Seeds of Change

Strategies for Food Security for the Inner City
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Los Angeles

SEEDS OF CHANGE

Strategies for Food Security for the Inner City

A comprehensive project submitted in partial satisfaction of the requirements for the degree
Master of Arts in Urban Planning

by

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EXECUTIVE SUMMARY

One year ago, the civil disturbances in Los Angeles brought the issue of food security in the inner city to the forefront of public attention. One year later, despite a widely-publicized focus on urban conditions, these issues remain largely unresolved. Serious immediate problems include significant levels of hunger, inadequate government support programs, and an overwhelmed emergency food network. Long term obstacles to developing a secure food network are the historical abandonment of inner city areas by supermarkets and current reinvestment strategies which fail to meet current community needs, lack of transportation, inequitable food prices, and a complete absence of any integrated policy framework. Nevertheless, recent political and economic changes create unprecedented opportunities to address these problems.

These findings come from a year-long UCLA study, Seeds of Change: Strategies for Food Security in the Inner City. Its basic premise identifies two core concepts central to future food policy: that food is a basic human right, and that food security is a crucial community concern. Developing such future policy requires an integrated, whole-systems approach extending from grower to consumer. The absence of a coordinated food policy at the municipal level is conspicuous; while there are agencies whose mission is to develop policy for such basic needs as housing, transportation, and water, none provides integrated planning for food production and distribution.

Food policy has been fragmented into disparate fields, each of which individually can not provide long term structural solutions that adequately address the current food crisis. Only a systematic analysis is capable of providing direction for such solutions. Seeds of Change has sought to develop that approach through a synthesis of many different fields and disciplines, ranging from nutrition education, public health, and hunger advocacy, to economic and community development, food retailing, agriculture, urban ecology, and public policy.

HOW THE STUDY WAS CONDUCTED

Seeds of Change has been the product of six principal researchers, two supervisors, and more than a dozen research assistants over the course of 13 months. It undertook the review of some 1,000 policy, industry, and academic documents, and conducted over 200 interviews of industry personnel, government officials, and advocates. The Report is based on substantial original research in the form of scientific surveys, Geographic Information Systems analysis (GIS), and census analysis. Details of the scope of the report follow:
The report undertook a comprehensive case study of a two square mile area in South Central Los Angeles. The area selected is representative of the changing demographics of Central Los Angeles. The case study included a telephone survey of 148 randomly selected households; extensive demographic, land use and GIS analysis; a profile of food outlets, and a price survey of 75 items at 23 outlets comparing the case study area with two suburban communities.

At the regional level, the study examined the location of supermarkets across time; conducted surveys of over two hundred consumers and one hundred growers at over a dozen farmers markets in the county; interviewed low-income community gardeners; reviewed policy and agency activities; examined in detail the structure of the food retail industry from grower to grocery store with particular attention to conditions for retailing in the inner city and a specific analysis of the region's largest supermarket chain; evaluated urban agriculture programs and policies in the region; surveyed land use and transportation route surveys; and conducted comparative demographic analysis.

At the state and national level, the study reviewed existing food support programs; analyzed eight different Food Policy Council initiatives at cities across the United States and Canada; examined extensively the public health literature on nutrition and food security issues; and undertook an analysis of the supermarket industry over the past several decades including the largest chain in the Los Angeles area while reviewing community development initiatives with regard to new supermarket investments in the inner city.

**SUMMARY OF MAJOR FINDINGS**

The Report is organized into six different sections: food security at the national level, including hunger and nutrition issues; an overview of the food industry with special attention to the role of supermarket chains; a case study of residents and their daily food issues in an area of South Central Los Angeles; strategies for change in the food system, including urban agriculture, farmers markets, alternative production and distribution approaches, new transportation initiatives, and joint venture arrangements between food stores, communities, and local government; and the development of a new policy framework for food issues. Key findings are summarized below:

**HUNGER AND NUTRITION**

- Substantial hunger persists in the inner city. Our survey found that 27% of the residents of a South Central Los Angeles neighborhood did not have enough money to buy food in the two weeks prior to the survey.
• Due to cutbacks during the previous dozen years, federal, state, and local support programs failed to adequately meet the food needs of the poor. As a result, the emergency food system has been overwhelmed, with the amount of food distributed through this system increasing from 25 million pounds in 1979 to over 450 million pounds in 1990.

• High levels of diet-related diseases among minorities underscores the importance for expanding culturally sensitive nutrition education.

**FOOD RETAIL INDUSTRY**

• Supermarket chains have abandoned the inner city as part of an industry wide consolidation that affected all areas of Los Angeles. These findings are consistent with nationwide trends and appear to be related to financial and structural changes within the industry. The consolidation of the chain stores combined with a lack of transportation had a disproportionate impact on inner city residents' access to food.

• Recent supermarket investments in the inner city have been driven by market forces. Chain stores are not fully examining creative methods to involve and improve the communities in which they are investing.

• The price for a typical family of four to purchase the goods on the Thrifty Food Plan, the minimum government food security program, cost over $275 more per year for a family living in the case study area, than a family living in a middle class suburb of Montebello. Based on average per capita income, a family of four in the Case Study Area would spend approximately 36% of their annual income on food, while a similar family in Lakewood (a middle class suburb of Los Angeles) would spend only 12% of their income on food.

**TRANSPORTATION**

• Current transportation policies have made it difficult for inner city residents to shop for food. 38% of the households surveyed in the case study area do not have cars, and three of ten people surveyed reported having problems bringing home large amounts of groceries. These problems are compounded by the lack of low priced food stores in the inner city and transportation plans that are designed to serve commuters, rather than intra and inner neighborhood needs.

**ALTERNATIVE FOOD STRATEGIES**

• Urban agriculture provides significant economic and community development possibilities. Despite public interest, programs go
largely unsupported. 68% of people surveyed in the case study area reported an interest in participating in a community gardening program in their neighborhood. Tangible benefits from community gardening include improved nutritional status, development of a sense of community ownership, neighborhood beautification, and recreational opportunities. A 64 square foot plot can save a family up to $600 in food purchases per year.

- Farmers' markets provide concrete benefits to both farmers and consumers. Preliminary survey results indicate that 76% of shoppers at farmers' markets rate the produce of superior quality, and 59% consider the prices to be lower than in supermarkets. For growers, farmers' markets represent a way for small farmers to remain economically viable. 83% of growers report economic benefits, including increased income, from selling at farmers' markets. Improved outreach through nutrition education, food assistance, and health programs as well as the media is essential to expanding the role of farmers' markets in food distribution in the inner city.

POLICY

- The lack of an overall food policy in Los Angeles City and County has hindered development of an adequate food delivery system, and contributed to inefficiencies and inequities in food distribution. Ad hoc decisions have resulted in a patchwork of supermarkets and an insufficient emergency food network. As one example, more than eight years have elapsed since plans were first developed to site a supermarket in the case study area; yet construction of the market as of the completion of this report had not begun.

RECOMMENDATIONS

The report focuses on a range of possible new initiatives and strategies based on the findings discussed above. Many of these recommendations are available for immediate action; collectively, they represent the seeds for long-term structural change. These recommendations include substantive as well as procedural actions that constitute the basis for planning for food security in the inner city.

POLICY

- In Los Angeles, a Food Policy and Planning Council should be developed, with the strategic vision to develop and integrate food policies at the municipal, regional and state level.

The Food Council should oversee the process of implementing new municipal and regional food programs. It should be composed of key stakeholders in regional food issues.
The USDA should establish a national network of food policy councils, with Los Angeles as a demonstration project, uniting the public and private sectors to assure regional food security.

- The USDA should be reorganized into a Department of Food and Agriculture. The USDA's Food and Nutrition Service's functions should be expanded to coordinate urban food system initiatives, including the work of the regional Food Policy Councils to integrate national policies with regional efforts.

- The City of Los Angeles should adopt "sustainable city" principles into its programs and planning process. Planning for food security should be a fundamental component of this effort.

**HUNGER AND NUTRITION**

- Nutrition and hunger problems require additional funding of the federal food assistance and nutrition education programs. As a baseline, Congress should enact the Clinton administration's proposals to fully fund WIC, as well as pass the Mickey Leland Childhood Hunger Relief Act.

**SUPERMARKET INDUSTRY**

- Supermarket chains should establish joint ventures or other specific plans for community participation in inner city markets. For example, a Food Policy Council could create incentives for supermarket chains to participate in these plans by working with local agencies to condemn land so that new stores can be built in the inner city. In turn, supermarkets should be required to invest monies saved by participating in these Food Council initiatives in such areas as local job creation and training, transportation services for stores, emergency food network support and other related programs.

- The Food Council should establish a policy to encourage wholesale institutions that service small and medium sized stores to return to the inner city, using the Pacific Asian Consortium in Employment (PACE) Program as an example.

**TRANSPORTATION**

- Transportation planning must be an integral part of the food needs of the community. The Food Council should help develop a transportation plan that integrates transportation routes with food distribution outlets and encourages the development of a supermarket transportation service.

**ALTERNATIVE FOOD DISTRIBUTION SYSTEMS**

- Support for farmers' markets on a national, state and local level should be increased. Funding for the WIC Farmers' Market
Program should be increased on a national level. California should establish a farmers' markets nutrition program, as well as reopen the Office of Direct Marketing. The Food Council should work with city, county, and state officials in coordinating farmers' markets and urban agriculture.

- The City of Los Angeles should establish an inter-departmental technical working group to assist in the development of urban agriculture.

- The Metropolitan Transportation Authority should establish an internal section to focus on food access issues for the urban poor.

**A CALL TO ACTION**

Today, we are at a crossroads with respect to both policy and action. On the one hand, the civil unrest in Los Angeles of one year ago wreaked economic and social havoc on the inner city. On the other hand, the current political and economic climate has created an opportunity for creating a new food policy. With the advent of the Clinton administration and recent changes in the Los Angeles political landscape, both Los Angeles and the nation are politically ripe for a new food policy. Economic forces are pushing supermarket chains to reinvest in the inner city. This influx of capital creates economic value in communities that historically have been economically depressed. With the political and economic capital to meet the food needs of the inner city, Los Angeles and other urban areas must develop the policies that will ensure food security in urban areas. Alternative food programs and strategies and new investment opportunities combined with the development of new policy bodies create the basis for an immediate agenda for action.
INTRODUCTION
This report grew out of concerns about food security in the nation's inner cities. Last year's urban upheaval shed harsh light on the disparity in services available to Los Angeles' many communities, a condition replicated in cities across the country. Even the most fundamental services — including the supermarket chains taken for granted in suburban neighborhoods — are conspicuously absent in many low-income and minority communities. But the lack of food security extends far beyond the inequitable distribution of supermarkets. It is evident in the dangerously high proportion of household budgets dedicated to purchasing the most basic food basket. It is evident in the number of families who run out of money to buy food a few days each month. It is evident in the many residents who choose where they shop based on proximity: they shop at whatever store is within walking distance, because they have no way of getting to other stores. As a result, they buy food at markets which lack fresh produce, which sometimes look dirty, and which often charge higher prices. They find themselves with limited food choices and often suffer the nutritional and health consequences. These are common conditions among the urban poor. And these are signs of food insecurity.

Yet planted within these gaps are seeds of innovation which, if cultivated, could grow into a strong and stable base for community food security. Visit St. Agnes' Church on a Wednesday afternoon, and you will find a vibrant farmers' market where inner city residents come to buy fresh produce direct from farmers. Every week this parking lot is transformed into a bustling marketplace uniting young and old, urban and rural. It is Los Angeles at its multi-cultural best, with shoppers of all races and backgrounds standing side by side selecting cilantro and basil, carrots and cucumbers, swiss chard and sprouts.

Talk to the committed community groups serving this area. The church that offers its parking lot to the farmers' market also provides a food pantry, distributing packages of free food to those in need four days a week. Sister Patricia Ann monitors trends in pantry use to make sure community needs are being met. She can tell you how demand for services has increased substantially since last year, describe the ethnic and age profile of pantry users, and explain why she is seeing more residents from a particular zip code. At a nearby church, another community organization has been working to get a supermarket in this neighborhood for more than eight years. While continuing this effort, staff members help residents organize a buying club which will allow them to get the foods they need more easily and cheaply.

Stop by the community gardens at Ward Villas, a subsidized housing complex for senior citizens. Here, mostly African American women grow produce in intensive, raised-bed gardens. Many of them are on low-sodium diets, and grow herbs to add flavor to their meals. A few recall gardens of long ago in cities in New York and Pennsylvania, where there is a rich history of community gardening. Not too far away is one of the most productive community gardens in the city, where the predominantly Latino gardeners supplement their limited food budgets with fresh produce. Many of them also grow medicinal herbs in the tradition of their native countries.

Shop at the independent grocery store which developed an innovative response
to its customers’ transportation needs. Store management recognized that many shoppers had large families and no cars. As a result, these customers had to limit their purchases to what they could carry, ask for rides from friends, or cope with the inconvenience of public transportation. The store responded by providing a van service for customers, a program which not only helps shoppers but also is good business: the van allows customers to buy more products, increasing store sales volumes while lowering transaction costs.

Tremendous resources can be identified in this city, some of them at work in neighborhoods like these where food insecurity is a daily reality. There are active community development corporations responsive to residents’ needs. There is a network of faith-based organizations willing to commit time and financial resources to improving the lives of the poor. There are hospitals and clinics with staff trained in diet, nutrition and public health. There are established organizations involved in urban agriculture and sustainable city planning. There are colleges and universities with students and faculty willing to provide research assistance. There are direct links to the state’s agricultural bounty through the farmers’ market association. There are opportunities to organize and educate children through the public school system. There is a new federal administration which states that it is sympathetic (if not yet responsive) to the problems of urban areas. There is enormous potential for creating solutions and improving human health. Yet, despite this wealth of opportunity, food security is not being realized.

This failure is due to inadequate planning, not simply inadequate resources. This study advocates new mechanisms for food security planning by integrating disparate actions and policies into a comprehensive whole. These mechanisms are based on the fundamental principle that food is a basic human right, and that food security is a community concern. As such, guaranteeing food security requires a partnership among community, public and private interests.

PURPOSE OF THE REPORT

The purpose of this study is to: (1) evaluate problems of food security in the inner city, both in a national and local context; (2) describe and assess the adequacy of the federal government’s response to these problems; (3) analyze how the structure of the food industry has contributed to food insecurity; (4) identify and evaluate community-based strategies for change; and (5) propose a framework for food security planning that is equitable, economically efficient and environmentally sound.

METHOD

This study is a Comprehensive Research Project of the UCLA Graduate School of Urban Planning. It is the product of a year-long effort that involved six principal researchers, two supervisors, and more than two dozen research assistants. The study was directed by Mr. Robert Gottlieb, lecturer in the Graduate School of Architecture and Urban Planning, with the assistance of Mr. Peter Sinsheimer, doctoral student in the Urban Planning program. The project client is the Southern California Interfaith
Hunger Coalition (IHC), a non-profit advocacy and education organization with a history of involvement in hunger and poverty issues. IHC staff members provide technical assistance to emergency food providers, and were particularly interested in finding long-term solutions that would reduce the dependence on an overburdened emergency food system.

This study focuses on Los Angeles. Within Los Angeles, it uses a two-mile square case study area to analyze the problem of food security. The case study is a snapshot of one neighborhood. Multiply this image by the many low-income neighborhoods across the county in communities stretching from Long Beach to Pacoima. Then consider that this picture represents just one urban area in a nation of neglected urban areas. We know that the resources necessary to guarantee food security exist in Los Angeles and other metropolitan areas. However, they will not be successful in isolation. We hope that this study offers strategies to marshall these resources and integrate food policy in a way that promotes human and environmental health and guarantees every citizen’s right to affordable and nutritious food.

The project was envisioned as a four phase process: focus, research, publication and advocacy. During Phase One, completed during the summer and fall of 1992, we met with local community groups, emergency food providers, anti-poverty advocacy organizations, public agencies, food marketers and others to clarify the range of issues affecting food access in inner city neighborhoods. This process sketched out the broad dimensions of the study, and revealed a multitude of actors and issues linked in a complex network extending from the local to the national.

Phase Two shaded in the colors of this outline through extensive research and analysis. In addition to studies of the food distribution system, the health effects of poor nutrition, federal food assistance programs and alternative community-based strategies, we undertook a number of case studies and primary research projects. These included: an analysis of food security issues in a Central Los Angeles community, involving a comprehensive household survey of residents, a field survey of food outlets, and a detailed demographic study combining census data with Geographic Information Systems (GIS) computer-generated maps; face-to-face interviews with more than 200 shoppers and 85 growers at ten Los Angeles farmers' markets; a price survey of 75 food items at 23 supermarkets; a detailed study of Southern California's largest supermarket chain; surveys of community gardeners; and an analysis of eight Food Policy Councils in the United States and Canada.

In the third phase, we synthesized this research and wrote the final document. The final phase will involve dissemination of the publication and related documents, and an organization and implementation strategy based on the report's recommendations.

The study is divided into six sections. The first section reviews the problems and implications of food insecurity and the federal response to these issues. Section Two discusses the complex nature of the food system from grower to consumer. It places particular emphasis on the evolution of the supermarket industry and its impact on food access in the inner city. Section Three looks at food security from a neighborhood
standpoint, reviewing the findings of our case study analysis of a low-income Central Los Angeles community. Section Four presents community-based strategies to enhance food security. Section Five proposes a framework for comprehensive food security planning. Finally, Section Six presents conclusions and recommendations.

ACKNOWLEDGMENTS

This study is the product of both primary and secondary research. Over the course of the year, we reviewed countless books, periodicals, trade papers, legal documents, policy and planning reports and other publications. In addition, much of the research was derived from interviews and conversations with people across the country involved in some way in the food system. Among others, we spoke to representatives of community development corporations in Los Angeles and other cities; hunger and poverty advocacy organizations; members and staff of the Southland Farmers’ Market Association; executives with Southern California’s major supermarket chains, including Vons’, Boys’, Lucky’s and Ralph’s; other members of the retail industry, including distributors, food cooperative managers and trade organizations; financial analysts; food policy and planning councils; planning officials with the city of Los Angeles; urban gardening and greening organizations; and other food system researchers in universities and government agencies. The contributions of these people were invaluable, and we appreciate the time and information offered by all those we contacted.

We would especially like to thank those people who have been particularly helpful over the last year. These include: Liz Riley, and Carolyn Olney -- Executive Director and Associate Director of the Interfaith Hunger Coalition, our client for this project; Marion Kalb, Director of the Southland Farmers’ Market Association; Brenda Funches, -- Executive Director of Common Ground; Denise Fairchild of the Local Initiative Support Corporation; Alice Salinas of Esperanza Housing; Lynn Parker of the Food Research and Action Center in Washington, DC; Mark Winne, Director of the Hartford Food System and Chair of the Hartford Food Policy Council; Cheryl Macias from the now defunct U.S. House of Representatives Select Committee on Hunger; Ned Levine, lecturer at the Graduate School of Architecture and Urban Planning, and students in his survey methods course; Gary Nelson, Curtis Barlow, Gregory Peters and Joseph Raymond of the Vons Company; Patrick Barber of Food 4 Less; Laurie True of California Food Policy Advocates; Katie Nava of UCLA’s Geography Department; Gayle Harrison from the UCLA School of Public Health; Bob Spivey, Social Ecology Conference organizer; Rhonda Meister of St. Joseph’s Center; the farmers’ market project team from Bob Gottlieb’s environmentalism course; Deborah Lerner for her help in editing.
SECTION 1

Food Needs and Food Security for the Inner City
Pictures of thousands of famished Somalis, transmitted by satellite across the globe last year, provided a stark reminder of the continued existence of hunger in many parts of the globe. In America's inner cities, while there are no Somalias nor Ethiopias, consumption of sufficient nutritionally adequate food continues to be problematic despite silos overflowing with grain and fields laden with rotting produce.

An analysis of the food system in the inner city necessarily begins with the question of hunger and the more inclusive issue of food security. Hunger increased dramatically throughout the 1980s. The restructuring of the national economy towards low-paying service sector employment, combined with cutbacks in welfare and food assistance programs on a federal and state level reversed many of the gains made by the anti-hunger movement during the 1960s and 70s. As the government gradually cut larger and larger holes in the "safety net," allowing more and more people to fall through, the feeding of the hungry threatened to become more exclusively a private sector activity. In response to these cutbacks over the last dozen years, the emergency food system has expanded exponentially in an attempt to meet the basic needs of the urban poor. Yet, the emergency system continues to be overwhelmed: due to inadequate resources, the poor are often times turned away empty-handed from food pantries. Despite its inadequacies, the emergency food system is becoming institutionalized as a conventional source of food assistance, far from its original design as a supplementary food source for times of personal and family crisis.

