Production & Distribution Cluster Employment, 1990–2012



Note: Employment data for Farm Product Raw Materials Wholesalers in San Francisco were not publicly disclosed. Source: QCEW (BLS), 2013; BAE, 2014.

SAN FRANCISCO SNAPSHOT AND TRENDS

SAN FRANCISCO TRENDS: PRODUCTION & DISTRIBUTION EMPLOYMENT

In San Francisco, Food and Beverage P&D has contracted significantly since 1990. In total, Food and Beverage P&D employment in 2012 had nearly 4,800 fewer jobs than in 1990, a decrease of almost 50 percent. Most of this decline was seen in Food Manufacturing, which shed 3,750 jobs, down two-thirds from the 1990 employment level. Beverage Manufacturing also lost roughly two-thirds of its 1990 employment by 2012, while Food and Beverage Wholesale/Distribution jobs dropped by 20 percent.

Notably, 2006 marked the turning point in these trends, with a total increase among all the sectors of nearly 600 jobs (13 percent) between 2006 and 2012. Most of these recent gains have been in Wholesale/Distribution, while the Beverage Manufacturing sector is expected to see major growth in the

coming years, with companies like Anchor Brewing and Magnolia Brewery expanding into the Dogpatch/Mission Bay area.

SFMade⁴ found in its 2013 State of Local Manufacturing report that the food and beverage sectors were responsible for 55 percent of new job growth reported by its members, with the city's local breweries adding more than 100 new jobs in 2013 alone.⁵

⁴ SFMade is a nonprofit corporation, established in 2010 and headquartered in San Francisco. It focuses on building San Francisco's economic base by developing the local manufacturing sector.
⁵ SFMade, 2013 State of Local Manufacturing Report: <http://www.sfmade.org/news/our-news-report/>

COMPARISON TO RELATED INDUSTRY SECTORS

Other components of the broader Food and Beverage cluster in San Francisco, most notably retail establishments including restaurants, bars, grocery, and liquor stores, have grown substantially during the same 22-year period from 1990 to 2012. In 1990, San Francisco was home to some 2,200 restaurants and bars and just under 600 grocery stores, corner stores, and liquor stores. These 2,800 food and beverage retail establishments employed nearly 40,000 workers (see Figure 8).

By 2012, the City's food and beverage-related retail had grown by about 25 percent, to over 3,800 establishments; new restaurants and bars accounted for almost all of this growth. Employment growth by 2012 was even greater, with 62,000 people working in food and beverage retail, representing an almost 40 percent increase from 1990 (see Figure 9).

As shown in Figure 8 and Figure 9, Food and Beverage P&D has become a smaller share of the City's overall food and beverage cluster since 1990, even as the food and beverage economy has grown significantly. This trend can be seen most clearly in the employment data in Figure 9; the growth in the number of food and beverage businesses has proceeded more gradually (Figure 8).

SAN FRANCISCO TRENDS: AVERAGE P&D EMPLOYMENT BY FIRM

While San Francisco's Food and Beverage P&D employment has seen significant contraction over the past two decades, the number of San Francisco firms in these sectors has changed much more gradually. For example, the Beverage Manufacturing sector has actually added a modest number of businesses; there were four more beverage manufacturing firms in San Francisco in 2012 than in 1990, an increase of 25 percent in this small sector (not shown in graphs).

In addition to the gradual decline in the number of businesses, there has been a significant decrease in the average number of jobs per firm since 1990. As Figure 10 illustrates, the average number of workers per firm for businesses across P&D has declined by 40 percent, from 23 employees per firm in 1990 to 13 employees in 2012. This trend has been strongest among beverage manufacturers, which employed 11 workers on average

Figure 7: San Francisco Firms in Selected Sectors, 1990–2012

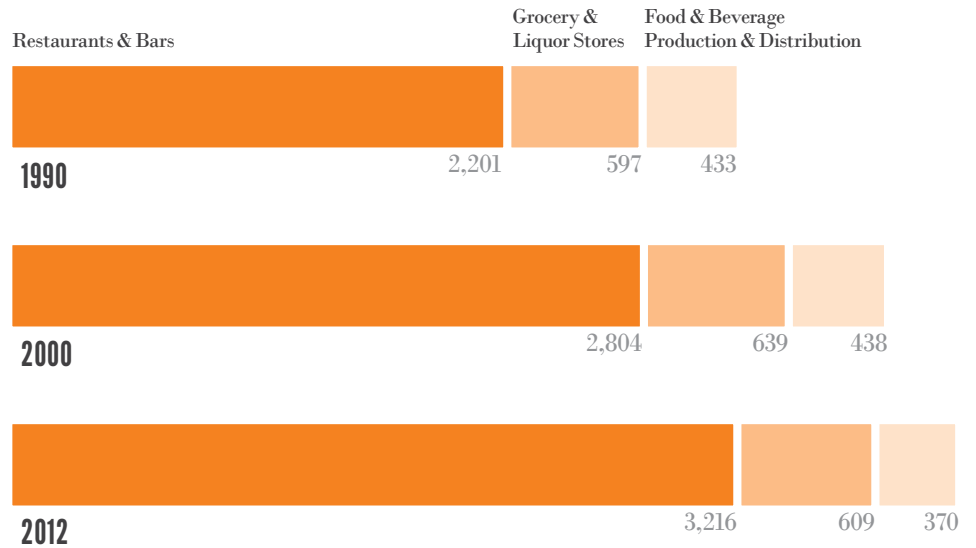


Figure 8: San Francisco Employment in Selected Sectors, 1990–2012

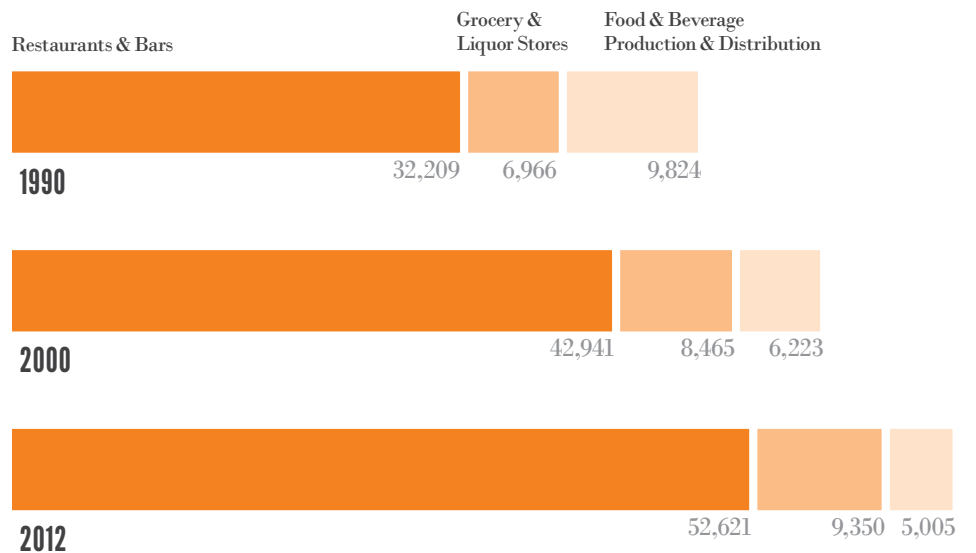
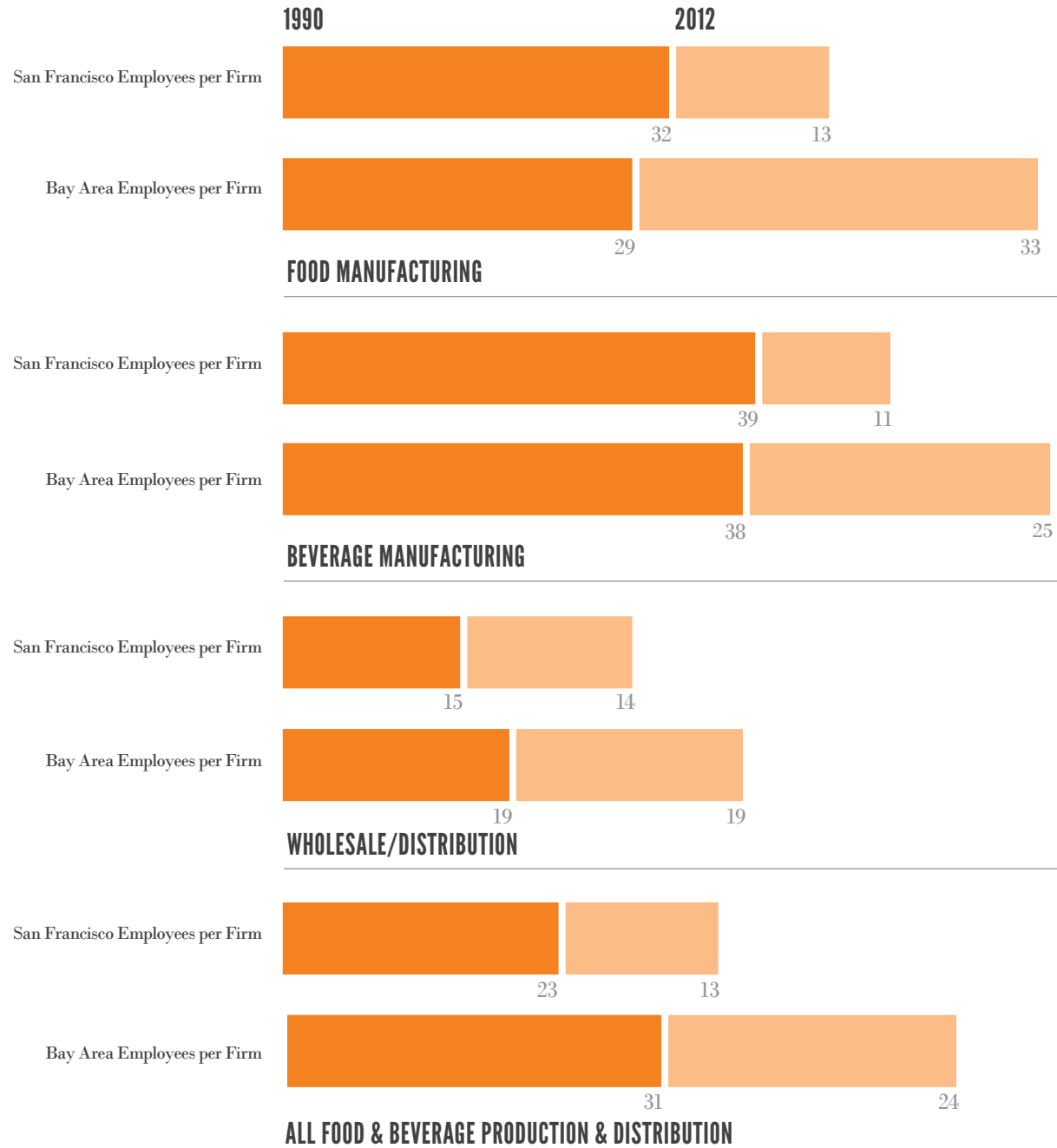


Figure 9:
San Francisco and Bay
Area Employees per Firm,
1990–2012



Note: Employment data for Farm Product Raw Materials Wholesalers in San Francisco were not publicly disclosed. Source: QCEW (BLS), 2013; BAE, 2014.

in 2012, compared with almost 40 in 1990. Food manufacturing establishments in San Francisco also employed significantly fewer workers in 2012 than in 1990.

In contrast, throughout the Bay Area for Food Manufacturing, the average size of firms grew from 29 to 33 employees (as San Francisco's average declined to 13; see Figure 11). This suggests that San Francisco's Food Manufacturers tend to be smaller than those in other parts of the Bay Area, likely reflecting the artisanal nature of many firms in the City. Looking at the distribution side of the sector, however, the average size of food distribution companies in San Francisco is comparable to those elsewhere in the Bay Area.

Figure 10: San Francisco Food and Beverage P&D Firms, 1990–2012

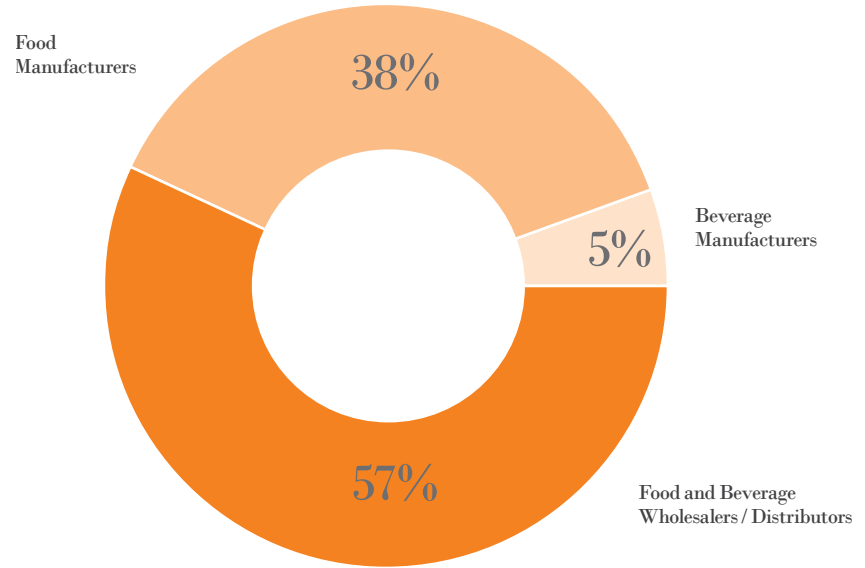
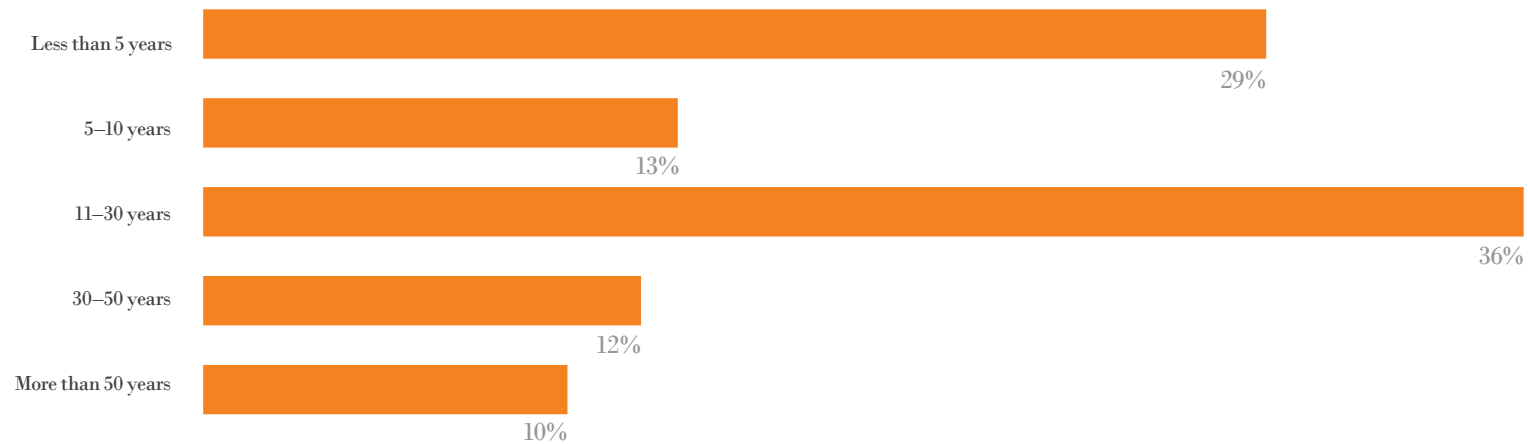


Figure 11: Age of San Francisco Food and Beverage Production & Distribution Firms, 2013



Note: Employment data for Farm Product Raw Materials Wholesalers in San Francisco were not publicly disclosed. Source: QCEW (BLS), 2013; BAE, 2014.

EXISTING BUSINESSES OVERVIEW

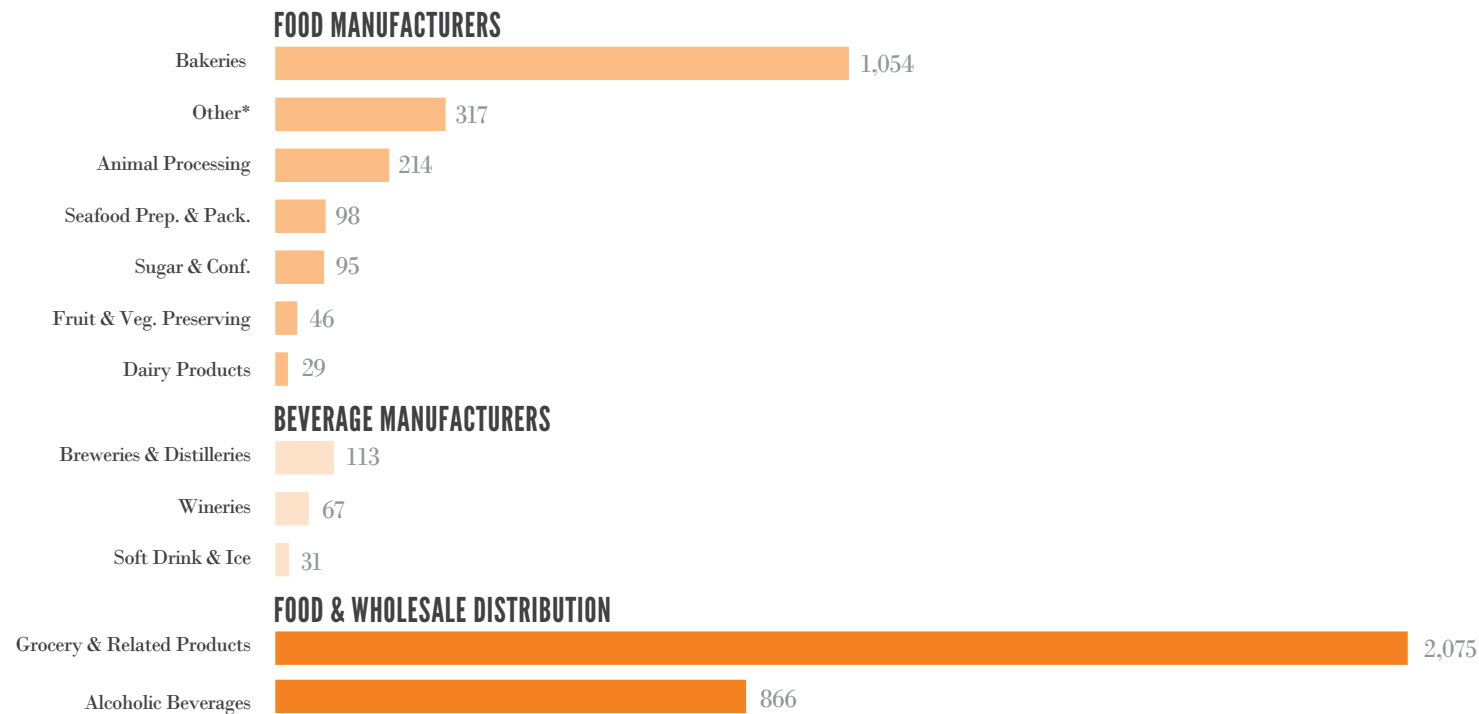
As of 2012, San Francisco had 370 Food and Beverage production and distribution firms, employing just over 5,000 workers. Of these firms, over half were in the Wholesale/Distribution sector, nearly 40 percent were in Food Manufacturing, and just five percent were in Beverage Manufacturing.

The average firm has been operating for almost 25 years, with the oldest firm established in 1851. At least 30 firms have operated since before 1950. At the other end of the spectrum, new and emerging firms with less than five years of operation represented almost one-third of all firms in 2013.

Figure 14 shows a snapshot of San Francisco's Food and Beverage P&D employment by subsector in 2012. As noted previously, Wholesale/Distribution accounted for almost 2,950 employees, with grocery-related wholesale/distribution as the dominant employment category. The City's Food Manufacturers employed 1,850 workers, with bakeries as the single largest subsector. Breweries and distilleries were the predominant type of business in the beverage manufacturing sector, with over 110 employees, while the City's wineries employed nearly 60 people.

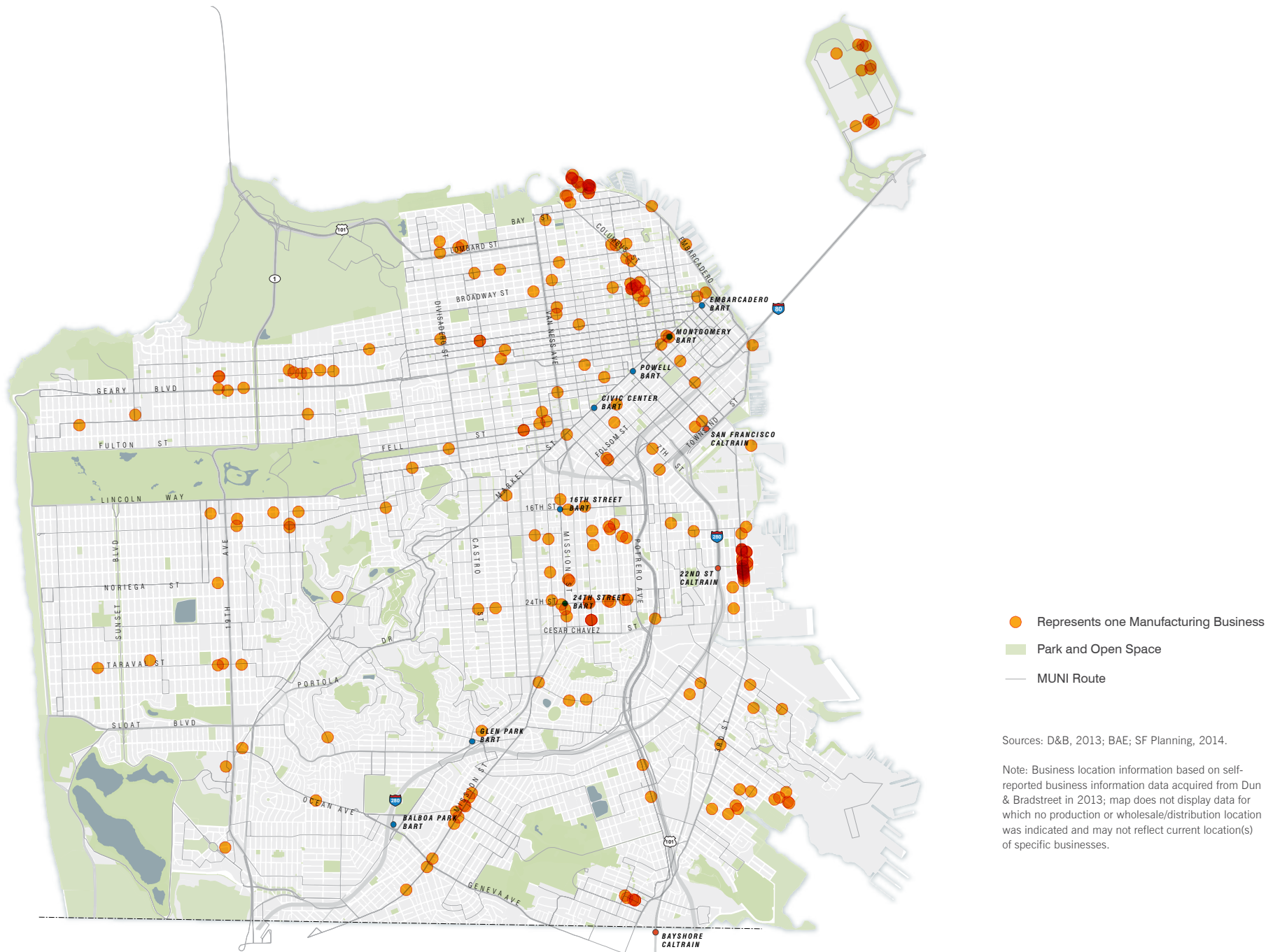
The next two pages (Figure 15 and Figure 16) illustrate the location concentrations of existing Food and Beverage P&D firms in San Francisco neighborhoods, based on Dun & Bradstreet data.

Figure 12: San Francisco Food and Beverage Production & Distribution Cluster Employment, 2012



Notes: * - "Other Food Manufacturing" (NAICS code 3119) includes manufacturing of Snack Foods, Coffee and Tea, Seasoning and Dressing, and all other uncategorized food manufacturing. Employment data for Farm Product Raw Materials Wholesalers in San Francisco were not publicly disclosed. Source: QCEW (BLS), 2013; BAE, 2014.