At the same time that many are going hungry, diseases of over and inappropriate food consumption occur among minorities at much higher rates than the national average. Poor diet leads to abnormally high rates of cancer, obesity, heart disease, and hypertension. Location, type and prices of food retail outlets, the adequacy of bus networks, availability of easily understandable nutrition information, and cultural norms all affect the nutritional status of the urban poor. Nutritional status, like hunger, needs to be measured and addressed in terms beyond the personal level, as a societal problem, intricately linked with questions of poverty, social status, and empowerment. Cutbacks in federal nutrition education programs as with federal food assistance programs have rendered the urban poor more vulnerable to poor nutrition and health.

This section will examine the issues associated with hunger, nutrition, and diet. Chapter One will explore hunger and food security issues: its definition, extent, and causes, as well as the failures and successes of programs aimed at its elimination. The second chapter will continue with a description of the emergency food system, and discuss innovative avenues for outreach and empowerment. The third chapter will look at the nutritional and health status of minorities, minority diets, factors influencing food choices, a general discussion of nutrition education, and an analysis of federal nutrition policy and programs. A series of recommendations to improve policy and programs will be provided in the conclusion.
Chapter 1

Hunger and Food Security -
Definitions and Context

1.1 INTRODUCTION

Hunger provokes mental images of babies with swollen bellies and severe nutritional deficiencies. Yet, hunger in the context of an industrialized nation represents a different phenomenon. In a Third World context, it is typically measured clinically (in terms of height and weight), as relating to malnutrition. In the United States, with the absence of such severe conditions, hunger has a different definition. To a large degree, it is a subjective phenomenon, which renders it exceedingly difficult to measure from a traditional scientific perspective. Causality between hunger, biochemical indices of malnutrition, poor health, and disease is not clearly delineated. This paucity of data on the prevalence of hunger can be seen as one of the causes of the lack of a federal hunger policy.¹

In the U.S., hunger is not due to food shortages, but generally assumed to be a result of an inequitable distribution of resources. For example, the Community Childhood Hunger Identification Project (CCHIP) in New Haven, Connecticut defines hunger as "chronic food insufficiency or food shortages attributed to inadequate resources to acquire sufficient food."² In other studies such as Hunger in Los Angeles County, hunger is measured in terms of its symptoms, such as missed meals, and concerns about where a next meal will come from.³

This report, however, chooses to examine hunger from the vantage of community resources rather than personal experience. The concept of food security, with its community-based frame of reference provides the analytical framework for examining food policy. One definition of food security along these lines has been provided by the Urban Institute: "all people obtaining a culturally acceptable, nutritionally adequate diet through non-emergency (or conventional) food sources at all times."⁴

Measuring hunger in terms of food security has the marked advantage of being able to identify the necessary conditions for its prevention. Whereas hunger is based on an individual experience unrelated to larger societal factors, food security takes into account both community and individual resources including adequate disposable personal income, means of transportation, storage and cooking facilities, as well as the existence of competitively priced food, nutritious culturally acceptable food choices, and adequate local conventional food sources (See Figure 1.1).⁵

Food security measures the existence of adequate resources to prevent hunger. Hunger then can be identified as a consequence of food insecurity. The concept of food security imparts a systemic vision of the causes of hunger within a community, while identifying the changes necessary to prevent its occurrence. It represents an effective tool in planning and evaluating hunger policy, and provides the framework of
analysis for this study.

This chapter will examine the recent evolution of food security with respect to issues of wages, federal food benefits, and unemployment. It continues with an exposition of current levels of hunger. The chapter concludes with an analysis of federal hunger policy and a detailed examination of existing food assistance programs. Policy recommendations are listed at the end of the report.

Figure 1.1

**FOOD SECURITY**

Goal: To assure that all people have access to nutritionally adequate and culturally acceptable food, through conventional channels.

**GOVERNMENT AND COMMUNITY POLICY**

- **COMMUNITY RESOURCES**
  - ACCESSIBILITY TO FOOD
    presence of local conventional food sources or provision of public transportation
  - AVAILABILITY OF FOOD
    presence of nutritious food choices culturally acceptable to local population
  - AFFORDABILITY OF FOOD
    presence of competitively priced foods

- **INDIVIDUAL RESOURCES**
  - AVAILABLE DISPOSABLE INCOME
  - MEANS OF TRANSPORTATION
  - COOKING AND STORAGE FACILITIES

**FOOD SECURITY**

**COMMUNITY MEASURES**
- Decrease in use of nonconventional food sources
- Competitive community food prices

**INDIVIDUAL MEASURES**
- Adequate dietary intake and frequency of eating
- Decrease in medical indicators of inadequate intake (malnutrition; low birthweight; infant mortality; chronic disease)
- Decrease in social indicators of inadequate intake (family problems; criminal activity; school performance)

Source: Urban Institute, 1989
1.2 THE RECENT EVOLUTION OF FOOD SECURITY

The most fundamental prerequisite of food security is adequacy of personal resources. Personal income for the urban poor is shaped by a variety of factors, including job availability, wage rates, taxes, and the prices of non-food items such as heating, transportation, and housing. Increased hunger throughout the past decade has corresponded to rises in the poverty rate. In 1991, census data indicated that 35.7 million people (or 14.2% of the US population) were poor, a rate higher than at any time during the 70’s or 80’s, except for 1982-84 (See Figure 1.2).

Figure 1.2

[Diagram: Change in U.S. Poverty Rate, 1970-1991]

Source: Center for Budget and Policy Priorities, 1992
Both increased unemployment and declining real wages have corresponded with growing poverty rates. The unemployment rate rose from 5.3% to 6.7% from 1989 to 1991. In 1979, 12.1% of full time workers were paid wages below the poverty level for a family of four; in 1990, this percentage had jumped to 18%. The stagnation of the minimum wage also has contributed to a rising poverty rate. Whereas in 1978, full time employment at the minimum wage provided approximately 100% of the poverty level for three persons, in 1989 it provided less than 70% of the same level. The loss of high paying manufacturing jobs throughout the 1980's and the proliferation of low paying employment in the service sector can also be seen as contributing factors to increases in the poverty level. Eight million of the twelve million jobs created between 1980 and 1985 paid less than $7,000/year.

Female headed households and minority households have been among the hardest hit. The proportion of female headed households with incomes less than half the poverty line has increased from 35% in 1975 to 48% in 1986. Individuals in female headed households experienced the greatest income loss of any group of poor people during the 1980's. Poverty among Hispanics increased by 20% between 1979 and 1988. The income of the typical Hispanic family dropped 5% from 1979-1988, as compared to a rise of 5% for non-Hispanic families. At the end of the 80's, more than 9 million blacks, and 5.5 million Hispanics lived in poverty, and were three times and 2.5 times more likely, respectively, to be poor as whites.

The 1980's was a time in which income disparities increased. Figure 1.3 indicates the widening gap between rich and poor from 1980 to 1990 in terms of after tax income. After-tax income acts not only as a measure of income and entitlements, but also of the amount of taxation per income group. Figure 1.3 shows a clear progression in income distribution. The wealthier the individual, the greater the growth in their income. Eighty percent of the country saw their income increase by 8.6% or less, while the richest 1%'s income grew by 87.1% over the decade. The poorest fifth actually experienced a decline in after tax income of 5.2%.
**Figure 1.3: Changes in Average After Tax Income by Various Income Groups 1980-1990**

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Poorest Fifth</td>
<td>7,357</td>
<td>6,973</td>
<td>-5.2</td>
</tr>
<tr>
<td>Next Poorest Fifth</td>
<td>16,088</td>
<td>16,124</td>
<td>.2</td>
</tr>
<tr>
<td>Middle Fifth</td>
<td>24,031</td>
<td>24,961</td>
<td>2.7</td>
</tr>
<tr>
<td>Next Richest Fifth</td>
<td>32,075</td>
<td>34,824</td>
<td>8.6</td>
</tr>
<tr>
<td>Richest Fifth</td>
<td>58,886</td>
<td>78,032</td>
<td>32.5</td>
</tr>
<tr>
<td>Richest 5%</td>
<td>100,331</td>
<td>151,132</td>
<td>50.6</td>
</tr>
<tr>
<td>Richest 1%</td>
<td>213,675</td>
<td>399,697</td>
<td>87.1</td>
</tr>
</tbody>
</table>

*Source: Congressional Budget Office*

Part of these distributional changes have been exacerbated by transformations in the federal tax structure. Cuts in capital gains tax is only example of how federal tax codes have favored the wealthy. Figure 1.4 shows a clear progression in how tax burdens have increased for the poorest, while diminished for the richest. From 1980-1990, taxes paid by the poorest tenth of the country as a percentage of the entire tax pool increased 27.7%, while the contribution by the richest one percent in 1990 totalled 14.4% less than it did in 1980.

**Figure 1.4: Changes in Average Federal Tax Burden on Households by Various Income Groups 1980-1990**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Poorest Tenth</td>
<td>6.7</td>
<td>8.5</td>
<td>27.7</td>
</tr>
<tr>
<td>Poorest Fifth</td>
<td>8.4</td>
<td>9.7</td>
<td>16.1</td>
</tr>
<tr>
<td>Next Poorest Fifth</td>
<td>15.7</td>
<td>16.7</td>
<td>6.0</td>
</tr>
<tr>
<td>Middle Fifth</td>
<td>20</td>
<td>20.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Next Richest Fifth</td>
<td>23</td>
<td>22.5</td>
<td>-2.2</td>
</tr>
<tr>
<td>Richest Fifth</td>
<td>27.3</td>
<td>25.8</td>
<td>-5.5</td>
</tr>
<tr>
<td>Richest 5%</td>
<td>29.5</td>
<td>26.7</td>
<td>-9.5</td>
</tr>
<tr>
<td>Richest 1%</td>
<td>31.8</td>
<td>27.2</td>
<td>-14.4</td>
</tr>
</tbody>
</table>

*Source: Congressional Budget Office*
Decreases in government benefits have also contributed to the diminished income of the poorest. The average market value of non-cash benefits, such as food stamps, Medicaid, and housing subsidies received by poor families decreased from $4,221 in 1979 to $4,088 in 1986 (in 1986 dollars). The proportion of families lifted out of poverty by government benefits has also sharply declined since 1979.

Reductions in federal assistance programs have effectively rendered the "safety net" inadequate. A study conducted by Consumers Union published in June, 1992 compiled county specific costs for a minimum standard of living in California. Their figures included the HUD Fair Market Rent, $5/month for telephone service, the USDA Low Cost Food Plan adjusted to metropolitan prices, a minimum clothing budget, $8/month for laundry, $8/month/adult and $3/child for personal care and household supplies, and 3 round bus trips/week. Costs omitted include medical expenses, automobile ownership, household furnishings, taxes, child care, and work related expenses. For Los Angeles county, for a household of one adult and two children, current AFDC and Food Stamps (1992) provided only 61% of the cost of living, or $806 of the necessary $1316.

Current AFDC and Food Stamp levels do not allow families to survive. The result is food insecurity, malnutrition, and declining health status. As one low income person in the San Pedro area remarked: "I sell blood plasma or we don't eat." With utility bills and rent as fixed costs, food purchases are the first to be reduced during a budget pinch. Despite the inadequacy of AFDC to provide for the food needs of the poor, grants have been cut 5.8% this year, on top of a 4.4% cut last year and a suspension of the cost of living adjustment. For 1993-94, the Governor proposes to reduce AFDC by 19%. A recent study by California Food Policy Advocates estimated that by 1996, an additional 240,000 children will be added to the ranks of the hungry in California as a cumulative result of current and proposed cuts.

In the short term, as a measure to prevent additional hunger, further cuts to AFDC should be vigorously opposed. In the medium to long term, AFDC levels should be increased to provide a standard of living that provides for adequate food, shelter, and other needs of the poor, including the HUD Fair Market Rent, the local cost of the USDA's Low Cost Food Plan, plus adequate clothing, utilities, transportation, and personal supplies.

1.3 EXISTENCE OF HUNGER

The rise of hunger through the past decade has been well documented. In the early 1980's, over 30 studies documented the growth of the number of the hungry in the U.S. One way in which hunger can be measured is through the growth of emergency food programs. Figures 1.5, 1.6, and 1.7 indicate the tremendous expansion of the emergency food system. Figure 1.5 illustrates the number of food banks - community warehouses for salvaged and donated food, which jumped from about 75 in 1980 to over 225 in 1990. Figure 1.6 indicates a parallel rise in the number of agencies - food pantries, soup kitchens, senior citizen and day care centers, and homeless shelters, from under 10,000 in 1982 to over 40,000 in 1990. Figure 1.7 also provides a similar
also provides a similar picture, indicating rapid increases in the amount of food distributed from 25 million pounds in 1979 to over 450 million pounds in 1990.

Figure 1.5

Figure 1.6

Figure 1.7

Source: Hunger 1992, 1992
This report as well as several other studies have documented a high prevalence of hunger in Los Angeles. In a random digit dial telephone survey of residents in Central L.A., conducted for this study in February 1993 (see section 3), 26% of 148 respondents indicated that they did not have sufficient money to purchase food. The mean number of days of those who reported going hungry was 3 out of the previous two weeks. It should be noted that those surveyed were not the poorest of the poor, but a random sample of people with telephones. Census data indicates that some 13% of the households in the area surveyed do not have a telephone, presumably because they can not afford one.

Along similar lines, the Harbor Interfaith Shelter interviewed 100 low-income people in the San Pedro/ Harbor area of Los Angeles County in January and February 1993. It found that 61% of respondents run out of money for food every month or almost every month. The average length of time a household did not enough money for food was 8 days.\textsuperscript{15}

Another survey of emergency food clients in the Los Angeles area conducted by EFNEP (Expanded Food and Nutrition Program) in 1989 found that in 42% of the families with children, parents reported that they were forced to send their children to bed hungry on occasion. Seventy-eight percent of respondents were found to spend at least some time thinking about where their next meal was coming from.\textsuperscript{16}

1.4 FEDERAL FOOD PROGRAMS

In the introduction to this report, we affirmed that food is a basic human right. It is the mandate of the government to ensure that right: to ensure that no one starves to death. The US federal government has established 14 programs designed to alleviate hunger. These programs should be seen in the context of existing food insecurity. There will always be times of food insecurity in society, when jobs are lost or other personal crises occur. The existence of adequate food assistance programs, while emergency programs in and of themselves, create a crucial safety net that avoids food insecurity and recurrence to private sector emergency food sources. Thus federal food programs when utilized as temporary stopgaps to hunger rather than as permanent food sources represent a crucial link in the food safety net.

However, there are many holes in the federal food program net. Many of these programs were originally conceived of or are in effect agricultural support rather than food security programs. As discussed in a subsequent chapter, nutritional requirements can be secondary to agricultural policy (See Chapter 3).

Food assistance programs often times are not sufficiently integrated with one another. One example of this lack of integration is different income, reporting, and paperwork requirements for each program. Food assistance programs are not seamless; under the patchwork of child nutrition programs for example, many children go hungry during vacation due to stringent regulations on eligibility for summer feeding programs. Likewise, there exists no coordinated approach to feeding the hungry: each program is run separately and unto itself. Even client referrals to other programs are not mandatory.
Neither are food assistance programs sufficiently integrated with the local community. Food assistance recipients should be provided with resource guides to local institutions, such as community gardens, food pantries, and farmers markets that will help them save money and thus reduce their hunger. A local food policy council (see chapter 16) could be a key player in integrating federal programs into a local context.

Finally, funding for food assistance programs has been woefully insufficient, especially in recent years. These cuts should be seen in the context of the dominant view of food assistance clients as a burden, as freeloaders looking for a handout. For those reasons, there was little effort made to maximize public participation, and reach all eligible persons. In the 1990's, we now are realizing the social costs of food insecurity, in terms of added health care costs and in social costs. The civil disturbances of April-May, 1992 in Los Angeles were in many ways a response to the inner city's dire food insecurity.

The rest of this chapter will examine the history of hunger policy, and include a detailed look at the three most important food programs, as well as a summary of the others.

**Hunger Policy**

Federal food assistance programs are primarily under the aegis of the USDA. In 1930, the USDA and the Federal Emergency Relief Agency distributed surplus farm products to the poor. In 1936, the first school lunch program was established utilizing surplus farm commodities. From 1939-43, an experimental food stamp program was established. The primary objectives of these programs were to dispose of excess farm products in order to maintain profitability for large scale commercial farmers. Feeding the poor was secondary to protecting agricultural interests.\(^\text{17}\)

With the increase in social activism in the 1960's and 70's, the anti-hunger movement was born. Linked to the civil rights struggle, it helped to shape a political climate in which many new programs were established, and considerable government resources were invested in the reduction of hunger. In 1961, the food stamp program was established permanently. In 1966, the School Breakfast program was instituted. In 1968, the Field Foundation released a report detailing the extent of hunger and malnutrition throughout the US. Such non-profit organizations as the Red Cross, unions, and PTAs galvanized to form the National Council on Hunger and Malnutrition in the United States. In the Senate, the Select Committee on Nutrition and Human Needs was formed under the leadership of George McGovern. In 1969, President Nixon called a White House Conference on Food, Nutrition, and Health which dramatically shaped the character of federal food assistance programs. From 1969-1977, annual federal expenditures for food assistance jumped from $1.2 to $8.3 billion. During this period, the WIC (Women Infants and Children) program was created, as were food programs for the elderly. In 1977, the Field Foundation revisited the sites it had studied 10 years earlier, to find that hunger had decreased significantly.

The change of administration in 1981 resulted in drastic cutbacks in domestic
programs and increases in military expenditures. Between 1981-84, the cumulative sum of $12 billion was slashed from food stamps and child nutrition programs alone. The federal government shifted the burden of feeding the poor onto the states, who were ill equipped during a deep recession to make up the difference. Towards the end of the decade some of the cutbacks were re-instituted; in 1988, the federal budget for food assistance programs increased by $2 billion.

Along with funding cutbacks, significant barriers to public participation exist in many governmental food and income assistance programs. Day long waits, inconvenient office locations and hours, cumbersome paperwork and reporting requirements, stressed case workers, and long delays in the provision of assistance have all been common occurrences. "One-stop shopping" for food and income assistance is non-existent; paperwork requirements for different programs are often duplicated, and referrals to other useful assistance programs are not mandatory. Given that the participation rate of those eligible is often low, outreach through existing programs represents a priority for increasing food security.

FOOD STAMPS

The food stamp program is the largest food assistance program in the country. Administered through the USDA, it provides food vouchers for all individuals meeting its criteria. Eligibility requirements include income levels of less than 130% of the poverty level, with less than $2,000 in cash assets, and with a vehicle worth under $4,500. Significant barriers exist to public participation for this program as well as other government food assistance programs. These include low benefits, no mail issuance, inconvenient hours, long lines, lack of outreach, lack of accessible offices, burdensome paperwork, low vehicle limit worth, as well as the social stigma associated with stamp use. Legislation passed during the early 1980's enhanced these barriers, limiting eligibility and reducing funding. As a result, participation dropped by 1 million persons between 1980-87 despite an increase in the poverty rolls by 3.2 million. Participation rates have increased recently with augmented funding and a stagnant economy. In November 1992, 26.4 million people received food stamps, with a monthly growth rate of 200,000 people. In California, 2,728,676 residents received food stamps, or about half of those potentially available.

Food stamp benefits are determined with relation to the "Thrifty Food Plan" (TFP). The TFP was created to replace the Economy Food Plan, developed in 1955 by the USDA on the basis of the expenditures of the lowest quarter of the population. The Economy Food Plan was based on the assumption that if some people could live on such low food expenditures, others could do the same. Nutritional adequacy was not taken into account. In 1975, the courts ruled that the Economy Plan was insufficient. It was replaced by the Thrifty Food Plan, which, through computer modeling, arranged food patterns of low income families to meet certain nutrient levels at the same cost as the Economy Plan. The TFP is technically nutritionally adequate as a theoretical emergency food plan, but its sufficiency in the long run is highly questionable.

TFP allowances are based on unrealistic criteria. Food allowances are 24% lower
than the average low income family's food expenditures, and assume a 30% contribution of the household budget towards food. They also do not take into account the higher cost of groceries in the inner city, regional price differences, the costs and difficulties of transportation, adequate storage space, and unrealistic amounts of time and skill dedicated to food preparation. One study in Los Angeles found that the TFP when bought at large stores costs 15% more than the allowance, and 38% more when bought at small stores. Suggested menus from the USDA Nutritious Meals at Low Cost brochure required an average of 3.5 hours/day of food preparation. The TFP also allows for low wastage rates- 5%, and only a 1% budget for cooking accessories, such as spices, baking powder, salt, vinegar, etc.

The Thrifty Food Plan originally conceived as an emergency food guideline has now been institutionalized as a long-term standard. Despite its technical nutritional adequacy, in reality its low allowances perpetuate malnourishment. Data from the USDA's 1977-78 National Food Consumption Survey found that 1/3 of the people spending at or less than the TFP allowance ate diets that met 80% of the U.S. RDA's, while only 12% met 100% of the RDA's.

Current benefit levels in California average about $.66 per meal. USDA nutritionists report that it requires about $1.20 per meal to eat an adequate diet.

Women, Infants, and Children (WIC)

The Women, Infants, and Children program is designed to assist low income pregnant women, new mothers, infants and children up to the age of five at nutritional risk. It became a permanent program in 1975, and is administered nationally by the Food and Nutrition Service of the USDA, and locally by county public health clinics, community health centers, maternal and child health clinics, and local non-profit organizations. Participants receive education on nutrition, breast feeding, substance abuse, and other health concerns. Nutritional assessment is also available especially for at risk individuals. Participants also receive food vouchers exchangeable at grocery stores. In California, pregnant women are given coupons for 5.5 gallons of milk, 36 ounces of cereal, 2 pounds of cheese, 6 quarts of orange juice, 2 dozen eggs, and peanut butter or beans per month. Eligibility is limited to breast feeding, pregnant or post-partum women who are deemed to be at nutritional risk, as well as for children under 5, with income levels under 185% of the poverty level.

WIC has been deemed to be extremely successful in relation to reducing future anticipated health costs for children. It has been associated with a reduction in pre-term deliveries, increased gestation duration, reduced late fetal deaths, increased head circumference, reduced incidence of anemia, infant mortality, and low birth weight, and improved diets. Children with WIC have been found to have superior cognitive development. Every dollar spent on WIC saves $4.21 in the first 60 days of life in future health costs.

Unlike food stamps, WIC is not an entitlement program, but subject to a fixed allocation. Funding limitations have precluded participation of most children, with the cut-off level now at 2 rather than 5 years of age. On a national level, 3.9 million
people were served in 1989. In California, there were 610,000 participants in January 1993. This figure represents only 41% of eligible persons, as compared to the national average of 60%. Only seven other states have lower coverage rates, and California is 50th in the percentage of children participating. The Department of Health Services estimates that 958,000 people are shut out of the program in California. Part of the reason for the low participation rates in California is a federal funding formula that restricts states' ability to expand their program.

CHILD NUTRITION PROGRAMS

The Child Nutrition Programs, administered by the Food Nutrition Service of the USDA include the school lunch, school breakfast, child care food, special milk, and summer feeding programs. In 1992, funding for school lunches totaled $4 billion. 24 million children participated in the school lunch program, or 60% of all school children. 42% receive free meals, 52% pay the full price, and 7% pay partial price. School lunches like school breakfasts are entitlement programs, which means that all applying schools that qualify must be funded. States match a portion of the costs.

Eligibility for free school lunches and breakfasts is limited to those children with family incomes under 130% of the poverty line. Families with incomes 130-185% of the poverty level pay a reduced price. Eligibility became more restrictive during the early 1980's, reducing the amount of meals served.

Participation in the school breakfast program lags far behind the lunch program. Only 54% of the schools that offer lunch also offer breakfast. In fiscal year 1992, the average number of students participating in the School Breakfast program was 4.8 million, with some 47,000 schools participating. In fiscal year 1992, $722 million was appropriated to the School Breakfast program.

One of the primary problems with the child nutrition programs is the failure to provide children on vacation with continued food service. In Los Angeles, a 12 month school calendar has been instituted, with two six week vacations. This schedule enables the school kitchen to provide meals on a year-round basis, although children not actually attending school are disqualified from participating in the School Lunch program. Likewise, the Summer Food Program reaches only a small fraction of those children receiving school lunches. In California, 21 counties do not have a summer food site. This program is limited to agencies in areas in which 50% of the children are eligible for free or reduced price meals. Average daily participation in 1986 was 1.6 million. This figure is quite small when compared to the 11.5 million lunches or 3 million breakfasts served to low income children during the school year.

Participation in the school lunch and breakfast programs provide multiple benefits. Studies have shown both programs to be highly effective in improving achievement test scores, attendance, and nutritional status. They also reduce hunger in children, which can deteriorate their health status. The Food Research and Action Center reports that hungry children as compared to non-hungry children are:

- more than twice as likely to have frequent headaches,
• more than 11 times as likely to report dizziness,
• more than four times as likely to suffer from fatigue,
• almost three times as likely to suffer from concentration problems,
• almost twice as likely to suffer from irritability,
• almost twice as likely to have frequent ear infections,
• almost twice as likely to have frequent colds.

Many policy analysts have argued for the need for a seamless child nutrition program. This single program would encompass the current child care, summer food, school lunch, school breakfast, and special milk programs. It would have the benefit of centralizing administration, reducing reimbursement paperwork for schools. As administration costs are seen as a barrier to school participation in these programs, a seamless child nutrition program would give more schools the opportunity to participate.

The federal government funds a number of other food assistance programs. These are briefly described below. Some of these are vital to improving food security in the inner city, such as the Community Food and Nutrition Program, while others provide a large share of funding and commodities for the emergency food system, such as TEFAP and EFSP. Improved coordination between all programs is essential, as is increased funding.

**The Community Food and Nutrition Program (CFNP)**

The Community Food and Nutrition Program (CFNP) is a vital link in restoring food security in the inner city. Its budget however is quite small, and merits significant enlargement. Administered through DHHS's Office of Community Services, CFNP provides funding to develop innovative approaches at the state and local level to meet the nutrition needs of low income people. It has funded grassroots groups to conduct hunger and nutrition advocacy around such issues as the expansion of school breakfast, food stamp outreach, and hunger surveys (Parker, 1993). It is considered to be a very positive, innovative, cost-effective and flexible program. Funding however has been minimal: for FY 1993 it was $6 million.

**The Temporary Emergency Food Assistance Program (TEFAP)**

The Temporary Emergency Food Assistance Program (TEFAP), run by the Food and Nutrition Service of the USDA, provides agricultural commodities to the emergency food system. It was originally designed as an agricultural support program to reduce the level of government held surplus dairy commodities, and to provide a degree of hunger relief to low income households. Commodities distributed include cheese, nonfat dry milk, butter, rice, flour, honey, and cornmeal. Funding for fiscal year 1993 has been frozen at $165 million for food purchases and administration. Problems with the program include insufficient funding to cover administrative costs, nutritionally poor quality of foods- high fat foods such as butter and cheese, poor accessibility, and irregular delivery schedules. As this program does provide a
substantial percentage of the food distributed through the emergency food system, its funding should be substantially increased to meet the demand from the hungry.

**Seniors Programs: Home Delivered Meals and Congregate Meals**

The Older Americans Act of 1965 authorized two food related programs for senior citizens: home delivered meals and congregate meals. These programs are administered by the DHHS. 3.5 million people participated in 1987; $229 million was allocated for the congregate meals, and $105 million for the home delivered meals program. Priority is given to those with the greatest social and economic need, although means testing is prohibited.

**The Child Care and Adult Care Food Programs**

The Child Care and Adult Care Food Programs provide day care homes, child care centers, and adult care facilities with food. They serve over 100 million meals/month at an annual cost of $812 million.

**The Emergency Food and Shelter Program (EFSP)**

The Emergency Food and Shelter Program (EFSP) under FEMA (Federal Emergency Management Administration) distributes money to 8,000-9,000 local food and shelter providers. In 1993, funding was $129 million, $55 million of which provided 16 million meals in soup kitchens, and 57 million meals for home consumption. Los Angeles received $5 million the past year, 10% of which went to food banks, and 80% of which went to food pantries and soup kitchens.

**The Commodity Supplemental Food Program (CSFP)**

The Commodity Supplemental Food Program (CSFP) provides supplemental commodities to pregnant women. CSFP is not distributed in California.

**1.5 CONCLUSION**

This chapter has examined the problem of hunger in the inner city, while defining food security as the study’s framework of analysis. It argues for greater coordination and funding for federal food programs as one of the bases of improving food security in the inner city. After a dozen years of federal neglect, the social and economic need for improving food security is increasingly becoming evident. The change in administration in Washington potentially allows for significant new policy directions in this field.

Food security continues to represent one of the premiere social justice issues of our times, and should be given high priority by federal agencies, much as hunger was spotlighted during the 1960’s and 1970’s. The U.S. Department of Agriculture as the agency responsible for federal food assistance programs can take the lead role in this struggle, recognizing the growing importance of the context for food system issues. In this light the USDA should be rebaptized the USDFA- the US Department of Food and Agriculture. Its role needs to expand beyond an agricultural perspective of food.
provisioning towards a holistic community-oriented approach to developing food security. Improving food security in the inner city will undoubtedly cost money. In this era of budget deficits, funding will have to be secured from new revenue sources, especially in the context of the food system's range of subsidies and revenue generating mechanisms. For example, on a state level alone, there are a number of subsidies which could be discontinued to provide funding for improving food security. These include increasing the pesticide mill tax, removing the exemption of farmers from paying sales tax on seed and livestock, removing the sales tax exemption related to the raising of animals grown for fur production. Also of significant scope is the reduction or elimination of the business lunch tax deduction which could raise $225-$700 million in California alone. On a federal level, the reduction of agricultural related subsidies could raise significant amounts of revenue which would more than pay for increases in food security programs. The monies spent on food assistance programs should be seen as an investment in the public’s health which will serve to reduce future health care costs. Shifts in public policy that include a more equitable tax structure to provide funding for improving food security in the inner city represent the foundation of the government's renewed commitment towards its mandate of ensuring the public's rights.
Endnotes
Chapter 2

The Emergency Food System

2.1 INTRODUCTION

As we saw in the previous chapter, the emergency food system has grown phenomenally since the early 1980's. Due to exponentially increased demand, the emergency system is now in the process of becoming a "conventional" food source, rather than an outlet for times of crisis. Yet, significant problems exist with the emergency food system that prohibit its development as an adequate food source. These include lack of storage, distribution, and refrigeration capabilities, the provisioning of non-culturally acceptable food, and poor nutritional quality of foods distributed. The following chapter will discuss the structure of the emergency food system, the growth in demand in Southern California, and sources of food, both current and possible. It will conclude with a case study of St Joseph's Center, an innovative pantry and social services agency in Venice, CA.

2.2 THE EMERGENCY FOOD SYSTEM

The emergency food system consists of food banks, food pantries, and soup kitchens - the latter two are also commonly referred to as agencies (See Figure 2.1). Food banks are non-profit organizations that serve as clearinghouses for soliciting, receiving, storing, and redistributing surplus or salvage foods. Food banks typically receive their food from a variety of sources. For Los Angeles Regional Food Bank,

Figure 2.1 Food Partnership

Source: Food Partnership, 1987
the region’s largest emergency food distributor, 54% of their food comes from local sources such as food drives, supermarket donations, and local outlets of national food companies, 11% from Second Harvest, the national emergency food system provider, 30% from federal food commodities, and the rest from miscellaneous sources. Federal Temporary Emergency Food Assistance Programs (TEFAP) commodities, such as canned pork, raisins, cornmeal, and rice are distributed through food banks. Besides TEFAP commodities, food banks do receive public funding in the form of FEMA (Federal Emergency Management Act) money as well as private sector donations.

Food from food banks is distributed through pantries, which typically provide clients with 3-5 days worth of non-perishable groceries. They are usually run by volunteers, with a temporary organizational structure, and a bare bones budget. Funding for pantries usually comes from charitable donations and grants.

Soup kitchens are on-site feeding programs that serve meals on a daily or weekly basis. Major sources of food for both soup kitchens and food pantries include food banks, USDA commodities, donations from restaurants, caterers, grocery stores, farmers markets, and food drives.

Southern California, like other parts of the country, has experienced an exponential increase in demand for emergency food. In 1982, there were approximately 100 pantries in the Los Angeles area; as of 1992, it is estimated that there are as many as 600 to 700 pantries- an increase of at least six fold (Olney, 1993). Food distribution by food banks increased exponentially during the 1980’s. In 1980, Los Angeles Regional Food Bank distributed 1.1 million pounds of food, but by 1992, that figure had jumped to 35.4 million pounds. World Opportunities in West Hollywood saw its food distribution jump from 2.5 million pounds at 30 pantries and soup kitchens in 1980 to 11.7 million pounds at 160 pantries/kitchens. Survive Food Bank in Riverside also experienced an enormous jump in distribution: from 30,000 pounds in 1980 to 7.1 million pounds in 1986. More recently, between 1991 and 1992, there has been a 38% increase in demand for food from food agencies.

Increasing the amount of food that is provided through the emergency food system is a critical concern, especially when it is estimated that pantries turn away some 25% of requests. Efforts to expand the emergency food system should be seen not as solutions to the hunger crisis in the cities, but as stopgap measures that will keep people from suffering excessive hunger. Of special concern is the provisioning of nutritious foodstuffs. Federal commodities have been criticized for their excessive processing, and high fat content.

One of the major sources of produce for food banks and pantries have been supermarket and wholesale salvage. In Los Angeles, the Charitable Distribution Facility makes available salvage produce from the city’s wholesale Terminal Market to food pantries across the county. 1.9–2.7 million pounds/month of produce were donated to 300 agencies across the Los Angeles area last year. Another major source of donated produce has been supermarket salvage. However, as supermarkets have computerized their inventory control, wastage and donations have dropped.

Other sources of free produce include gleaning and salvage from farmers
markets. There are approximately 25 farmers markets in Los Angeles County operating year round. Many farmers would rather donate unsold produce than carry it back home to let it rot. In Santa Monica, the Westside Food Bank coordinates the pickup of unsold produce each week from Southern California's largest farmers market. While donated quantities are small and their flow uneven, the produce does tend to be of excellent quality with long storage capabilities. While some markets do have arrangements with local pantries to donate their surplus, these efforts are not systematic and coordinated. A collaboration between Southland Farmers Market Association and the Interfaith Hunger Coalition could help provide one mechanism by which surplus produce could be routinely donated to food agencies.

Throughout many farms in California as well as the Eastern Seaboard, volunteers, mostly retired persons, glean farm fields in search of undersized or blemished produce to donate to local food banks. In Ventura County, California, Food Share operates one of the largest gleaning programs in the country. It reaps some 4,000 pounds/day of produce that is then distributed through food pantries to the poor. One of the clear benefits of gleaning is that it provides a source of fruits and vegetables to emergency food clients that otherwise might be missing from their diet.

Expansion of gleaning is limited by a number of factors including labor, transportation, and grower willingness to participate. California among other states, recently passed a law protecting growers from liability if volunteers are injured while on their fields. In some states, farmers are granted tax breaks for donating produce. Nevertheless, some farmers are reluctant to have urban gleaners walking through their fields, in fear that expensive sprinkler systems might be destroyed. One fruit and nut grower, interviewed at a local farmers market, remarked that he would much rather pay a crew to pick the fruit and deliver it to a food bank than have volunteers harm his trees through inappropriate harvesting techniques.

Transportation for gleaning as with the entire emergency food system represents a major cost and barrier to expansion. Partnerships with trucking firms to provide donated service continues to be a major orientation among emergency food providers in L.A. Food Partnership, located in Orange County, has served as a link between the emergency food system and trucking firms. Transportation is needed not only from the field or factory to the food bank, but also from the food bank to agency. Limited financial and transportation resources prohibit the hauling of free produce from the San Joaquin Valley, where it grows in super-abundance, to the needy of Los Angeles.

Gleaning is labor-intensive, and entirely based on volunteer labor. Although significant barriers exist in other realms of the distribution process within the emergency sector, such as inadequate storage and refrigeration facilities, one possible method of increasing gleaning might be through work programs connected to local jails, or through WPA-style programs which provide teens with summer jobs.

Operating a pantry involves much more than finding and distributing food. While many pantries operate based on a charity model, others attempt to provide their clientele with information and services that will help them to avoid reliance on
emergency food. St. Joseph’s Center in Venice, California is one such place.

Spread over a number of buildings along the fringes of Venice’s low income neighborhood, St Joseph’s Center is much more than a food distribution center or soup kitchen. It provides a number of vital services to the community’s many homeless and poor, while attempting to empower them to take charge of their lives.

Founded in 1976 under the Sisters of St. Joseph’s, the Center has undergone an enormous growth process. It first began as a bridge between the neighboring rich and poor communities, donating food and clothing. In 1976 and 1977, it served some 1,000 recipients. By 1983-84, it was serving 1,000 people per month. As of 1990, the Center reached out to 10,000 persons/month. Likewise, its budget grew from $380,000 with 15 staff and 100 volunteers in 1986 to 35 staff, 350 volunteers and a budget of $1.8 million in 1993.6

Food is conceived as central to the organization. It brings people into the center where other services can be provided to them such as nutrition education, child care, and referrals to health care and federal food assistance programs. Giving away food is also seen as homelessness prevention: it enables families to avoid having to make a decision between food and shelter. Rhonda Meister, executive director, notes that “Food in and of itself does not empower people, but nourishes them until they can find jobs, and get back on their feet.”7

The Center operates seven main programs, five of which are food related. These are described in detail below.

The food pantry provides 500-600 families, 75% of which are Latino, with a weekly bag of groceries worth $20. Eligibility criteria is based upon income: only those families with less than $100 income per person after paying rent and utilities are accepted. After acceptance, clients are assigned an advocate who pay them regular home visits. Clients are provided a range of services including child care, nutrition education classes, and referrals to health care clinics and federal assistance programs, such as food stamps, WIC, etc.

One typical distribution included peanut butter, pork, corn meal, butter, and bananas. Approximately 1/3 of the food distributed represent federal commodities from the Westside Food Bank, 1/3 from food drives, and the rest purchased from general operating and Federal Emergency Management Act (FEMA) funds. Other sources of food include salvage from individual supermarkets, and occasionally from the Venice Farmers’ Market.

The Senior Outreach program provides 15 low-income elderly persons, who are able to cook but not able to shop, with weekly bags of groceries. This in turn permits them to avoid having to live in a nursing home, and maintain their independence. As with the food pantry, this program allows the center’s advocates to refer the elderly to the services they need.

The Child Care Center provides free child care to 20-22 pre-school children. Parents are required to contribute time as well as attend parenting classes. With a small grant from the USDA’s Urban Greening Initiative, they have also started a garden, which the parents tend in exchange for a share of its harvest. With technical
assistance provided by the Common Ground Gardening Program, this project is combined with nutrition education classes for the children and adults.

St. Joseph’s Bread and Roses Cafe is a sit-down restaurant, serving wholesome breakfasts and lunches to 120-140 homeless people/day. Clients must make a reservation the previous day, and show up on time for their appointment. The atmosphere is sedate and quite attractive, much like any small inexpensive but tasteful restaurant, with original art pieces on the walls. A key tenet of the cafe is to treat the clients with respect and hospitality, thus providing them with a sense of dignity and self-worth.

The Food Service Training Program gives homeless persons a 5-6 week training program in food service. Besides food preparation training, the course includes sessions on writing a resume, interviewing, and job skills. Towards the end of the course, participants apprentice for 20 hours with the cook at the Bread and Roses cafe. The program has had a reasonably good success rate: of the 52 people graduated over the past two years, about 2/3 remain employed after one to two years.

St. Joseph’s Center serves as a model of an agency whose activities extend far beyond providing charity. It instead takes a holistic preventive approach to helping the hungry, working to empower them to better their situation. In that context, use of the emergency system occurs only during times of crisis rather than as a permanent food source.