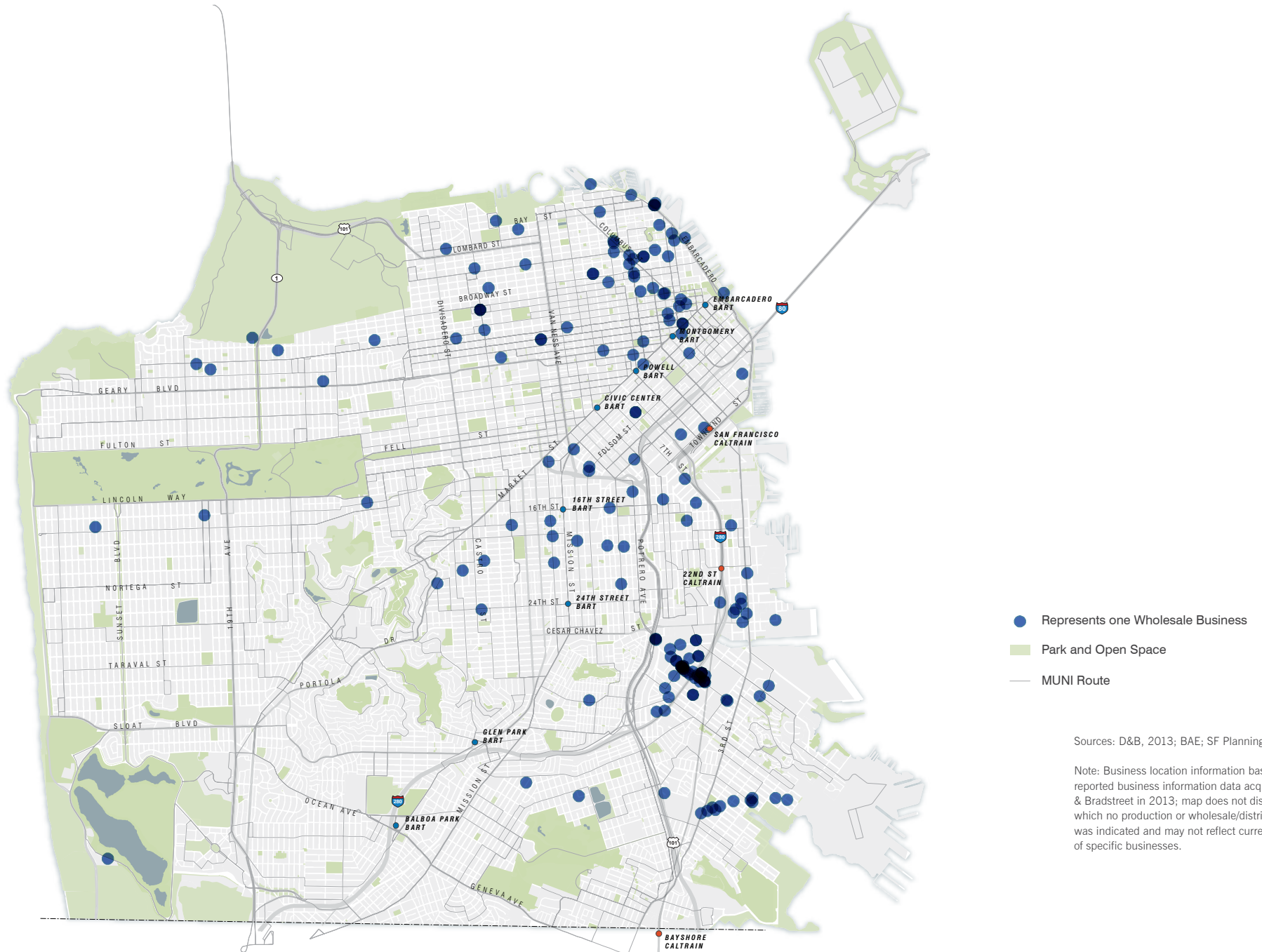
Figure 13: Location of Food and Beverage Manufacturing Firms in San Francisco, 2013



Sources: D&B, 2013; BAE; SF Planning, 2014.

Note: Business location information based on self-reported business information data acquired from Dun & Bradstreet in 2013; map does not display data for which no production or wholesale/distribution location was indicated and may not reflect current location(s) of specific businesses.

Figure 14: Location of Food and Beverage Wholesale/Distribution Firms in San Francisco, 2013



Sources: D&B, 2013; BAE; SF Planning, 2014.

Note: Business location information based on self-reported business information data acquired from Dun & Bradstreet in 2013; map does not display data for which no production or wholesale/distribution location was indicated and may not reflect current location(s) of specific businesses.

FOOD AND BEVERAGE P&D IN THE SAN FRANCISCO ECONOMY

Though Food and Beverage P&D is a small segment of the San Francisco economy, the firms in these sectors together form a significant portion of the City's overall Production, Distribution, and Repair (PDR) economy.

As shown in Figure 17, Food and Beverage P&D employment accounts for almost one in four of San Francisco's manufacturing and wholesale/distribution jobs.⁶ In contrast, throughout the Bay Area, Food and Beverage P&D jobs make up just over 15 percent of all P&D jobs in the region. In other words, San Francisco owes a significant share of its PDR jobs to Food and Beverage firms.

Food and Beverage P&D firms in San Francisco grossed over \$550 million in revenue in 2013, according to self-reported data from Dun & Bradstreet. Beverage Manufacturing was the most lucrative sector, with average annual revenue reported at \$2.4 million per firm. Wholesale/Distribution firms grossed \$1.9 million on average, while Food Manufacturing showed the lowest revenues, at an average of \$750,000 per firm. Detailed data tables provided in Appendix H indicate that within Food Manufacturing, meat and fish processors were the highest grossing, with average annual revenues of \$4.9 million and \$1.7 million, respectively. Coffee and tea manufacturers and bakeries had the lowest revenues, averaging \$650,000 and \$250,000 in 2013, respectively.

⁶ "Other P&D" totals for San Francisco and the Bay Area include all private sector jobs in the Manufacturing (31-33) and Wholesale Trade (42) NAICS industry categories. Transportation & Warehousing (48-49) is not included, because this sector cannot be segmented into food and non-food employment.

Figure 15: Production & Distribution Jobs, 2012

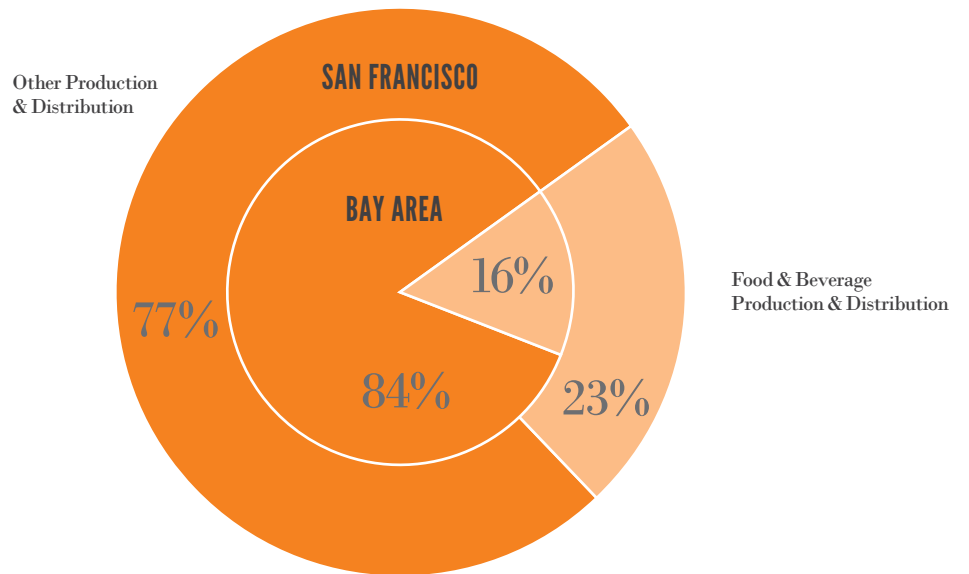
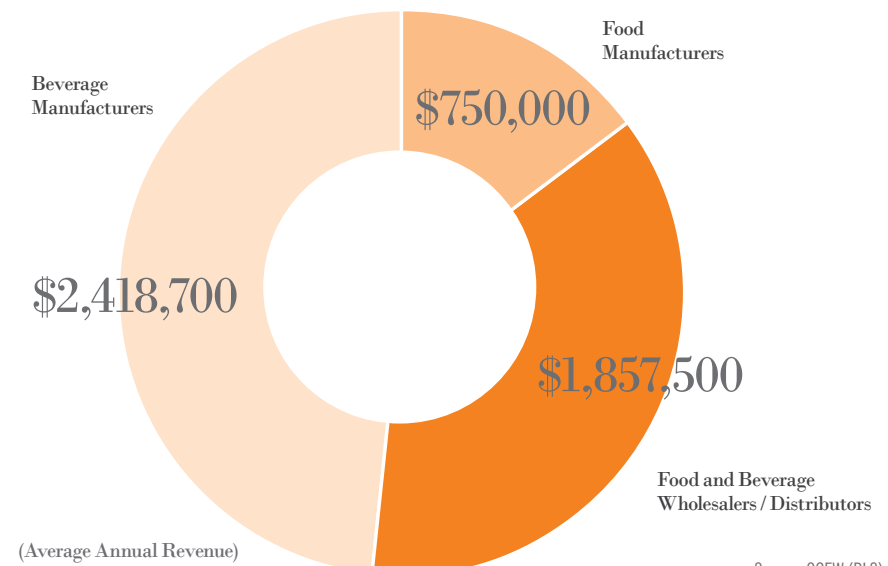


Figure 16: San Francisco Average Revenues per Firm, 2013



WAGES IN THE FOOD AND BEVERAGE P&D CLUSTER

As of 2012, over 40 percent of San Francisco residents older than 25 did not have a college degree.⁷ Blue-collar jobs in the Food and Beverage P&D cluster provide a critical source of employment for San Francisco residents without advanced levels of formal education.

Bureau of Labor Statistics (BLS) data for San Francisco from 2012 indicate that annual wages for jobs in San Francisco's Food and Beverage P&D cluster varied significantly by sector. Jobs in the Alcoholic Beverage Wholesale/Distribution and Beverage Manufacturing sectors paid near or above the average annual wage across all industries in the City, paying \$101,000 and \$81,000, respectively, compared to the City average of \$84,000.

Grocery Wholesale/Distribution jobs paid \$56,000 on average, well above the average wage for common service sector jobs in retail and hospitality, where annual wages averaged \$45,000 and \$43,000, respectively. Food Manufacturing was the only sector in San Francisco's Food and Beverage P&D cluster that did not pay above the average seen in the retail and hospitality sectors; the average annual wage in the Food Manufacturing sector was \$30,000.⁸

These relatively low wages in San Francisco's Food Manufacturing sector largely reflect the fact that bakeries account for over half of all jobs in this sector in San Francisco. Because many bakery jobs are essentially retail positions paying comparable wages to apparel or other retail jobs, the average wage for the sector as composed today is relatively low.

However, wage data from the same time period for the San Francisco Metropolitan Statistical Area (MSA),⁹ which includes employment in the East Bay and Peninsula, show that annual wages in the Food and Beverage P&D cluster for the wider region paid more than jobs in other sectors not requiring advanced levels of education, like retail and hospitality.

⁷ US Census, American Community Survey (ACS), 2012.

⁸ See Table H-33 in Appendix H for detailed San Francisco wage data.

⁹ The San Francisco-Oakland-Fremont MSA includes San Francisco, Marin, Contra Costa, Alameda, and San Mateo Counties.



BUSINESS SPOTLIGHT:

VERITABLE VEGETABLE

With 40 years of experience as an organic produce distributor, Veritable Vegetable (VV) purchases, transports, and supplies the highest quality organic fruits and vegetables. Since its founding, VV has operated the business based on values rather than the bottom line, making theirs a unique business model. As an instrument for positive social, economic, and environmental change, the company stresses high integrity relationships, quality produce, minimal environmental impact and active involvements in the community.

Each month Veritable Vegetable actively improves the sustainable food system by supporting over 200 small- to mid-size organic growers and over 490 customers including independent retailers, restaurants, schools, corporate campuses, hospitals, and wholesalers. VV operates 38,000 sq. ft. of warehouse space with 15,500 sq. ft. of walk-in cooler space, and another 6,000 sq. ft. with 3,000 sq. ft. of walk-in cooler space is in development. VV employs 130+ staff members, 60 percent of whom are women. VV is a certified B Corporation.

Photo Credit: David Matheson Photography

Figure 17: Career Ladder, Food & Beverage P&D Occupations

DISTRIBUTION - TRANSPORTATION		
OCCUPATIONAL TITLE	MEDIAN HOURLY WAGE	AVERAGE ANNUAL WAGE
Transportation, Storage, and Distribution Managers	\$46.80	\$111,493
First-Line Supervisors/Managers of Transportation and Material-Moving Machine and Vehicle Operators	\$28.89	\$61,234
Truck Drivers, Heavy and Tractor-Trailer	\$23.00	\$46,770
First-Line Supervisors/Managers of Helpers, Laborers, and Material Movers, Hand	\$22.58	\$50,770
Shipping, Receiving, and Traffic Clerks	\$16.71	\$36,021
Truck Drivers, Light or Delivery Services	\$15.79	\$39,987
Driver/Sales Workers	\$15.66	\$33,748
Truck Drivers, Light or Delivery Services	\$15.79	\$39,987

DISTRIBUTION OR MANUFACTURING - SALES		
OCCUPATIONAL TITLE	MEDIAN HOURLY WAGE	AVERAGE ANNUAL WAGE
Purchasing Agents and Buyers, Farm Products	\$37.13	\$73,781
Wholesale and Retail Buyers, Except Farm Products	\$27.71	\$59,153
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	\$23.00	\$46,770
Stock Clerks and Order Fillers	\$13.53	\$31,112

FOOD MANUFACTURING		
OCCUPATIONAL TITLE	MEDIAN HOURLY WAGE	AVERAGE ANNUAL WAGE
First-Line Supervisors/Managers of Production and Operating Workers	\$28.23	\$64,126
Butchers and Meat Cutters	\$16.99	\$35,083
Food Cooking Machine Operators and Tenders	\$15.51	\$32,526
Food Batchmakers	\$13.70	\$30,830
Helpers – Production Workers	\$12.89	\$29,379
Production Workers, All Other	\$11.98	\$31,455
Bakers	\$11.85	\$28,194
Meat, Poultry, and Fish Cutters and Trimmers	\$11.39	\$25,327

Notes: All figures reflect data for the first quarter of 2013 for the San Francisco-San Mateo-Redwood City Metropolitan Division published by the California Employment Development Department (EDD); includes San Francisco, Marin, and San Mateo Counties.

Sources: Occupational Employment Statistics (OES) Survey, EDD, 2013; BAE, 2014.

In the MSA, the Food Manufacturing sector paid \$45,000 on average, significantly higher than what this sector paid in San Francisco and higher than average wages in the region's retail and hospitality sectors, which paid \$38,000 and \$37,000, respectively.¹⁰

The regional data shows that a diversified and robust Food Manufacturing sector—along with other Food and Beverage P&D sectors—can serve as a vehicle for relatively high-wage jobs for San Franciscans without a college degree.

CAREER ADVANCEMENT IN THE FOOD AND BEVERAGE P&D CLUSTER

Jobs in the Food and Beverage P&D cluster present significant opportunities for career advancement as well, according to occupational wage data from the beginning of 2013 published by the California Employment Development Department (EDD).

Many entry-level jobs in Food and Beverage P&D cluster can lead to higher-paying positions—both in the cluster and in other related sectors—for workers who may otherwise have limited opportunities to gain vocational training and work experience in these fields.

As shown in Figure 19, an entry-level job as a freight or stock handler with a food or beverage wholesaler or distributor might pay, on average, \$31,000 in the San Francisco area,¹¹ but provides a possible starting point for a career as a transportation or distribution manager, which pays over \$110,000 on average.

Similarly, experience gained in sales and marketing through an entry-level position as a stock clerk with a food or beverage wholesaler can put a worker on track for a career as a purchasing agent, which pays nearly \$74,000 on average. In the Food Manufacturing sector, production skills developed as a meat or fish trimmer or baker can position an employee for a career as a manager in the broader manufacturing sector, earning an average of \$64,000 per year.

¹⁰ See Table H-33 in Appendix H for detailed MSA-level wage data.

¹¹ Occupational wage data reflects data for the San Francisco-San Mateo-Redwood City Metropolitan Division, which includes Marin, San Francisco, and San Mateo Counties.



Photo Credit: Noah Christman, SPUR

REAL ESTATE CONDITIONS IN SAN FRANCISCO

REAL ESTATE NEEDS FOR FOOD & BEVERAGE PRODUCTION & DISTRIBUTION

Food and Beverage P&D firms in San Francisco occupied over 2.4 million square feet of space as of 2013, according to self-reported data from Dun & Bradstreet. The average size per firm was about 6,100 square feet. Space occupancy varied considerably, with firms' reported facility size ranging from less than 500 to over 80,000 square feet.

Wholesale/distribution firms used the most space of the three P&D sectors, with an average facility size of just under 7,500 square feet. Beverage Manufacturing also showed significant space needs, occupying an average of 5,900 square feet¹² per business, while Food Manufacturing averaged 4,500 square feet per firm.

For Food and Beverage P&D businesses, having the right amount of space is only part of the equation. Like other production, distribution, and repair (PDR) firms, these businesses need specific amenities that can generally be found only in industrial properties in order to function.

¹² This figure excludes one large beverage manufacturer that reported a facility size of nearly 90,000 sq. ft.

BUSINESS SPOTLIGHT:

SAN FRANCISCO WHOLESALE PRODUCE MARKET

The San Francisco Wholesale Produce Market is a major piece of the San Francisco Bay Area's food system infrastructure. It is the largest multi-tenanted produce wholesale and distribution facility run by an independent nonprofit entity in Northern California and spans over 20 acres, including 300,000 square feet of warehouse space. The market, in existence for 137 years, moved to its current location in southeast San Francisco in 1963.

It directly supports more than 25 businesses that cumulatively employ more than 600 people. The Market itself will employ over 1,000 people at the completion of an ongoing reinvestment and expansion project. The Market is also an important contributor to healthy eating in the Bay Area by providing fresh produce to grocery stores, restaurants, and other retail outlets, and donating over 1 million pounds each year to the San Francisco Food Bank.

In general, key PDR space requirements include:

- large open format floor plans
- high ceilings
- loading docks with appropriate access
- roll-up doors
- floor drains
- heavy-duty electricity and water hookups.

Food and Beverage P&D firms have additional space considerations including:

- fume or oven hoods
- proper ventilation
- grease traps
- code-compliant washing equipment
- additional drainage and water hookups
- ability to build-out some retail space onsite

Location needs common to Food and Beverage and other P&D include:

- appropriate zoning (industrial loading + accessory retail)
- proximity to customers
- transportation access for workers
- freeway access for deliveries

Figure 20 details key location and space considerations for different types of Food and Beverage P&D firms.

Figure 18: Key Location and Space Considerations, Food and Beverage P&D Firms

BUSINESS TYPE	AVERAGE SIZE IN SAN FRANCISCO (SQ. FT.)	KEY LOCATION CONSIDERATIONS	KEY LEASE SPACE CONSIDERATIONS	MARKET RATE FOR RENTAL SPACE (PRICE PER SQ. FT. PER MONTH)
Small Manufacturer/Producer	500 to 3,000	<ul style="list-style-type: none"> • Accessibility to public transit • Some prefer to have accessory retail, so areas with good foot traffic are preferred 	Existing Infrastructure: <ul style="list-style-type: none"> • Power: 200a-800a (120/140 3 PH) • Drain/Sewer: 6" Main • Floor sinks/ drains, trench drains • Grease Interceptor • Gas: 2" • Water: 1"-2" • Shipping/Receiving: Ground Deliveries (No Dock Required) • Sprinkler System • Capacity for accessory retail 	\$1.65 to \$3.00 Note: Smaller spaces with existing infrastructure, in Dogpatch, Potrero Hill, and Northeast Mission neighborhoods demand higher rates.
Mid-size Manufacturer/Producer	3,000 to 5,000	<ul style="list-style-type: none"> • Accessibility to public transit • Accessibility to shipping/receiving by both ground and dock • Some may prefer to have accessory retail, so areas with good foot traffic are preferred. 	<ul style="list-style-type: none"> • Similar to small scale manufacturers (see above) but have greater shipping/receiving needs and many require loading docks. • Also helpful is ability to build out kitchen space. 	\$1.65 to \$3.00 Note: Similar to above, smaller spaces with existing infrastructure, in Dogpatch, Potrero Hill, and Northeast Mission neighborhoods demand higher rates.
Large-size Manufacturer/Producer	5,000 to 15,000	<ul style="list-style-type: none"> • Accessibility to public transit • Accessibility to shipping/receiving by both ground and dock • Some may prefer to have accessory retail, so areas with good foot traffic are preferred. 	<ul style="list-style-type: none"> • Similar to small scale manufacturers (see above) but have greater shipping/receiving needs and many require loading docks. • Also helpful is ability to build out kitchen space. 	\$1.25 to \$3.00 Note: Similar to above, smaller spaces with existing infrastructure, in Dogpatch, Potrero Hill, and Northeast Mission neighborhoods demand higher rates.
Caterer	1,000 to 5,000	<ul style="list-style-type: none"> • Accessibility to public transit 	Existing Infrastructure: <ul style="list-style-type: none"> • Power: 200a-800a (120/140 3 PH) • Drain/Sewer: 6" Main. • Floor sinks/ drains, trench drains • Grease Interceptor • Gas: 2" • Water: 1"-2" • Shipping/Receiving: Ground Deliveries (No Dock Required) 	\$1.65 to \$3.00 Note: Similar to manufacturers, smaller spaces with existing infrastructure, in Dogpatch, Potrero Hill, and Northeast Mission neighborhoods demand higher rates.
Distributor	Less than 10,000	<ul style="list-style-type: none"> • Accessibility to public transit • Accessibility to shipping/receiving by dock for large trucks 	<ul style="list-style-type: none"> • Loading Docks • High Ceilings • Adequate truck parking • Sprinkler System 	\$0.65 to \$1.40

Note: Space requirements and rent rates in this table refer to food & beverage. P&D cluster firms, specifically as reported by interview respondents; these figures may not match space and rent figures shown elsewhere in this Strategy from other sources.

Sources: SFMade; SF Planning; BAE, 2014.

EXISTING CONDITIONS OF LIGHT INDUSTRIAL REAL ESTATE IN SAN FRANCISCO

San Francisco has at least 20 million square feet¹³ of rentable industrial space in just over 500 buildings, according to figures published by Kidder Matthews, a commercial real estate brokerage firm, from the end of 2013. The vast majority of this inventory, over 90 percent, is located in the eastern and southeastern portions of the City. Bayview/Hunters Point contains over half of this inventory, the eastern waterfront areas of Mission Bay, Potrero Hill, and Dogpatch contain over 15 percent, SoMa has nearly 10 percent, and Showplace Square has over seven percent of the city’s industrial space.

Since 1990, the amount of land in San Francisco zoned for light industrial uses has shrunk by half and become increasingly concentrated in the City’s east and southeast. Even following an extensive PDR rezoning effort (see sidebar on next page), less than seven percent of the City’s developable land is zoned for light industrial uses.¹⁴

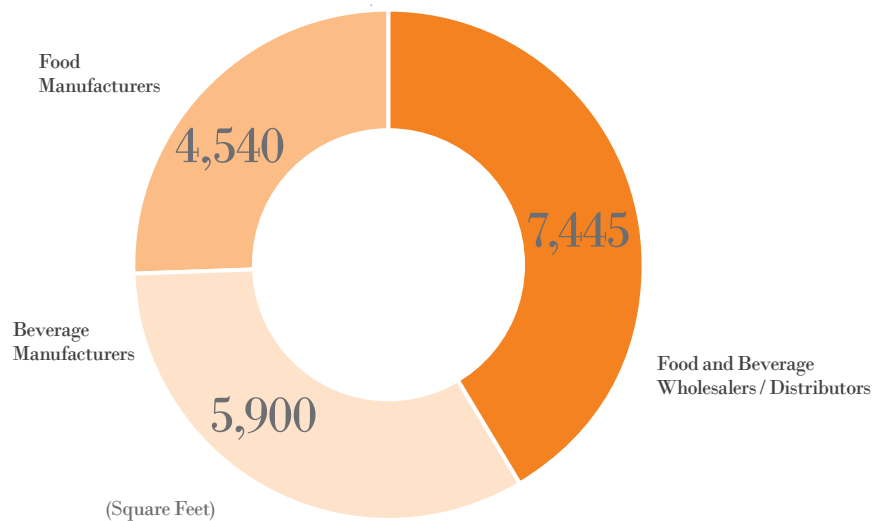
¹³ Inventory total includes only buildings over 15,000 square feet.

¹⁴ SF Planning. Central Waterfront Area Plan, 2008

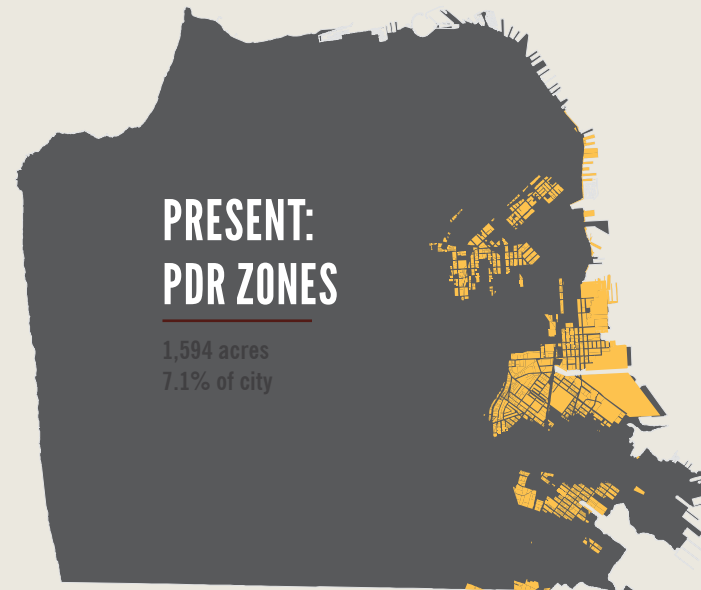
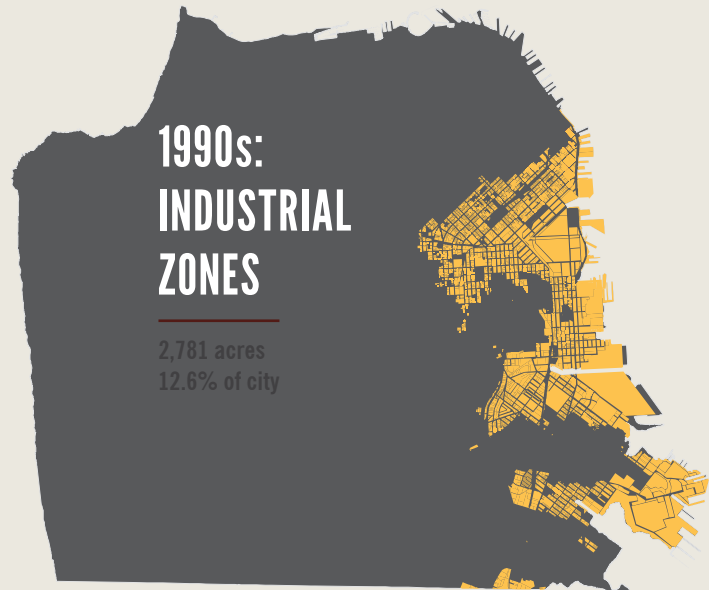
In the entire City, less than 830,000 square feet of industrial space was available at the end of 2013, for a low overall vacancy rate of 4.1 percent, according to recent commercial broker reports. This rate represents a significant drop in vacancy since the third quarter of 2013, when the overall vacancy rate was 5.2 percent. Vacancies were highest in the Mission Bay, Potrero Hill, and Dogpatch areas, and in Bayview/Hunters Point, while very little space was available in SoMa, Showplace Square, and the eastern Mission District.