2.3 CONCLUSION

This chapter found a tremendous increase in both the number of emergency food pantries as well as in the amount of distributed in Los Angeles. Between 1982 and 1992, the number of food pantries in Los Angeles has risen approximately 600%, from 100 to at least 600. Major sources of produce for food banks and pantries has been supermarkets and wholesale salvage. Gleaning from farm fields has also become an important source. This chapter also provided a case study of a model emergency food agency that lends a number of vital services to a community’s many homeless and poor, while attempting to empower them.

It is important to stress that the long-term solution to hunger is not found in the strengthening of the emergency food system. The feeding of the hungry (and indeed the elimination of hunger), which was privatized during the 1980’s, must again become a central concern of the federal government. As a private voluntary initiative, the emergency food system has borne an incredible burden, and done an admirable job. As a short-term, stop-gap to hunger, there are ways in which the emergency food system could improve.
Endnotes

Chapter 3

Nutrition Issues

3.1 INTRODUCTION

In the introduction of this report, we have affirmed that food is a basic human right. This right extends beyond the provision of sufficient calories to avoid hunger. It includes, as spelled out in our definition of food security, the right to "nutritionally adequate food." This right to an adequate diet is not currently being met for inner city residents, and especially for minorities.

Reducing nutritional deficits is not only a social imperative, but cost effective. Dr. Raymond Wheeler in a testimony before the Senate Select Committee on Agriculture, Nutrition, and Forestry in 1978 noted that government studies had shown that for every dollar not spent feeding people, it costs the government three dollars for lowered productivity and health care.¹ One study from 1975 showed that total economic gain to the US from the elimination of malnutrition would range from $14.4 billion to $50.3 billion.² The costs of poor nutrition are transmitted from generation to generation. Poor maternal nutrition during or preceding pregnancy often leads to birth defects, infant mortality or low birth weight babies. Normal development in the child is impaired, especially if nutritional intake is restricted during childhood. Learning disabilities or behavioral problems are prone to occur, leading to poor achievement in school, and a channeling into low income jobs.³ An integrated public nutrition policy is needed not only because it is the duty of the government to provide for people's basic rights, but also because it represents a smart investment in the country's future.

This chapter will examine the nutritional status of minorities, their diets, and questions of income, price, education, and access as they affect dietary practices. It continues with a discussion of the various types of nutrition education, the history of federal nutrition policy, and a review of selected public nutrition education programs. It concludes with a call for an integrated nutrition policy, and specific recommendations on how to make that a reality.

Poor nutrition can be a result of the consumption of too little food and calories. This chapter however will look at dietary choices, as related to questions of over and inappropriate consumption.

One of the most important outcomes of poor nutrition is increased incidence of chronic diseases.⁴ Kumanyika comments:

"Dietary factors are epidemiologically linked to chronic diseases, include overconsumption of kilocalories and fat, leading to diabetes mellitus, obesity, cardiovascular disease and certain cancers, excess intakes of sodium or salt- cured or pickled foods, leading to hypertension or stomach cancer and inadequate consumption of foods or nutrients that
may protect against cardiovascular disease, cancer or osteoporosis e.g. vitamin a, carotenoids, vitamin c, potassium, calcium, fiber and complex carbohydrates, fruits and vegetables, cruciferous vegetables or beta carotene rich fruits and vegetables."

Cotugna notes that one study reports 35% of all cancers as related to diet, while another reports 40% of all cancers in men and 60% in women are diet-related. The most frequently occurring cancers, with the exception of leukemia, in the US are influenced by diet.5

It is widely reported that minorities in the US suffer from higher than average rates of chronic diseases.6 Poverty, lack of education, and access to health care predispose many minorities to disproportionate mortality and morbidity.7 The following parts will highlight those diseases which are behavior-related among African-Americans and Latinos, the two sub-populations comprising the vast majority of the population in this report's case study area.

3.2 AFRICAN-AMERICANS

Blacks have higher than average rates of nearly all diet-related chronic diseases.8 Blacks have a 110% higher rate than whites of low birth weight infants (<2500 grams), a typical measure of maternal nutrition. The rate for blacks of very low birth weight is 2.5 times the white rate. Childhood anemia, due to poor nutrition, is found in 20-33% of black children. The death rate due to hypertension (related to salt intake) for black males is 10.2 times greater than for White males, and 13.2 times higher for black females than for their white counterparts. Heart disease (related to saturated fat intake) is twice as common among blacks as among whites. Blacks tend to suffer from obesity (fat intake) at greater rates than whites. In a study conducted from 1976-1980, 44% of black women were found to be overweight as compared to 25% of white women.9 Rates for black and white males were virtually identical.10 Black life expectancy is 5 to 7 years less than whites.11 Blacks also have higher than average rates of diabetes and stomach cancer than whites.12

3.3 LATINOS

In general, Latinos suffer from higher rates of a variety of diet-related chronic diseases than Whites, although, as we will discuss later, the level of individual acculturation does affect disease rates. Hispanics have three times the likelihood of contracting diabetes than Whites, and their diabetes tends to be of a more severe nature.13 Mexican born men have a 40% higher risk of dying from cirrhosis than White men; one study showed that between 1918 and 1970 52% of all Mexican American men between 30 and 60 died from alcoholism as compared to 24% of Anglo men.14 Latinos suffer from excess incidence of cancers of the stomach, pancreas, esophagus, gallbladder, and cervix, and lower rates of breast and colon cancer.15 The Hispanic Health and Nutrition Survey (HHANES) reports that Mexican American children have been found to suffer from a high prevalence of iron deficiency.16 Obesity
also represents a major problem for Latinos. 30% of Mexican American men are overweight as compared to 24% of Anglo men; 39% of Mexican American women are obese as compared to 25% of Anglo women. Latinos also have a higher prevalence of some cardiovascular diseases, as related to saturated fat intake.

Figure 3.1: Incidence of Diet-Related Diseases Among Minorities

<table>
<thead>
<tr>
<th>Disease</th>
<th>Blacks</th>
<th>Latinos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cancer</td>
<td>Higher than average for stomach</td>
<td>Excess incidence of cervix, gallbladder, stomach, pancreas and esophagus. Lower incidence of colon and breast</td>
</tr>
<tr>
<td>Childhood Anemia</td>
<td>20-33% prevalence</td>
<td>High prevalence of iron deficiency in children</td>
</tr>
<tr>
<td>Cirrhosis</td>
<td></td>
<td>Mexican American men at 40% higher risk than White men</td>
</tr>
<tr>
<td>Diabetes</td>
<td>Higher than average</td>
<td>3 times more common than among Whites More severe in nature</td>
</tr>
<tr>
<td>Heart Disease</td>
<td>Twice as common as among Whites</td>
<td>Higher prevalence than Whites</td>
</tr>
<tr>
<td>Hypertension</td>
<td>Death rate 10.2 times White death rate for males; 13.2 times for females</td>
<td></td>
</tr>
<tr>
<td>Low Birth Weight</td>
<td>110% higher rate than Whites; 2.5 times higher rate for very low birth weight</td>
<td></td>
</tr>
<tr>
<td>Obesity</td>
<td>44% of women overweight</td>
<td>30% Mexican American men 39% Mexican American women</td>
</tr>
</tbody>
</table>
Studies show that African-American and Latino diets typically differ from Anglo diets, and are widely believed to contribute significantly to their higher rates of chronic disease. The following are brief descriptions of the typical African-American, Latino and Anglo diets, as presented in several dietary studies.

The African-American diet is characterized by a great consumption of high fat foods such as sausage, cold cuts, luncheon meats, and fried foods. Blacks also tend to drink more sugar based beverages, and consume a higher percentage of all nutrients from poultry, fish, and meat than whites. In dietary recalls, blacks scored lower than whites for dietary diversity. For both groups, dietary diversity increases with income and education, suggesting the influence of poverty on food choices.

Mexican-Americans, like blacks, consume a higher percentage of their nutrients from animal sources than Whites. They are more likely to consume regular milk than non-fat milk.

Low income Mexican American men were found to consume more eggs, poultry, legumes, organ meats, avocados, olives, flour tortillas, and sugar than Anglos, and used more saturated fats as well. They also were found to consume less skim milk, ice cream, beef, all fruits and juices, all vegetables, breads, oils and margarines than Anglos.

Whites were found to eat more high calorie foods like ice cream, cakes, salty snacks, chocolate, and pizza than Blacks or Latinos. Whites obtain a greater percentage of nutrients from dairy than Mexican-Americans or African-Americans.

Dietary intake of both blacks and whites was found to be deficient. The National Health and Nutrition Examination Survey (NHANES) and Hispanic HANES (HHANES) employed food recall techniques to assess the nutritional status of individuals and population groups. NHANES, in 24 hour recall diets between 1976-1980, found that the vast majority of both Blacks and Whites did not meet USDA dietary guidelines. Over 90% of adults surveyed did not meet the recommendations for fruits and vegetables. The average number of servings of fruits and vegetables was far below recommended levels, and was lower for blacks than whites, even when income was taken into account.

Dietary choice is affected by a variety of factors. These include culture, income/price, education, and access. Dietary choice is to a large degree malleable, and can be improved or worsened by societal conditions, and public health interventions. The following sections explain in some detail these factors.

3.3 ACCULTURATION

Culture is not a static concept, but constantly evolving, especially when manifested on an individual level. Acculturation among Latinos represents a compelling example of how cultural and societal forces can change a group's dietary practices. The literature suggests that as Latinos acculturate, their health status worsens. Tobacco use also increases and their diet becomes less healthy. Increases in beef consumption are also typical of the acculturated Mexican American diet. One study of Mexican American consumption patterns in San Diego separated Latinos into
degrees of acculturation, noting that "low acculturated" Latinos hold both negative and positive dietary practices for cancer. They were found to be significantly less likely to avoid high-fat, high- cancer risk foods as well as low-risk high fiber foods. The typical Mexican-American diet reflects neither traditional low-fat, high-fiber diets, nor that of the dominant Anglo culture. The Mexican American pattern of consuming high levels of red meat, eggs, white bread, sugared dry cereals, caffeine, soft drinks, and convenience foods is instead reminiscent of the stereotypical pattern of American consumption prior to the increased concern for cholesterol levels, caloric and fiber intake, and caffeine consumption. It appears that Mexican Americans have assimilated to post-war "Fordist" consumption patterns. Wallendorf and Reilly argue that Mexican-Americans may have assimilated to their own internalized conception of American life, which was derived from representations encountered previous to migration drawn from the mass media and other depictions of American life. It can be argued also that those Fordist unhealthy consumption patterns still dominate in significant sectors of the American population- especially among the working class, and that the Mexican American diet could equally be viewed in terms of class or socioeconomic status as cultural iconography.

3.4 ACCESS

Lack of access to nutritious foods, especially fruits and vegetables, can also represent a barrier to a healthy diet. In the inner city, problems of access are linked to the large distance between supermarkets, inadequacy of public transportation routes, and the lack of variety in smaller nearby markets. Small neighborhood markets tend to carry more processed foods, with high sugar, salt, and fat contents. They rarely carry a selection of fruits and vegetables beyond a few items. (Chapter 8 discusses this issue in detail.)

The restructuring of the supermarket industry with the consequent abandonment of the inner city has most likely had a significant impact on the nutritional status of inner city residents. This downsizing is aggravated by changing demographic patterns. South Central Los Angeles has experienced an influx of Latino residents, many of whom are recent immigrants to the country, and would be less likely to own vehicles. This combination of events has made access to healthy foods much more difficult for the area's residents.

Access, like education and income, may represent a significant factor in dietary intake. In that light, access, similar to nutrition education and income supplements, should be viewed as a public health issue. The location of supermarkets, products carried by neighborhood stores, and transportation routes are all issues which should be of concern to departments of public health.

3.5 INCOME

In the nutrition field, there exists a debate as to the best way to improve the dietary intake of the poor: through increased income or through nutrition education. Adrian and Daniel note that income is a significant positive factor affecting the
consumption of all nutrients except carbohydrates. While Axelson argues that the relationship between food expenditures and income is not very strong, she does note that meats, fresh fruit, and vegetables do have a higher income elasticity than staples.32

Price also represents another factor in nutritional intake. The ability to purchase sufficient nutritional food is limited by price. Prices in smaller stores are generally considered to be higher than in supermarkets. For those persons on a limited income shopping in these stores, this may mean not only the inability to purchase produce, but also increased hunger as the dollar simply doesn’t stretch very far. Likewise, the widely reported price differential between inner city and suburban supermarkets signifies decreased ability to purchase a wide selection of nutritionally adequate food.33 (Chapter 9 discusses in detail the results of a price survey we conducted in 23 supermarkets in Los Angeles County).

3.6 EDUCATION

Both education and information are basic to promoting dietary improvements. Education can be seen in terms of the years of school completed as well as specific knowledge of nutrition. A number of studies have found a positive correlation between the educational level of the household head and dietary quality.34 While increased educational levels tend to correspond to augmented income, education may also qualitatively affect food-related behavior. Abdel-Ghani and Schrimper hypothesize that higher educational levels of the female household head may increase nutrition knowledge or a general concern for health, and may affect food preferences and general life-style.35 Various studies have indeed shown that nutrition knowledge is linked to education.36

3.7 NUTRITION EDUCATION

Inadequate diets are assumed to be based to some extent on inadequate nutrition knowledge; Basch, for example, links increased prevalence of higher cardiovascular disease risk factors for Latinos to their lower levels of knowledge of such risk factors.37 There exist a multitude of nutrition education programs and interventions throughout the country. They include the providing of health and nutritional information, such as food labelling, the establishment of daily nutritional requirements (RDA’s), and the development of public education campaigns on the nutritional content of foods and the health consequences of dietary practices. They take the form of behavior modification, as with the WIC program that induces certain food consumption habits, and they also teach home economic skills, such as price comparisons, shopping skills, food preservation, food preparation, and meal planning. They also take on a marketing approach, aimed at promoting specific food choices. Finally, nutrition education can be used as a vehicle for empowerment, for inducing individuals to take charge of their lives through understanding their social and political context. The following is an attempt to synthesize the various streams of nutrition education into a few categories, to explore in some detail various theories behind nutrition education, as well as to explain the history and goals of public nutrition programs (See Figure 3.2).38

36
Figure 3.2: Types of Nutrition Education Programs

<table>
<thead>
<tr>
<th>Type of Nutrition Education</th>
<th>Characteristics</th>
<th>Actor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home economics</td>
<td>Shopping skills, food preparation, meal planning,</td>
<td>EFNEP-L.A.</td>
</tr>
<tr>
<td></td>
<td>food preservation</td>
<td>Head Start</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Common Ground Gardening Program</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Life skills</td>
<td>No significant players</td>
</tr>
<tr>
<td>Social Marketing</td>
<td>Dietary changes</td>
<td>American Cancer Society; American Heart</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Association</td>
</tr>
<tr>
<td>Information on Health and Nutrition</td>
<td>Product Labelling; RDA's; Public education campaigns (prevention oriented)</td>
<td>USDA; FDA; DHHS; National Cancer Institute</td>
</tr>
<tr>
<td>Behavior modification</td>
<td>Eating certain foods</td>
<td>WIC; WIC Farmers Market</td>
</tr>
</tbody>
</table>

EMPOWERMENT

The empowerment approach defines nutrition education as a political process. Obesity, the chronic diet problem of developed countries, affects politically weaker groups: women, rural peoples, blacks, (and Latinos). Malnutrition is essentially a political phenomenon, having its roots in powerlessness, and should not be treated in terms of individual behavior modification, as conventional nutrition education tends to do. Empowerment, or "to increase your capacity to define, analyze, and act on your own problems" represents the solution.

George Kent in Nutrition Education as an Instrument of Empowerment argues that nutrition education must go beyond a top-down intervention which provides bits of information on healthy diets, but to support people in making their own analyses so that they may decide for themselves what is good. Most nutrition programs are designed and implemented from the central government, for "target populations", assuming that nutrition education must come from the top down, while ignoring the capabilities of the people being targeted. As Kent puts it:

"Why can't people help themselves?... Why design programs at 'target' groups based on the assumption that they have needs but do not have any resources, competence, or views? Why assume that the solutions must
be worked out for the people, and that they cannot figure things out for themselves."

In empowering nutrition education, individuals do not accept a fixed range of choices (as might be available due to lack of significant markets in their neighborhood), but question why their options are so limited. They ask who benefits, and who decides from this paucity. Closely related but less political, are some community gardening projects, which combine raising vegetables with nutrition education classes in an integrated holistic educational forum.

**SOCIAL MARKETING**

Another technique for nutrition education is social marketing. Social marketing is the application of marketing practices to non-profit and social purposes. It attempts to persuade a specific audience to adopt an idea, a practice, or a product. "It is a social change management strategy that translates scientific findings into action programs." It has been widely used in the public health field over the past 20 years, and is especially well-suited to the translation of complex educational messages and behavior changes techniques into concepts and products that are well-received. Social marketing campaigns can take the form of nutrition promotion through grocery stores. They have the advantage of reaching large number of persons with minimal cost, and can be tailored to appropriate local and cultural factors.

One problem with social marketing, however, is its narrow focus. A social marketing campaign will tend to focus on specific behavioral changes, such as drinking low-fat instead of regular milk. In that sense, it can be critiqued as ineffectual as it addresses nutritional issues piecemeal, and fails to provide the consumer with an integrated understanding of food choices. The following is an example of a diet related social marketing program carried out in New York City.

**LOWFAT MILK CAMPAIGN**

The Lowfat Milk Campaign, begun in the Washington Heights neighborhood of Manhattan in 1990 set out to promote lowfat milk in a primarily Dominican community. Whole milk has been shown to be the primary source of saturated fat for Latino children. Its goals were to increase public awareness of lowfat milk, accomplish long term behavior modifications, and to develop educational materials and strategies appropriate for such a campaign usable in Latino communities throughout the country. It targeted Latino mothers with children from 2-12 years.

The authors first interviewed store owners to find out the type of milk that people buy; much of the community's shopping is done in small bodegas, which do not carry low-fat milk. Efforts were made to build support from community leaders and organizations. Significant assistance was provided by the local school districts, newspapers, churches, parents associations, radio stations, and child care agencies.

The campaign focused on the positive attributes of low-fat milk rather than the negative characteristics of whole milk. Cultural factors come into play here. Many
residents believe that low fat milk is watered down whole milk, a practice common in Latin America for budgetary reasons. Thus, the thickness of the milk becomes a status symbol, and a reminder of the good life in America.

The campaign was multi-faceted. Flyers were passed out touting the benefits of low fat milk. Coupons for 25¢ off low fat milk were distributed through churches, community organizations, and mailings. Taste tests were held. Public service announcements (PSA's) and press releases were put out in Spanish language media. A contest for collecting labels was held, with the community organization with the most low fat labels winning a VCR-TV.

As well as educating the public on the benefits of low fat milk, the campaign sought to induce preschools, after school programs, senior citizen centers, and child care centers to provide low fat milk alongside or instead of whole milk. 85% of these institutions previous to the study served exclusively whole milk. (Public schools are required to participate in the National School Lunch program, which offers both whole and low-fat milks.)

An evaluation of the results of the campaign in terms of individual behavior is not yet available. This campaign represents an innovative and well-organized venture which should serve as a model for similar projects in Los Angeles.

Social marketing represents an important avenue for future nutrition education efforts. In our information-rich society, handing someone a pamphlet which tells them to eat their vegetables is not enough. Social marketing employs the community's benefit specific advertising techniques which are familiar to all people who watch TV, listen to the radio, read billboards, or the newspaper.

3.8 TOWARDS A NUTRITION POLICY
The federal government operates a number of nutrition education programs, yet has failed to create a coherent nutrition policy. This is best illustrated through the erosion of federal food and nutrition programs throughout the 1980's. Jean Mayer notes that a multitude of government agencies are involved in nutrition education and food assistance, without any clear leadership or coordination. These include the US Department of Agriculture, National Institute of Health, Federal Drug Administration, Federal Communications Commission, Federal Trade Commission, Environmental Protection Agency, & the Department of Health and Human Services. Their work extends from formal nutrition education to food labelling, advertising, and food safety. Many federal food programs, such as food stamps, are run without a significant nutrition education component. In other cases, agricultural interests dominate over good nutritional sense. This leads to child nutrition and government commodity programs providing foods high in fat, that other branches of the government, such as the National Institute of Health advise against consuming in excess. Following is a description of the history of federal nutritional policy, from the establishment of nutritional requirements, to a discussion of food labelling, and a look at two specific nutrition education programs: Expanded Food and Nutrition Education Program, and WIC Farmers Market Nutrition Program. The chapter ends with a call for an
integrated nutrition policy framework.

3.9 **NUTRITIONAL REQUIREMENTS**

Nutritional requirement standards represent an absolute essential in nutrition policy planning and nutrition education. They are the benchmark by which nutritional status is determined (short of actual blood testing).

Nutritional requirements are presently a highly contentious and evolving field, especially with regard to protein intake and cancer prevention. Over the course of the century, nutritional requirements have shifted in focus from ensuring adequate consumption of nutrients to dissuading over-consumption of calories and nutrients. This is due in large part to the changing food consumption patterns of the post-war era. As America's diet has changed dramatically towards higher levels of fat and processed foods since WW II, dietary guidelines have been established accordingly.\(^{47}\) Today, obesity, heart disease, and hypertension result much more pressing problems than the historically significant nutrition-related diseases of kwashiorkor, pellagra or rickets.

The first dietary guideline plans in the US were established in 1916 by the USDA.\(^{48}\) The first international nutritional requirement standards were published by the League of Nations in 1936.\(^{49}\) Both of these were in conjunction with the International Labor Organization's efforts to find a logical way to define base wage levels that would provide for a minimum standard of living in each country. Minimum nutritional requirements for all people were established by a group of physiologists, nutritionists, and economists. These requirements were then translated into the common foods of each country, priced and defined as an economical basket of local commodities. Twice the price of each basket was considered to be the local minimum salary.\(^{50}\) This exercise is the predecessor of the Thrifty Food plan, discussed in Chapter 1.

Since 1943, the Recommended Daily Allowances (USRDA's) have served as the basic national nutrient standard. During WW II and the late 40's, the federal government took an active role in ensuring a well-fed population. The USDA and later the Red Cross conducted educational programs in healthy eating for the general public, including prescriptions for lots of vegetables, cereals, meat and milk. Interest in the problems of hunger and malnutrition declined during the Eisenhower years, exacerbated by the perception that in America, land of plentiful food, everyone was well fed.\(^{51}\)

What has been referred to as the "Nutrition Renaissance" of the 1970's led to increased government action in the realm of nutritional standards. In 1977, the Senate Select Committee on Nutrition and Human Needs issued a set of dietary goals for the United States to reduce the incidence of chronic diet-related diseases.\(^{52}\) In 1980, the USDA and DHHS published Nutrition and Health: Dietary Guidelines for All Americans in 1980 which recommended the consumption of 5 one ounce servings per day.\(^{53}\) That same year, the Food and Nutrition Board issued Toward Healthful Diets, setting forth general food guidelines, and specific recommendations such as moderation.
in salt, sugar, lower calorie, and fat intakes. In 1982, the National Academy
of Sciences issued dietary guidelines for the public, including fat reduction, alcohol
moderation, minimization of cured, pickled and smoked foods and inclusion of more
grains, fruits and vegetables.

Some of the nutritional requirement standards have been criticized by the
vegetarian movement for their inclusion of animal products, which have been singled
out for their egregious ecological and health effects. Critics also note that protein
needs are substantially over-stated. The Food and Nutrition Board recommends 6% of
calories from protein, while the National Research Council recommends 8% of daily
calories from protein. These figures include generous safety margins: the American
Journal of Clinical Nutrition estimates human needs to be 2.5% of calories from
protein, while the World Health Organization (WHO) has established 4.5% of calories
from protein as a minimum daily requirement.

3.10 FOOD LABELING

Nutritional labeling is a powerful tool for consumer education, and vital if
consumers are to make healthy food choices. Nutritional labeling was first
implemented by the Food and Drug Administration in the early 1970's. The
Nutritional Labeling Program permitted labels to contain nutritional content
information with reference to the U.S. Recommended Daily Allowances (USRDA).
When nutritional claims were made or nutrients added, nutritional labeling was
obligatory. As consumer interest in the nutritional quality of food increased, the
FDA allowed additional elements to be included on the label, including sodium,
cholesterol, and saturated fat.

Nutrition labeling has often been a contentious point between the food industry
and consumer advocates. In response to the public's demand for less misleading, more
uniform, and more complete labels, Congress mandated extensive food label reform in
1989, and the FDA developed its most extensive regulatory proposals and guidelines in
its history. The new labels require the listing of total calories, fats, cholesterol,
carbohydrates, protein, sugar, fiber, sodium, calcium, and iron per serving for
processed foods. Labeling for raw foods continues to be voluntary. Allowable listings
include calories from saturated and unsaturated fat, total carbohydrates and protein, fat,
sugar alcohols, insoluble and soluble fiber, potassium, thiamin, riboflavin, niacin, and
other vitamins and minerals. Serving size is based on a reference amount normally
consumed by an average individual over age 4. The requirements for products to be
able to utilize such terms as "fat-free", "low-fat", "lean", "extra lean", "light" are also
clearly delineated.

Some critics have charged that changing the reference point from RDA's to
RDI's and DRV's (Reference Daily Intake, and Daily Reference Values) will lower
RDA standards, resulting in a deterioration of the American diet, especially for the
most vulnerable population, such as the elderly poor. The lowering of RDA's would
potentially affect those clients who receive their meals from programs that base their
menus on nutritional requirements, such as school lunches and senior citizen food
programs. One example of lowered RDA standards is folic acid, found in leafy green vegetables and legumes, which was reduced for women from 400 to 180 mg.65

3.11 WIC FARMERS MARKET NUTRITION PROGRAM

The WIC Farmers Market Nutrition Program (FMNP) provides WIC clients with vouchers redeemable at farmers markets for fresh fruits and vegetables. The coupons are valued at $10-$20, and are distributed once to each participant. This program was established in order to expand marketing opportunities for local farmers as well as to increase WIC recipients' access to fresh fruits and vegetables. As insufficient income may be one of the main reasons for the low consumption of fruits and vegetables by low-income women, increasing access to these foods promotes dietary behavior change among WIC recipients, effectively putting nutrition education into practice.64

The FMNP was started in 1986 in Massachusetts, and continued as a national demonstration project in ten states in 1989, with funding from the 1988 Hunger Prevention Act. Since then the program has expanded to 22 states, and was established as a permanent program in 1992. It is administered through the USDA's Food and Nutrition Service, and through either the departments of agriculture or of health at the state level. States are required to provide 30% of the funds from either state or private monies, with the other 70% provided by the federal government. $3 million was appropriated for Fiscal Year (FY) 1993, with $8 million authorized for FY 1994.

Unfortunately, California is not currently one of the 22 states participating in the program. California did apply to be one of the ten original pilot program states, but belated support from Governor Deukmejian and a belief at the national level that California could back its own program led to the defeat of its application. In 1990 however, $30,000 in private funding was raised with help from Assemblyman Rusty Areias, and directed towards the establishment of a pilot program in Sacramento. This program was carried out through efforts of California Association of Family Farmers, local WIC clinics, Sacramento Farmers Markets Association, and the Department of Food and Agriculture's Office of Direct Marketing. In 1990, 1,000 booklets of twenty $1 coupons were distributed to WIC clients at two clinics. Monies left over from this project were used to distribute 199 coupon booklets in 1992 (Haller, 1993). A third project is planned for this summer with $5,000 in FEMA (Federal Emergency Management Act) monies.65 In Marin County in 1989, another smaller project was established with $2,000 in coupons. A similar size project is planned for Hayward in the Bay Area for this year. 66

A bill (Assembly Bill 2326) has been introduced into the California Assembly by Assemblyman Rusty Areias to establish a permanent farmers market nutrition program in the state. It provides for $60,000 in funding from the CA Department of Food and Agriculture. Due to the severe budget situation in the state, the DFA's support of this program has been tenuous.67 The $60,000 would be used to procure an additional $140,000 from the federal government to establish programs in Sacramento, the Bay Area, and Southern California.68
Evaluations of WIC Farmers' Market Programs have been strongly positive. The program has the potential to increase the profitability of marginal farmers markets in low income neighborhoods. In Connecticut, the number of markets and of farmers has doubled in the past 5 years, in part due to the establishment of a coupon program. The coupons provide a relatively guaranteed income for farmers in low income markets, and have led to the growth of markets in some of the poorest neighborhoods in the state. 69

For consumers, FMNP has been evaluated positively. The coupon redemption rate in the 1990 Sacramento program was one of the highest in the country at 81.5%. Most of the participants (74% from the Sacramento County WIC clinic) had never been to a farmers market before. The return rate also is quite high in the Sacramento program, indicating a high level of diet-related behavioral change: 70% said that they have shopped at least two times per month at a farmers' market since coupon redemption. Similarly, 88% of the participants have indicated that they eat more fruits and vegetables since shopping at farmers' markets.70

Lack of advertising is one of the chronic problems of farmers markets. (Chapters 8 and 12 attest to the general lack of knowledge and advertising among the community of farmers markets.) WIC coupons play a double role in this sense. Not only do they provide the recipient with free produce, but they also act as advertising for the market. The high rate of customer return attests to their success.

The establishment of a large-scale WIC farmers market program should be a priority of state food and agricultural policy. California, with its year-round growing season, and abundance of fruit and vegetable farms represents an ideal place for the FMNP. From the perspective of farmers' markets, a large-scale coupon program would represent substantial economic development. Of the roughly 100,000 WIC participants in Los Angeles County, if half of them were provided with $10 worth of coupons with a 70% redemption rate, $350,000 would be poured into farmers' pockets. By comparison, annual gross sales for the Adams and Vermont market- one of the smaller farmers markets was $213,000 for 1992. Even without return business, the provisioning of WIC coupons would be sufficient to develop at least one or two markets in the county. From the consumer side, the establishment of a large-scale FMNP in California would represent a concrete way to improve low-income women's access to nutritious foods. This would be of special importance in neighborhoods such as South Central Los Angeles which lack sufficient adequate retail outlets.

3.12 EXPANDED FOOD AND NUTRITION PROGRAM

EFNEP (Expanded Food and Nutrition Education Program) represents one of the more important federal nutrition education programs. EFNEP was established in 1970 in conjunction with Cooperative Extension under the USDA. Its goal has been to assist low income youth and their families to acquire the knowledge, attitudes, and skills to improve food selection and household management.71 EFNEP participants tend to be from the poorest sectors of society: minorities, people with limited education, or those considered geographically, socially or culturally isolated.
Participants are means-tested; for 1989, a family of four was required to have an income below $15,125 in order to participate. EFNEP's structure is highly decentralized. As part of Cooperative Extension (University of California), each EFNEP office has the freedom to decide its program, in conjunction with the EFNEP Statewide Coordinator. As a result, some individual offices have done quite progressive work. Hunger advocacy, food stamp outreach, social marketing, childhood hunger surveys, have all been activities undertaken by EFNEP offices.

Also, EFNEP is very grassroots oriented. One of its basic activities is to train paraprofessionals so that they may return to the community to teach nutrition education. In L.A., EFNEP conducts classes with 5-25 people recruited from schools, Head Start child care centers, WIC clinics, and Food Stamps. These trainings last for 6-8 weeks, and teach basic homemaker skills, such as meal planning, food storage, and economical shopping.

Evaluations have shown that increased cooperation between EFNEP and food assistance programs such as food stamps and WIC has resulted in greater participation rates, and positive results for homemaker diets. EFNEP has been successful in improving food budgeting and more effective use of resources. Its greatest success lies among the most disadvantaged participants; those with the least education levels showed the greatest improvement.

Policy analysts largely consider EFNEP in Los Angeles to be quite traditional in its orientation, reaching only a tiny percentage of those persons in need of nutrition education. There are hundreds of thousands of low-income minorities who could benefit from the services of EFNEP. L.A.-EFNEP’s focus on grassroots intensive training should be reevaluated in light of the magnitude of nutritionally related problems in Los Angeles County. A severely constrained budget disallows EFNEP from comprehensively serving a significant portion of the public in need on a grassroots level. It should instead tuck away its grassroots approach until there is adequate funding to revive it on a large-enough scale and make an attempt to be more broad-based in its methods.

As the principal federally funded nutrition education agency for the public, (besides WIC which focuses on pregnant women, and children), Los Angeles EFNEP should broaden the scope of its program to reach a larger constituency. There are a myriad of activities that a federal nutrition education program such as EFNEP could conduct, based on the experiences of other communities, including food stamp outreach, hunger advocacy, social marketing, and the promotion of improved access to nutritious reasonably priced food in the inner city. With the development of an integrated structure for food security policy in the region (See Chapter 16), EFNEP could serve an active role in coordinating and integrating nutrition education activities throughout Los Angeles County.
3.13 **CONCLUSION: INTEGRATED POLICY FRAMEWORK**

The need for a integrated nutrition policy for urban areas is paramount. The reduction of high levels of hunger and diet-related disease in the inner city necessitate a coordinated approach. After twelve years of stagnation and virtual abandonment of its mandate, the federal government can no longer afford to take a piecemeal approach to this pressing problem. In these times of budget limitations, nutritional inadequacies can not be addressed by solely providing additional funding to relevant programs. An effort must be made to make best use of existing funding and better coordinate existing federal programs with one another as well as with local and private efforts.

To briefly restate the lack of coordination of food assistance and nutrition programs: on a national level, as discussed previously, nutritional and agricultural policies are at times at conflict. The responsibility of regulating and setting policy for food and nutrition is split up in a number of agencies and departments. On a congressional level, appropriations for food are made in a variety of committees (See Figure 3.3).

On a national level, there should exist a parallel structure to the local food policy council (see Chapter 16) to coordinate federal food policy across the many different agencies and departments. Given its lead role in the oversight of food assistance programs, the Food and Nutrition Service of the USDA would represent the natural locus for the creation of such an integrated policy council.

At the local level, one of the ways this absence of cohesion is manifested is through a lack of coordination between public and private food assistance and nutritional education programs. Food assistance recipients (both federal and emergency), who are often times the nutritionally at-risk, should be, but frequently are not provided with referrals to nutrition education programs, or on the spot nutrition education. Nutrition education information in low-income areas should provide information on access to food assistance programs that would help at-risk individuals improve their diet. Outreach should be conducted to direct at-risk individuals to neighborhood farmers markets and community gardens where they might obtain nutritious foods while saving money. Most importantly, significant outreach should be conducted to shoppers at supermarkets, grocery stores, health clinics, and farmers markets to provide them with information on ways to improve their diets, through participation in food assistance programs as well as through innovative nutrition education activities, as in the form of in-store videos.

One of the goals of an integrated food security program or Food Policy Council, should be to coordinate these extensive nutrition education programs. It would represent an important partnership not only between the federal government, primarily the USDA, and local government, but also between the public and private sectors. Private organizations, (as well as federal programs such as EFNEP), such as the American Heart Association, the American Cancer Society, and Interfaith Hunger Coalition, should provide technical assistance to these efforts.

Other possibilities that merit consideration include the expansion of food related hot lines, in which the caller can receive comprehensive information about the services
available in her neighborhood, or booklets such as How to Get Food and Money. Put out by the Interfaith Hunger Coalition, it is a comprehensive and easy to read booklet on food, and health services available to the community. Originally funded by a $50,000 grant from the Community Development Department of the city of Los Angeles, extensive distribution of How to Get Food and Money should be one of the first steps of a Food Policy Council.

This chapter has shown that there exist significant higher rates of nutritionally related diseases among minorities than among whites. It examines the different diets of minority groups, as well as the factors of income, education, access, and culture that shape diet. Diverse nutrition education theories are discussed, as are federal nutrition policy. The chapter continues with an examination of two nutrition education programs: the Expanded Food and Nutrition Education Program and WIC Farmers Market Nutrition Program. The chapter concludes with a call for an integrated policy framework to coordinate federal food assistance, nutrition education, and community resources in order to improve the food security of urban residents.
Figure 3.3

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<th>Area</th>
<th>House</th>
<th>Senate</th>
<th>Executive</th>
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<td>Agriculture, Nutrition and Forestry Appropriations</td>
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<td>Appropriations Agriculture</td>
<td>Agriculture, Nutrition and Forestry Appropriations</td>
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<td>Labor and Human Resources</td>
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Source: Chapman, 1987; FRAC, 1987
Endnotes
29. The Fordist diet refers to the rise of mass produced industrial techniques employed in agriculture during the post-War era. The diffusion of the corn-soybean-livestock complex, and the concomitant rise in consumption of dairy and meat in the US represents an excellent example of this trend. The use of intensive methods in agriculture supplied the "fordist" working class with cheap food, contributing to accumulation in the entire capitalist system. See David Goodman, Michael Redclift's Refashioning Nature: Food, Ecology, and Culture London: Routledge, 1991 for an excellent explanation of the relationship between class, labor, gender and diet.
30. See Section II for a more detailed treatment of this phenomenon in LA.
31. See Chapter 8 for a more detailed treatment of the demographics of the area.
While not documented, many hunger and community advocates do note from their own experience that fruits and vegetables are among the first items to be omitted from the family market basket in times of income stress.

Consumption of a wide variety of foods can be problematic for low-income persons. Typical diets of poor persons across the globe are based on a high consumption of starches and carbohydrates. As one person interviewed by the Interfaith Harbor Shelter remarked: "We get a big bag of potatoes and eat nothing else."

Basch, 1992; Bartholomew, 1990.
Basch, 1992; Bartholomew, 1990.
Patterson, 1990; Basch, 1992.

While not treated in depth in this study, it at least should be recognized that agriculture in recent history has been one of humanity's most environmentally damaging activities. Topsoil depletion, desertification, wildlife loss, contamination of groundwater, surface water, air, and soil have all been caused by agriculture. The effects of pesticides and chemical fertilizers on agricultural laborers, factory workers, consumers, and rural residents has been quite severe. Katherine Clancy and Joan Gussow argue that nutrition education should take into account not only the nutritional needs of the individual, but also the long term stability of the food system. A bioregionalist organicist nutrition education would serve to promote ecologically responsible, small scale family farms, while reducing energy inputs and egregious consequences for peasants and agricultural laborers across the globe. A "sustainable diet" would include:

- consumption of a variety of foods, drawing on biological diversity rather than biotechnologically induced homogeneity;
- maintenance of ideal body weight (one study done in 1978 found the caloric difference between ideal body weights and actual body weight of the American population equivalent in energy to 1.3 billion gallons of gas);
- avoidance of fats (animal products are the main source of fat in the US diet, and lead to deforestation, erosion, and water pollution);
- consumption of adequate fiber (the foods lowest in fiber tend to be the most highly refined, the processing of which benefits neither the consumer nor the farmer, but the middleman);
- avoidance of excess sugar (it requires 6,000 calories to process one kilo of beet sugar which supplies only 3,800 calories);
- avoidance of excess alcohol (the total energy requirements in packaging, production, and processing is much higher than the nutritional benefits).

(Gussow, [c. 1989])

While a sustainable diet would not automatically lead to sustainable agriculture, full environmental and energy audits of food production would enable consumers and policy-makers to choose and support low-input, low-entropy diets.

The program costs approximately $3,300 mainly for printing.


Mayer, 1990.

Mayer, 1990.

Mayer, 1990.


Patterson, 1990.


Mikkelsen, 1993.

Hands Net WIC FMNP Fact Sheet, 4 March 1993.


Fuji, 1993.

Haller, 1993. As of press time, this bill was still pending in the legislature, although the provisions for public funding were stripped. Private funds are being sought currently.

Winne, April 1993.

DFA, 1990.

Chipman, 1989.


Chipman, 1989.

SECTION 2

The Supermarket Diaspora:
Evolution of the Food Industry
If food security represents a starting point for examining food issues in the inner city, the structure and evolution of the food industry presents a crucial arena for investigation in situating many of those same issues in relation to such questions as access, price, and quality of the food available. The problems faced by the residents of inner city neighborhoods are the outcome of a complex set of actions and reactions involving a wide spectrum of participants. These include such factors as federal marketing orders which affect what products are grown and where they are sold to the local issues of supermarket concentration and chain stores' competitive purchasing and pricing strategies. This section is an exploration of some of the key dynamics and players in the food industry and their impact on inner city lives.