Despite these low vacancy rates, very few new industrial facilities have been produced as expected rents typically do not cover the costs of development. Currently, about 4.7 million square feet of land (roughly 110 acres) that is zoned for industrial uses in the City is considered vacant or underdeveloped.¹⁵ While some of these parcels are occupied by low-intensity uses such as parking, staging and construction areas, and storage, they could present prime opportunities for developing new industrial space. The City is currently exploring possible incentives to encourage the creation of new industrial space—for instance, through the recent updates to PDR zoning which allow some office buildings to be developed if one-third of the space is devoted to PDR uses.

Figure 19: Food & Beverage Production & Distribution Average Facility Size, 2013



¹⁵ Analysis conducted by SF Planning, 2014.



SAN FRANCISCO'S PRODUCTION, DISTRIBUTION, AND REPAIR (PDR) DISTRICTS

At one time, industrial lands covered nearly the entire eastern shoreline of San Francisco. As the city's economy transformed over time—away from traditional manufacturing and toward tourism, service and “knowledge-based” businesses—the city's industrial zoned lands shrank steadily, occupying about 12% of the city's usable land in the 1990s. This period was one of strong economic growth in which the city gained thousands of new jobs and residents. As a result, land use conflicts arose as non-industrial, higher paying uses such as residences and offices surged into historically industrial neighborhoods.

Recognizing the important contribution that industrial businesses make to the city's economy, as part of the Eastern Neighborhoods Area Plans (adopted in 2008) the Planning Department created a zoning district to preserve approximately 7% of the City's usable land for “Production, Distribution and Repair” (PDR) uses, meant to create a haven for the wide variety of activities that need cheaper land and larger spaces to function. Considered groundbreaking at the time, this PDR zoning reduced inherent economic and operational competition with housing, office developments, and large retail by prohibiting these uses in PDR districts.

In the years since the PDR districts were created, they have largely served as intended,

allowing industrial businesses to thrive and invest in their facilities without imminent risk of displacement. However, there have been a handful of instances where the zoning controls have not been adequate to support the protection, creation, and use of PDR space. Meanwhile, the city is experiencing a resurgence of new local manufacturers, as demand for foods, clothing, and other products produced in San Francisco has soared.

In May 2014 the City adopted legislation amending PDR zoning to better suit the needs of these businesses (BOS Ordinance No. 131205). The legislation made it easier for certain types of food businesses to operate (including breweries, meat and dairy producers, and fermented food producers), allowed multiple industrial businesses on a parcel to share retail space, and modified zoning incentives to encourage the production of new PDR space.

Rents for industrial space in San Francisco have been on the rise, with the average monthly asking rate increasing by 13 percent in 2013, according to citywide data published by Kidder Matthews.

However, rents for industrial space that is suited for Food and Beverage P&D activities are significantly higher than general industrial rents, according to interviews and surveys conducted for this Cluster Strategy with food and beverage businesses owners, industrial landlords, and real estate brokers. The monthly rental rate for large spaces (i.e., greater than 10,000 square feet) paid by Food and Beverage P&D businesses is roughly \$0.65 to \$1.40 per square foot.¹⁶ Rents are higher for smaller manufacturing spaces, roughly \$1.65 to 3.00 per square foot, depending on existing improvements, location, and size. Industrial spaces in San Francisco can cost roughly two to three times the amount for equivalent spaces in East Bay industrial hubs like Emeryville, Oakland, and San Leandro.

With very little new industrial space being built and low and declining vacancy, rents for new space can be expected to be even higher than the market rate for high quality existing space. A 2012 report produced for the San Francisco Planning Department estimated that newly constructed industrial space in the city would require monthly rents of \$2.50 to \$3.50 per square foot to be feasible under current market conditions.

On top of these lease rates, Food and Beverage P&D businesses often must make significant tenant improvements (see Figure 20) before a space can be used for food and beverage related activities. These improvements include installation of oven hoods, grease traps, additional drainage, and other building features required to be compliant with the public health code. These improvements are costly; Food and Beverage P&D business owners interviewed for this Cluster Strategy reported out-of-pocket improvement costs in the vicinity of \$50 per square foot. For a Food and Beverage P&D space of 5,000 square feet, this would mean roughly \$250,000 of capital expenses before business operations can commence.

The need for substantial tenant improvements will only be exacerbated as the city's aging industrial stock deteriorates in quality; industrial buildings

¹⁶ Rent figures from Food and Bev. P&D contacts were reported as "industrial gross" rent, which typically means the landlord pays for property tax and building insurance and tenants pay for common space and utility costs; lease terms vary.



BUSINESS SPOTLIGHT:

BI-RITE MARKET

Bi-Rite Market is a community-oriented business consisting of two brick-and-mortar food markets, a nonprofit education center (18 Reasons), a creamery and bakeshop, and an organic farm. Operating in the Mission District since 1940, Bi-Rite's values of love, passion, and integrity aim to bring people together through food.

Bi-Rite pays its 300-plus employees a living wage and sources most of its products from local San Francisco producers. Bi-rite's new location in the Western Addition added 85 jobs to the San Francisco economy and a recently established catering/commissary kitchen facility in the Bayview employs 40.

Bi-Rite chose its Bayview location because of their commitment to operating in SF and due to the proximity of other food business, especially wholesalers and distributors.

in San Francisco are typically between 30 and 100 years old and many are in need of major repair to keep them safe and functional. At the same time, new industrial space to replace these older buildings would come at significant rent premiums.

The maps presented in Figure 22 through Figure 26 show the location of existing Food and Beverage P&D businesses based on Dun & Bradstreet data, and industrial zoning under current classifications.



BUSINESS SPOTLIGHT:

MAGNOLIA BREWERY & GASTROPUB

Opened in 1997, Magnolia Brewery & Gastropub is known for its award-winning traditional British style ales. After 15 years and 3 million pints at its original location in the Haight-Ashbury neighborhood, the company has expanded its production facilities into the Dogpatch neighborhood, opening a new brewery accompanied by a full bar and restaurant.

The supportive community and rising demand for craft beer and quality provisions Magnolia found at their Haight Street location kept the company in San Francisco as they looked for a second location. Mirroring the local craft nature of its beer, Magnolia hired local San Francisco contractors to manage the interior renovation of its new facility. As they expand their production and distribution efforts, the Brewery hopes to contribute to the history of both storied San Francisco neighborhoods.

Figure 20: Existing Food and Beverage P&D Businesses, Bayview Hunters Point, 2013

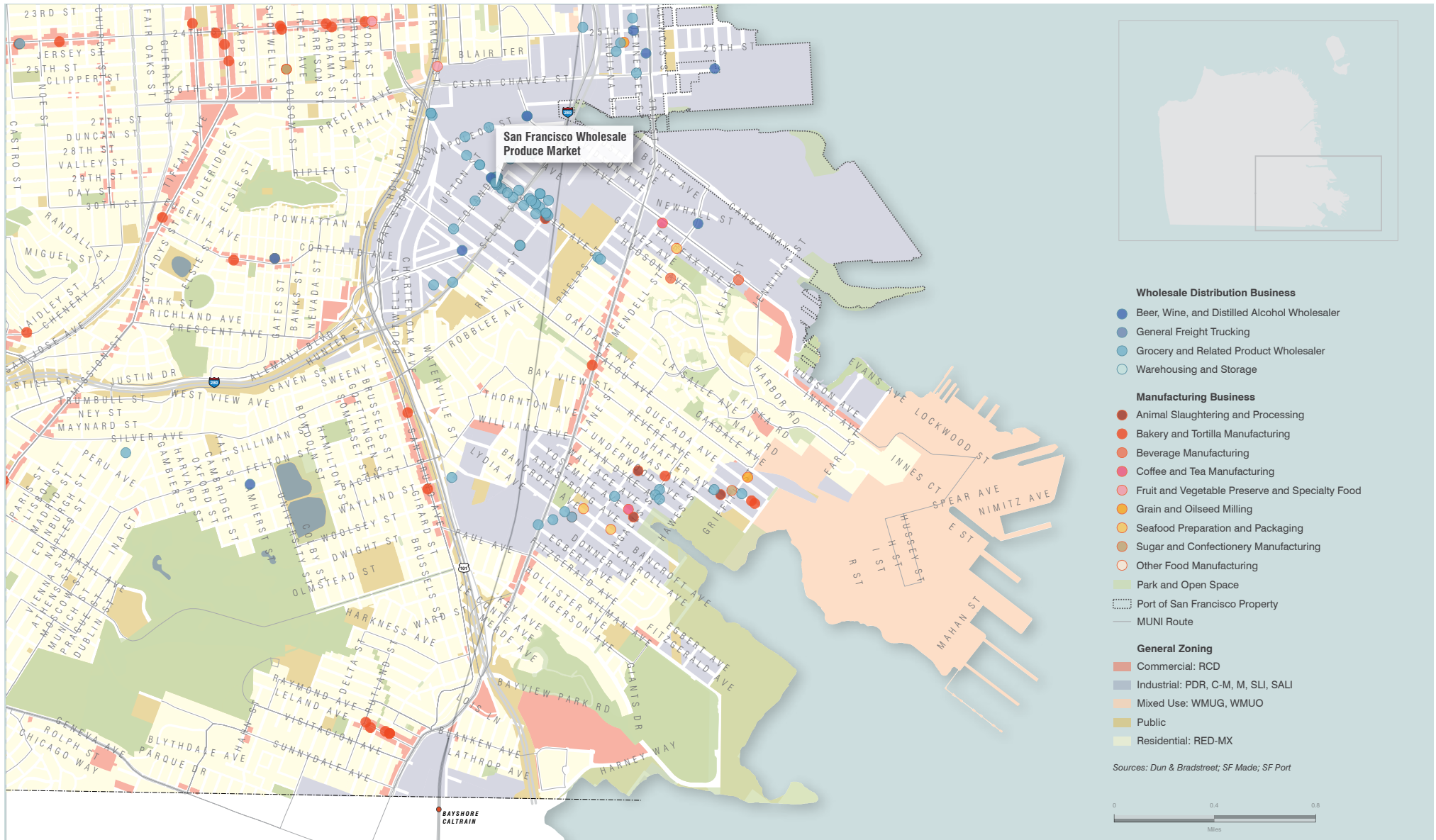


Figure 22: Existing Food and Beverage P&D Businesses, South of Market, 2013

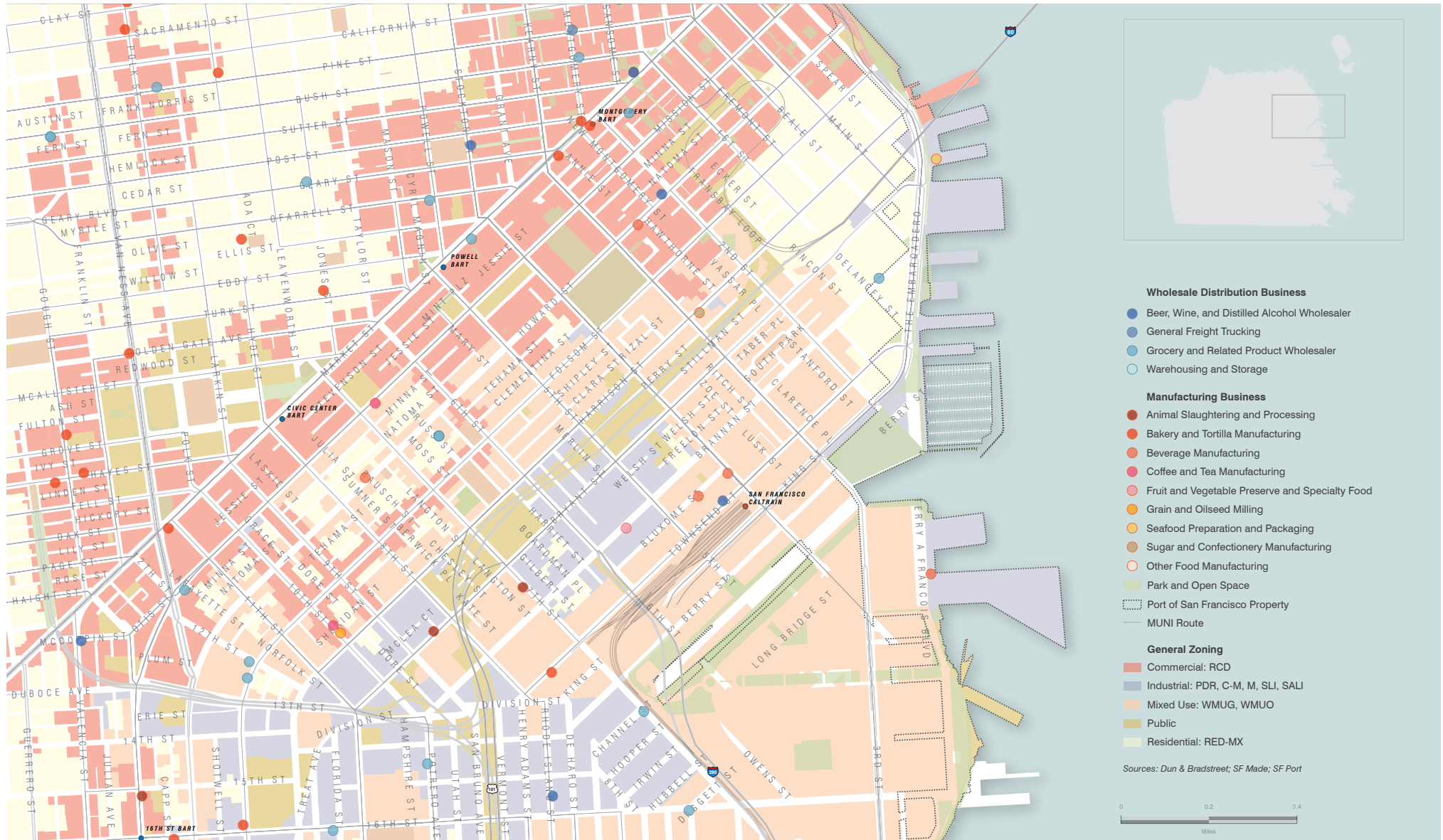
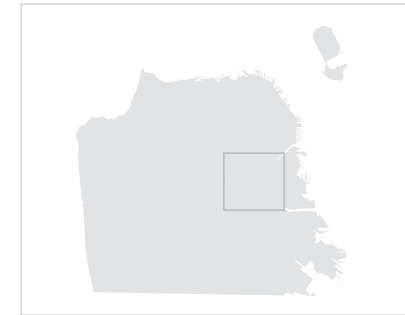
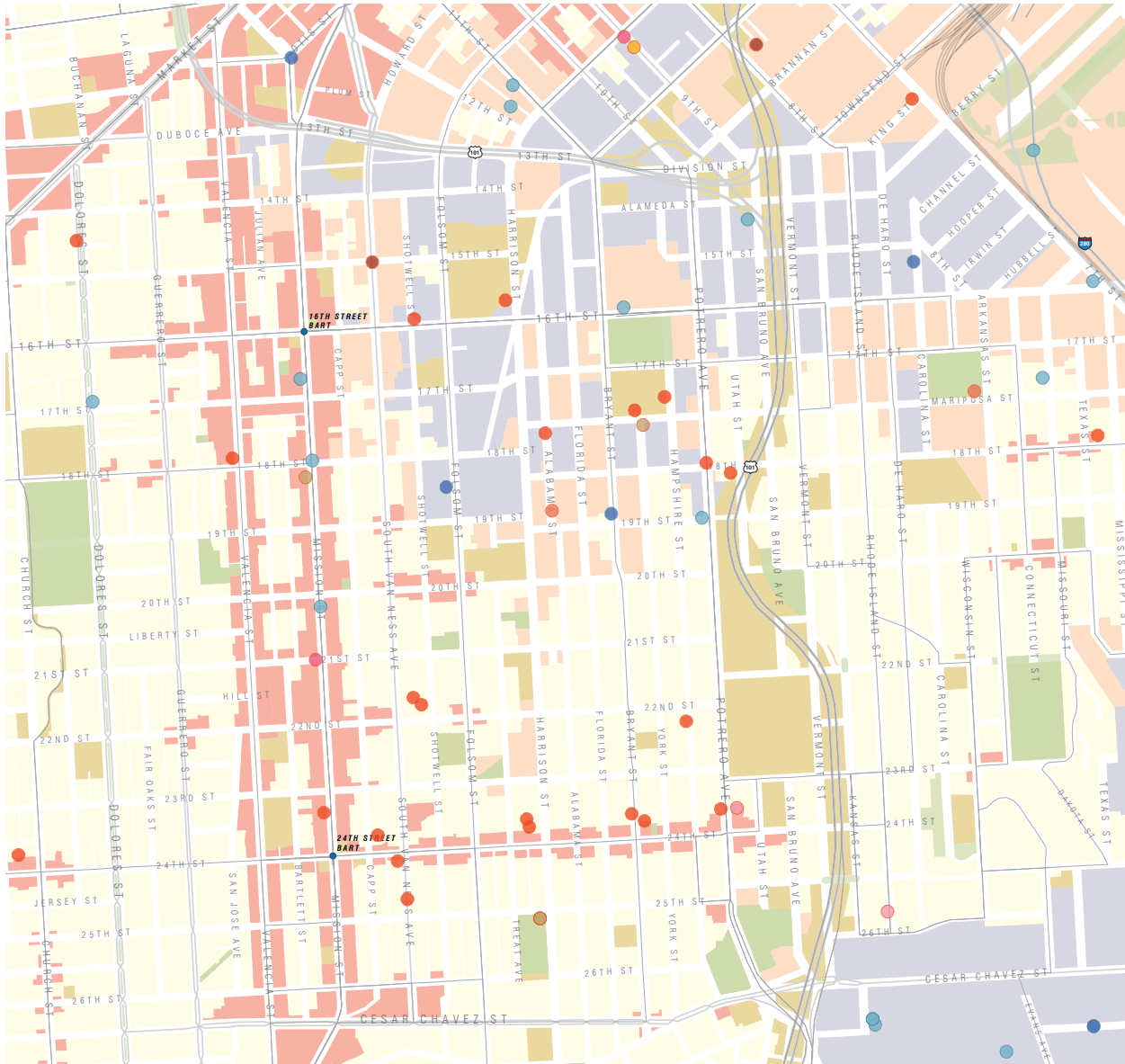


Figure 23: Existing Food and Beverage P&D Businesses, Mission District, 2013

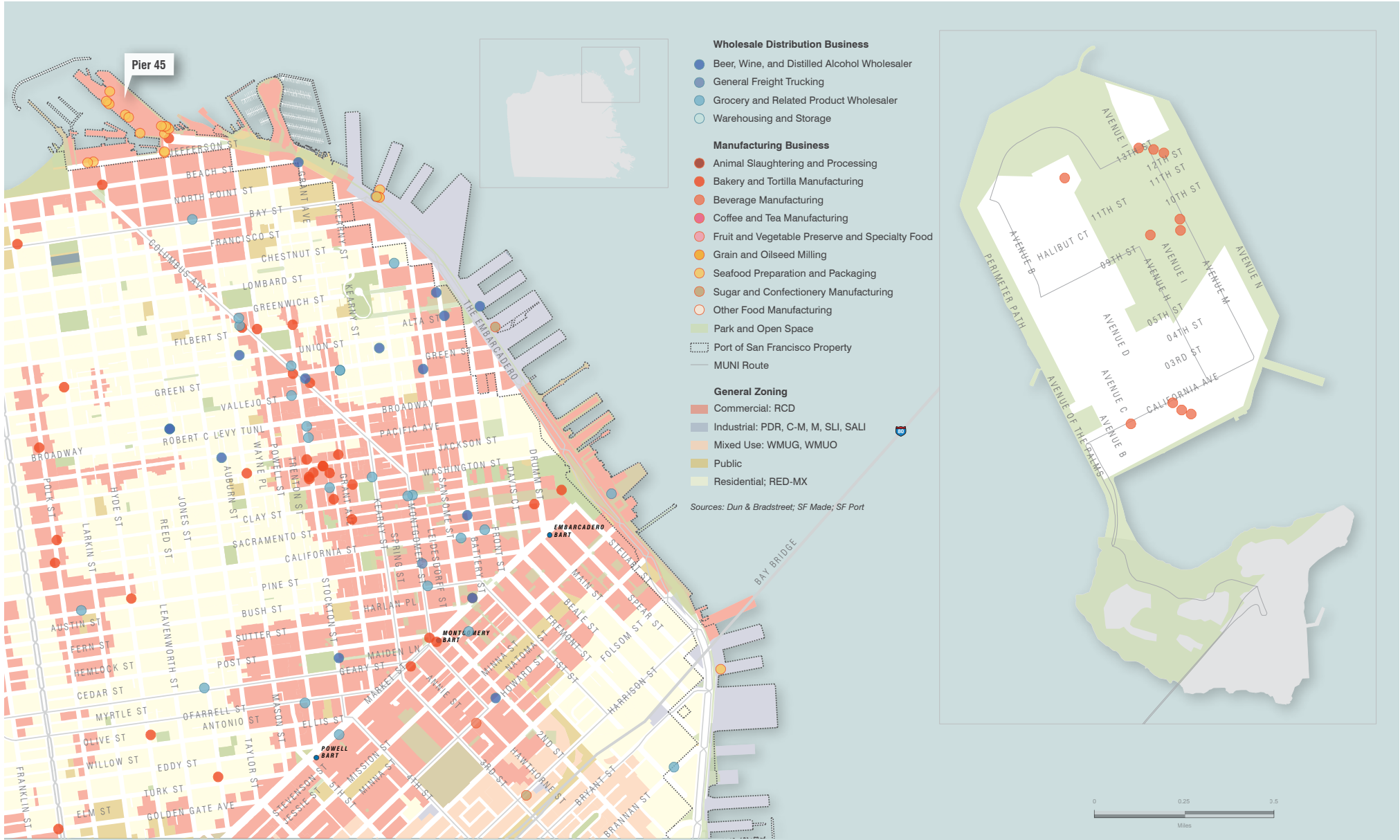


- Wholesale Distribution Business**
 - Beer, Wine, and Distilled Alcohol Wholesaler
 - General Freight Trucking
 - Grocery and Related Product Wholesaler
 - Warehousing and Storage
- Manufacturing Business**
 - Animal Slaughtering and Processing
 - Bakery and Tortilla Manufacturing
 - Beverage Manufacturing
 - Coffee and Tea Manufacturing
 - Fruit and Vegetable Preserve and Specialty Food
 - Grain and Oilseed Milling
 - Seafood Preparation and Packaging
 - Sugar and Confectionery Manufacturing
 - Other Food Manufacturing
- General Zoning**
 - Commercial: RCD
 - Industrial: PDR, C-M, M, SLI, SALI
 - Mixed Use: WMUG, WMUO
 - Public
 - Residential: RED-MX

Sources: Dun & Bradstreet; SF Made; SF Port



Figure 24: Existing Food and Beverage P&D Businesses, Northeast Waterfront, 2013



SUMMARY: SAN FRANCISCO'S FOOD AND BEVERAGE ECONOMY

San Francisco's Food and Beverage P&D sectors contracted significantly from 1990 to 2005, but then stabilized and have slowly grown since 2006. Since 1990, San Francisco has lost almost half its Food and Beverage P&D jobs and nearly 15 percent of its firms. However, after 2006, the decline in jobs and firms reversed course, with subsequent growth of 13 percent in Food and Beverage P&D sectors by 2012.

The Food and Beverage industry cluster as a whole has boomed in San Francisco. Even as the Food and Beverage P&D sectors contracted, the number of restaurants, bars, grocery stores, markets, and liquor stores in San Francisco has increased by over 25 percent since 1990, led mainly by restaurants and bars; employment in these sectors has grown by 40 percent since 1990.

The Wholesale/Distribution sector accounts for over half of total Food and Beverage P&D in San Francisco. Over half of all firms and jobs in the City's Food and Beverage P&D sectors are in grocery-related and alcoholic beverage wholesale/distribution. Food Manufacturing makes up 40 percent of the jobs and firms, with bakeries accounting for the largest share of this sector.

Food and Beverage P&D cluster provides relatively good-paying jobs for San Franciscans at all education levels and significant career advancement opportunities. Employees in the Alcoholic Beverage Wholesale/Distribution and Beverage Manufacturing sectors earn an average of \$101,000 and \$81,000 in 2012, respectively, and workers in the Grocery Wholesale/Distribution sector earn \$56,000 on average. By comparison, typical service sector jobs that require similar educational background pay an average of \$45,000. In addition, food and beverage P&D jobs present significant opportunities for career advancement.

One in four production & distribution jobs in San Francisco is in the Food and Beverage Sector. While production & distribution jobs make up a small slice of San Francisco employment, almost 25 percent of those jobs are in Food and Beverage P&D. San Francisco's P&D sector relies more heavily on its food and beverage businesses than the Bay Area as a whole, where about 15 percent of jobs are food and beverage related.