We begin in Chapter 4 with a review of the structure of the food system itself, particularly at the level of agricultural production. We move to the evolution of the supermarket industry in Chapter 5, and discuss how its dramatic restructuring over the years has affected residents of inner city neighborhoods. In Chapter 6, we use a case study of Vons, Southern California's largest supermarket chain, to explore these issues in more detail. In particular, we examine the chain's strategic investment plans -- including the forces which have propelled it away from and now in to low-income areas. Finally, Chapter 7 evaluates the level of involvement of other chain stores in inner city neighborhoods and the investment strategies announced in the wake of last year's civil upheaval.
Chapter 4

From Grower to Grocery Shelf

4.1 INTRODUCTION

And they stand still and watch potatoes float by, watch the mountains of oranges slop down to a petrifying ooze; and in the eyes of the people there is a failure, in the eyes of the hungry there is a growing wrath. In the souls of the people the grapes of wrath are filling and growing heavy, growing heavy for the vintage.

--John Steinbeck, The Grapes of Wrath, Chapter 25, 1937

During the past 100 years, the U.S. Food system has been transformed from a decentralized, market coordinated system of food production and distribution to a transnational capital intensive system coordinated through ownership and contractual arrangements between conglomerates. Food has evolved from something we harvest, slaughter or catch in our environment to a "product" which is "manufactured" far away. The family farmer has become an agro-industrialist, transforming inputs from other industrial sectors--such as petroleum refining and petrochemicals--into agricultural products.

The post-war expansion of the food system can be attributed to several factors; the need to develop new markets for commodities, improvements in communication and transportation--such as the interstate highway system--and the availability of capital intensive production technologies at the farm and processing levels. Urbanization, duel income households and rising incomes have shifted food processing from the kitchen to the factory. New domestic technologies, such as freezers and microwaves, have had tremendous impact on the kinds of foods people buy. The full elaboration of changes in the food system has resulted in important changes at the farm level, in food manufacturing and distribution, along with changes in urban households. As the system became more specialized and controlled by larger players, there has been an accompanying loss of local control over the distribution and accessibility of food for certain segments of the population. In order to understand how this radical restructuring of our food system has affected residents in low-income areas, it is important to have an understanding of how food moves from the farm gate to the grocery shelf.

The following chapter will provide a brief description of agricultural production, marketing and farm programs, how large food retailers have influenced agricultural production (using the case of cosmetic quality standards for fruit and vegetables), and will conclude with a discussion of the increasing globalization and concentration of the food manufacturing sector and their implications for both national and local food security.
4.2 AGRICULTURAL PRODUCTION

Now that Chilean cherries are available in January, it is easy to forget that prior to World War II, most vegetables were locally produced and only available in-season. In the late 1940's, both farms and regions became more specialized. As the crop mix became less diverse, use of inputs such as energy, seeds, fertilizers and pest controls increased, and more of them were purchased rather than produced on the farm.  

Farming technology also changed in response to processors and retailers who insisted on a constant reliable flow of cosmetically perfect fresh fruits and vegetables. As a result, production has moved to locations where the growing season is longer, such as California which supplies 50 percent of the country's fruits and vegetables. Farmers needed to employ methods that guaranteed a productive crop output, using intensive agricultural techniques such as irrigation, synthetic fertilizers and pesticides. As farming became more specialized, food production moved further and further from the city. Today, the typical North American City has only a 3-day food supply.  

SMALL FARMS

Many factors have contributed to the demise of small farming in the past 50 years. Larger farms face advantages in purchasing inputs in higher quantities and are not as vulnerable to changes in price and supply. The farm crisis of the 1980's resulted in a restructuring of agriculture that favored large-scale capital intensive operations. According to USDA economists, the number of farms decreased from 7 million in the mid 1930's to 2 million in 1987.  

Today, large farms dominate the American landscape. Almost half of the agricultural land in the U.S. belongs to farms 2,000 acres or more, while farms 500-1,999 acres constitute 28.8% of the remaining farm land. Farms up to 259 acres constitute only 12.6% of the total agricultural land in the U.S. California reflects a similar pattern to that of the U.S. as a whole. In California, farms that are 2,000 acres or larger account for 65% of the farm land, while farms 500-1,999 acres constitute 20.1%. Farms ranging from 1-259 acres constitute only 9.5% of total agricultural land in California.  

Proponents of large scale farming attribute their success to economies of scale. "Farm sizes that are efficient will survive and farm sizes that are inefficient will decline." has become a truism of many agricultural economists. Nevertheless, large farms survive for many other reasons than their size-related efficiency.  

Large-scale producers receive disproportionate advantages from the government in the form of direct payments, favorable tax and labor laws, and assistance in marketing their products. Furthermore, largeness in and of itself creates advantages in the marketplace. Large-scale producers receive discounts for bulk purchases of inputs, such as fertilizers, insecticides, feed, and fuel. The U.S. Chamber of Commerce, a strong champion of agribusiness, admits, "Usually these successful firms [very large farms] have been able to buy many of their inputs [for] 15 to 25 percent less than the price paid by more small units."  

Under current conditions, farmers must continually borrow money to expand
Under current conditions, farmers must continually borrow money to expand production. Again, large-scale farmers have an advantage. As farm size increases, interest rates charged for credit drop. Because large-scale farmers have larger assets, they have greater credit worthiness for banks than the lower-valued small-scale farmers. "Smaller farmers have the added handicap of being less likely to negotiate a bank loan in the first place, and are forced to enter more purchase agreements for machinery and other farm supplies with agribusiness firms, which offer credit when banks will not, but often at higher interest rates." Thus, the more family farmers try to catch up with large-scale farmers by expanding, the more they get behind in debt.  

Another benefit large-scale farms receive is that most publicly and privately-funded agricultural research focuses on technological innovations; the utilization of which both benefits, and even requires, large-scale farming.

The trend towards concentration is directly linked to the increasingly capital-intensive nature of production, the continuous flow of new technology and the links to international markets. This in turn creates tremendous incentives to change the organization of the food system to control factors of uncertainty and risk, normally inherent in such biological endeavor as farming. During this time of restructuring, the technology of production was rapidly changing. From 1930 to 1980, agricultural output rose by 150 percent while inputs (such as labor and supplies) increased by only 7 percent. Over the last two decades, labor use dropped by half. These technological changes, allowing substitution of capital for labor, had the effect of making traditional family farms outmoded, since they are too small to fully use the labor of the farm family. Throughout the 1970's and 1980's, this translated into family farms getting bigger or smaller (by becoming part-time) or getting out. Between 1978 and 1992, the number of small farms declined nationally by 9 percent.  

Although the national trend has been toward larger farm sizes, California's average farm size has actually been declining since the mid-1970's.  

(See Figure 1) While more than 90 percent of California's food and fiber is grown on 19,000 farms grossing more than $100,000, the remaining 10 percent is grown on 62,000 small and mini farms. These farms are an important component of California's rural economy, producing

![Average Farm Size](image)

**Figure 1** U.S. Census of Agriculture
The food marketing system has tremendous influence on the structure of the farming sector. Traditional agricultural marketing methods tend to favor large operations, while direct marketing strategies have supported small farming. For example, the decline in California's average farm size coincided with the creation of an Office of Direct Marketing in the California Department of Food and Agriculture (DFA) and a burgeoning of farmers markets after a 1977 DFA ruling that allowed the sale of produce in certified farmers markets to be exempted from marketing order standards. Just how traditional modes of marketing impact farm size will be discussed in the next section.\textsuperscript{10}

AGRICULTURAL MARKETING

In the ideal market economy, exchange and coordination are integrated, with prices providing the signals upon which economic activity is coordinated. Producers use price to judge what and how much to produce, while consumers use price to judge what and how much to buy. Underlying this approach are certain assumptions of the "free market" which include the accessibility of full information, perfect mobility of resources, and a stable demand. In the agricultural sector, there is far too much uncertainty for these conditions to exist. Prices are often set by external forces in order to protect consumers from rapidly rising food costs and to protect farmers from a drastic fall in commodity prices. The price of food therefore, only plays a small part in a coordination role. Institutional arrangements--such as government programs, marketing orders, contracts and vertical integration--take on much of the task of coordination.\textsuperscript{11}

In a comprehensive study of the U.S. Food System, Marion et.al. identified four principle ways agricultural commodities are marketed. These are terminal markets, direct trading, contracts and integration. A brief description of each of these marketing mechanisms is provided below with a description of how they influence farm size.

**Terminal Markets**

Terminal markets refer to all public assembly markets for agricultural goods. Once the nexus of trade in all agricultural products when rail was the dominant transportation mode of trade, the relative importance of central terminal markets has declined since World War II as direct trading, contracting, integration, and other means of coordination increased. Terminal markets in the city, however, remain an important coordinating mechanism for the produce trade, serving local stores whose volume does not justify direct trading. Increased concentration of agricultural production and processing, along with high transaction costs, have encouraged direct trading over the terminal markets. Major supermarket chains only purchase from terminal markets when they run short on supply. Farmers are not allowed to come directly to the terminal market to sell. This process is known as "gunny sacking" and is strictly prohibited.
**Direct Trading**

Direct trading refers to decentralized, individual transactions between the buyer and seller. Most supermarket retail chains buy through brokers, who act as a sales representative for agricultural producers in a typical direct trade. Since the transaction costs are fixed, it is easier and more cost effective for brokers to deal with a few large farming operations who are able to guarantee large volumes year-round. Direct trading has replaced terminal markets as the most prominent means of market coordination. The small and more geographically isolated farmer may face serious problems finding buyers. Since pricing is dictated by the dominant trader on one side of the market, it is unlikely prices will be set competitively.

**Contract Coordination**

Contract coordination involves the commitment to deliver goods or receive goods at some later time. Farmers sign production contracts with major packers and processors in order to gain some security, although they lose control over what is planted and how it is harvested. Contracting is associated with larger firms because, once again, transaction costs are fixed, thereby creating incentives for contractors to deal with fewer producers.

**Integration**

One way for food processors to guarantee low priced inputs is to buy the farm. Integration raises profits by reducing transaction costs. Farmers who have integrated with processors and packing houses are able to capture profits otherwise lost.

The food marketing system can impose industrial-style specification on agricultural production resulting in an important, but often neglected impact on consumer prices and farmers' choices of pest control methods. Cosmetic quality standards for fresh fruits and vegetables provide a good example of how supermarket purchasing practices affect food, people and the environment.

**4.4 Cosmetic Quality Standards**

Cosmetic quality standards imposed by the marketing system dictate that produce should be blemish free and meet minimum size requirements, although size, color and outside appearance are not always the best indication of quality as far as taste and nutrition are concerned. Fruit and vegetables that do not meet the cosmetic quality criteria are destroyed. Critics of cosmetic quality standards contend that they keep produce prices high by restricting supply and can require up to 80% more pesticide application than would normally be required to safeguard a crop on a conventional farm, thus undermining efforts to move towards sustainable agricultural practices. These quality standards are set both in Marketing Orders (MOs) and in contractual arrangements.
FEDERAL AND STATE MARKETING ORDERS

Although the State and Federal grading standards are voluntary, they are often made legally binding through Marketing Orders (MOs) or marketing agreements (for imports and exports). MOs allow producers of a crop to join together and make collective decisions. They originally grew out of instabilities within the agricultural sector in the beginning of the century. In the 1920's post-World War I markets erupted in chaos as supplies increased more quickly than demand. In order to stabilize prices and control supply, voluntary agricultural cooperatives were formed. These cooperatives eventually failed because of "free riders" taking advantage of the higher prices without following the rules. During the depression, growers received low returns on production because of disproportionate power of the limited packing houses and processors allowed them to dictate selling process. In 1937 Congress passed the Agricultural Marketing Act, which authorized representatives within a specific agricultural subsector to create legally binding collective marketing arrangements. These agreements effectively created cartels, and were specifically exempt from anti-trust laws.\(^{13}\)

That same year the California Legislature passed the California Marketing Act of 1937, declaring that "the marketing of commodities in excess of reasonable and normal market demands, ...results in an unreasonable and unnecessary economic waste of the agricultural wealth of this state".\(^{14}\) This was done in order to promote the state's reputation for premium agriculture and help give it a competitive edge. The authority for their maintenance and enforcement now resides with the Director of the Department of Food and Agriculture.

The MOs are negotiated on behalf of producer organizations such as the Artichoke Advisory Board, the California Kiwifruit Commission and the Celery Research Council, among others. Currently 43 MOs cover nearly $5 billion worth of fruits, vegetables and nuts from New England cranberries to Hawaiian papayas.\(^{15}\)

The MOs attempt to stabilize prices by regulating supply to domestic markets, through volume restrictions and cosmetic quality standards that tighten supply in an abundant market. Volume restrictions cause producers to compete for the profits associated with being sold on the fresh produce market, as opposed to lower profits on the processing market (assuming there is a processing market for that commodity). Cosmetic quality plays a decisive role when handlers, packers and wholesalers choose only the most perfect looking shipments. Growers also contend that standards become more stringent in abundant years in order to further restrict supply. The message down on the farm is to spray and treat in hopes of getting access to the limited lucrative fresh market.

Although MOs do exempt certain outlets, such as Farmers Markets, they effectively act as barriers for the marketing of less aesthetically perfect produce. MOs were designed to help small farmers (the price takers) to get a fair price from buyers (the price setters). However neither consumers or small farmers are represented as members of the marketing orders administrative committee, the organization responsible for negotiating and carrying out the marketing order statutes. As consumer
food prices continue to rise, and efforts to employ low-input agriculture are thwarted, public officials, consumers and small farmer advocates have questioned whether the cosmetic quality provisions of MOs are in the public interest.¹⁶

CONTRACTUAL AGREEMENTS
While government standards enforce minimum quality levels, the actual standards of the marketplace are determined by the buyer. The greater the supply of produce relative to demand, the more power the buyer has over the seller in setting prices and quality standards. Contractual agreements between growers and buyers accomplish a number of things. They allow growers to plan crop plantings with some degree of knowledge about future sales and revenues. They provide processors and retail chains with the ability to plan production strategies as well as providing assurance that existing capacity will be filled. Supermarkets are the largest buyers of fresh produce and therefore have the most control over setting standards.

CONSEQUENCES OF STRINGENT COSMETIC QUALITY STANDARDS: INCREASED PESTICIDE USE
In order to achieve "picture perfect" produce that is distributed year-round and world-wide, huge amounts of pre-harvest and post-harvest chemicals are required. About 2.3 billion pounds, or $4.1 billion are sold to U.S. farmers each year. Although disputed by some buyers, research conducted by the Environmental Protection Agency, the National Academy of Science and the Congressional Office of Technology Assessment concluded that high cosmetic standards can discourage farmers from reducing their use of pesticides. While it is virtually impossible to determine the exact percentage of pesticide use that is attributable to cosmetic quality standards, researchers have suggested as much as 60 percent to 80 percent of pesticide application is related to maintaining some kind of cosmetic appearance. A study of growers by Public Voice revealed that one quarter of the growers surveyed estimate more than 50 percent of their pesticides are applied for cosmetic purposes. Strict cosmetic standards have also contributed to greater use of post-harvest chemicals, such as fungicides and waxes.¹⁷

SUPPLY CONTROL STRATEGY
Not only do high cosmetic quality standards contribute to increased pesticide use, they also contribute to unnecessary waste and higher produce prices. Vague standards allow buyers or processors to buy a volume that equals their needs. A 1988 CalPIRG report found that "Middlemen, from packers to shippers to marketing cooperatives use cosmetic quality standards not as much to ensure a safe nutritious product for consumers, but to control which and how much produce gains access to the market. A restricted supply then helps maintain a high price."¹⁸ Furthermore, according to Madeline Mellinger, a pest management consultant, when supplies are abundant and prices are low, growers increase pesticide use because of increased competition to meet fresh market demand.¹⁹ The more abundant the supply, the tighter the cosmetic standards which in turn encourage increased pesticide use.
Within our food production and distribution system, the benefits of cosmetic standards accrue to the food distribution industry, while farmers, farmworkers and consumers absorb the risks of pesticide exposure and consumers pay higher food prices. The following section will take a closer look at who benefits from strict cosmetic standards and who pays the price.

WHO BENEFITS?
As our food system has expanded to supply the global marketplace, methods have been developed to ship and store fresh produce over long-distances and time periods. Products are also withheld to accommodate fluctuations in market prices. With insecticides and fungicides, citrus grower can store oranges right on the tree waiting for prices to rise. Fruit and vegetables that travel long-distance must be treated to maximize shelf life. Treatment includes the pre and post harvest applications of pesticides, herbicides, fungicides and waxes. The standards that are set regarding appearances are designed to meet the long-distance needs of export markets and would not be necessary for locally marketed commodities.

1. **Long distance shippers and exporters**
   To remain economically viable, produce that is shipped long distance, either for US eastern markets or exported, must be able to survive perhaps a 2-week ocean voyage while maintaining a healthy appearance up to that point. Standards in the international marketplace far exceed those of Federal Grade standards. Paul Engler, Executive Secretary of the California Citrus Quality Council cites export buyers as one of the main determinant of maintaining high cosmetic standards: "To meet phytosanitary standards of importing countries, such as Japan, for instance", Engler noted, "each shipment must be accompanied by a USDA certificate that the citrus shipment is free of red-scale".\(^{20}\) California citrus growers have planted trees to serve the international market and are therefore dependent on exports. In a typical year, California exports anywhere from 25 to 40 percent of the portion of the crop that makes it to market.\(^{21}\) Industry officials, such as Joel Nelson, President of the California Citrus Mutual, insist that "these regulations are not an incentive to use chemicals, but a communications tool for buying and selling around the world".\(^{22}\) Agriculture and retail industry officials argue that grade standards simply respond to consumer demand, but do not dictate it.

   The setting of cosmetic quality standards to meet export market requirements is an issue that requires further review in terms of its implications to the food system. While it is true that citrus growers rely on such premium markets as Japan, which receives up to 6 percent of the total production for both California and Arizona, the issue remains to what extent should domestic IPM programs be compromised. In testifying before congress, Ellen Haas, former Executive Director of Public Voice and currently with the USDA explains:

   ...if stringent Japanese quality standards determine cosmetic standards
for the entire Western US orange crop, then a mere 6 percent of total production is dictating standards for the other 94 percent. It is simply bad public policy and inefficient marketing to allow Japanese consumers to determine the stringency of domestic quality standards and, consequently, the amount of pesticides necessary to meet those standards.²³

By setting cosmetic standards to meet export requirements, we are effectively giving up domestic control over domestic food safety and environmental quality.

2. **Agro-industry**

In addition to the exporter and long-distance shipper, cosmetic quality standards benefit large agro-industry who are vertically integrated. MOs that reduce supply impact small farmers who are dependant on selling their crops to generate income to pay mortgages. Larger players, who own their own packing, storage and distribution system, are able to compensate for losses since profits are available through other post-harvest activities.

3. **Buyers**

As retail chains have vertically integrated their own processing, wholesaling and distribution, they are the largest purchasers from packing houses. These large retail chains set most of the operational decisions on fruit and vegetable aesthetics. They often use quality control standards to ensure a limited supply of produce and maintain higher prices, rather than to assure availability of quality produce. Buyers can also use cosmetic standards as leverage to lower the price they pay farmers.

**WHO PAYS THE PRICE?**

Consumers, small farmers, farm workers, and the environment are all caught in this system that is controlled by large industry.