Unique space and improvement needs frame the real estate market for Food and Beverage P&D businesses. Food and Beverage P&D businesses require industrial space with specific amenities—like drainage and loading docks—which leave them with limited location options in San Francisco's competitive industrial market. Food and Beverage P&D firms often face significant costs to install necessary improvements even once a suitable industrial space has been leased.

Industrial real estate in San Francisco is a competitive and expensive market. San Francisco's stock of industrial space is significantly less than what it was 20 years ago and there is currently very little vacancy. Rents for industrial space are on the rise and the rent needed to support development of new industrial space is often prohibitive to Food and Beverage P&D businesses.



Photo Credit: Noah Christman, SPUR



Photo from February 5, 2014 SF Food & Beverage Business Forum at SPUR. Credit: BAE

Key Challenges

This chapter provides an overview of the key challenges facing Food and Beverage P&D businesses seeking to start, stay, and grow in San Francisco. These findings are based on extensive outreach to food and beverage business owners and experts in the finance and real estate industries in San Francisco and the Bay Area. Outreach included online surveys and personal in-depth interviews. In addition, a Food & Beverage Business Forum was convened in February 2014, attended by more than 60 food and beverage entrepreneurs, business support consultants, finance experts, and organizational representatives.¹⁷

Throughout the formation of this Cluster Strategy, a dedicated Steering Committee of local entrepreneurs and City staff provided invaluable guidance and direction that helped shaped the following findings.



¹⁷ See Appendices E and F for a full list of survey respondents, interviewees, and Business Forum attendees.

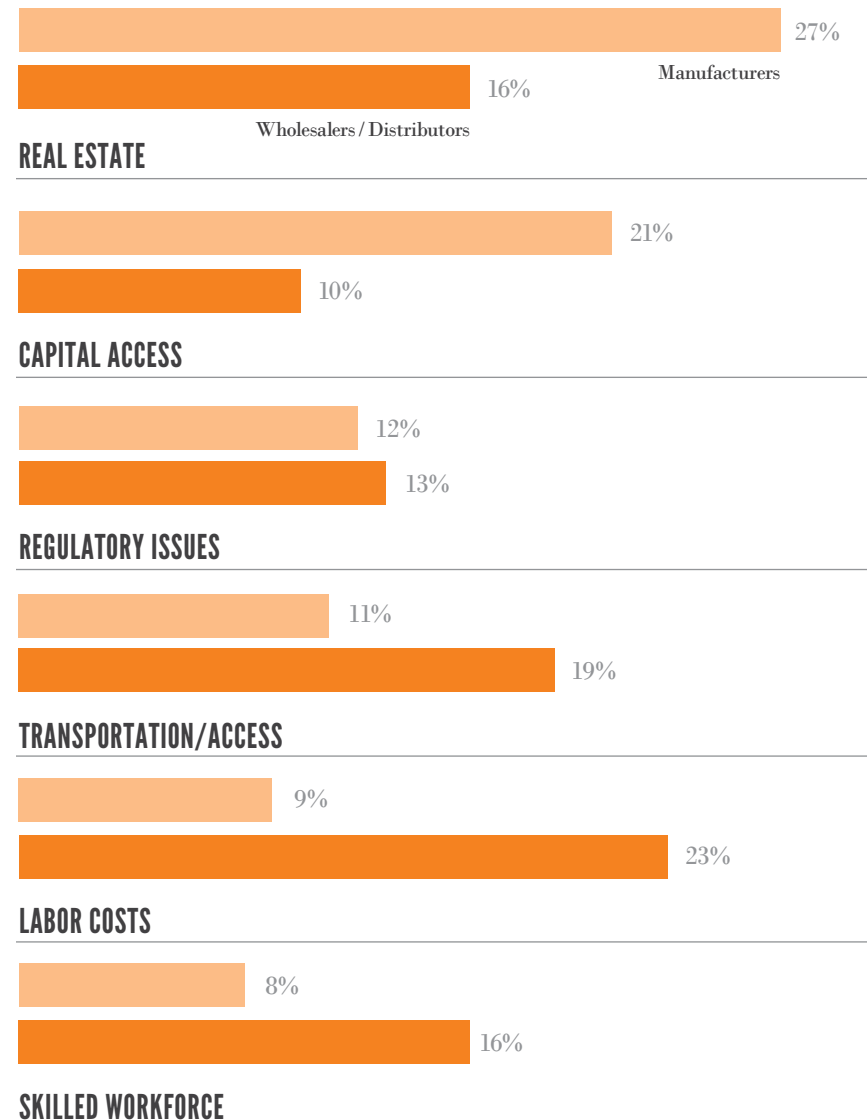
OVERVIEW OF KEY CHALLENGES

Surveys circulated to food and beverages businesses yielded 50 responses, 39 from manufacturers and 11 from wholesale/ distribution businesses. In addition, 31 in-depth interviews were conducted with 20 manufacturers, four wholesale/distribution entrepreneurs, and seven local real estate and finance experts.

In all, the surveys and interviews gathered information from 66 unique respondents. Among food and beverage manufacturers, real estate issues and access to capital were the two most-cited challenges. For wholesalers/ distributors, labor costs and transportation access were the top two challenges, followed closely by real estate issues and workforce skills. Both types of businesses also cited regulatory issues as a key concern. These challenges were confirmed by the attendees of the Food & Beverage Business Forum and by the Steering Committee members.

Figure 25: Key Challenges for Manufacturers and Wholesalers/Distributors

Percent of Responses (Multiple Selections)



Source: SFMade; SF Planning; BAE, 2014

AFFORDABLE AND SUITABLE SPACE

To shed light on the real estate challenges facing Food and Beverage P&D firms, survey respondents and interviewees were asked to indicate their top reasons for locating, and seeking to remain, in San Francisco.

Proximity to customers was the top reason cited by both manufacturers and wholesale/distribution firms. Manufacturers reported that just over half of their revenue came from customers based in San Francisco, while wholesalers/distributors reported that about 45 percent of sales came from customers in the City. Accessibility to the most significant share of their customer base is a key reason that Food and Beverage P&D businesses choose to remain in San Francisco.

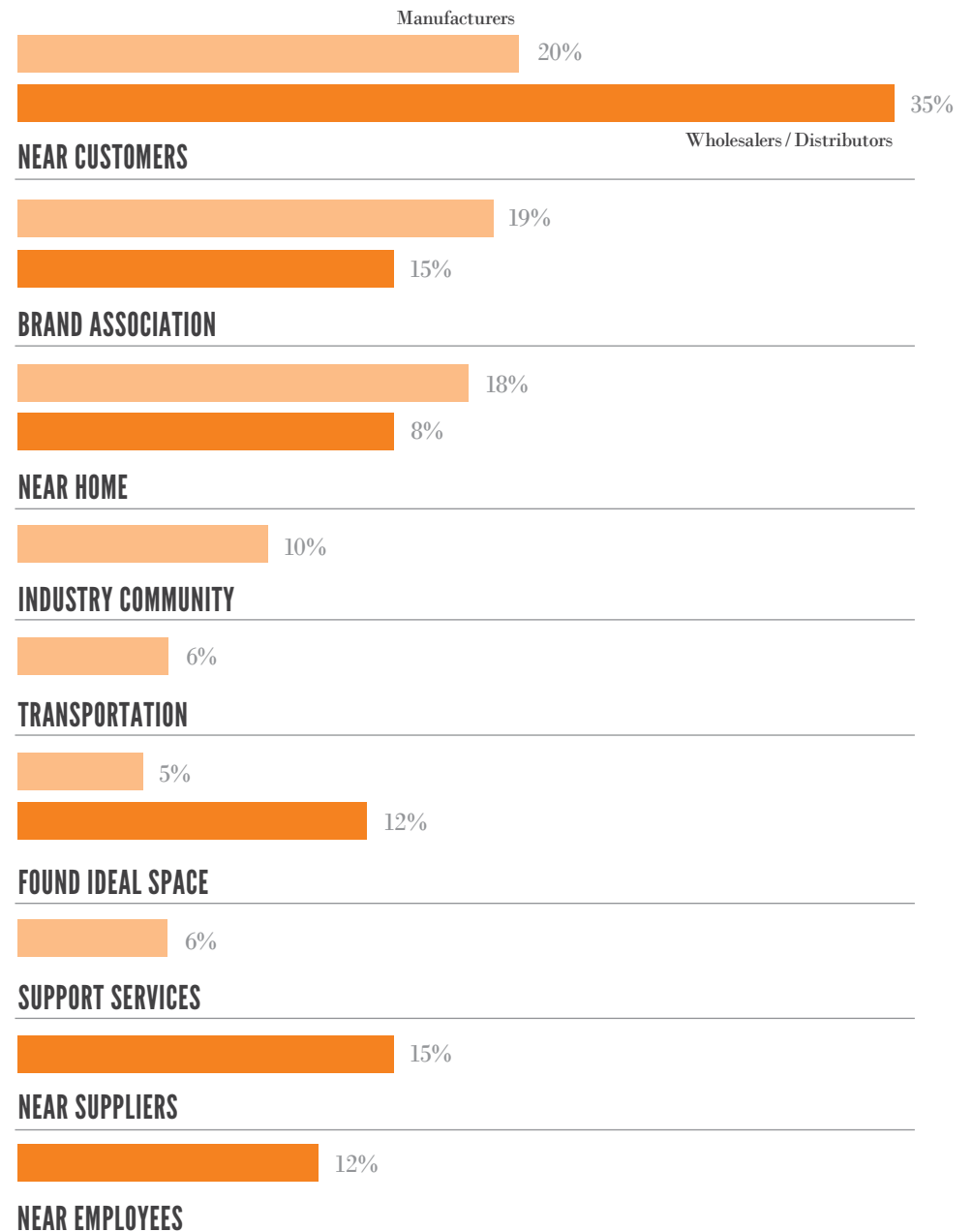
Brand association with San Francisco was the second most important factor for both types of food and beverage businesses in choosing to stay in San Francisco. Interview responses indicated that this referred both to the value of San Francisco's positive national and global reputation, as well as to the firm's investment in a "San Francisco company" identity.

One in five manufacturers cited the proximity to home as a key reason for locating their firm in San Francisco. This partly reflects the general preference among entrepreneurs to establish firms near their place of residence. It also signals the importance to many business owners of being able to live and work in the same city.

Notably, very few manufacturing or wholesale/distribution respondents said they were in their current location because they had found their "ideal space." This may reflect the difficulty many business owners encounter in finding suitable food and beverage production space in the City. However, it also suggests that business owners have been willing to

Figure 26: Location Decisions, Manufacturers and Wholesale/Distributors

Percent of Responses (Multiple Selections)



trade an ideal production space for the other important benefits of remaining in San Francisco.

Interviewees highlighted the specific P&D space needs that dictate their location choices. Loading docks, sufficient truck and van parking, and adequate loading/unloading areas were cited as particularly important aspects that can be difficult to find in many available spaces in the City. Roll-up doors, open format floor plans, and high ceilings were also important, but more commonly available in leasing industrial space.

The lack of “turnkey” food and beverage production space—spaces ready for immediate production use at lease signing—was cited as a significant issue for P&D businesses. Typically, when P&D businesses identify industrial space that meets their location and size needs at an affordable lease rate, the space will not have the interior improvements required for food and beverage production. The need to install grease traps, additional drainage and ventilation, auxiliary fire suppression systems, and other special improvements results in a significant addition to the cost of the space (in the vicinity of \$50 per square foot, as cited in the previous chapter). Furthermore, this cost must be met up-front before the business can commence operations, and so it poses a substantial obstacle for businesses seeking to start out or scale up in a new space.

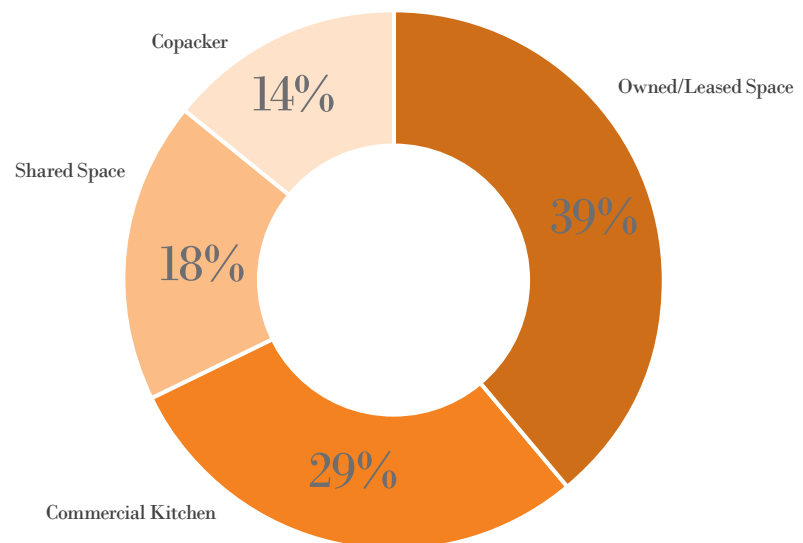
Among manufacturers who responded to the business survey or participated in an interview, nearly half currently handle production in a commercial kitchen or other shared space, while about 15 percent use a copacker to produce and package their goods. A minority of Food and Beverage P&D businesses, just under 40 percent, produce and package in a space that they own or lease for exclusive use.

While many businesses viewed commercial kitchens and shared production space as a useful option, especially for businesses in their earlier stages, several significant challenges to relying on this kind of space in the long term were cited. Inconvenient and insufficient time slots, limited storage space, lack of control over workspace cleanliness, and privacy concerns were all highlighted as reasons that growing businesses prefer exclusive use space.

Over half of all manufacturing and wholesale/distribution businesses said they will need new or expanded space within the next year. As discussed in the real estate conditions section previously, the ability of Food and Beverage P&D firms to accommodate their specific needs in San Francisco's competitive and expensive industrial real estate market is very limited. It is particularly difficult to identify space to lease or buy for exclusive use at an affordable rate.

Information gathered in the business interviews suggests that food and beverage businesses with larger space needs or who rely more on a regional customer base are the most likely to consider relocating out of San Francisco when looking for new space. These qualities most reflect the profile of the wholesale/distribution firms in Food and Beverage P&D. While San Francisco enjoys a significant concentration of these firms currently, it is important to note that their space needs and business considerations may make them more prone to relocation. This concern is also true of manufacturing businesses at later stages of development, though these firms tend to rely more heavily on a local market for their goods, so they may be more reluctant to leave the City.

Figure 27: Type of Manufacturing Production Space



Source: SFMade; SF Planning; BAE, 2014

CAPITAL ACCESS AND FINANCIAL MANAGEMENT

Food and Beverage P&D firms often have major tenant improvement costs associated with converting a general industrial space to food production use. These costs, along with start up costs associated with new businesses in general, must be covered before the business can commence operations and generate revenue, so they require up-front investment or loans.

Interviewees indicated that most small firms are self-financed through personal credit and family funding, and they may have limited knowledge about more conventional financing tools and opportunities. Existing resources, like Small Business Administration (SBA) loans, may be unknown or difficult to access.

Aspiring and small-scale entrepreneurs find it difficult to obtain commercial bank loans or equity investment for their businesses. Interviewees reported hesitancy in lending and a lack of “patient capital” that is willing to accept a low or delayed return on investment among both conventional lending institutions and venture capital and institutional investors. Even when financing is available, limited technical skill in basic financial management and bookkeeping presents a steep learning curve for early stage and small firms. These knowledge gaps and limited access to existing resources pose a challenge to Food and Beverage P&D entrepreneurs.

Appendix A lists existing local business development resources that can help small companies access capital, financial management tools, and other business support.

WORKFORCE DEVELOPMENT AND RETENTION

Reliable and skilled employees are critical to any successful business. Food and Beverage P&D firms expressed difficulty in finding and retaining workers for their businesses in San Francisco for a number of reasons.

While some work tasks at food and beverage firms are accessible to workers with general transferable workplace skills, many jobs require specific skills, training, or certifications. Given the relatively small number of Food and Beverage P&D firms in the City, the local pool of job seekers with these skills is limited. In particular, interviewees reported that delivery truck drivers with Class A licenses and clean driving records can be hard to find. Qualified cooks with adequate experience and appropriate food handler certifications are also in short supply, though business owners noted that many food preparation skills can be learned on the job.

Worker retention was highlighted as an equally challenging issue by P&D firms. In particular, the high and rising cost of housing in San Francisco continues to push many employees outside the City. While workers will often make the necessary commute changes to stay in their job, it may be only a matter of time before an attractive work opportunity at a location closer to home becomes available. San Francisco is especially vulnerable to this pattern given the significant concentration of Food and Beverage P&D businesses in other areas of the Bay Area with lower housing costs.

Many respondents reported a familiarity with existing employee training and skill development programs in the city. Those that had taken advantage of these programs, either as a source for new hires or development opportunity for existing employees, had a generally positive view of the value of the programs. However, respondents also noted that it is often a challenge to retain employees hired from these programs for a prolonged period of time.

Local P&D firms expressed a strong commitment to hiring and providing on-the-job training for more inexperienced employees. However, food and beverage firms often operate using an on-demand business model that provides limited leeway for learning curves or unsuccessful training efforts. Finding work-ready employees with necessary skills that also live in San Francisco or near the work site is a serious challenge to growing and established P&D businesses in the city.

TRANSPORTATION ACCESS AND INEFFICIENT DISTRIBUTION NETWORKS

EMPLOYEE TRANSPORTATION CHALLENGES

The state of existing public transportation service poses an impediment to workers trying to get to jobs at Food and Beverage P&D businesses—typically located in the city’s southeastern neighborhoods—from their homes in San Francisco and the Bay Area. Business owners cited this as a serious and intensifying issue.

While food and beverage manufacturers report that most of their employees still live in San Francisco, interviewees have observed increasing levels of employee migration out of the city. Among wholesale/distribution firms, business owners reported that their workers are split roughly half and half between San Francisco and East Bay residents.

Figure 32 shows information from survey respondents on their employees’ means of commute to work. Among both manufacturing and wholesale/distribution firms, most workers drive to work, while a significant share of workers take public transit to work; 20 percent of wholesale/distribution and 45 percent of manufacturing employees rely on public transit for their daily commute. Over 10 percent of employees at both types of P&D firms reportedly biked or walked to work.

The prevalence of workers who drive to work reflects the real estate and commute realities faced by P&D businesses. While many drivers may prefer to drive regardless of alternatives, some likely drive because there is no viable transit or other transportation options available to them. Gas prices, bridge tolls, maintenance costs, and lost time all present significant financial burdens to employees who drive to work; these costs place San Francisco employers at a disadvantage compared to employers in areas closer to workers’ places of residence or with better transit service.

Figure 28: Employee Means of Commute

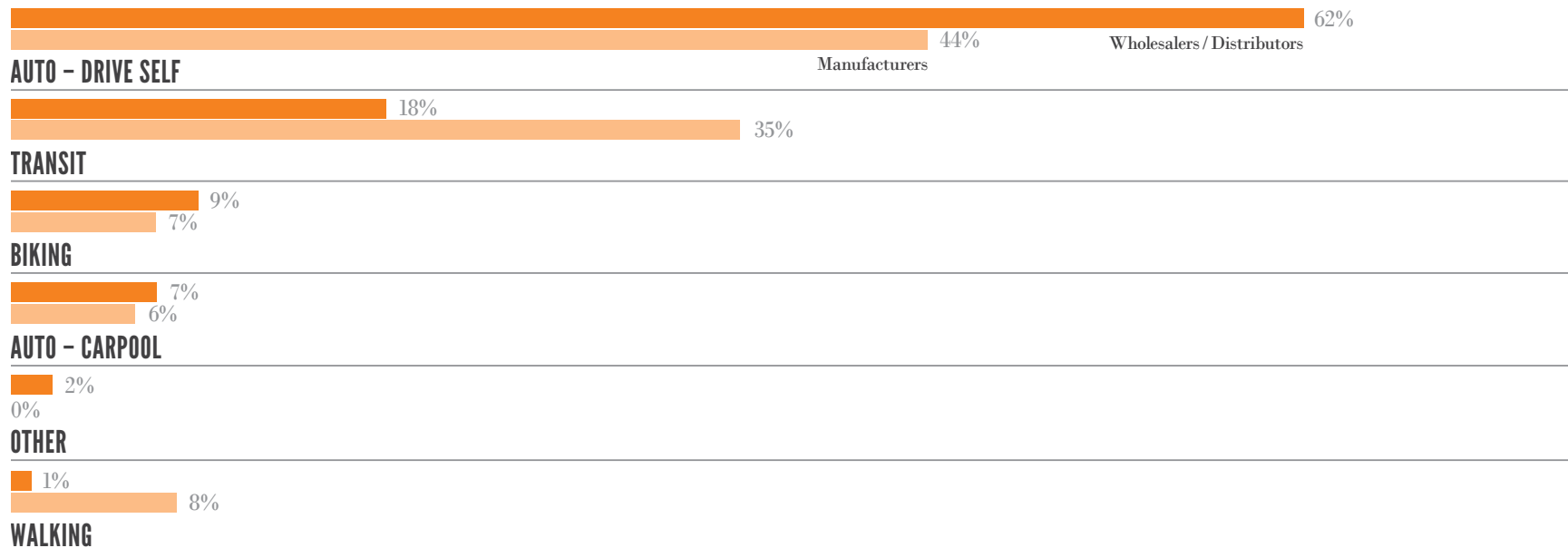




Photo Credit: Flickr user tastingsf



Photo Credit: Flickr user grey van der meer

Limited hours of transit operation, inadequate frequency, inconsistent reliability, and gaps in transit service areas all narrow employees' options for getting to work. The longer the commute, the more poor transit options impact a worker's choice to stay with a job at a P&D firm in San Francisco instead of seeking employment elsewhere.

P&D business owners reported a perception that their businesses are disproportionately impacted by insufficient transit access given their heavy concentration in the parts of the city with the most limited service. In particular, the Bayview Hunters Point area, where over half of all industrial space in the city is located, currently has limited transit connectivity to regional transit services like BART and Caltrain, as highlighted by numerous food and beverage businesses in this area.

DISTRIBUTION CHALLENGES

The quality and congestion of the city's road network impacts the distribution capacity of P&D firms. Business owners reported that current delivery options are not efficient nor cost effective, especially for small businesses or early stage entrepreneurs.

Distribution costs, including parking fees, tolls, gas, vehicle maintenance, and staff time make up a significant portion of P&D firms' expenses. The ability to make efficient and consistent deliveries on a daily basis is a key variable for a P&D firm's bottom line, especially for small to mid-sized firms.

In particular, many businesses noted that delivery vehicles often face delays or get expensive parking tickets when they are unable to make reliable use of the City's on-street loading/unloading zones. Loading/unloading is made difficult by loading zones that are blocked by trees or other obstacles, coordination with waste truck and street cleaner schedules, and when new commercial buildings are built without adequate consideration for loading needs.

Many small and young P&D firms rely on personal vehicles to make deliveries, as they can't yet afford a delivery van and driver or don't have access to a shared delivery service. These business owners don't have access to delivery passes that allow larger vehicles to avoid tickets and use on-street loading zones. This situation places many P&D entrepreneurs at a disadvantage compared with larger or more established firms.

COMPLEX REGULATIONS AND HIGH FEES

All new businesses must obtain certain City and other permits and licenses before commencing operations. Food and Beverage P&D businesses face a number of unique permitting and regulatory issues.

Expensive water and wastewater capacity charges levied by the San Francisco Public Utilities Commission (PUC) were a commonly cited problem. P&D businesses typically require high-capacity water and wastewater hook-ups and must pay hook-up fees before the production space can be certified or used.

Zoning conflicts are also an issue for P&D firms, as essential activities like truck parking and loading, coffee roasting or other pungent food preparation activities, and alcohol storage and sales typically trigger nuisance issues with surrounding residential or other commercial uses. Many core P&D activities require conditional use permits or other additional approvals from the City.

The decentralized local governance environment in San Francisco leads to a confusing and drawn out process for many business owners, especially small and early stage businesses with limited capacity to navigate simultaneous and complicated regulatory processes. Particular activities can often trigger unanticipated review by additional City departments. Businesses with alcohol sales, for example, must work with the Police Department for approval beyond any required review under the zoning code.

Food and Beverage P&D businesses highlighted the challenge of providing incidental retail at their production facility as another regulatory challenge. Many P&D businesses seek to include on-site retail sales of their products as an integral part of their business concept. However, PDR (production, distribution, and repair) zoning designations only allow a limited amount of on-site retail use as of right. Legislation passed by the Board of Supervisors and signed by the Mayor in May 2014 simplified the procedures related to on-site retail uses for some businesses and parcels.¹⁸

¹⁸ San Francisco Ordinance 71-14, Signed by the Mayor on May 23, 2014 (File No. 131205)



Photo Credit: Nestlé

State and Federal regulation also affects San Francisco food and beverage businesses. While the California Department of Health is responsible for regulating food manufacturing and processing, the San Francisco Department of Public Health (DPH) is responsible for permitting retail food sales for these businesses. Major changes in food regulation, such as the recently adopted Federal Food Safety Modernization Act (FSMA), can present unexpected regulatory hurdles for food and beverage businesses and the operational implications of such regulation are often difficult for small or early stage firms to understand and manage in a way that's cost-effective.

Some of these issues primarily affect aspiring food and beverage entrepreneurs seeking to start up a new business, but many also confront second stage or established businesses. In either case, regulatory processes can lead to very high upfront or unexpected capital costs. While regulation is a necessary part of doing business, certainty, consistency, and clear information are essential for businesses to plan for and meet relevant requirements. Appendix B identifies some of the key contacts and resources for businesses navigating regulatory requirements.

ADDITIONAL CHALLENGES

AFFORDABLE HOUSING

Affordable housing scarcity was cited by many P&D business owners as a major challenge to their ability to remain or expand in San Francisco. As discussed above, the decreasing supply of affordably priced housing—both for sale and rent—for blue-collar workers makes it increasingly difficult for businesses to retain employees.

Food and Beverage P&D firms, like the food and beverage industry generally, operate on thin margins that limit their ability to increase worker compensation at the rate required to keep up with rising housing costs. As workers choose to move to other parts of the Bay Area for lower rents or less expensive homes, it becomes difficult for San Francisco P&D businesses to keep these trusted and well-trained employees on the job. This trend is compounded by the relatively limited transit access between affordable areas in the region and the portions of the City where P&D businesses are increasingly concentrated.

The City continues to grapple with the affordable housing issue at multiple levels. As this process unfolds, the direct impact on competitiveness and viability for creative and unique small businesses like those in Food and Beverage P&D merits serious consideration.

SUPPORT FOR P&D ENTREPRENEURS

In addition to the workforce training and skill challenges discussed above, San Francisco's aspiring and early stage food and beverage entrepreneurs stand to benefit from enhanced resources and outreach related to starting a small business, food regulatory issues, and financial management skills.

While many of these challenges are discussed elsewhere in this Cluster Strategy, it is worth highlighting the role of food and beverage entrepreneurs as a distinct population in the city with unique service and resource needs. Business owners perceive a general lack of support, or difficulty in accessing existing resources for the food and beverage entrepreneur community.

CLUSTER DEVELOPMENT

Industry clusters, or concentrations of related businesses, generate innovation and accelerated growth that may not occur when firms operate in isolation.

Food and Beverage P&D businesses expressed a need for greater citywide and regional networking and knowledge and resource-sharing opportunities. It is difficult for small or young businesses to make time for researching and reaching out to potential collaborators like non-profits, business support organizations, or complementary firms like specialized distributors.

Businesses also cited the need to increase and strengthen branding and marketing efforts on behalf of the cluster as a whole. City programs, trade organizations, and nonprofits perform this role for many other industries. Food and beverage businesses could also benefit from enhanced outside support in promoting their role as an integral and exciting part of the city's economy.



Photo Credit: Flickr User Creative Commons – Rebecca Anchondo "Tartine Bakery"

Strategy Recommendations

The key challenges presented in the previous chapter were grouped into four strategy areas: Affordable & Suitable Space, Technical Assistance & Business Support, Workforce Development & Retention, and Mobility & Access.

These areas were defined with the participation Food and Beverage Business Forum & Strategy Session attendees and then refined by the Steering Committee and informed by additional research and interviews.

This section lays out the specific recommendations in each strategy area that collectively make up the Food and Beverage Production & Distribution Cluster Strategy. The goal of this Cluster Strategy is to serve as an economic development guide that will help Food and Beverage production and distribution businesses start, stay, and grow in San Francisco.



CLUSTER STRATEGY RECOMMENDATIONS



1 AFFORDABLE & SUITABLE SPACE

GOAL:

INCREASE SUPPLY OF AFFORDABLE, SUITABLE PRODUCTION & DISTRIBUTION SPACE FOR ALL BUSINESS STAGES IN SAN FRANCISCO.

CLUSTER STRATEGIES:

- 1.1 Explore and promote a range of development models to support the creation of new production & distribution space that can be made available at affordable or below market rates.
- 1.2 Review City fees— especially the SFPUC Water and Wastewater Capacity Charges and Planning Department Change of Use Fee – to identify ways to reduce or mitigate fee costs to Food and Beverage production & distribution businesses.
- 1.3 Improve community outreach and interagency coordination to ensure that existing spaces zoned for production and distribution are used as intended – for legally permitted industrial uses.



2 TECHNICAL ASSISTANCE & BUSINESS SUPPORT

GOAL:

MAKE IT EASIER TO DO BUSINESS IN THE CITY BY PROVIDING TECHNICAL SUPPORT TO EXISTING & NEW BUSINESSES.

CLUSTER STRATEGIES:

- 2.1 Create a new position or re-assign existing City staff to support Food and Beverage P&D businesses, such as a City Food and Beverage P&D Liaison at OEWD and/or Food and Beverage P&D specialist at the Planning Department.
- 2.2 Develop and promote training opportunities to assist and familiarize business owners with evolving regulatory processes that apply to Food and Beverage P&D businesses.
- 2.3 Promote and support the formation of a “Food and Beverage Makers and Movers” Merchants Association to increase knowledge sharing among and advocacy on behalf of the City’s Food and Beverage Production & Distribution businesses.



3

WORKFORCE DEVELOPMENT & EMPLOYEE RETENTION**GOAL:**

**DEVELOP AND RETAIN
A SKILLED LOCAL
WORKFORCE FOR THE
FOOD AND BEVERAGE
PRODUCTION &
DISTRIBUTION SECTORS.**

CLUSTER STRATEGIES:

- 3.1** Adapt existing or establish new local workforce tax credits and incentives to support growth and workforce retention in Food and Beverage Production & Distribution sectors.
- 3.2** Promote existing or establish new workforce training and job placement programs to increase the availability of work-ready potential employees for the Food and Beverage Production & Distribution businesses.



4

ACCESS & MOBILITY**GOAL:**

**IMPROVE
TRANSPORTATION
ACCESS TO PRODUCTION
& DISTRIBUTION JOB
SITES FOR EMPLOYEES,
AND SUPPORT
EFFICIENT MOBILITY
FOR DISTRIBUTORS.**

CLUSTER STRATEGIES:

- 4.1** Explore expanding and/or enhancing public transit service – including the SFMTA T-line – to improve transit options for production & distribution workers.
- 4.2** Explore opportunities to support efficient bike distribution networks, such as improvements to bicycle infrastructure.
- 4.3** Develop and implement a plan for improving late night and early morning transit access for San Francisco employees.
- 4.4** Improve the availability of on-street loading spaces throughout the City to support deliveries by Food and Beverage P&D businesses.

1

AFFORDABLE & SUITABLE SPACE

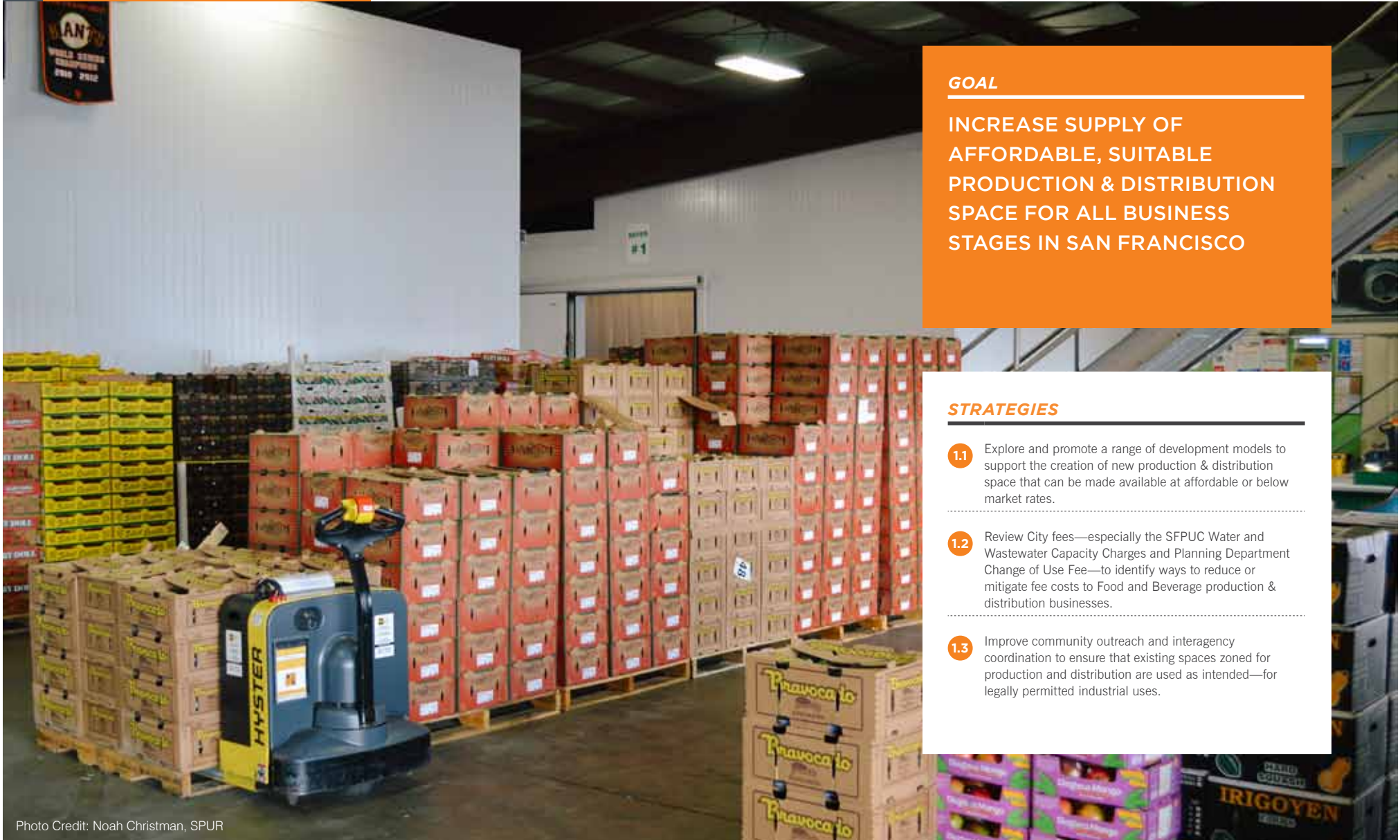


Photo Credit: Noah Christman, SPUR

GOAL

INCREASE SUPPLY OF AFFORDABLE, SUITABLE PRODUCTION & DISTRIBUTION SPACE FOR ALL BUSINESS STAGES IN SAN FRANCISCO

STRATEGIES

- 1.1 Explore and promote a range of development models to support the creation of new production & distribution space that can be made available at affordable or below market rates.
- 1.2 Review City fees—especially the SFPUC Water and Wastewater Capacity Charges and Planning Department Change of Use Fee—to identify ways to reduce or mitigate fee costs to Food and Beverage production & distribution businesses.
- 1.3 Improve community outreach and interagency coordination to ensure that existing spaces zoned for production and distribution are used as intended—for legally permitted industrial uses.

CLUSTER STRATEGY 1.1

Explore and promote a range of development models to support the creation of new production & distribution space that can be made available at affordable or below market rates.

DESCRIPTION

The City should coordinate with mission-driven developers, including nonprofit, for-profit, philanthropic, and other qualified entities to promote development of new Food and Beverage P&D space that is made wholly or partially available at affordable or below market rates.

Supporting actions by the City may include the following:

- Working with interested parties to support the establishment of new Community Development Corporations (CDCs) or other nonprofit development entities specifically focused on production of affordable PDR and Food and Beverage P&D space.
- Conducting outreach to understand what specifically could be done to entice existing nonprofit and for-profit developers to produce affordable Food and Beverage P&D space.
- Identifying specific financial and in-kind resources, such as permit fee waivers or streamlining, cost-matching, or marketing assistance to support development that accommodates Food and Beverage P&D uses.
- Identifying and marketing publicly-owned properties best suited to the development of production & distribution facilities that accommodate the needs of food and beverage firms where appropriate in consideration with other public needs.

BACKGROUND

Nonprofit and other mission-driven development entities are a resource for providing improvements on private or publicly-owned property to meet specific public benefit goals. Affordable housing, for example, is one area where significant development has been undertaken by Community Development Corporations (CDCs) whose mission is to provide housing for households at certain income levels. Affordable housing development is typically made possible by federal and state tax credit programs that facilitate the nonprofit developer's ability to rent housing units at below-market rates.

Many CDCs also develop commercial and community space, though affordable housing is the dominant type of nonprofit development. According to the Local Initiatives Support Corporation (LISC), nearly 1.5 million square feet of commercial and community facility space in over 100 individual projects had been developed by CDCs in the Bay Area as of 2005.

Currently, there are no CDCs active in San Francisco that focus specifically on developing new affordable PDR space. However, there are many examples of CDCs that have developed Food and Beverage P&D space throughout the country (see Appendix G for a list of national examples).

However, there are organizations in San Francisco that do engage in the production of PDR space on City owned land. The San Francisco Wholesale Produce Market, for example, is a nonprofit organization in the Bayview that that holds a

60-year ground lease to operate on City owned land. The Wholesale Produce Market broke ground in 2013 on a major expansion of its warehouse facilities that will be available to a wide variety of food merchant tenants. This development is a great example of the City leasing space for public-serving purposes.

The American Industrial Center (AIC) is a for-profit business in the Dogpatch that converted a large industrial building into a multi-tenant PDR space. Other nonprofit organizations like La Cocina, an incubator kitchen in the Mission District, offer low-cost production space for their program participants, but are not designed for full-scale leasing by general businesses at below-market rates.

For any developer, a creative financing mix from a range of sources would be required to develop of new affordable Food and Beverage P&D space in San Francisco. The federal New Market Tax Credit (NMTC) is one major tax credit program available to commercial and industrial space developers. Public funds, philanthropic donations, venture capital, and public-private partnership arrangements are other financing options.

In early 2014, the City and County of San Francisco launched the Public Sites Framework.¹⁹ This process established an inter-agency working group to coordinate development plans for selected public sites to achieve specific public benefits.

The working group has identified a range of public benefits that could be appropriately supported

by the use of public sites—including the creation of new PDR space—though the first phase of the framework process is focused on identifying properties that are most appropriate to support the creation of affordable housing.

IMPLEMENTATION

The Office of Economic and Workforce Development (OEWD) should serve as the lead agency in gauging the interest and needs of existing developers to consider producing new affordable P&D space. OEWD should also provide support to interested development entities in identifying available funding sources and financing strategies and work to draft a specific list of public resources that could be made available to facilitate Food and Beverage P&D development by developers.

In addition, while the Public Sites Framework is currently focused on identifying opportunity sites for affordable housing, the process will likely also survey City owned sites that are zoned for industrial uses. The Office of Economic and Workforce Development (OEWD) should continue to coordinate with the working group to help determine whether any of the identified City owned sites are suitable for Food and Beverage P&D uses.



Photo Credit: Flickr User Creative Commons – Niall Kennedy "Distillery 209"



Photo Credit: Flickr User Creative Commons – whizchickenonabun "kael foods"

¹⁹ SF Planning - Public Sites Portfolio: <http://www.sf-planning.org/index.aspx?page=3913>

CLUSTER STRATEGY 1.2

Review City fees—especially the SFPUC Water and Wastewater Capacity Charges and Planning Department Change of Use Fee—to identify ways to reduce or mitigate fee costs to Food and Beverage Production & Distribution businesses.

DESCRIPTION

Permitting fees and utility connection charges present a major upfront cost to new and expanding businesses. City agencies that charge permitting and connection fees should review their current fee structure to identify specific methods of reducing fee amounts, extending payment period over a longer time, subsidizing the fee cost, or otherwise mitigating the initial permitting costs for Food and Beverage P&D businesses.

BACKGROUND

Permitting fees are a part of doing business for all companies in San Francisco. Food and Beverage P&D businesses can be especially impacted by current City permit fees given their unique space requirements. In particular, Food and Beverage P&D businesses must often increase the water and wastewater hookup capacity of their space to accommodate food prep uses.

Businesses incur significant fees when upgrading these hookups. For instance the Water Capacity Charge assessed by Public Utilities Commission (SFPUC) is almost \$6,000 for a 1-1/2-inch connection and \$60,000 for a 6-inch connection. The SFPUC Wastewater Capacity Charge is \$7.31 per square foot of space for uses including bakeries or non-restaurant facilities with a kitchen. For an average-sized Food and Beverage P&D space of 6,100 square feet, this would be a charge of almost \$45,000.²⁰ These upfront costs can come as a major unexpected startup cost for a new or expanding P&D business.

The Planning Department Change of Use fee has also been highlighted as a significant upfront cost to Food and Beverage P&D businesses seeking to operate in a space not formerly utilized for a P&D use.

IMPLEMENTATION

The Office of Economic and Workforce Development (OEWD) should provide permitting and connection fee assistance beyond the loan assistance programs it current offers to help offset costs to new and expanding businesses, specifically those in Food and Beverage P&D.

City agencies that should be encouraged to participate in this review include the Office of Small Business, SFPUC, the Department of Public Health (DPH), and Department of Public Works (DPW), and the Planning Department. OEWD should work closely with relevant departments to convey any fee mitigation opportunities that arise from this review to Food and Beverage P&D businesses seeking to start or expand in the City.

²⁰ Water and Wastewater Capacity Charge figures reflect SFPUC's published 2013-2014 fee schedules. Both charges have increased by 17 percent since 2008.

CLUSTER STRATEGY 1.3

Improve community outreach and interagency coordination to ensure that existing spaces zoned for production and distribution are used as intended—for legally permitted industrial uses.

DESCRIPTION

In addition to encouraging the development of new production and distribution space, the City should also take steps to ensure that existing zoning restrictions meant to preserve industrial spaces are enforced. The City should conduct education and outreach with property owners, brokers, and industrial tenants to raise public awareness around the issue of PDR conversion and how to report potential code violations. Further, City agencies should evaluate the building permit and change of use process to ensure greater oversight in instances where there is a high risk of PDR spaces being converted to other uses.

BACKGROUND

Even though the City has taken proactive steps to identify and preserve industrial space through zoning restrictions,²¹ owners of PDR spaces may have a strong financial incentive to violate land use laws and illegally convert industrial spaces to higher-paying uses. There has not been a comprehensive inventory of land use violations in PDR spaces, so data on the extent of these abuses is very limited. However, public awareness of the issue has increased in recent years, as stakeholders have cited anecdotal evidence of illegally converted spaces.

The Code Enforcement division of the San Francisco Planning Department is primarily responsible for investigating potential land use violations, including illegal office uses.²² However,

²¹ Most notably, the City created Production, Distribution, and Repair (PDR) zones adopted in the 2008 Eastern Neighborhoods Plan, meant to preserve industrial spaces and supporting uses, and prohibit residential and office development. (See sidebar on page 32.)

²² San Francisco Planning Department: Code Enforcement Team: <http://www.sf-planning.org/index.aspx?page=2202>

this team has very limited resources to enforce these and a wide range of other planning code abuses. In addition, the Code Enforcement division typically investigates buildings only when violations are reported. On average, approximately 700 complaints are filed per year for all types of violations—and to date, very few PDR violations have been officially reported.

As the City has made a deliberate decision to preserve and encourage industrial uses in the city, it should take steps to ensure that these policies are implemented as intended. Proactive education for property owners, brokers, industrial businesses can raise awareness around the issue and discourage illegal behavior. The City can also evaluate current building permit processes to identify opportunities to ensure greater oversight on projects that may represent a higher risk of illegal PDR conversion. Currently, many types of building permits can be approved by the Department of Building Inspection (DBI) without routing the permit to the Planning Department to review land use compliance—interior improvements such as plumbing and electrical upgrades that do not change the building's use or physical envelope, for instance. Over time, these smaller upgrades can amount to a wholesale conversion of industrial space to other uses.

IMPLEMENTATION

The Planning Department and OEWD should work with property owners and real estate brokers to educate them on Planning Code restrictions in industrial zones. OEWD should simultaneously work with interested property owners and relevant industry groups such as SFMade to help connect property owners with available space to prospective tenants.

Further, the Planning Department should partner with DBI to evaluate whether there are opportunities to increase Planning Department oversight over certain types of building permit applications in industrial buildings that may pose an increased risk of PDR conversion.



Photo Credit: Flickr User Creative Commons – Jeremy Brooks “Eat Meat”

2 TECHNICAL ASSISTANCE & BUSINESS SUPPORT**GOAL**

MAKE IT EASIER TO DO BUSINESS IN THE CITY BY PROVIDING TECHNICAL SUPPORT TO EXISTING & NEW BUSINESSES

STRATEGIES

- 2.1** Create a new position and/or re-assign existing City staff to support Food and Beverage P&D businesses, such as a City Food and Beverage P&D Liaison at OEWD and/or Food and Beverage P&D specialist at the Planning Department.
- 2.2** Develop and promote training opportunities to assist and familiarize business owners with evolving regulatory processes that apply to Food and Beverage P&D businesses.
- 2.3** Promote and support the formation of a “Food and Beverage Makers and Movers” Merchants Association to increase knowledge sharing among and advocacy on behalf of the City’s Food and Beverage Production & Distribution businesses.

CLUSTER STRATEGY 2.1

Create a new position or re-assign existing City staff to support Food and Beverage P&D businesses, such as a City Food and Beverage P&D Liaison at OEWD and/or a Food and Beverage P&D specialist at the Planning Department.

DESCRIPTION

The City should dedicate staff to engage with and provide support to the Food and Beverage P&D cluster specifically. One approach would be to create a Food and Beverage P&D Liaison position to connect businesses to existing resources, provide regulatory process assistance, and market Food and Beverage P&D businesses; this position would serve as a “one stop shop” for P&D businesses. Specific roles to be filled by this position should include:

- Promote knowledge of and access to existing and newly developed workforce training, entrepreneur support, and financial literacy and capital access resources for P&D businesses. This function would include the development of an online “Doing Business in San Francisco” resource guide targeted to Food and Beverage P&D entrepreneurs.
- Track and work to resolve regulatory issues for Food and Beverage P&D businesses.
- Facilitate real estate and development “match-making” by connecting Food and Beverage P&D entrepreneurs to real estate brokers, developers, and other business owners who may know of available space or be open to collaborating on new production space. This function may include maintaining an inventory of brokers and owners of suitable industrial space.

- Facilitate connections between Food and Beverage P&D entrepreneurs or industrial real estate developers and complementary food-related social service providers, such as food banks.

An additional approach would be for the Planning Department to identify a planner to serve as a Food and Beverage P&D specialist; this planner would specialize in the planning and zoning requirements of Food and Beverage P&D businesses and provide expertise to Food and Beverage P&D businesses in navigating the City’s PDR zoning framework.

BACKGROUND

Many existing resources are currently underutilized by Food and Beverage P&D businesses. Small and early stage firms also have difficulty navigating the permitting process across multiple City departments and tapping into potential real estate opportunities around the City. Currently, the City supports the business needs of firms in these industries through staff at the Office of Economic and Workforce Development (OEWD) and the Office of Small Business, though there is no single position dedicated to the particular needs of Food and Beverage P&D firms.

IMPLEMENTATION

The Office of Economic and Workforce Development (OEWD) should be the host agency for the Food and Beverage P&D Liaison. OEWD should be responsible for evaluating the current



Photo Credit: Flickr User Creative Commons – SFBC - Bicycle Corral in front of Arizmendi Bakery, Valencia

allocation of staff supporting specific sectors and identify opportunities for a full- or part-time liaison position.

The San Francisco Planning Department should also identify a staff person to serve as a Food and Beverage P&D specialist. This staff person would work directly with the Food and Beverage P&D Liaison and with P&D businesses to provide pertinent regulatory information and perform plan review services for businesses seeing to locate or expand in the City.

CLUSTER STRATEGY 2.2

Develop and promote training opportunities to assist and familiarize business owners with evolving regulatory processes that apply to Food and Beverage P&D businesses.

DESCRIPTION

Food and Beverage P&D business owners need support in starting and maintaining their businesses in San Francisco. The City should develop and offer training and workshop opportunities targeted to small and early stage Food and Beverage P&D entrepreneurs. These programs should focus on enhancing the entrepreneurs' knowledge of permitting and regulatory processes particular to food and beverage handling.

BACKGROUND

Food and Beverage P&D entrepreneurs, especially of small and early stage businesses, are at a disadvantage compared to larger and more established firms when it comes to navigating complex City, State, and federal regulatory processes. The City needs a coordinated strategy for ensuring that Food and Beverage P&D businesses are fully aware of applicable regulatory obligations and procedures.

Various training and informational programs are periodically offered by City agencies and nonprofit organizations. For instance, the San Francisco Department of Public Health (DPH) provides on-site training to food and beverage businesses upon request for a fee; offers trainings to merchant organizations, schools, and neighborhood groups; and provides training to Food Safety Managers. DPH training programs are all offered in multiple languages. SFMade, a nonprofit organization supporting the local manufacturing sector, contracts with an outside consultant each year to host regulatory trainings sessions specific to food and beverage manufacturing businesses.

While such programs serve a portion of the Food and Beverage P&D sector, businesses need targeted support in understanding and complying with regulatory requirements, especially new or revised statutes, before being impacted in unanticipated ways. For instance, the recently adopted federal Food Safety Modernization Act (FSMA) will affect food and beverage production businesses in numerous ways; the City should seek to ensure that business owners are aware of these changes early enough to prepare accordingly and avoid unexpected costs or disruptions.

IMPLEMENTATION

The Office of Economic and Workforce Development (OEWD) should develop and promote new and existing training and informational programs regarding applicable regulatory obligations and compliance processes for Food and Beverage P&D entrepreneurs. OEWD should work closely with the Department of Public Health (DPH), Planning Department, and existing business support organizations like SFMade to ensure that new and expanding food and beverage businesses are aware of these training opportunities. OEWD should establish targets for the number of Food and Beverage P&D businesses that have accesses these resources on a yearly basis.

CLUSTER STRATEGY 2.3

Promote and support the formation of a “Food and Beverage Makers and Movers” Merchants Association to increase knowledge sharing among and advocacy on behalf of the city’s Food and Beverage Production & Distribution businesses.

DESCRIPTION

Food and Beverage P&D business owners in San Francisco should be encouraged to join a voluntary merchants or trade organization; a “Food and Beverage Makers and Movers” Merchants Association is one possible brand for such an organization. The role of this organization would be to facilitate information sharing and business connections across the Food and Beverage P&D cluster and to provide a voice for the unique needs and considerations of this important part of the City’s economy and culture. A merchants association would also provide an ongoing body with which City departments and staff could work regarding Food and Beverage P&D issues.

BACKGROUND

San Francisco’s Food and Beverage P&D plays an integral role in the city’s identity and wider restaurant and hospitality industries. However, Food and Beverage P&D businesses do not currently have a formal organization to give voice to key issues and concerns, as have many of the city’s other key industry groups, such as tourism or entertainment.