1. **Consumers**

Consumers have little or no role in determining cosmetic standards. They are written primarily by and in the interest of "major forces in the industry", e.g., large producers, processors and retailers.²⁴ While marketing orders were originally intended to provide consumers with a stable supply of nonperishable food, they have resulted in higher costs to consumers. Given the difficulty already faced by the poor to purchase food, excess costs created by cosmetic standards appear unwarranted. It was reported by Jeff Taylare and Mike McGraw in the Kansas City Star that, "Although the exact costs are hard to gauge, various studies say marketing orders, together with subsidies and tariffs boost food prices as much as $500 a year for a family of four."²⁵ Representative Richard Armey of Texas agrees that while MO’s were justified on the basis of providing safe, reliable and inexpensive food supply, they actually provide a disservice to the consumer, "In almost every case, the cost to the consumers is higher
than it would be otherwise.\textsuperscript{26}

Consumers also pay in terms of increased risks associated with exposure to pesticide residues. While experts may differ about the extent of potential health effects and environmental impacts from pesticide use, there is growing support among policy makers and the public for pesticide use reduction. The FDA reported that 49 percent of fruits and 38 percent of vegetables produced domestically were found to contain pesticide residues.\textsuperscript{27} Although some could argue that only 10 percent of those residues were found to be in violation of federal limits, many critics of pesticide use have little confidence in the Federal tolerance standards. These standards have been set without adequate health data, and with no regard to heightened sensitivities and above average exposure levels of subpopulations, such as pregnant mothers, young children and certain ethnic groups. Socio-economic factors are also ignored, such as general higher toxicity exposure and lack of adequate health care for the inner city poor or migrant farm worker. Under FIFRA, the EPA may permit registration of a pesticide as long as economic benefits outweigh the health and environmental risks. Risk assessment is not conducted in a vacuum. Many of EPA’s tolerance levels were set before adequate studies were conducted. FDA has been criticized for sampling only tiny fractions of food shipments for residues.\textsuperscript{28}

Since consumers are given virtually no information at the marketplace regarding increased costs, health risks and environmental degradation caused by pesticide application, they are unable to make informed decisions. Furthermore, even if information were more available, the lack of available alternatives would preclude the ability of consumers to purchase fruits and vegetables not meeting strict cosmetic standards. There are no standards which provide consumers with information regarding pesticide residues, leaving consumers virtually in the dark regarding pesticide use and residues on conventionally grown fruits and vegetables.\textsuperscript{29}

While consumers have become accustomed to large, unblemished fruit, there is much evidence available that when adequately informed, consumers will choose cosmetically imperfect produce in exchange for less pesticide use. Studies have been performed by consumer advocacy groups such as Public Voice and by industry representatives such as the Food Marketing Institute (FMI), the American Farm Bureau Federation (AFBF) and the Center for Produce Quality (CPQ) and research institutions such as Colorado State Extension, all of which have concluded that a majority of consumers--in all income groups--are concerned about pesticide residues in food. In FMI’s annual national survey of consumer attitudes Trends 1990, over 75% of the consumers surveyed were concerned about serious health hazards from pesticide residues.\textsuperscript{30} In an industry sponsored study by CPQ in 1991 it was found that three-fourths of respondents would accept more surface blemishes if that meant less pesticide use.\textsuperscript{31} Another study by CalPIRG gave consumers a choice between perfect oranges and produce affected in varying degrees by thrips. While only 5 percent of consumers originally surveyed would prefer the thrips scarred over the unblemished fruit, the number of consumers preferring the scarred fruit went up to 63 percent when consumers were informed that they were sprayed with pesticides only half as many
times as in the blemished fruit. The AFBF acknowledges that according to their research, if consumers knew more about production practices, it could increase confidence in blemished produce—but only if the labeling were clear.\textsuperscript{32}

2. **Farm Workers and Rural Residents**

Nationwide, data on farm worker pesticide poisonings is not directly compiled. EPA roughly estimates between 20,000 - 300,000 cases of acute illness are due to exposure to pesticides. Studies by the World Resources Institute indicate numbers closer to 300,000. It is not only the farm workers, but the workers in the pesticide manufacturing plant and entire rural communities whose lives are impacted by over exposure to chemicals.

3. **Small Farmers**

While benefitting large retailers and marketing organizations, strict marketing standards were supposed to help growers maintain reasonable prices. For many growers this has not proved to be the case. Due to cosmetic standards, growers are forced to spend thousands of additional dollars on inputs, such as pesticides and fungicides. The sale of produce rejected from fresh markets for processing is often at a loss. Sometimes, in particularly "good" years, juice processors cannot buy all the excess oranges, and fruit is left to rot. In 1982 orange growers were forced to dump tons of oranges in an abandoned area.\textsuperscript{33} For a small farmer, this can often mean mortgage money is lost. Large farmers and agro-industry tend to dominate the marketing organizations, as in the case of Sunkist which has repeatedly been at odds with independent growers who want to get rid of sale restrictions.

Not only do farmers have to bear the extra costs of applying unnecessary chemical and post-harvest treatment, they must also deal with the problem of secondary pest outbreaks, resistance and residue problems from excessive pesticide use.

4. **The Environment**

Fruit and vegetable growers as a whole use a disproportionate amount of chemical insecticides. According to the National Agricultural Chemical Association, production of fruits and vegetables accounted for 28 to 33 percent of all US agricultural insecticide sales, 53 to 61 percent of fungicides, while only accounting for 2 percent of the total US crop acreage. They also report that insecticide use significantly increased in 1990. This increased use is avoidable according to the Natural Resources Defense Council, which examined 9 different crops and found that alternative pest control strategies were available that could reduce applications between 25 to 80 percent.\textsuperscript{34}

Cosmetic standards are inconsistent with IPM programs, since IPM uses an economic damage threshold rather than a cosmetic damage threshold. Greater use of these alternative pest management strategies would provide much needed protection for food-supply, drinking water resources, farm workers and the environment as well as lower consumer prices.
as lower consumer prices.

4.5 FARM PROGRAMS VERSUS FOOD PROGRAMS

There is a blatant contradiction when agricultural policies geared towards high production, using intensive agricultural practices—pesticides, synthetic fertilizers, irrigation—come into conflict with the use of supply controls to keep crops from reaching the market. Taxpayers bear the burden of paying $12 billion a year in agricultural subsidies, while at the same time other policies are pursued to withhold overproduction in order to boost consumer prices.35

Farm programs have transferred income from consumers and taxpayers to farm producers at heavy costs. The total cost of direct agricultural support payments between 1982 and 1988 totaled $93 billion. Higher prices due to restricted supplies cost U.S. consumers between $5 to $10 billion in indirect costs. Small farmers are not the primary beneficiary of these programs. Because support programs link benefits to acreage historically under production, the largest benefits go to the largest producers. In 1988, the US government's direct payments to farmers totaled 14.5. Forty-two percent went to 60,000 farmers whose average net cash income was almost $100,000, and net worth nearly $750,000.36

Many people succumb to the myth that farm programs are food programs designed to help agriculture meet the needs of the consumer. It is often assumed that farm programs are designed to keep food prices low, or at least stable. However, not only do farm programs actually raise consumer prices, it is also important to realize that only a small percent of food costs originate on the farm. Over 70 percent of consumer expenditures on food cover the marketing costs. Processing costs remain the largest marketing function for food eaten at home.

Figure 2 illustrates how food spending was distributed in 1991. Farm value portion of the marketing bill refers to the percent of food costs that are received by the farmer. Farm value decreased in 1991 due to lower farm prices. Lower farm value and farm prices should not be confused with farm profits, that have been rising in general. The marketing bill is the difference between the retail price of food and the farm value. It includes the costs of processing, packaging, transportation and distribution. As shown in Figure 3, the difference between farm value and the marketing bill (the marketing spread) has been increasing. This is due to the trend towards more value added in food manufacturing, including
more expensive packaging and larger promotions costs. The next section looks at changes within the food manufacturing sector and their implications for food policy.37

4.6 FOOD MANUFACTURING

The buying patterns of food manufacturers have conditioned the geographic location, product specialization, financial structures and ownership patterns of farmers, while their selling strategies have influenced warehouse, store design and vertical integration by retailers.38 Tightly concentrated and near monopolistic in character, the U.S.'s food manufacturing industry has now become the nation's most profitable industrial sector as measured by return of stockholder equity. From 1986-1991, the yearly average return was 20 percent compared to an overall industry median of 13.2 percent. Both food production and distribution systems are dominated by large-scale, capital-intensive highly-diversified corporations, many of which are transnational corporations. The food and beverage industry is the second largest major manufacturing sector (after transportation equipment) with $361 in shipments in 1991.39

Food processing starts with a raw product and transforms low-value material into high-value products. The difference between processing and manufacturing of food lies in the act of "branding". Through manufacturing, oats are milled to become Quaker Cereal, with an increasing disassociation away from the commodity component of the product to the brand name of the product.40 The food manufacturing industry is characterized by relatively few producers controlling a large share of the market selling differentiated consumer products through retail outlets. Campbell's soup, which controls nearly 70 percent of the soup market through its seemingly limitless selection of soups, provides a prime example of high differentiation and high market share. Campbell's is by no means alone however, as the size and scope of corporate food industry continues to grow. Two companies--Cargill and ConAgra--control 50 percent of grain exports; three companies--Iowa Beef Processor (IBP), Cargill and ConAgra--slaughter nearly 80 percent of our beef, four companies--Kellogg's, General Mills, Philip Morris and Quaker Oats--control nearly 85 percent of our cold cereal market and four companies--ConAgra, Cargill, ADM Milling and Pillsbury--mill nearly 60 percent of our flour. These figures indicate a highly oligopolistic sector of the economy. A study conducted by Bruce Marion for the USDA in 1984 concluded that these monopolistic conditions allow firms to display more market power, while
anywhere from 25 or 50 percent below the national brands. The latest trend is to brand
gourmet items.42

Between 1982 and 1990, there were 4100 food industry mergers and leveraged
buyouts as the industry's total debt nearly tripled from 90 billion in 1980 to $270
billion in 1990. The lack of competition created by mergers and acquisition leads to
increased monopoly overpricing. Large debt has resulted in the need to streamline
operations and cut costs. Many executives have instituted cost cutting strategies
through their Total Quality Management Programs (TQM), which have parenthetically
also been responsible for decreasing donations to the emergency food system. Since
the imposition of TQM programs by many manufacturers 1992, food bank directors
reported that donations were down by 30 percent.43

In addition to increasing mergers and acquisitions and large debts, there is
another alarming trend occurring within the corporate food system; namely, more and
more corporations are going private, escaping both government and public
accountability. Of the top 10 private corporations in the U.S., seven are food or food
related. Together these seven (Cargill, Koch Industries, Continental Grain, Mars,
American Financial, Supermarkets General and Publix Supermarkets) had 18.4 percent
of the total $611 billion in revenues from the nation's top 400 private corporations in
1990.44

Major US food companies have found it advantageous to operate in foreign
investment in overseas food and beverage markets increased 26 percent to almost $16
billion.45 A USDA ERS database for 64 of the largest US food processing firms,
which account for about half of all US food processing, gives insight to these firms
international activities. In 1988, 38 of the 64 firms owned a total of 682 food
processing plants in foreign countries. These plants accounted for 26 percent of these
firms sales in 1988. In contrast, exports of processed food from these firms amounted
to only 2.6 percent of their US sales.46 William Heffernan, rural sociologist at U.
Missouri doing research on agribusiness consolidation has argued:

What the consolidation numbers alone don't show is that consolidation is
linked with globalization. The system is increasingly becoming
international in scope. Consolidation raises issues of food security, food
safety and the environment. As a society we need to look at the social
organization that goes with a transnational food system.47

One of the most serious consequences of the development of transnational food
conglomerates is their ability to erect barriers to keep new firms from entering the food
industry. These barriers occur through differentiation, sales promotion and predatory
pricing. They are described as follows:
BARRIERS TO ENTRY

1. Differentiation

Excessive product differentiation raises entry barriers for smaller specialized potential entrants, "Extensive proliferation by incumbent firms may leave no profitable market niches for new firms to occupy". While new firms have difficulty entering the market, the composition of food products has changed, as we now consume more sweeteners and more oil in an endless variety of new products. Many of these products appear "new" and "different" when in fact they are not. The chief motive for processors in developing new products is to capture market share. According to the USDA, over 62,000 new products were introduced between 1982 and 1989. Although 90 to 99 percent of new products fail, a successful entry can be extremely profitable.

Highly processed products produced with higher "value added" are able to reap higher profits. Critics of product proliferation through differentiation contend that it is a deceptive ploy to confuse consumers and undermine rational decision making, and that contributes to inflation and results in waste from operating plants below capacity.

2. Advertising and other forms of sales promotion

Advertising also has a persuasive influence on the ability for new firms to enter the market. Because advertising enjoys economies of scale as well as threshold effects, it raises barriers to entry and restricts markets to nationally recognized food brands. Along with sales concentration, advertising at the firm level is also the most consistent direct determinant of profits and prices.

Advertising is a major component of merchandising in which a product becomes clearly identified as a Brand item. There are two types of sales promotion: pull (advertising) and push. In addition to spending millions on advertising, large manufacturers, especially big conglomerates may offer 5 to 20 percent discount to retailers, in exchange for an agreement to promote the item for limited time, which is a process called "cooperative allowance". Supermarkets with space can and do often buy, store and sell more products after promotions occur. Large suppliers may also insist on end-aisle or a custom built display with only those retailers with sufficient space able to take advantage of such promotions.

Although this might appear like a win-win arrangement - the manufacturer increases market share, the retailer obtains his allowance (while still making a profit) and the consumer gets a price discount, there are clear losers among those consumers not able to gain access to large supermarkets, those manufacturers who are not able to enter the system, nor have cash reserves to take on temporary loss and retailers who do not have comparable storage space.
3. **Predatory Pricing**

Conglomerates tend to forgo price competition with other powerful firms. Large firms can afford to undersell local enterprises for 2 - 3 years. For example, ConAgra received a 26-27 percent return on its investment last year, so it could afford to sell catfish at a loss during that same time period. Also cross subsidization occurs when a firm is vertically integrated and can provide inputs cheaper than what they could be bought on the market.\(^5\)

4.7 **FOOD PROFITS AND PRICES**

Consumers spent $462 billion for food originating on U.S. farms in 1991. Despite a reduction in the quantity of food purchased, consumer expenditures rose by 2.7 percent. Food prices, as measured by the Consumer Price Index (CPI), increased 2.9 percent in 1991, while at the same time the prices farmers received for commodities declined 6.2 percent.\(^5\) Higher food prices are the result of price increases mainly in processing and distribution.

Profits for food industry firms were up 6.3 percent over 1990 pre-tax profits. They earned approximately $15.1 billion in pre-tax profits from marketing U.S. farm foods. Several factors caused these increased profits even though food sales rose very little as a result of the recession. Retailers achieved greater efficiencies through the use of electronic inventory management and labor saving devices, such as scanners, and through building bigger stores to give greater space to the highest margin products. Profit margins were larger for manufacturers due to product price increases and lower commodity cost. Streamlining food processing operations resulting in worker layoffs reduced the labor costs.\(^4\)

4.8 **CONCLUSION**

A walk through a middle-class suburban superstore would hardly give the appearance that anything was wrong with the nation's food system. The produce would appear plump and colorful, a variety of canned goods would line the selves and shopping baskets would be brimming over with goods. The average American shopper can afford to fill up the cart, since they spent only 16 percent of their disposable income on food items—one of the lowest percentages of income in the world.

As our study indicates, this contented suburban shopper has little in common with most residents of the inner-city. The poor are unable to get access to fresh produce at competitive prices. Agro-industry sells to food manufacturing conglomerates who in turn supply large chain supermarkets. Trying to find a chink in this sophisticated food chain for community food production is difficult because the industrial concentration erects numerous barriers to entry.

This disparity in experience raises a set of troubling questions about what consumers are offered by way of choice, specifically how responsive the food system has been to consumer concerns for fresh and healthy food. Ultimately what needs to be
answered in relation to the food system, as Francis Moore Lappe has put it is how to "reunite the production of food with human need".
Endnotes

3. 1987 Census of Agriculture.
6. Changing Structure 1974. For a further discussion of farm credit, see Chapter 13 Urban Agriculture.
7. Stumbos, John, 1993. Small farms are considered farms with sales between $10,000 and $100,000. Mini farms, with sales between $1,000 and $9,999 declined by 8.2 percent during the same time period (1978-1992).
9. There are 29,000 small farms and 33,000 mini-farms in the state.
18. Feenstra, p.2.
20. U.S. Senate Hearings, 1990, p. 57
21. Ibid., Engler, p.58.
22. Ibid., p.6.
23. Ibid., p. 23.

26. Ibid.


32. Ibid., Curtis, p.32.


36. Ibid.


38. Vertical integration occurs when supermarkets become processors. The merchandising of store brands is an example of vertical integration.


40. Branding may even occur in non-manufactured foods, such as produce, as the case with SunKist.

41. Allsup. Marion et. al.

42. "Upscale labels are the latest weapons in the heated battle among the nation's grocers for America's shopping dollars." (Gellene, D1)


Plants earning over $1 billion each from foreign subsidiaries include such well-known names as; Handy-top Coca-Cola, Philip Morris, RJ Reynolds, Nabisco, Mars, Pepsico, Kellogs, Sara Lee, Quaker Oats and Borden. Borden, for example, operates 44 of its 183 plants in foreign countries. H.J. Heinz has 47 foreign plants. (Handy) Cargill has 40 percent of its assets in foreign countries. (Allsup) They recently took it's poultry business to Thailand because it is cheaper to produce there base on the cost of labor, environmental regulations, transportation and feed costs, and they are free from anti-trust regulation.


Marion, et.al.

Marion, et. al. p.100.

Heffernen. Powledge.

USDA-ERS. Food Cost Review 1991. The farm value is a measure of return, or payment farmers received for farm product equivalent to retail food sold to customers. It is calculated by multiplying farm prices times the quantities of farm product equivalent to food sold at retail.

Ibid. p.48
Chapter 5

The Evolving Retail Food Industry

5.1 THE MAJOR RETAIL FOOD INDUSTRY

The retail food industry has gone through enormous changes since its birth in the early part of this century. The restructuring that has occurred over the last twenty years is particularly relevant to the issue of food security. This chapter discusses this restructuring and its implications for residents of inner city communities.

HISTORY

The modern food retail industry emerged in the early part of this century when grocery stores began to form chains. The first major operation to expand into a chain was A & P, which, by 1900 was the country’s leading retailer with over 200 stores. By 1930 it had grown to 16,000 stores, and along with other chain operators had captured approximately 32% of the market. Chains expanded primarily by taking advantage of vertical integration to reduce prices and by offering a greater variety of foods.1 These early chains did not have stores that looked like modern supermarkets; the stores were only 500 to 600 square feet, and they offered full service.2

In California, the first chain to form was Safeway, in 1926. It began when the Skaggs and Seeling operations merged their respective store outlets. Lucky formed a decade later in the San Francisco Bay Area in 1935.3

The second critical invention of the modern food retail industry occurred when John Kullen developed the modern supermarket in 1930. Kullen realized that the invention of the automobile and home refrigerator made possible one stop shopping for a wide variety of food items.4 Based on that theory, Kullen developed a "huge" 6,000 square foot, low priced, self service shopping center, in suburban New York.5

Supermarkets revolutionized the food retail industry, because of their ability to sell large quantities of goods at much lower prices, which made it difficult for the smaller grocery stores to compete. The major chains quickly picked up on the idea, and were able to offer even lower prices than Kullen’s flagship units by taking advantage of their industry wide economies of scale. In the 1930’s chains such as A & P and others began to increase the size of their stores while simultaneously decreasing the total number of stores.6

The volume of sales at chain supermarkets continued to grow through the Depression and war years. By 1958 chains were selling $19.2 billion worth of goods annually. By 1982 that figure had swollen to $142 billion, which represented 62% of the retail food dollar. Sales from specialty stores dropped from 11% in 1958 to 6% in 1982. Independents also lost market share. In 1958, independents accounted for 56% of all sales; by 1982, that figure dropped to 38%.7 By 1982 supermarkets had overpowered all other forms of retail food marketing: 74% of the food retail
marketing in the United States was undertaken in supermarkets. In the Los Angeles-Long Beach Standard Metropolitan Area (SMSA), the top 8 chains accounted for 53.8% of total retail food sales in 1984.

As supermarkets controlled a larger percentage of the market, they began to compete with one another. Price was no longer the big drawing card: stores began to stress convenience. Hence the number of items carried by a typical supermarket increased from 1,000 in 1930 to 11,000 in 1984. To accommodate these larger number of items, chain stores increased in size. The typical store built in 1930 was 10,000 square feet, while the average supermarket built in 1990 was 38,000 square feet, although in 1987, the average store size had ballooned to nearly 47,000 square feet.

THE CHANGING FORMATS OF THE SUPERMARKET INDUSTRY

In order to better compete with one another, supermarkets developed into four distinct formats: traditional supermarkets, superstores, combination stores, and warehouse stores. These different formats allow stores to either offer more convenience or lower prices. At one end of the spectrum, warehouse stores offer consumers the lowest prices, but with less choice of products and less service. On the other hand, combination stores and superstores give consumers one-stop shopping convenience by offering a large selection of items, but their prices are not as low as at warehouse stores. Specialty stores provide consumers with the best service on a small number of items at the highest price. The diagram below summarizes these differences:
The distinctions between these different formats are subtle. *Progressive Grocer*, the industry trade magazine has defined each of these different markets in the following manner:

- **Traditional Supermarket** is a multi-department grocery store with a sales volume of $100,000 per week.