While geographically contiguous Business Improvement Districts or Community Benefit Districts provide an excellent vehicle for business advocacy and development for some industries or groups of businesses, such districts may be difficult to establish for a citywide industry like the Food and Beverage P&D cluster.

Given the geographically widespread nature of the City’s diverse Food and Beverage P&D cluster, a citywide merchants association or trade organization would provide an appropriate

and feasible vehicle for bringing together cluster business owners and advocates.

IMPLEMENTATION

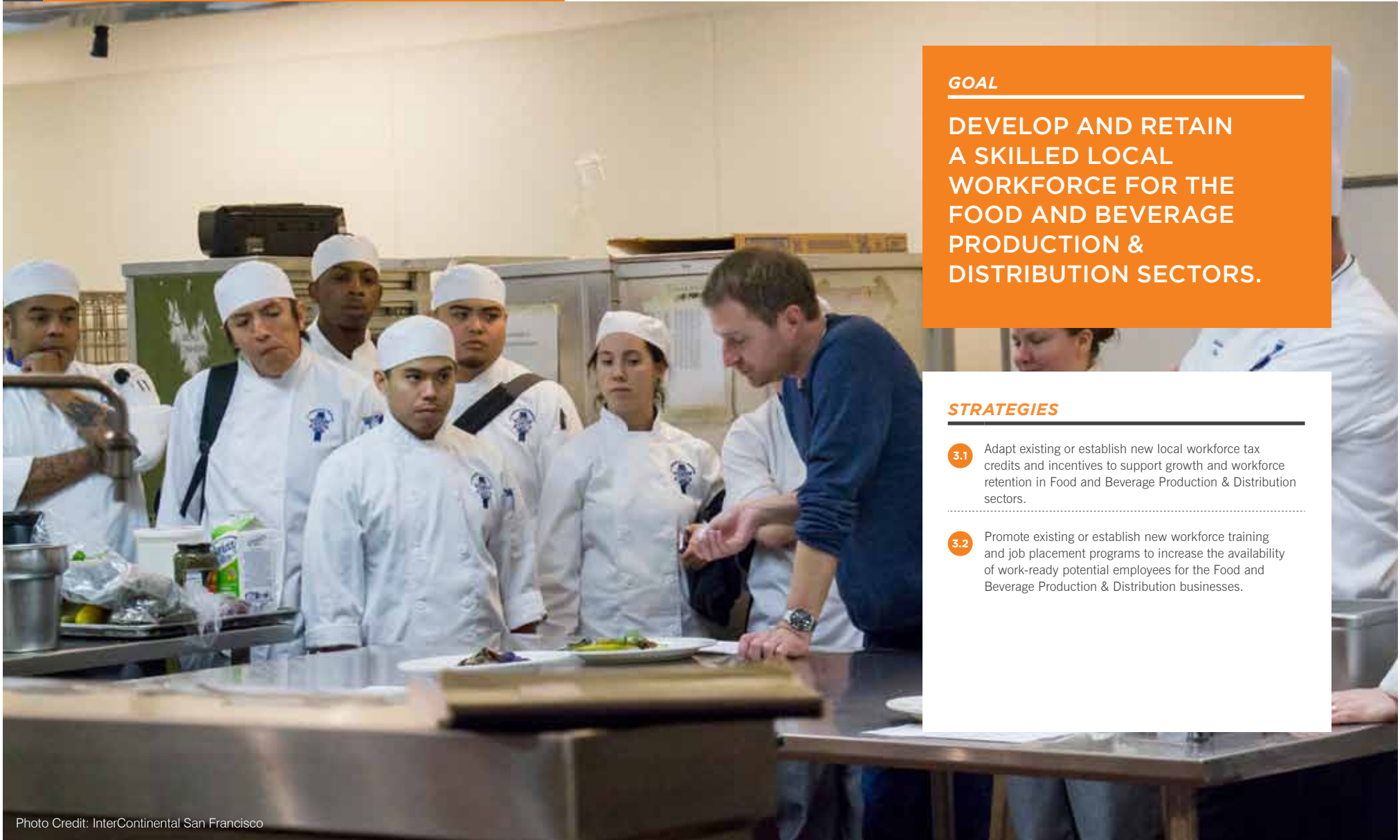
The Office of Economic and Workforce Development (OEWD) should serve as the lead agency for initially convening a “Food and Beverage Makers and Movers” Merchants Association. OEWD should work closely with existing San Francisco business advocacy and support organizations, especially SFMade, which already includes many Food and Beverage P&D cluster business among its membership. Existing organizations, such as SFMade and the Chamber of Commerce, can provide early formative support and experience for the proposed merchants organization.



Photo Credit: Flickr User Creative Commons – xeeliz "Mission Pie"



Photo Credit: Flickr User Creative Commons – -Scipio- "Photo"

3 WORKFORCE DEVELOPMENT & EMPLOYEE RETENTION**GOAL**

**DEVELOP AND RETAIN
A SKILLED LOCAL
WORKFORCE FOR THE
FOOD AND BEVERAGE
PRODUCTION &
DISTRIBUTION SECTORS.**

STRATEGIES

- 3.1** Adapt existing or establish new local workforce tax credits and incentives to support growth and workforce retention in Food and Beverage Production & Distribution sectors.
- 3.2** Promote existing or establish new workforce training and job placement programs to increase the availability of work-ready potential employees for the Food and Beverage Production & Distribution businesses.

CLUSTER STRATEGY 3.1

Adapt existing or establish new local workforce tax credits and incentives to support growth and workforce retention in Food and Beverage Production & Distribution sectors.

DESCRIPTION

The City should review its existing workforce and hiring tax credits and incentives to local businesses to identify any areas where existing programs can be tailored to better meet the needs of Food and Beverage P&D businesses. Where appropriate, the City should establish new programs that offer incentives to P&D businesses to hire more San Francisco workers or offer tax credits to ease these companies' labor costs for existing employees.

BACKGROUND

Food and Beverage P&D businesses have reported difficulty in retaining workers as housing costs in the City continue to push current and potential employees to more affordable parts of the Bay Area.

The City already offers and promotes various local, State, and Federal tax incentive programs for certain types of businesses. For example, certain San Francisco businesses in the biotech and clean tech industries are eligible for local payroll expense tax exclusions for a limited time to promote hiring of new employees. State tax incentives, such as the California Competes Tax Credit, California New Jobs Tax Credit, and New Employment Credit (NEC) are available to certain firms to support the hiring of new employees as well.

However, many small or young businesses are either not aware of these tax incentive programs or have difficulty determining their eligibility and navigating the application process. There is also no

hiring tax incentive program that applies specifically to PDR or Food and Beverage P&D businesses.

IMPLEMENTATION

The Office of Economic and Workforce Development (OEWD) should be the lead agency for reviewing the City's existing business incentive programs as they affect Food and Beverage P&D, and proposing new programs, as appropriate. OEWD, through the Food and Beverage P&D Liaison position recommended in strategy 2.1 or otherwise, should also be responsible for promoting any existing or new business incentive opportunities to Food and Beverage P&D businesses.



Photo Credit: Flickr User Creative Commons – Beth Jusino “fortune maker”

CLUSTER STRATEGY 3.2

Promote existing or establish new workforce training and job placement programs to increase the availability of work-ready potential employees for the Food and Beverage Production & Distribution businesses.

DESCRIPTION

The City should increase efforts to promote existing workforce training and placement programs to Food and Beverage P&D business owners. The City should also, where appropriate, work with public and private partners to establish new programs that offer targeted assistance to the workforce needs of P&D firms. Potential new programs to be considered for development by the City or in cooperation with existing third party workforce training programs:

- Training for job seekers or current employees seeking to become qualified truck drivers with commercial driver licenses
- Training and certification preparation for qualified cooks and food handlers
- New apprenticeship program to match job seekers with food and beverage production employment opportunities

In particular, the City should focus on increasing the food and beverage related training and internship opportunities for high school and college students to whom vocational training and apprenticeship programs are already offered.

BACKGROUND

The City and many nonprofit organizations and educational institutions currently offer a wide variety of vocational training, apprenticeship, and job placement services to job seekers and current employees seeking to build skills. Examples include the City College of San Francisco Culinary Arts program, the Episcopal Community Services CHEFS program, and Youth Made, a collaboration between SFMade and JUMA Ventures. Additionally, four high schools in the San Francisco Unified School District offer a Career Technical Education

(CTE) program focused on Hospitality, Travel, and Tourism that overlaps with the food industry. Owners of small and early stage Food and Beverage P&D firms are often unaware of these programs. There is also an opportunity to enhance the profile of Food and Beverage P&D jobs opportunities and career paths within existing programs.

IMPLEMENTATION

The Office of Economic and Workforce Development (OEWD) should be the lead agency for reviewing existing workforce training and job placement programs and their suitability to meet the needs of Food and Beverage P&D businesses. OEWD should develop partnerships with existing workforce development programs; jointly they should work to enhance the role of food and beverage and distribution related job skills in these programs. OEWD should also increase the promotion of these programs to San Francisco youth and job seekers.

4

ACCESS & MOBILITY

**GOAL**

IMPROVE TRANSPORTATION ACCESS TO PRODUCTION & DISTRIBUTION JOB SITES FOR EMPLOYEES, AND SUPPORT EFFICIENT MOBILITY FOR DISTRIBUTORS.

STRATEGIES

- 4.1 Explore expanding and/or enhancing public transit service—including the SFMTA T-line—to improve transit options for production & distribution workers.
- 4.2 Explore opportunities to support efficient bike distribution networks, such as improvements to bicycle infrastructure.
- 4.3 Develop and implement a plan for improving late night and early morning transit access for San Francisco employees.
- 4.4 Improve the availability of on-street loading spaces throughout the City to support deliveries by Food and Beverage P&D businesses.

CLUSTER STRATEGY 4.1

Explore expanding and/or enhancing public transit service—including the SFMTA T-line—to improve transit options for production & distribution workers.

DESCRIPTION

The City should work with local and regional transit agencies to improve transit options and service for employees commuting to the eastern and southeastern parts of the City where P&D employment is most concentrated. In particular, connections between the Bayview/Hunters Point and regional transit connections should be reassessed based on demand to determine how these connections may be improved for P&D workers. Possible service enhancement recommendations may include extending transit hours of operations, expanding service, adding more frequent service, and providing better information on available transit options.

BACKGROUND

A significant share of Food and Beverage P&D firms are located in the city's historically industrial eastern and southeastern neighborhoods. Due to their history as industrial centers, these areas typically have more limited transit, bike, and pedestrian connectivity to the residential areas of the City and region. In particular, P&D business owners have cited the limited service to Bayview/Hunters Point as an impediment to both their workers and potential customers. This is especially true for businesses that operate in the early morning, late at night, or both.

Regional transit operators like BART and Caltrain, as well as SFMTA all operate within certain capacity and fiscal limits and face demands from competing users. This Cluster Strategy recognizes

that context and seeks to highlight the need for a greater emphasis on enhancing access for P&D employees and business owners to under-served areas of the City like Bayview/Hunters Point as a vital economic development priority for the City.

Some attention has already been given to this area through the SFMTA's Transit Effectiveness Project (TEP), which was approved by the SFMTA Board of Directors in March 2014. The TEP includes service increases to many lines serving the southeastern portion of the City including the T Third, 8x Bayshore Express, 9 San Bruno, 9L San Bruno Limited, 24 Divisadero, 29 Sunset, 44 O'Shaughnessy, and 54 Felton. These improvements will be implemented over the next three years.

IMPLEMENTATION

The Planning Department should coordinate with key transit operators, including BART, Caltrain, and SFMTA, as well as Supervisor Malia Cohen's Office, to explore making demand-based enhancements in transit service to the parts of the City with the highest concentration of P&D employment. These City agencies could also host a forum to help educate P&D on trip-planning resources as well as to listen to their priorities and ideas for future transit network improvements.

CLUSTER STRATEGY 4.2

Explore opportunities to support efficient bike distribution networks, such as improvements to bicycle infrastructure.

DESCRIPTION

The City should review existing bike infrastructure to identify opportunities for supporting food and beverage product delivery by bicycle. Effective bike delivery networks require safe, convenient, and reliable bike routes.

BACKGROUND

Bike delivery is a viable and efficient option for distributing certain food and beverage products within relatively dense and compact urban areas like San Francisco. In areas where there is heavy competition for loading zones or inadequately sized loading docks for truck deliveries, bike delivery can offer a more nimble – not to mention more environmentally sustainable – way of completing small deliveries. In San Francisco and other cities around the country, businesses are starting to explore innovative bicycle-based delivery systems.²³ However, barriers such as indirect or incomplete bike routes, bike facilities that cannot accommodate cargo bikes, and hazardous road conditions can prohibit this method of delivery. These conditions are especially prevalent in the historically industrial neighborhoods where production and distribution businesses are clustered, which may have limited bike facilities, wide roads, and heavy truck traffic, and are crisscrossed by freeways and other major arterials.

The 2007-2009 San Francisco Bicycle Plan expanded the City's bicycle network and identified short- and long-term improvements to these routes, most of which have been implemented. Some of these projects – such as the bike lanes

on Cesar Chavez and Bayshore Avenue – have improved cross-town accessibility to areas such as the Dogpatch and Bayview neighborhoods. The subsequent San Francisco Bicycle Strategy, adopted in 2013, builds on this plan and specifies additional, incremental improvements aimed at increasing bicycle rider comfort and safety as well as some expansion of the bicycle network routes. The City should build on these efforts and look specifically at how to support increased bicycle access for industrial businesses. In addition to supporting potential bicycle delivery systems, these improvements would make it easier for employees to bike to work.

IMPLEMENTATION

The Planning Department should be the lead agency for ensuring that transportation and infrastructure planning efforts at various agencies adequately consider bicycle infrastructure as an economic development priority for local P&D businesses. In particular Planning should work closely with the San Francisco Municipal Transportation Agency (SFMTA), San Francisco County Transportation Authority, OEWD, the Department of Public Works (DPW), and the Police Department to identify improvements to critical bicycle delivery routes or to key streets and intersections with high “traffic stress.”

²³ Portland-based “B-Line Sustainable Urban Delivery” and Boston-based “Dashed” are two examples of delivery companies that utilize cargo bicycles.

CLUSTER STRATEGY 4.3

Develop and implement a plan for improving late night and early morning transit access for San Francisco employees.

DESCRIPTION

The City should bring together diverse stakeholders and transit service providers to develop and implement a plan for improving late night and early morning transit access that would benefit San Francisco employees with late night or early morning work responsibilities.

BACKGROUND

For many Food and Beverage P&D businesses, such as bakeries and food and beverage distribution firms, operating in the early morning or late night hours on a daily basis is critical to the firm's ability to serve its customers. Many constituencies have a stake in improving late night and early morning transportation options (e.g. nightlife and entertainment businesses and customers, residents and visitors with early morning departures or late night arrivals to San Francisco International Airport) in San Francisco and in the Bay Area. Employees who work late night or early morning hours on a regular basis are an especially important group for whom current transit options are perceived to be lacking.

In May 2014, the Office of Economic and Workforce Development (OEWD) and the San Francisco Entertainment Commission (EC) joined to form a Late Night Transportation Working Group. This group aims to include representation from local transportation providers (e.g. SFMTA, BART), nighttime and early morning businesses, nightlife advocates, and employees who work late night and early mornings, with a stated goal to create a Late Night Integrated Transportation Plan to improve transportation options for San Francisco workers, residents, and visitors.

IMPLEMENTATION

The Office of Economic and Workforce Development (OEWD) should be the lead agency – in partnership with the San Francisco Entertainment Commission – responsible for ensuring that the needs of late night and early morning workers and businesses in the Food and Beverage P&D cluster are adequately considered in the development of the Late Night Integrated Transportation Plan. OEWD should also provide resources to businesses and trade groups that highlight the various late night transportation options that exist, such as the MUNI OWL lines.

CLUSTER STRATEGY 4.4

Improve the availability of on-street loading spaces throughout the City to support deliveries by Food and Beverage P&D businesses.

DESCRIPTION

The City should work with P&D businesses to assess and improve the network of on-street commercial loading spaces, ensuring that businesses have access to adequate, safe, and efficient loading spaces throughout the City. The availability of loading spaces should be reviewed, especially in areas with high delivery-truck traffic, with an eye towards the reduction of potential conflicts with other vehicles as well as with pedestrian, bicycle, and transit traffic. The City should also make information about the locations and proper use of on-street loading spaces readily available to the business community.

BACKGROUND

Currently, Food & Beverage P&D businesses experience difficulties finding parking in designated on-street commercial loading spaces (typically marked through signage and yellow painted curbs), particularly in denser neighborhoods with heavy traffic and during peak travel hours. Although many larger development projects have their own dedicated off-street loading facilities, these spaces cannot always accommodate all commercial vehicle loading needs and may be in short supply in neighborhood commercial districts with smaller, older building stock.

It is legal for licensed commercial vehicles to double-park for limited amounts of time in order to make quick deliveries, except on streets where there are restrictions on commercial vehicle access. However, frequent double parking can interrupt traffic, exacerbate transit delays, and create potential traffic safety conflicts with pedestrians, cyclists, and other vehicles. The San Francisco County Transportation Authority (CTA) Movement

Assessment conducted in 2012 and the 2040 Transportation Plan (adopted in 2013) evaluated delivery issues in the City and indicated that improvements to goods movement infrastructure are needed. More recently, in response to community feedback on the SFpark program, SFMTA investigated parking, loading, and metering issues in the Northeast Mission Neighborhood and found that there are frequent traffic conflicts involving commercial loading.

Business and/or property owners who want to engage with the SFMTA on these kinds of issues on their block or in their neighborhood can write to parkingplanning@SFMTA.com or call (415) 701-4213. They can also request additional yellow curbs - which can be established free of charge - through the SFMTA's Color Curb Program.²⁴ Applications are available through 311 or on the SFMTA website.

IMPLEMENTATION

OEWD, SFMTA, and Planning should conduct outreach with Food & Beverage P&D businesses to evaluate the current network of commercial on-street loading spaces, consider ways to improve the availability of such spaces, and to educate these businesses on the proper use of on-street loading facilities. Planning should collaborate with SFMTA to conduct a volunteer pilot study of the effects of changing commercial loading protocols within certain hours at locations where potential conflicts are known to happen on a frequent basis.

²⁴ SFMTA Color Curb Program Information: <https://www.sfmta.com/sites/default/files/pdfs/Color%20Curb%20Program%20General%20Info.pdf>



Photo Credit: Flickr User Creative Commons – Min Liu "golden_gate_bakery 12-30-06 (21)"

Appendices

Appendix A: Business Finance Resources

Appendix B: Key Contacts and Resources for Food & Beverage Businesses

Appendix C: Food & Beverage Industry Zoning Guide

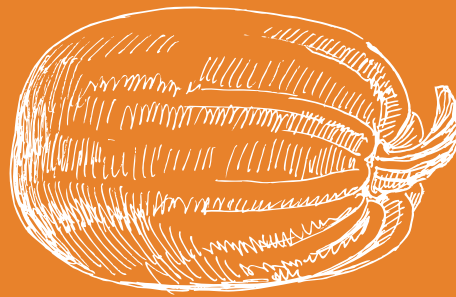
Appendix D: Business Interview Questions

Appendix E: List of Interviewees

Appendix F: List of Food & Beverage Business Forum Attendees

Appendix G: Example Community Development Corporations

Appendix H: Study Methodology & Data Tables



APPENDIX A

BUSINESS FINANCE RESOURCES

SOUTHEAST ASIAN COMMUNITY CENTER

www.seaccusa.org

- Provides SBA Micro-loans
- SEACC is a non-profit community agency that provides technical assistance and commercial loans of up to \$35,000 to low-income entrepreneurs and small business owners

CENTRAL MARKET CULTURAL DISTRICT LOAN FUND (CDLF)

www.oewd.org

- Loan terms: A one percent (1%) loan fee is assessed on the loan amount. Borrower is also responsible for the appraisal, title, and other out-of-pocket expenses related to loan processing, approval and documentation
- Loan uses: Acquisition of real estate; new construction or rehabilitation; tenant and/or leasehold improvements, Soft costs (such as legal and loan fees), Working capital; inventory purchase, purchase of equipment and machinery and management assistance to enable the business to carry out the project

PACIFIC COMMUNITY VENTURES

www.pacificcommunityventures.org/capital/loans/

- Loan Amount: Minimum \$50,000 to maximum of \$150,000 at 7% fixed rate per
- Loan Uses: Working capital, Inventory purchase, Acquisition and/or repair of machinery and equipment, New construction, expansion and/or repair, Acquisition of existing business entrepreneurs and small business owners

VALLEY ECONOMIC DEVELOPMENT CENTER

www.vedc.org

- Loan Amount: Minimum \$50,000 to \$500,000 maximum for existing businesses in operation for at least 2 years

SAN FRANCISCO REVOLVING LOAN FUND (RLF) - WORKING SOLUTIONS

www.tmcworkingsolutions.org

- Working Solutions provides the SF Revolving Loan Fund, microloans from \$5,000 to \$25,000 with a fixed interest rate between 4-6%.

SAN FRANCISCO EMERGING BUSINESS LOAN FUND (EBLF) - BAY AREA SMALL BUSINESS FINANCE

www.basbf.com

- Loan amounts from \$50,000 – \$1,000,000
- Interest Rates: Currently from 4.5% to 7.25% percent (Prime + 4%), depending on product, no application fee, low closing costs

MISSION ECONOMIC DEVELOPMENT ASSOCIATION (MEDA)

www.medastf.org

- MEDA offers microloans up to \$10,000

BAY AREA DEVELOPMENT COMPANY

www.baydevco.com

- SBA 504 Loans

CAPITAL ACCESS

www.capitalaccess.com

- SBA 504 Loans

FOR CREDIT CHECK AND/OR REPAIR COUNSELING, CONTACT SF SCORE OR THE SBDC

www.sfscore.org

PHONE: 415.744.6827

CONVENTIONAL LENDING INSTITUTIONS

Wells Fargo*	415-396-6551
Bank of America*	415-216-0781
Mechanics Bank	925-256-3060
CitiBank*	866-248-4937
US Bank*	415-357-1767
First Bank*	415-273-2020
Union Bank*	415-550-9312
Comerica*	925-941-1946
Banco Popular*	415-206-1800
Redwood Credit Union*	415-861-7928
Circle Bank*	415-268-5253
Sterling Bank*	415-773-1530
Chase*	415-315-3910

*SBA Lender

APPENDIX B

KEY CONTACTS AND RESOURCES FOR FOOD & BEVERAGE BUSINESSES

Whether you're opening a restaurant and hiring 10 employees or starting your own home food business, you will need to apply for the proper permits and licenses in order to comply with City, State, and/or Federal requirements. License 123 (<http://sf.license123.com>) is one tool to learn about all permit and license requirements for your business:

You can always receive customized, one-on-one assistance from The Office of Small Business if you have any questions regarding License 123 or how to start your business in San Francisco. Services are available by phone, walk-in, and by appointment, M-F, 8am-5pm, at City Hall, Room 110. To schedule an appointment, please call 415-554-6134, or email, sbac@sfgov.org. All services are available in English, Mandarin, Cantonese, and Spanish.

See also the San Francisco Business Portal (<http://businessportal.sfgov.org>) for more information and resources to support your business.

CITY & COUNTY OF SAN FRANCISCO DEPARTMENTS

OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT

City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Phone: (415) 554-6969
<http://www.oewd.org>

OFFICE OF SMALL BUSINESS SMALL BUSINESS ASSISTANCE CENTER

City Hall, Room 110
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Phone: (415) 554-6134
Email: sbac@sfgov.org
<http://sfgsa.org/index.aspx?page=4206>

PLANNING DEPARTMENT

1650 Mission Street, Suite 400
San Francisco, CA 94103-2479
Phone: (415) 558-6378
<http://www.sf-planning.org>

PLANNING INFORMATION CENTER

1660 Mission Street, First Floor
San Francisco, CA 94103-2479
Phone: (415) 558-6377
Email: pic@sfgov.org

DEPARTMENT OF BUILDING INSPECTION

1660 Mission Street
San Francisco, CA 94103
Phone: (415) 558-6088
<http://www.sfdbi.org>

Initial Permit Review
Phone: (415) 558-6641

Permit Processing Center
Phone: (415) 558-6644

POLICE DEPARTMENT

850 Bryant Street
San Francisco, CA 94103
Phone: 415-553-0123
<http://sanfranciscopolice.org>

For contact information for police district stations:

<http://sanfranciscopolice.org/index.aspx?page=868>

FIRE DEPARTMENT

Bureau of Fire Prevention, Permit Section
698 2nd Street, Room 109
San Francisco, CA 94107
Phone: (415) 558-3303
Email: Fire.Permits@sfgov.org
<http://www.sf-fire.org>

**DEPARTMENT OF PUBLIC HEALTH:
ENVIRONMENTAL HEALTH SECTION**

1390 Market Street, Suite 210
San Francisco, CA 94102
Phone: (415) 252-3800
Email: EnvHealth.DPH@sfdph.org
<http://www.sfdph.org/dph/EH/>

**DEPARTMENT OF PUBLIC WORKS:
BUREAU OF STREET-USE & MAPPING**

1155 Market Street, 3rd Floor
San Francisco, CA 94103
Phone: (415) 554-5810
Email: dpw@sfdpw.org
<http://www.sfdpw.org>

**DEPARTMENT OF ALCOHOLIC BEVERAGE
CONTROL: SAN FRANCISCO DISTRICT OFFICE**

33 New Montgomery St., Suite 1230
San Francisco, CA 94105
Phone: (415) 356-6500
Email: SFO.Direct@abc.ca.gov

BUSINESSES AND ASSOCIATIONS**SF WHOLESALE PRODUCE MARKET**

2095 Jerrold Avenue, Suite 212
San Francisco, California 94124
Telephone: (415) 550-4495
Facsimile: (415) 821-2742
Email: mjanis@sfproduce.org

GOLDEN GATE RESTAURANT ASSOCIATION

220 Montgomery Street, Suite 990
San Francisco, CA 94104
Phone: (415) 781-5348
Email: ggra@ggra.org
<http://ggra.org>

SFMADE

The Tech Shop Building
926 Howard Street
San Francisco, CA 94103
Phone: 415-408-5605
Email: info@sfmade.org
<http://www.sfmade.org>

SAN FRANCISCO BREWERS GUILD

info@sfbrewersguild.org
<http://www.sfbrewersguild.org>

SAN FRANCISCO TRAVEL ASSOCIATION

1 Front Street, Suite 2900
San Francisco, CA 94111
Phone: (415) 974-6900
<http://www.sanfrancisco.travel>

SAN FRANCISCO CHAMBER OF COMMERCE

235 Montgomery Street, Suite 760
San Francisco, CA 94104-2803
Phone: (415) 392-4520
<http://www.sfchamber.com>

APPENDIX C

FOOD & BEVERAGE INDUSTRY ZONING GUIDE

Updated June 2014

The following zoning guide describes the food & beverage industry uses recognized by the San Francisco Planning Code, and the extent to which they are allowed in industrial districts. Please note that the guide is provided for general informational purposes only, and more detailed zoning analysis will be required depending on the nature and operation of a food/beverage establishment. To find your property's zoning classification, visit the Property Information Map at: <http://propertymap.sfplanning.org/>

FOOD & BEVERAGE INDUSTRY USE (& PLANNING CODE SECTION)	PDR-1-B	PDR-1-D Design	PDR-1-G General	PDR-2 Core Production, Distribution & Repair	C-M Heavy Commercial	M-1 Light Industrial	M-2 Heavy Industrial
Retail Sales and Personal Services (PC§218, §121.8, §790.12)	Maximum of 2,500 ft ² incl. all pre-existing retail; cumulative retail & office on lot cannot exceed 7,500 ft ²	Maximum of 5,000 ft ² ; Grocery Stores may exceed 5,000 ft ² with Conditional Use Authorization	Maximum of 2,500 ft ² ; Grocery Stores may exceed 2,500 ft ² with Conditional Use Authorization	Maximum of 2,500 ft ² incl. all pre-existing retail; cumulative retail & office on lot cannot exceed 5,000 ft ²	Permitted	Permitted	Permitted
Professional / Business Office (e.g. consulting, technical, sales, non-accessory office functions of manufacturing and warehousing businesses) (PC§219)	Maximum of 5,000 ft ² , including all pre-existing offices	Not permitted unless within a designated landmark building	Not permitted unless within a designated landmark building	Maximum of 5,000 ft ² , including all pre-existing offices on lot	Permitted	Permitted	Permitted
Catering Establishment (PC§222(g))	Maximum of 5,000 ft ²	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted
Wholesale establishment (when conducted entirely within an enclosed building, not including a storage warehouse) (PC§225(b))	Maximum of 5,000 ft ²	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted
Wholesale storage warehouse (except for storage of inflammables) (PC§225(c))	Maximum of 5,000 ft ²	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted
Cold Storage Plant (PC§225(f))	Not Permitted	Not Permitted	Permitted	Permitted	Not Permitted	Permitted	Permitted

FOOD & BEVERAGE INDUSTRY USE (& PLANNING CODE SECTION)	PDR-1-B	PDR-1-D Design	PDR-1-G General	PDR-2 Core Production, Distribution & Repair	C-M Heavy Commercial	M-1 Light Industrial	M-2 Heavy Industrial
Grain Elevator (PC§225(g))	Not Permitted	Permitted	Not Permitted	Permitted	Not Permitted	Not Permitted	Permitted
Dairy products distribution plant (PC§225(h))	Not Permitted	Not Permitted	Permitted	Permitted	Conditional	N/A	N/A
Light food-processing for delicatessen, catering or restaurant supply (PC§226(c))	Maximum of 5,000 ft ²	Permitted	Permitted	Permitted	Permitted	N/A	N/A
Bottling plant, brewery, dairy products plant, malt manufacturing or processing or malt products plant (PC§226(h)(2))	Not Permitted	Requires Conditional Use authorization	Permitted	Permitted	Not Permitted	Permitted	Permitted
Manufacture of cereals, distilled liquors pickles, sauerkraut, vinegar, yeast, meat products (PC§226(i))	Not Permitted	Requires Conditional Use authorization	Permitted	Permitted	Not Permitted	Not Permitted	Permitted
Flour Mill (PC§226(j))	Not Permitted	Requires Conditional Use authorization	Requires Conditional Use authorization	Requires Conditional Use authorization	Not Permitted	Not Permitted	Permitted
Sugar refinery (PC§226(k))	Not Permitted	Requires Conditional Use authorization	Requires Conditional Use authorization	Requires Conditional Use authorization	Not Permitted	Not Permitted	Permitted
Live storage, killing or dressing of poultry or rabbits for on-site sale (PC§226(r))	Not Permitted	Not Permitted	Not Permitted	Requires Conditional Use authorization; must be >200' from R district	Permitted, but must be >200' from R district	Permitted, but must be >200' from R district	N/A
Live storage, killing or dressing of poultry or rabbits for on/off-site sale (PC§226(r))	Not Permitted	Not Permitted	Not Permitted	Requires Conditional Use authorization; must be >200' from R district	Not Permitted	Not Permitted	Permitted, but must be >200' from R district

FOOD & BEVERAGE INDUSTRY USE (& PLANNING CODE SECTION)	PDR-1-B	PDR-1-D Design	PDR-1-G General	PDR-2 Core Production, Distribution & Repair	C-M Heavy Commercial	M-1 Light Industrial	M-2 Heavy Industrial
Stockyard, livestock feed yard, abattoir (PC§226(t))	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Rendering/reduction of fat, bones or other animal material (PC§226(u))	Not Permitted	Not Permitted	Requires Conditional Use authorization	Requires Conditional Use authorization	Not Permitted	Requires Conditional Use authorization	Requires Conditional Use authorization
Curing, smoking or drying fish, manufacture of fish oil (PC§226(w)(2))	Not Permitted	Not Permitted	Not Permitted	Requires Conditional Use authorization	Not Permitted	Not Permitted	Permitted
Greenhouse (PC§227(a))	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted
Urban agriculture (PC§227(b))	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted	Permitted
Waterborne commerce, navigation, fisheries, recreation, & related industrial/ commercial operations (property subject to public trust) (PC§227(q))	Not Permitted	Not Permitted	Not Permitted	Permitted	Not Permitted	Permitted	Permitted
Small Enterprise Workspace (S.E.W.) (a building comprised of discrete workspaces 1,500 sq ft or less, which are independently accessed from building common areas; PC§227(t))	Not Permitted	Permitted	Permitted	Not Permitted	N/A	N/A	N/A

APPENDIX D

BUSINESS INTERVIEW QUESTIONS

SECTOR: MANUFACTURERS/PROCESSORS/CO-PACKERS

General Questions

1. How's business?
2. What were your overall challenges this year?
3. What goals do you have for the coming year?

Production Space – Businesses in San Francisco

4. Why did you decide to move to San Francisco?
5. Was the neighborhood a factor in your decision? How important was it? What's your ideal neighborhood to move into in San Francisco?
 - What were some of the challenges you faced in the process?
 - Generally, do you consider the City a good place to do business? Why or why not?
6. How did you find your space?
 - What were the top three challenges/difficulties?
 - What are the main growth and expansion challenges impacting your business? Examples could include, but are not limited to: labor pool, available land and facilities, transportation infrastructure, supply, consumer preferences.
7. Have you ever used a shared manufacturing space?
8. What features would your ideal commercial kitchen/shared kitchen space include? If there was a commercial kitchen in San Francisco that met your requirements would you consider moving there over finding your own space?
9. Why or why not would you plan to use a copacker? If there was a small-batch copacker in San Francisco that shared your values would you be interested in using it?
10. What are the top two things your business needs to move into a new space?
11. On a scale of 1 to 5, how important are the following features of a new space:
 - Being in a specific neighborhood in San Francisco
 - Having a retail/tasting room/restaurant component
 - Parking accessibility
 - Public transit accessibility
 - Proximity to your home
 - If there was an opportunity to rent subsidized space in the Bayview next to other food and beverage manufacturers would you consider moving there? What factors would deter you?
12. Do you have plans to expand your business? If so, is it likely you will remain in San Francisco? Why or why not?
13. For companies leaving or who have left San Francisco:
 - What were the three main reasons you left/are leaving San Francisco?
 - What could have helped you to stay?
 - Would you consider moving back to SF? Why or why not?

Access to Capital

14. Are you looking for capital or will you be in the next year?
 - a. Uses of capital you are seeking to raise.
 - b. Amount (\$) of capital you are seeking to raise.
15. Were you profitable in the previous year? What was your net income or (loss)?
16. Does your business have a 12-month financial projection? Does it look profitable?
17. Have you applied for a conventional loan with a bank? What was the outcome?
18. Have you already raised capital or have capital to contribute toward your project? What obstacles have you faced raising capital?

19. Are you looking for debt (loans) or equity (investment where someone then owns a % of the company), and if both, how much of each?
20. Existing loans/lines of credit (amount, type, and lender).
21. What resources have you used (if any) to find out more information on loan options? Have you heard of the City of San Francisco's loan funds?

Workforce

22. How many people have you hired in the past year? Please indicate FT/PT. What type of position was it (entry level, middle, senior)?
23. What were your biggest challenges when hiring?
24. How many people are you planning to hire in the next year? Please indicate FT/PT What type of position is it (entry level, middle, senior)?
25. What % of your workforce is part-time?
26. What's your average starting salary for an hourly worker?
27. What are the three most important skills that are required for your entry-level positions?

SECTOR: MANUFACTURERS/PROCESSORS/CO-PACKERS

28. What are skills that are required for a candidate, and what are skills that you are willing to train?
29. What are your three biggest challenges retaining employees?
30. Are you aware of any formal training program in the area that trains for the kind of skills you need?
31. If you were provided with free, on-the-job training for your employees with an outside trainer, would you be willing to release them from work WITH PAY to receive it?
32. Would you consider sharing part-time or seasonal workers with other similar companies?
33. What job sites or workforce agencies have you used to hire, if any?

Business Technical Assistance

34. When you started your business, where did you go to find about regulatory/legal/permitting requirements? What services (if any) were most helpful to you?
35. What were some of the biggest challenges/obstacles in regards to legal/regulatory issues when you started your business?
36. As you have expanded your business, what kind of permitting/regulatory issues have you encountered?
37. Where did you go to get help with these issues? Did you look free resources, as well as paid ones?
38. How closely is your business linked with other food industry firms in the City? Are there sufficient opportunities to make connections and share resources and information?

Only for Wholesalers/Distributors

39. Have you ever procured any city contracts? Is that something you're interested in?
40. What % of your business is done with other companies in San Francisco? What could help to expand your customer base in San Francisco?

41. Would you take part in an event to network with potential customers and other businesses in San Francisco? Could you commit to something on a monthly/quarterly/yearly basis?

Only for Co-packers

42. Approximately how many different client businesses use your processing facilities?

Closing Questions

43. What recent food industry or consumer trends do you think will most impact your business plans in the next few years? (Examples: demand for local / organic / health foods, changing suppliers, food industry trends (such as acquisition and emerging technology), rise in food entrepreneurship / cottage food industries)?
44. What is one key thing that the City could do to encourage a business like yours to grow (or locate) in San Francisco?
45. How do you feel about the idea of establishing a food incubation zone or district in the City – a geographic area or a single facility where food-related businesses could benefit from a clustering of business services, networking, and technical assistance? What types of services would make something like this useful for your business?

46. Do you have any additional thoughts on what is needed to support your business and others like it?

SECTOR: REAL ESTATE (LAND & PHYSICAL INFRASTRUCTURE)

1. What are the common space and building needs for food-related businesses?
 - Which areas of the city have the most appropriate real estate stock?
 - What are the prospects of suitable building types coming on line?
2. What spaces are most easily converted to spaces for food related businesses?
 - Where are these in abundance?
 - What are the obstacles to their conversion?
 - How can the public sector help? Are there examples of successful conversions?
3. What are the prospects for new industrial parks in San Francisco?
4. Do your food-related clients have difficulty finding suitable space in San Francisco? Why or why not?
 - Would you say that there is adequate vacant space at affordable prices for food businesses?
5. How do the spaces and prices in San Francisco compare with other Bay Area locations?
6. Are you noticing any recent or emerging trends in real estate space needs for food businesses expanding or wanting to locate in San Francisco?
7. How could the City better support the real estate needs of food businesses (e.g., financing, zoning, other policies)?

SECTOR: BUSINESS INCUBATORS / COMMERCIAL KITCHENS

1. What types of food businesses operate out of your incubator/kitchen (e.g., business size, food products, population served - immigrant, low income, etc.)?
2. What types of services do you offer?
3. How do you find tenants?
4. Does the demand for space exceed the supply?
5. What type of physical space (minimum size; tenant improvements; location) does this operation require?
6. Did you have difficulty finding space for your business? Why or why not?
7. Do you want to expand? Why or why not? What are your constraints to expansion?
8. Are regulatory processes overly burdensome for the incubator space? For the individual tenant? Why or why not?
9. How easy (and financially feasible) can an existing building be converted to accommodate an incubator program?
10. What is the average tenancy for your clients? Do most clients plan to graduate out of your facility and start their own bricks & mortar operation? What are the biggest challenges your clients face in graduating out of your facilities?
11. What is the failure rate? What are the causes for failure?
12. Where do tenants source their inputs?
13. What are tenants' needs in terms of financing, training, regulatory advice?
14. What kinds of spaces do successful businesses move onto? What are their needs in terms of space, facilities, labor, financing, location, connection to suppliers, regulatory advice?
15. Generally, do you consider the City a good place to start a food business? Why or why not?
16. What are some of the main challenges to starting, maintaining, and growing a commercial kitchen operation in the City (e.g., land / facilities, regulation, finding clients)?
17. What recent food industry or consumer trends do you think will most impact your business plans? (Examples: demand for local / organic / health foods, newer mix of producers/suppliers, changes in food industry structure (such as acquisition and emerging technology), rise in food entrepreneurship / cottage food industries)
18. How could the City better support the development and retention of commercial kitchens and shared kitchens?
19. Do you have any additional thoughts on what is needed to support food businesses and entrepreneurs more broadly?

SECTOR: FINANCIAL INSTITUTIONS

1. What are the major constraints/precautions on lending to food related businesses?
2. What are the most common shortcomings / inadequacies of prospective borrowers?
3. Do you commonly work with food businesses: food manufacturing, food processing & warehousing, grocery and other food retail, restaurants?
4. Where are your food business clients typically located?
5. What is the size of the food businesses you typically work with?
6. What types of services do you provide to food businesses (e.g., access to loans/grants, financial accounting & literacy, business & workforce development, regulatory/legal compliance, marketing, networking)?
7. In your experience, what types of financial resources and services do food businesses need most?
8. What are the typical gaps or barriers that growing food businesses encounter when seeking financial services? Does this vary by the type or size of food business?
9. How does the financial climate for food businesses in San Francisco compare to the rest of the Bay Area? Is it easier or more difficult for these businesses to access capital versus other areas?
10. What is the level of financial risk for food businesses starting or expanding in San Francisco compared to other locations?
11. Are you noticing any recent or emerging trends in the types of food businesses seeking financial resources in San Francisco?
12. How about trends in the types of financial products they are seeking? (For instance, loan sizes, crowd fundraising, etc.)
13. How could the City better support the financial needs of food businesses? Who else should be involved in providing financial and other support for food businesses?
14. How do you feel about the idea of establishing a food incubation zone or district in the City - a geographic area or a single facility where food-related businesses could benefit from a clustering of business services, networking, and technical assistance? What types of structure or services would make something like this useful to your business and other food businesses?
15. Do you have any additional thoughts on what is needed to support food businesses in San Francisco?

SECTOR: WORKFORCE/BUSINESS DEVELOPMENT

1. Do you commonly work with following food businesses: food manufacturing, food processing & distribution, grocery and other food retail, restaurants?
 - Where are your food business clients typically located?
 - What is the size of the food businesses you typically work with?
2. What types of services do you provide to food businesses? (Examples: financial accounting, business & workforce development, access to financing, regulatory/legal compliance, marketing, networking)
3. Have you been experiencing growing, stable, or shrinking demand for these services? Are you noticing any recent or emerging trends in the types of food businesses seeking assistance in San Francisco?
4. Generally, do you consider the City a good place to run a food business? Why or why not?
5. What are the main growth and expansion challenges impacting food businesses in San Francisco? Examples could include, but are not limited to: labor pool, available land and facilities, transportation infrastructure, supply, consumer preferences.
 - Do you know how many of your clients stay in the City versus leave the City? Do you know why?
6. Have you worked with many food businesses wanting to move into the city from elsewhere? What attracts them to San Francisco?
6. In your experience, what types of information and services do new food businesses need most? What about more established food businesses?
 - In your opinion, are there enough providers to meet the demand for these types of services? What additional services or resources are needed?
7. How do you feel about the idea of establishing a food incubation zone or district in the City – a geographic area or a single facility where food-related businesses could benefit from a clustering of business services, networking, and technical assistance? What types of structure or services would make something like this useful to your business and other food businesses?
8. How could the City better support the development of food businesses? Who else should be involved in supporting the needs of food businesses?
9. What are workforce trends – where do you see growth or contraction in the food industry?
10. What are the obstacles to linking employers and employees?

APPENDIX E

LIST OF INTERVIEWEES

<i>NAME</i>	<i>ORGANIZATION</i>
Ryan Farr	<i>4505 Meats</i>
Matt Reidy	<i>Bluxome Street Winery</i>
Dave McLean	<i>Magnolia Brewing Co</i>
Cristina Widjaja	<i>Hey Boo</i>
Bu Nygrens	<i>Veritable Vegetable</i>
Melissa Lucia	<i>Donsumer</i>
Rana Chang	<i>House Kombucha</i>
Luke Chappell	<i>Luke's Local</i>
Bill Roberts	<i>Eclectic Cookery</i>
Dayrn Berlin	<i>Counter Culture Coffee</i>
Daniel Kramer	<i>Marin Sun Farms</i>
Michelle Pusateri	<i>Nana Joes Granola</i>
Hyunjoo Albrecht	<i>Sinto Gourmet</i>
Luisa Alberta	<i>Sow Juice</i>
Forest Grey	<i>Speakeasy Brewing</i>

<i>NAME</i>	<i>ORGANIZATION</i>
Alon Salant	<i>Good Eggs</i>
Henry Ichinose	<i>ABS Seafood</i>
Eileen Hassi	<i>Ritual Coffee Roasters</i>
Michael Janis	<i>San Francisco Wholesale Produce Market</i>
Patti Offenbach	<i>Golden Gate Meats Company</i>
Alex Dang	<i>Opportunity Fund</i>
Michael Cohen	<i>Strada Investment Group</i>
Mark Walker	<i>49SQ Catering</i>
Neal Gottlieb	<i>Three Twins Ice Cream</i>
Lauren Bass	<i>Lola Bee's Harvest</i>
Kevin Baumsteiger	<i>Geneva/Grower's Refrigeration Company</i>
Emily Gasner	<i>Working Solutions</i>
Tim Nichols & Jon Axtell	<i>Impact Hub SF</i>
Bob Legallet	<i>1401 Griffith @ Revere</i>

APPENDIX F

LIST OF FOOD & BEVERAGE BUSINESS FORUM ATTENDEES

NAME	ORGANIZATION
Caleb Zigas*	<i>La Cocina</i>
Bu Nygrens*	<i>Veritable Vegetable</i>
Michael Janis*	<i>SF Wholesale Produce Market</i>
Sam Mogannam*	<i>Bi-Rite Market</i>
Ferron Salniker*	<i>SFMade</i>
Janet Smith-Heimer*	<i>BAE Urban Economics</i>
Jacob Bintliff*	<i>BAE Urban Economics</i>
Eli Zigas*	<i>SPUR</i>
Diana Sokolove*	<i>SF Planning</i>
Tiffany Garcia*	<i>SF OEWD</i>
Diego Sanchez*	<i>SF Planning</i>
Lisa Chen*	<i>SF Planning</i>
Rob Spiro	<i>Good Eggs</i>
Emily Lubahn	<i>SOS Juice</i>
Mary Gassen	<i>Noe Valley Bakery</i>
Omar Mamoon	<i>Dough & Co. / Small Hands Foods</i>
Jennifer Colliau	<i>Small Hand Foods</i>
Luisa Alberto	<i>Sow Juice</i>
Derek Castro	<i>Sow Juice</i>
Carl Sutton	<i>Sutton Cellars</i>
Wendy Lin	<i>Simmr</i>
Luke Chappell	<i>Luke's Local</i>
Danny Gabriner	<i>Sour Flour</i>
Ian Nieves	<i>The Future Food</i>
Janel Sterbentz	<i>The Future Food</i>
Karen Heisler	<i>Mission Pie</i>

NAME	ORGANIZATION
Jim Morgan	<i>United Cold Storage</i>
Clint Morgan	<i>United Cold Storage</i>
Bob Otsuka	<i>California Flower Market, Inc.</i>
Mark Yamaguchi	<i>California Flower Market, Inc.</i>
Nabil Chehade	<i>The Good Stuff Distributor, Inc.</i>
Marlo Gertz	<i>Marlo's Bakeshop</i>
Kelly McVicker	<i>McVicker Pickles</i>
Matt Cohen	<i>Off The Grid</i>
Kathy Wiley	<i>Poco Dolce Confections, Inc.</i>
Jack Doty	<i>Watlington Foods</i>
Martha Yanez	<i>SF Office of Small Business</i>
Geetika Agrawal	<i>La Cocina</i>
Serena Unger	<i>American Farmland Trust</i>
Kristin York	<i>Cutting Edge Capital</i>
Dee Dee Workman	<i>SF Chamber of Commerce</i>
Nina Robinson	<i>Inner City Advisors</i>
Anne Quaintance	<i>Meals on Wheels/Tenderloin Hunger TF</i>
Shaydanay Urbani	<i>Physic Ventures</i>
Lori Campbell	<i>SF Wholesale Produce Market</i>
Jayne Hillman	<i>Entrepreneur, Early-stage Business Consultant</i>
Rena Meyer	<i>Rena B Design</i>
Tessa Tricks	<i>Seedling Projects</i>
Daniela Warman	<i>Presidio Graduate School</i>
Larry Brucia	<i>Sutti & Associates; SF Wholesale Produce Market Board</i>

* Denotes Member of steering committee / project team

APPENDIX G

EXAMPLE COMMUNITY DEVELOPMENT CORPORATIONS

FOOD PRODUCTION SPACES

<i>ORGANIZATION</i>	<i>LOCATION</i>	<i>PROJECT TYPES / EXAMPLES</i>	<i>WEBSITE</i>
Dorchester Bay Economic Dev. Co.	Boston, MA	Bornstein & Pearl Food Production Center	http://dbedc.org/economic.html
El Pajaro CDC	Watsonville, CA	Commercial kitchen incubator	http://www.elpajarocdc.org/
Franklin County CDC	Greenfield, MA	Western MA Food Processing Center	http://www.fccdc.org/about
Opa-Locka CDC	Opa-Locka, FL	Shared-use commercial kitchen (12,000 sq. ft.)	http://www.olcdc.org/
The Enterprise Center CDC	Philadelphia, PA	Dorrance H Hamilton Center for Culinary Enterprises	http://theenterprisecenter.com/cc/

OTHER COMMERCIAL OR INDUSTRIAL SPACES

<i>ORGANIZATION</i>	<i>LOCATION</i>	<i>PROJECT TYPES / EXAMPLES</i>	<i>WEBSITE</i>
Abyssinian Development Corporation	New York, NY	Commercial spaces, retail stores, etc	http://www.adcorp.org/programs/commercial_development.php
Community Services Unlimted, Inc.	Los Angeles, CA	Village Market Place	http://csuinc.org/
Conexion Americas	Nashville, TN	Mesa Komal Commercial Kitchen	http://kitchen.conexionamericas.org/
Neighbors in the Strip	Pittsburgh, PA	Pittsburgh Public Market	http://pittsburghpublicmarket.org/
The Reinvestment Fund	Mid-Atlantic	Variety of markets funded	http://www.trfund.com/financing-development/food/

Source: BAE, 2014.

APPENDIX H

STUDY METHODOLOGY & DATA TABLES

**TABLE H-2.1 (FIGURE 2):
BAY AREA FOOD AND BEVERAGE P&D ESTABLISHMENTS, 2012**

<i>INDUSTRY SECTOR</i>	<i>ESTABLISHMENTS</i>	<i>% OF TOTAL</i>
Food & Bev. Wholesale/ Dist. (a)	1,437	48.2%
Food Manufacturing (b)	778	26.1%
Beverage Manufacturing (c)	768	25.7%
Bay Area Total	2,983	100.0%

(a) Food & Bev. Wholesale/Dist. Includes establishments in NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(b) Food Manufacturing includes establishments in NAICS sector 311: Food Manufacturing

(c) Beverage Manufacturing includes establishments in NAICS sector 3121: Beverage Manufacturing

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-2.2 (FIGURE 2):
BAY AREA FOOD AND BEVERAGE P&D EMPLOYMENT, 2012**

<i>INDUSTRY SECTOR</i>	<i>EMPLOYMENT</i>	<i>% OF TOTAL</i>
Food Manufacturing (a)	23,308	36.7%
Food & Bev. Wholesale/ Dist. (b)	22,201	34.9%
Beverage Manufacturing (c)	18,085	28.4%
Bay Area Total	63,594	100.0%

(a) Food Manufacturing includes employment in NAICS sector 311: Food Manufacturing

(b) Food & Bev. Wholesale/Dist. Includes employment in NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(c) Beverage Manufacturing includes employment in NAICS sector 3121: Beverage Manufacturing

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-3 (FIGURE 4):
BAY AREA FOOD AND BEVERAGE PRODUCTION & DISTRIBUTION EMPLOYMENT BY COUNTY, 2012**

	<i>FOOD MANUFACTURING (A)</i>		<i>FOOD & BEV. WHOLESALE/DIST. (B)</i>		<i>BEVERAGE MANUFACTURING (C)</i>		<i>ALL SECTORS</i>	
	#	%	#	%	#	%	#	%
Alameda	8,260	35.4%	8,734	39.3%	1,690	9.3%	18,684	29.4%
Contra Costa	1,644	7.1%	1,411	6.4%	231	1.3%	3,286	5.2%
Marin	611	2.6%	594	2.7%	96	0.5%	1,301	2.0%
Napa	766	3.3%	556	2.5%	8,423	46.6%	9,745	15.3%
San Francisco	1,853	8.0%	2,941	13.2%	211	1.2%	5,005	7.9%
San Mateo	2,392	10.3%	2,352	10.6%	155	0.9%	4,899	7.7%
Santa Clara	3,092	13.3%	3,165	14.3%	828	4.6%	7,085	11.1%
Solano	1,697	7.3%	367	1.7%	(d)	n/a	2,064	3.2%
Sonoma	2,993	12.8%	2,081	9.4%	6,451	35.7%	11,525	18.1%
Bay Area Total	23,308	105.0%	22,201	105.0%	18,085	100.0%	63,594	100.0%

(a) Food Manufacturing includes employment in NAICS sector 311: Food Manufacturing

(b) Food & Bev. Wholesale/Dist. Includes employment in NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(c) Beverage Manufacturing includes employment in NAICS sector 3121: Beverage Manufacturing

(d) Bev. Manufacturing (3121) employment data for Solano Co. is not publicly disclosed as per QCEW non disclosure policy.

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-4 (FIGURE 4):
BAY AREA FOOD AND BEVERAGE PRODUCTION & DISTRIBUTION CLUSTER EMPLOYMENT, 1990 - 2012**

<i>INDUSTRY SECTOR EMPLOYMENT</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Food Manufacturing (a)	34,468	29,118	29,305	28,087	27,791	28,879	29,961	27,690	27,579	25,231
Food & Bev. Wholesale/ Dist. (b)	18,570	16,690	16,647	16,690	17,185	16,950	16,978	17,795	17,822	19,090
Beverage Manufacturing (c)	10,768	9,492	10,278	10,861	10,445	11,094	12,164	12,833	13,780	14,401
Food & Bev. P&D Total	63,806	55,300	56,230	55,638	55,421	56,923	59,103	58,318	59,181	58,722

<i>INDUSTRY SECTOR EMPLOYMENT</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Food Manufacturing (a)	23,712	23,380	23,098	22,262	21,652	22,019	21,365	21,591	22,148	21,566
Food & Bev. Wholesale/ Dist. (b)	18,616	18,722	18,898	19,358	19,553	19,225	19,362	21,448	22,419	21,641
Beverage Manufacturing (c)	15,396	15,634	16,609	15,675	16,244	16,771	18,125	18,109	18,602	17,834
Food & Bev. P&D Total	57,724	57,736	58,605	57,295	57,449	58,015	58,852	61,148	63,169	61,041

<i>INDUSTRY SECTOR EMPLOYMENT</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>AVG. ANNUAL % CHANGE</i>	
				<i>1990 - 2012</i>	<i>2006 - 2012</i>
Food Manufacturing (a)	21,731	22,866	23,308	-1.8%	1.5%
Food & Bev. Wholesale/ Dist. (b)	21,192	21,322	22,201	0.8%	2.3%
Beverage Manufacturing (c)	18,004	18,283	18,085	2.4%	0.0%
Food & Bev. P&D Total	60,927	62,471	63,594	0.0%	1.3%

(a) Food Manufacturing includes employment in NAICS sector 311: Food Manufacturing

(b) Food & Bev. Wholesale/Dist. Includes employment in NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(c) Beverage Manufacturing includes employment in NAICS sector 3121: Beverage Manufacturing

(d) Bev. Manufacturing (3121) employment data for Solano Co. is not publicly disclosed as per QCEW non disclosure policy.

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-5 (FIGURE 5):
BAY AREA FOOD MANUFACTURING EMPLOYMENT, 1990 - 2012**

<i>INDUSTRY SECTOR EMPLOYMENT</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
Alameda	10,361	8,286	8,972	7,824	7,904	9,042	9,270	9,608	9,539	7,674	7,645	7,769	7,817
Contra Costa	2,509	1,316	1,454	1,449	1,451	1,434	1,534	1,332	1,199	1,080	1,075	1,069	987
Marin	678	637	582	494	499	591	619	498	449	489	397	336	350
Napa	81	79	78	80	87	238	247	231	242	323	327	323	356
San Francisco	5,595	5,584	5,909	4,996	4,640	4,246	4,448	3,642	3,341	3,044	2,856	2,753	2,352
San Mateo	2,883	2,862	2,919	2,957	2,838	2,803	3,484	3,169	3,316	3,309	3,177	3,046	2,953
Santa Clara	8,347	6,622	5,450	5,984	5,700	5,619	5,410	4,766	4,945	4,843	4,163	4,036	3,829
Solano	1,779	1,587	1,578	1,975	2,295	2,512	2,708	2,066	2,016	1,701	1,580	1,580	1,676
Sonoma	2,235	2,145	2,363	2,328	2,377	2,394	2,241	2,378	2,532	2,768	2,492	2,468	2,778
Bay Area Total	34,468	29,118	29,305	28,087	27,791	28,879	29,961	27,690	27,579	25,231	23,712	23,380	23,098
											<i>AVG. ANNUAL % CHANGE,</i>		
<i>INDUSTRY SECTOR EMPLOYMENT</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>1990 - 2012</i>	<i>2006 - 2012</i>	
Alameda	7,152	7,620	7,343	6,773	6,662	7,140	7,149	7,276	8,087	8,260	-1.0%	3.4%	
Contra Costa	1,640	1,479	1,476	1,296	1,328	1,407	1,326	1,490	1,545	1,644	-1.9%	4.0%	
Marin	395	433	451	398	476	508	553	621	539	611	-0.5%	7.4%	
Napa	290	309	322	366	530	667	689	727	743	766	10.8%	13.1%	
San Francisco	2,399	2,323	2,275	1,776	1,726	1,770	1,697	1,659	1,656	1,853	-4.9%	0.7%	
San Mateo	2,735	2,192	2,662	2,963	3,172	2,719	2,487	2,406	2,591	2,392	-0.8%	-3.5%	
Santa Clara	3,143	2,783	2,797	2,895	3,034	3,220	3,181	2,949	3,138	3,092	-4.4%	1.1%	
Solano	1,481	1,394	1,487	1,591	1,497	1,586	1,533	1,647	1,627	1,697	-0.2%	1.1%	
Sonoma	3,027	3,119	3,206	3,307	3,166	3,131	2,951	2,956	2,940	2,993	1.3%	-1.6%	
Bay Area Total	22,262	21,652	22,019	21,365	21,591	22,148	21,566	21,731	22,866	23,308	-1.8%	1.5%	

Food Manufacturing includes employment in NAICS sector 311: Food Manufacturing

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-6 (FIGURE 6):
SAN FRANCISCO FOOD AND BEVERAGE PRODUCTION & DISTRIBUTION CLUSTER EMPLOYMENT, 1990 - 2012**

<i>EMPLOYMENT 1990 - 1999</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Food Manufacturing (a)	5,595	5,584	5,909	4,996	4,640	4,246	4,448	3,642	3,341	3,044
Food & Bev. Wholesale/ Dist. (b)	3,604	2,799	2,912	2,597	2,693	2,764	2,738	2,904	2,876	2,856
Beverage Manufacturing (c)	625	454	453	502	504	634	801	439	447	551
Food & Bev. P&D Total	9,824	8,837	9,274	8,095	7,837	7,644	7,987	6,985	6,664	6,451
<i>AVG. ANNUAL % CHANGE</i>										
<i>EMPLOYMENT 2002 - 2012</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Food Manufacturing (a)	2,856	2,753	2,352	2,399	2,323	2,275	1,776	1,726	1,770	1,697
Food & Bev. Wholesale/ Dist. (b)	2,830	2,541	2,644	2,728	2,728	2,501	2,421	2,933	3,046	2,980
Beverage Manufacturing (c)	537	272	259	208	190	218	276	241	238	220
Food & Bev. P&D Total	6,223	5,566	5,255	5,335	5,241	4,994	4,473	4,900	5,054	4,897
<i>EMPLOYMENT 2002 - 2012</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>1990 - 2012</i>	<i>2006 - 2012</i>					
Food Manufacturing (a)	1,659	1,656	1,853	-4.9%	0.7%					
Food & Bev. Wholesale/ Dist. (b)	2,754	2,952	2,986	-0.9%	3.6%					
Beverage Manufacturing (c)	204	211	211	-4.8%	-4.4%					
Food & Bev. P&D Total	4,617	4,819	5,050	-3.0%	2.0%					

(a) Food Manufacturing includes employment in NAICS sector 311: Food Manufacturing

(b) Food & Bev. Wholesale/Dist. Includes employment in NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(c) Beverage Manufacturing includes employment in NAICS sector 3121: Beverage Manufacturing

(d) Bev. Manufacturing (3121) employment data for Solano Co. is not publicly disclosed as per QCEW non disclosure policy.

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-7 (FIGURE 7):
SAN FRANCISCO FIRMS IN SELECTED SECTORS, 1990 - 2012**

INDUSTRY SECTOR	1990		2000		2012		% CHANGE 1990 -2012
	#	%	#	%	#	%	#
Restaurants and Bars (a)	2,201	68%	2,804	72%	3,216	77%	1.7%
Grocery and Liquor Store (b)	597	18%	639	16%	609	15%	0.1%
Food and Bev. P&D (c)	433	13%	438	11%	370	9%	-0.7%
Total	3,231	100%	3,881	100%	4,195	100%	1.2%

**TABLE H-8 (FIGURE 8):
SAN FRANCISCO EMPLOYMENT IN SELECTED SECTORS, 1990 - 2012**

INDUSTRY SECTOR	1990		2000		2012		% CHANGE 1990 -2012
	#	%	#	%	#	%	#
Restaurants and Bars (a)	32,209	66%	42,941	75%	52,621	79%	2.3%
Grocery and Liquor Store (b)	6,966	14%	8,465	15%	9,350	14%	1.3%
Food and Bev. P&D (c)	9,824	20%	6,223	11%	5,005	7%	-3.0%
Total	48,999	100%	57,629	100%	66,976	100%	1.4%

(a) Includes NAICS sectors 722: Food Services and Drinking Places

(b) Includes NAICS sectors 445: Food and Beverage Stores

(c) Food and Beverage P&D includes NAICS sectors 311: Food Manufacturing, 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers, and 3121: Beverage Manufacturing

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-9.1 (FIGURE 9):
SAN FRANCISCO EMPLOYEES PER FIRM, 1990 - 2012**

<i>INDUSTRY SECTOR</i>	<i>1990</i>			<i>2012</i>		
	<i>EMPLOYMENT</i>	<i>ESTABLISHMENTS</i>	<i>EMPLOYMENT PER ESTABLISHMENT</i>	<i>EMPLOYMENT</i>	<i>ESTABLISHMENTS</i>	<i>EMPLOYMENT PER ESTABLISHMENT</i>
Food & Bev. Wholesale/ Dist. (a)	3,604	241	15	2,986	221	14
Food Manufacturing (b)	5,595	176	32	1,853	139	13
Beverage Manufacturing (c)	625	16	39	211	20	11
Food and Bev. P&D Cluster	9,824	433	23	5,050	380	13

**TABLE H-9.2 (FIGURE 9):
BAY AREA EMPLOYEES PER FIRM, 1990 - 2012**

<i>INDUSTRY SECTOR</i>	<i>1990</i>			<i>2012</i>		
	<i>EMPLOYMENT</i>	<i>ESTABLISHMENTS</i>	<i>EMPLOYMENT PER ESTABLISHMENT</i>	<i>EMPLOYMENT</i>	<i>ESTABLISHMENTS</i>	<i>EMPLOYMENT PER ESTABLISHMENT</i>
Food & Bev. Wholesale/ Dist. (a)	18,570	959	19	22,338	1,179	19
Food Manufacturing (b)	34,468	823	29	23,308	699	33
Beverage Manufacturing (c)	10,768	287	38	18,583	753	25
Food and Bev. P&D Cluster	63,806	2,069	31	64,229	2,631	24

(a) Food & Bev. Wholesale/Dist. Includes NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(b) Food Manufacturing includes in NAICS sector 311: Food Manufacturing

(c) Beverage Manufacturing includes in NAICS sector 3121: Beverage Manufacturing

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-10 (FIGURE 10):
SAN FRANCISCO FOOD AND BEV. P&D FIRMS, 2012**

<i>INDUSTRY SECTOR</i>	<i>ESTABLISHMENTS</i>	<i>% OF TOTAL</i>
Food & Bev. Wholesale/ Dist. (a)	211	57.0%
Food Manufacturing (b)	139	37.6%
Beverage Manufacturing (c)	20	5.4%
Food and Bev. P&D Cluster	370	100.0%

(a) Food & Bev. Wholesale/Dist. Includes NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(b) Food Manufacturing includes in NAICS sector 311: Food Manufacturing

(c) Beverage Manufacturing includes in NAICS sector 3121: Beverage Manufacturing

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-11 (FIGURE 11):
AGE OF SAN FRANCISCO FOOD AND BEV. P&D FIRMS, 2013**

<i>YEARS IN BUSINESS</i>	<i># OF SAN FRANCISCO FIRMS (a)</i>	<i>%</i>
more than 50 yrs	38	10.2%
30 - 50 yrs	46	12.3%
11 - 29 yrs	135	36.1%
5 - 10 yrs	48	12.8%
less than 5 yrs	107	28.6%
Total (b)	374	100.0%

(a) Includes firms in the Food Manufacturing, Beverage Manufacturing, and Food and Bev. Wholesale/ Distribution sectors.

(b) Represents firms for which age data was provided by Dun & Bradstreet as of 2013; may not match establishment counts based on BLS data.

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-12 (FIGURE 12):
SAN FRANCISCO FOOD AND BEVERAGE PRODUCTION & DISTRIBUTION CLUSTER EMPLOYMENT, 2012**

<i>NAICS CODE</i>	<i>NAICS CATEGORY</i>	<i>EMPLOYMENT</i>	<i>ESTABLISHMENTS</i>
<i>FOOD AND BEVERAGE WHOLESALE/DIST.</i>			
4244	Grocery and Related Product Merchant Wholesalers	2,075	169
4245	Farm Product Raw Material Merchant Wholesalers	(b)	2
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	866	40
<i>FOOD MANUFACTURING</i>			
3113	Sugar and Confectionery Product Manufacturing	95	8
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing	46	3
3115	Dairy Product Manufacturing	29	4
3116	Animal Slaughtering and Processing	214	6
3117	Seafood Product Preparation and Packaging	98	5
3118	Bakeries and Tortilla Manufacturing	1,054	91
3119	Other Food Manufacturing (d)	317	22
<i>BEVERAGE MANUFACTURING</i>			
31211	Soft Drink and Ice Manufacturing	31	4
31212, 31214	Breweries, Distilleries (c)	113	4
31213	Wineries	67	12
Total		5,050	370

(a) Data represent estimates for 2012, the most recent full year available; 2013 full year data will be available from BLS in June, 2014.

(b) Employment data in this sector were not disclosed by BLS.

(c) Employment data for the Breweries (31212) and Distilleries (31214) sectors were not disclosed individually by BLS; this figure represents the combined total of these sectors as determined by the total employment level for the Beverage Man. (3121) sector.

(d) Includes 293 jobs reported for the NAICS 3119 "Other Food Manufacturing" sector and 24 additional jobs in the 311 Food Manufacturing sector that were not disclosed at the 4-digit NAICS level.

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-15 (FIGURE 15):
PRODUCTION & DISTRIBUTION JOBS, 2012**

<i>NAICS CODE</i>	<i>SAN FRANCISCO</i>		<i>BAY AREA ^(a)</i>	
	<i>EMPLOYMENT</i>	<i>SHARE OF TOTAL</i>	<i>EMPLOYMENT</i>	<i>SHARE OF TOTAL</i>
<i>FOOD & BEVERAGE CLUSTER</i>				
Food & Bev. Manufacturing (b)	1,853	20.0%	44,084	14.1%
Food & Bev. Wholesale/ Dist. (c)	2,941	24.4%	25,250	21.6%
Cluster Subtotal	4,794	22.5%	69,334	16.2%
<i>MAN. & WHOLESALE TOTAL</i>				
All Manufacturing (d)	9,243	100.0%	311,598	100.0%
All Wholesalers (e)	12,031	100.0%	116,856	100.0%
Man. & Whole. Subtotal	21,274	176.8%	428,454	100.0%

(a) Bay Area includes data for Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties

(b) Includes NAICS sectors 311: Food Manufacturing and 3121: Beverage Manufacturing

(c) Includes NAICS sectors 4244: Grocery and Related Product Merch. Wholesalers, 4245: Farm Product Raw Material Merch. Wholesalers, and 4248: Beer, Wine, Distilled Alcoholic Bev. Merch. Wholesalers

(d) Includes NAICS sector 31-33: Manufacturing

(e) Includes NAICS sector 42: Wholesale Trade; note that NAICS sectors 48-49 (Transportation & Warehousing) are not included because this sector cannot be segmented into food and beverage versus other employment.

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2012; BAE, 2014.

**TABLE H-16 (FIGURE 16):
SAN FRANCISCO AVERAGE REVENUES PER FIRM, 2013**

NAICS CODE	NAICS CATEGORY	EMPLOYMENT
3121	Beverage Manufacturing (b)	\$2,418,667
4244+4248	Food & Bev. Wholesale/Dist.	\$1,857,500
4244	Grocery and Related Product Merchant Wholesalers	\$2,209,673
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	\$1,088,320
311	Food Manufacturing	\$753,841
3116	Animal Slaughtering and Processing	\$4,901,429
3117	Seafood Product Preparation and Packaging	\$1,658,438
3112	Grain and Oilseed Milling	\$1,033,333
31192	Coffee and Tea Manufacturing	\$629,091
3113	Sugar and Confectionery Product Manufacturing	\$460,769
3118	Bakeries and Tortilla Manufacturing	\$249,987
All Food and Bev. P&D Sectors		\$1,307,384

(a) Represents average of gross revenue figures provided by Dun & Bradstreet based on self-reported information; figures not independently verified by BAE

Sources: D&B, 2013; BAE, 2014.

**TABLE H-19: (FIGURE 19)
FOOD AND BEV. P&D AVG. FACILITY SIZE, 2013**

NAICS CODE	NAICS CATEGORY	AVG. FACILITY SIZE (SQ FT) ^(a)
3121	Beverage Manufacturing (b)	5,900
4244+4248	Food & Bev. Wholesale/Dist.	7,266
4244	Grocery and Related Product Merchant Wholesalers	7,129
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	7,611
311	Food Manufacturing	4,567
3116	Animal Slaughtering and Processing	26,954
3117	Seafood Product Preparation and Packaging	5,587
3112	Grain and Oilseed Milling	6,779
31192	Coffee and Tea Manufacturing	5,587
3113	Sugar and Confectionery Product Manufacturing	6,983
3118	Bakeries and Tortilla Manufacturing	3,061
All Food and Bev. P&D Sectors		6,083

(a) Represents average of facility size figures provided by Dun & Bradstreet based on self-reported information; figures not independently verified by BAE

(b) Average figure excludes one large beverage manufacturer which reported a facility size of nearly 90,000 sq. ft.

Sources: D&B, 2013; BAE, 2014.

**TABLE H-25.1 (FIGURE 25):
KEY CHALLENGES FOR MANUFACTURERS**

<i>RESPONSE (a)</i>	<i># RESPONDENTS</i>	<i>%</i>
Real Estate	32	26.7%
• Affordable/Available Space	21	17.5%
• Build-out Costs	11	9.2%
Capital Access	25	20.8%
Regulatory Issues	14	11.7%
Transportation/Access	13	10.8%
• Transportation	4	3.3%
• Distribution access	7	5.8%
• Connecting to customers	2	1.7%
Labor Costs	11	9.2%
Skilled Workforce	9	7.5%
Equipment Costs	5	4.2%
Copacker Access	4	3.3%
Utility Costs	3	2.5%
Other	4	3.3%
Total Responses (a)	120	100.0%

**TABLE H-25.2 (FIGURE 25):
KEY CHALLENGES FOR WHOLESALERS/DISTRIBUTORS**

<i>RESPONSE (a)</i>	<i># RESPONDENTS</i>	<i>%</i>
Labor Costs	7	22.6%
Transportation/Access	6	19.4%
• Transportation	3	9.7%
• Connecting to customers	3	9.7%
Real Estate	5	16.1%
• Affordable/Available Space	4	12.9%
• Build-out Costs	1	3.2%
Skilled Workforce	5	16.1%
Regulatory Issues	4	12.9%
Capital Access	3	9.7%
Other	1	3.2%
Total Responses (a)	31	100.0%

(a) Multiple selections per question were possible; represents total responses from 15 unique survey respondents and interviewees

(b) Multiple selections per question were possible; represents total responses from 59 unique survey respondents and interviewees

Sources: SFMade, 2013; SF Planning, 2013; BAE, 2014.

**TABLE H-26.1 (FIGURE 26):
LOCATION DECISIONS, MANUFACTURERS**

<i>RESPONSE (a)</i>	<i># RESPONDENTS</i>	<i>%</i>
Near Customers	32	20.1%
Brand Association	30	18.9%
• Near Home	28	17.6%
• Industry Community	16	10.1%
Transportation	16	10.1%
• Access to transportation	9	5.7%
• Loading docks/truck access	7	4.4%
Support Services	9	5.7%
Found Ideal Space	8	5.0%
Near Suppliers	6	3.8%
Near Employees	5	3.1%
In Specific Neighborhood	5	3.1%
Bought Existing Business	1	0.6%
Affordable Space	2	1.3%
Other	1	0.6%
Total Responses (a)	159	100.0%

(a) Multiple selections per question were possible; represents total responses from 59 unique survey respondents and interviewees

(b) Multiple selections per question were possible; represents total responses from 14 unique survey respondents and interviewees

Sources: SFMade, 2013; SF Planning, 2013; BAE, 2014.

**TABLE H-26.2 (FIGURE 26):
LOCATION DECISIONS, WHOLESALE/DISTRIBUTORS**

<i>RESPONSE (b)</i>	<i># RESPONDENTS</i>	<i>%</i>
Near Customers	9	34.6%
Brand Association	4	15.4%
Near Suppliers	4	15.4%
Found Ideal Space	3	11.5%
Near Employees	3	11.5%
Near Home	2	7.7%
Bought Existing Business	1	3.8%
Total Responses (a)	26	100.0%

**TABLE H-27 (FIGURE 27):
TYPE OF MANUFACTURING PRODUCTION SPACE**

<i>RESPONSE (a)</i>	<i># RESPONDENTS</i>	<i>%</i>
Owned/leased space	19	38.8%
Commercial kitchen	14	28.6%
Shared space	9	18.4%
Copacker	7	14.3%
Total Responses (a)	49	100.0%

**TABLE H-28 (FIGURE 28):
EMPLOYEE MEANS OF COMMUTE**

<i>RESPONSE (b)</i>	<i>MANUFACTURERS</i>		<i>WHOLESALE/DISTRIBUTORS</i>	
	<i># RESPONDENTS</i>	<i>%</i>	<i># RESPONDENTS</i>	<i>%</i>
Auto - Drive Self	15	44.0%	6	62.0%
Transit	12	35.0%	2	18.0%
Walking	3	8.0%	0	1.0%
Biking	2	7.0%	1	9.0%
Auto - Carpool	2	6.0%	1	7.0%
Other	0	0.0%	0	2.0%
Total Responses (a)	33	100.0%	9	100.0%

(a) Multiple selections per question were possible; represents total responses from 59 unique survey respondents and interviewees

(b) For Manufacturers, represents total complete responses from 39 unique survey respondents and interviewees; For Wholesale/Distributors, represents total complete responses from 14 unique survey respondents and interviewees

Sources: SFMade, 2013; SF Planning, 2013; BAE, 2014.

**TABLE H-33:
AVERAGE ANNUAL WAGES BY SECTOR, 2012 - SAN FRANCISCO**

<i>NAICS CODE</i>	<i>INDUSTRY SECTOR</i>	<i>AVG. ANNUAL PAYROLL, SAN FRANCISCO ^(a)</i>	<i>AVG. ANNUAL PAYROLL, SF - OAKLAND MSA</i>
<i>FOOD AND BEVERAGE PRODUCTION & DISTRIBUTION</i>			
4248	Alcoholic beverage merchant wholesalers	\$101,325	\$80,198
3121	Beverage manufacturing	\$80,577	\$55,196
4244	Grocery and related product wholesalers	\$55,943	\$59,334
311	Food manufacturing	\$30,346	\$44,698
<i>OTHER FOOD AND BEVERAGE</i>			
445	Food and beverage stores	\$28,852	\$30,095
722	Food services and drinking places	\$24,494	\$21,148
<i>OTHER SECTORS</i>			
44-45	Retail trade	\$44,898	\$37,558
721	Accommodation	\$42,550	\$36,735
<i>ALL INDUSTRIES ^(b)</i>		\$83,895	\$76,110

Table reflects data reported for the City and County of San Francisco and for the San Francisco-Oakland-Fremont MSA for 2012, the most recent full year available.

(a) Average annual payroll data from QCEW represent average pre-tax annual income not including benefits for each industry

(b) Refers to average of private sector employments across all industries in the City and County of San Francisco

Sources: Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics (BLS), 2013; BAE, 2014.

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