- **Superstores** have a volume of $186,000 per week, and have a floor area that is greater than 30,000 square feet.

- **The Combination Store** is a superstore where forty percent of the selling area is non-food. Sales volume in these stores is more than $291,000, because markups on the non-food items are typically much higher. These stores often have smaller stores within the store, such as a video store, or sit down restaurant or dry cleaner.

- **Warehouse Stores** are a low amenity superstore, with at least 1,500 items, that concentrate on selling products at the lowest possible costs. These stores typically average $202,000 per week in sales. Savings range from 5% to 20% depending upon the discounts the warehouse is able to arrange with the
producers.

The modern retail food industry is moving toward two types of stores. Some chains, primarily wholesale clubs, are striving to achieve the lowest price possible. Chain store executives fear wholesale clubs as their largest competitive threat, and identified these outlets as having major potential for future growth. These same executives felt that the format most likely to grow in popularity was the superstore format. Thus the top two formats in terms of anticipated growth stressed convenience and price.¹⁴

These findings are borne out by empirical evidence gathered in Los Angeles. Vons Senior Vice President for Real Estate, Curtis Barlow, noted that his chain would not build any store in the inner city smaller than 35,000 square feet. He claimed that Vons had determined through a series of focus groups the kinds of amenities that consumers in South Central Los Angeles wanted. The smallest store possible to offer consumers this convenience was 35,000 feet. Barlow added that Vons was determined to offer these amenities despite the high labor costs associated with delis, bakeries and convenience food, because these departments had higher profit margins and generated additional trips to the store.¹⁵

Another chain in Los Angeles has chosen to appeal to a different type of consumer. Yucaipa¹⁶ is converting many of its traditional Boys and Viva supermarkets into a warehouse Food 4 Less format. The warehouses can offer prices up to 20% below the prices in the traditional stores, because customers will not find as wide a selection of groceries, or the specialty departments of the superstores, and they will have to bag their own groceries.¹⁷

Different types of food retail outlets do not necessarily compete with each other. All food markets are primarily local. Most Americans travel less than two miles in order to do their basic grocery shopping.¹⁸ Thus, the location of a supermarket rather than its format may determine its clientele. On the other hand, many analysts believe that stores that are in different strategic groups do not compete with one another. The notion of a strategic group is that different types of stores appeal to different customers based on price, convenience or product. Traditionally, analysts have placed convenience stores in a different strategic group from supermarkets, because consumers do not see the choice between shopping at supermarkets or convenience stores as competing with one another.¹⁹

In a similar fashion some consumers will consciously choose to shop at one type of store regardless of the distance. If a consumer always chooses to shop at a warehouse store, a new superstore will be no competition for that consumer's dollar, regardless of the location. As the store formats become closer substitutes, they will become part of the same strategic group, and begin to compete with one another.

There has been some debate about whether strategic groups do compete with one another. The Federal Trade Commission ruled in 1981 that supermarkets and convenience stores were all part of one market, and hence that they were part of the same strategic group.²⁰
There has been some theoretical and empirical evidence that the food economy is moving toward two large strategic groups. The first consists of warehouse stores, combination stores and supermarkets. The second consists of convenience stores and specialty stores. Marion, Heimforth and Bailey concluded that warehouse stores "constitute a strategic group that is sufficiently interdependent with other supermarket formats to be an important competitive force that increases rivalry and leads to substantial consumer benefits." These results were strongest when warehouse stores controlled between 10% and 30% of the market.

Supermarket chains continue to attempt to use formats to distinguish their chains from rival markets. For example, Yucaipa has responded to new competition from Vons by converting some of its stores from the traditional Boys format to a Food 4 Less warehouse style format in an effort to attract a more cost conscious consumers.

In addition, pricing structures of supermarkets and warehouse stores have begun to resemble one another. Supermarkets generally price their products in either a High Low format, or an Every Day Low Price (EDLP) (sometimes called value based pricing) format. The traditional High Low format has higher prices in general, but occasionally sell certain goods at deep discounts. One of the backbones of the High Low format was that manufacturers traditionally offered retailers "trade allowances", promotional incentives to encourage retailers to advertise the manufacturers product. Manufacturers rely on advertising specials and double or triple coupons to promote certain products.

The EDLP structure borrows from the warehouse format by selling fewer products at deep discounts, but stressing overall low prices. Manufacturers have begun to move toward an EDLP pricing format. Some of the gains that retailers hope to find by adopting an EDLP format are aimed at reducing labor costs by eliminating the need for so many pricing changes, cutting promotion costs, and decreasing accounting charges by simplifying the books. In addition, EDLP theoretically allows executives to focus on a strategic picture, by eliminating the need for executives to match the latest weekly promotions of the competitors.

Procter & Gamble took the manufacturing industry lead in moving toward an EDLP format in 1992. This move was met with stiff resistance from the majority of chains that used the traditional High-Low pricing format. Vons in particular, resisted the Procter and Gamble policy, arguing that the move took control away from retailers. The Procter & Gamble emphasis on value, however, "contributed to what observers say are some of the most dramatic market share declines in the company's history, as competitors have continued to offer juicy trade allowances while P & G has reduced them."

Procter & Gamble claims that the program has been successful. First, it argues that overall volume of value priced brands is up compared to the traditionally priced brands. Second the results have simplified Procter & Gamble's production costs. Many retailers would "forward buy", that is, buy huge amounts of Procter & Gamble products when they were on special to stock up on them, and then sell them later at the regular price without buying any more of that Procter & Gamble Product. This would
force Procter & Gamble to create overtime shifts to fill the fluctuating work orders. Other stores would buy the product from Procter & Gamble at the reduced price, but then not pass that savings on to the customer.29

However, Procter & Gamble has been flexible enough so that, after fiercely resisting the new sales strategy, Vons President Dennis Eck claims that Vons is comfortable with Procter & Gamble’s new EDLP practice as long as the manufacturer leaves "enough advertising and promotional support to keep consumers interested" in Procter & Gamble products.30

As the economy continues to slump, value pricing has become more popular among retailers. Albertsons announced in July 1991 that it was switching to an EDLP pricing strategy in an effort to shore up its business.31 These pricing changes make some supermarkets begin to look more like warehouse stores in terms of pricing. Supermarkets are also borrowing heavily from warehouse formats for some of their new stores. 48% of retailers have adopted some EDLP practices to their stores, and 36% believe EDLP is a good idea.32 Yucaipa recently expanded its use of the Food 4 Less warehouse store. 33 Even Vons, a chain that has been a staunch defender of the High Low format, has designed plans to roll out a Vons Expo that borrows heavily from the warehouse and EDLP formats.34

The recession and new competition also has hurt warehouse store sales. Warehouse store saw sales increase by up to 50% per year in the 1980's. Recently, however, the clubs and warehouse stores are facing flat or declining growth. Sam’s Club, the nation’s largest discounter, saw same store sales decline by 2% in its most recent reporting period.35 Price Club and Costco, the number two and three chains, also failed to see any increases in same store sales. Many of these declines are due to rapid expansion of club stores, which has resulted in the cannibalizing of sales by new stores. Ironically, some wholesale clubs are borrowing some concepts from traditional supermarkets, especially more services and amenities to attract new customers.36

On the other hand, EDLP policies have begun to face more criticism. First, EDLP chains face credibility problems if they subsequently lower prices further.37 A good example of this problem is Lucky’s recent much-publicized campaign to cut the price on 2,500 items in its store. Lucky has been a long time proponent of EDLP. In promoting the new campaign, Chief Executive Officer, Larry Del Santo pronounces that "Times are tough. So we got tougher."38 Although the campaign will impact profits, the chain apparently took the action in an effort to regain market share, which had fallen from 18% in 1991 to 15% in 1993, according to the Los Angeles Times marketing research department.39

The Lucky’s campaign raises credibility questions about an EDLP strategy. If the chain can afford to cut prices below its EDLP level, perhaps that implies that everyday low prices are not really that low. This type of campaign makes Lucky look more like a traditional High Low operator.

Second, EDLP may work well for the first store to introduce the strategy. However, being the second or third chain to introduce EDLP may signal consumers that prices at that chain were too high.40 Furthermore, it is not clear that EDLP
pricing strategy increases market share. Analyst Gary Giblen points out that Albertsons' use of the EDLP strategy has had disappointing results in California, Arizona, Kansas and Texas.\(^4\)

Giblen also argues that High/low stocks have fared better than their EDLP competitors. This may be because High/Low operators allow customers who are seeking deals to find them by using coupons and sales, while those consumers that are not attracted by lower prices provide a higher margin for the store. He also argues that it is not clear that EDLP prices are lower than competing High/Low prices.\(^2\)

In these recessionary times, as both warehouse stores and supermarkets struggle financially, each format is borrowing the best ideas from the other format in an effort to improve sales and profitability. As warehouse stores and traditional EDLP stores like Lucky are developing more service departments and promotions, while supermarkets like Vons and Albertsons are pushed toward EDLP pricing strategies by the manufacturers and the recession, the lines between traditional supermarkets and warehouse stores begin to blur. This leads to a breakdown in the strategic groups at the high volume level.

**ENTRY BARRIERS INTO LOCAL MARKETS**

Entry barriers are high in the supermarket industry. There are four critical barriers to entry: economies of scale at an individual store and multi-store level, capital costs, real estate issues and competition from existing chains.\(^3\)

Larger stores have economies of scale just by selling a larger volume of goods. Because larger stores sell more goods they can win concessions from producers for lower cost goods. Hence, for example, while a supermarket averages approximately $6.6 million per year in sales, a warehouse store can average $25-50 million per year. With its larger sales, the warehouse store can drive down the price it receives from the supplier. If a store is part of a chain, it has even larger advantages. In addition to being able to purchase larger volumes of goods, chains also reduce advertising and distribution costs.\(^4\)

Patrick Barber of Food 4 Less notes that the Robinson Patman Act technically prevents a supplier from selling the same goods cheaper to any one store. However, most manufacturers readily get around this requirement by claiming that they are merely giving volume discounts. Thus, the lower price they charge a large retailer is not a concession to that particular retailer, but rather it is a price break that occurs at that level.\(^5\) In addition, many of the warehouse chains, for example, sell the same goods in a different size container, so that manufacturers can distinguish on price based on the quantity of the item sold. Hence, a warehouse store that only sells 2 liter bottles of soda in packages of two can receive a better price than a supermarket that sells the same soda in a traditional single bottle 2 liter size.\(^6\)

One of the most formidable costs in the supermarket industry is the capital cost to open a new store. In 1981, to stock a 25,000 square foot store can cost between $500,000 and $1 million.\(^7\) By 1991, it cost an average of $81.32 per square foot to open a new store. With the median new store at 38,000 square feet, a new store costs
approximately $3,100,000 to build, excluding the cost of land. The median price for stocking a new store in 1991 was approximately $716,000, for a total cost of $3,800,000.48 Thus the cost of opening a new store in 1991 compared to 1981 had nearly quadrupled from approximately $1 million to nearly $4 million. As a further measure of comparison, Vons has estimated that building twelve stores (including the cost of land) will cost the company $100 million dollars, or approximately $8 million per store.49

Furthermore, for a major metropolitan area like Southern California, twelve stores would not even place the new chain among the top ten competitors in terms of the number of stores.50 Again by way of comparison, when Smith's Food & Drug chose to enter Southern California, it planned to open ten stores in its first year, 1991, but build up to 75 stores within five years.51 Smith's eventually opened only nine stores in 1991.52 Still, Smith's estimated that a typical store costs them approximately $10 million, so Smith's investment in Southern California will cost approximately $750 million dollars over five years; the company has spent approximately $90 million in the first year alone.53 This type of investment is a substantial deterrent to any chain to enter a new large metropolitan area.

It is also difficult to find an appropriate site for a new store. Developers are interested in leasing to supermarkets that have a demonstrated potential to draw shoppers to a shopping center. This makes the center more attractive to other credit tenants and increases the potential for the landlord to earn percentage rents. It is riskier for a developer to lease to new and unproven stores, because these stores have not demonstrated that they can attract business. This means that the developer has to charge lower rents to the other tenants. Hence, new entries into a market will often pay more for a lease than established chains, or they will be forced to rent in less desirable locations.54

In addition, in built-out markets it is difficult for stores to find appropriately-sized sites to purchase. Cities, and particularly inner city neighborhoods, generally have fewer lots that are zoned for new supermarkets. Chains must therefore assemble parcels from many buyers. This is difficult, and often drives up the cost of real estate.55

Finally, new entrants often face fierce competition from established chains, because the older chains want to protect their markets. The larger the market share that the chain controls, the bigger the incentive for them to rebuff the newcomer. 56 Existing chains can wield market weapons to block new entrants. First they can use zone pricing to keep other chains out: when a new chain enters a market, an established chain will reduce its prices temporarily to prevent shoppers from finding better prices at the new chain. These strategies reduce the price of food to consumers in the short run, and stores can run in the red for years to discourage other chains from entering the market.

This sort of battle has recently developed in Southern California. Shortly after Lucky announced its plan to reduce the costs of 2,500 items in Southern California, The Los Angeles Times compared Lucky's prices in Los Angeles to Lucky's prices in
San Bernardino. The *Times* found that prices on 15 of the 22 items were higher in Los Angeles County than in the Inland Empire city of Upland. Only one item was more expensive in Upland than in San Bernardino. Lucky executives explained that prices were lower in the San Bernardino and Riverside Counties because there was more competition there than in Los Angeles.\textsuperscript{57} Interestingly, Smith's Food and Drug has also chosen to enter the Southern California Market in the Inland Empire.\textsuperscript{58}

A tactic that is even more hard-nosed is to buy up all of the existing sites to prevent the potential new entrant from even gaining a toehold in the area. The older chain thus overbuilds temporarily in order to keep the competition out of the market.\textsuperscript{59} As Vons moves into Yucaipa's territory in the inner city, the latter company is working to block Vons entry by attempting to purchase inner city sites before Vons can. It also has been more flexible in working with public officials in order to develop the political support for its new stores.\textsuperscript{60}

To overcome these barriers, supermarkets have adopted a strategy of entering new markets by purchasing entire chains. This strategy allows a chain to enter a market with a base of several stores at once. Chains automatically enter the market with both multi-store and (presumably) single store economies of scale. The new chain also will avoid the problems associated with having to find a site, and thus thwart any attempts by opponents to use overbuilding as a means to block their entry. Furthermore, if the new chain is merely taking control of an existing rival, then the older chains will not necessarily lose market share, and thus will not have the incentive to begin a zone pricing war. Although each store can use zone pricing and overbuilding strategies to prevent further expansion of a rival firm in the same market area, these strategies are ineffective to block entry.

**THE CONNECTION BETWEEN INDUSTRY CONCENTRATION, FOOD PRICES AND ENTRY**

These high entry barriers have given rise to several studies regarding concentration and competition in the food retail industry. Marion et. al. noted a positive relationship between concentration and profits.\textsuperscript{61} The research sought to determine how the competitive environment affects profits and prices at large US chains. The study examined the four firm concentration level (CR4) in 194 Standard Metropolitan Statistical Areas (SMSA's) across the United States. It found a long term trend of larger and fewer stores and increased concentration of food retailing. In 1948 grocery chains with 11 or more stores controlled 34\% of all grocery sales. By 1972 that number had risen to 57\%. In addition, the largest four retailers controlled 52\% of the grocery sales in the 194 SMSA's that it studied.\textsuperscript{62} This trend exploded in the 1970's and 80's. Four firm concentration of supermarkets in 164 SMSA's had reached 77 by 1987.\textsuperscript{63}

To determine whether competition reduced prices and profits, the study examined the profit and sales ratio of six chains in over fifty metropolitan areas. The study concluded that profits were higher in markets where a few firms control most of the grocery store sales. Furthermore, where a firm has a dominant share in a market
its profits are higher than where it has a smaller market share.\textsuperscript{64} The report also found that in 36 of the markets it studied there was a highly significant positive relationship between prices, market concentration and relative market share.\textsuperscript{65} Monopoly overcharges by the largest four firms accounted for 1.6\% of sales of approximately $161 million in 1974 in 32 sample SMSA's.\textsuperscript{66}

Lamm studied the correlation between prices and the one-, two-, three- and four-firm concentration levels in eighteen urban areas between 1974 and 1977 using the Bureau of Labor Statistics market basket price for food consumed at home. This study corroborated the Marion results by finding a positive correlation between food prices and market concentration. However, Lamm found that the three firm level of concentration exhibited the strongest correlation with price.\textsuperscript{67}

Lamm also found that a one percent increase in the market share of the second largest firm in the market caused an increase in prices, while a one percent increase in the market share of the fourth largest firm caused prices to fall. Thus, Lamm concluded that the "3-firm concentration causes food prices to rise with the second largest firm's share found to have the greatest impact. Growth in the fourth largest firm's share has an offsetting effect, however."\textsuperscript{68}

Cotterill and Haller studied entry of chain stores into new markets from 1971-1981 to determine whether the capabilities of a particular entrant are important in determining entry patterns. Their study concluded that the growth of a potential market has a positive impact on entry.

All firms, regardless of their capabilities are more likely to enter a market that is growing. There is some debate about whether increased concentration is a deterrent or an incentive to enter a new market. High concentration should generate higher profits which would attract new chains to that area. On the other hand, higher concentration also means that firms have more control over the market, and will be more willing and able to block the entry of new firms.

The four firm concentration level is both negatively and positively correlated with entry. For most chains, a high concentration was a deterrent to entry. However, chains that led the industry preferred to enter markets that were highly concentrated. This finding suggests that chains in highly concentrated markets can use their strategic advantage to ward off entry from all but the best managed firms in the industry. The superior firms are attracted by the anticipated higher profits of a highly concentrated market and overcome the barriers placed by the more concentrated firms.\textsuperscript{69}

Finally, it is important to note that proximity of the potential entrant to the new market is positively associated with entry, because firms can use a central distribution facility within 200 miles of their retail outlets.\textsuperscript{70}

\textbf{THE FINANCIAL RESTRUCTURING OF THE RETAIL FOOD INDUSTRY}

The decision of major food stores to expand by acquiring whole chains in new markets led to a restructuring of the food industry in the 1980's. Although mergers in the food industry were common after 1955 as a way for large firms to increase their market share, the accompanying divestitures typically balanced out the number of
acquisitions. Hence, until 1976 the Federal Trade Commission did not challenge these mergers. By 1983, the number of mergers and acquisitions clearly outpaced the number of divestitures.\textsuperscript{71} Thus, one of the side effects of the merger craze was to increase the concentration of firms doing business in most major markets.\textsuperscript{72} As noted above, with an increase in concentration, firms had greater discretion to raise prices.

This trend was evident in Los Angeles, where in 1963 in the Los Angeles/Riverside/Anaheim market 34 chains with four or more stores operated 975 total stores. By 1991 the number of chains had decreased by 59% to 14, while the number of stores operated by those chains had increased to 1,142. The average number of stores operated by each chain in this market had risen an astronomical 183% from 29 stores per chain in 1963 to 82 stores per chain in 1991. The number of stores operated by the top four chains rose from 415 out of 975 stores (42.6%) to 838 stores out of 1,142 (73.4%).\textsuperscript{73}

Firms adopted a strategy of mergers and acquisitions in order to increase their market share. Other firms restructured financially to avoid being taken over by a larger firm. Hence, firms either went private or used a poison pill to avoid a hostile takeover. Between 1979 and 1989 82% of the top twenty chains were involved in some sort of a merger or acquisition.\textsuperscript{74}

As firms borrowed money to pay for the buyouts, their debt to equity ratio increased, from 2.27 in 1986-1987 to 4.02 in 1990-1991.\textsuperscript{75} Long term debt increased from 24.9% of total equity and liabilities in 1985 to 43.7% of total equity and liabilities in 1990-91, while equity declined from 36.6% to 19.9%. This restricted the ability of firms to build new stores, or lower prices or take any action that required a significant investment of capital.\textsuperscript{76}

These mergers also had a tremendous impact on the income statement of the firms. First, since the cost of money was high in the 1980s, the firms that participated in mergers or a leveraged buyout were forced to borrow heavily. Interest payments more than doubled from .55% of sales in 1985-1986 to 1.35% of sales in 1990-1991.\textsuperscript{77} As a result net income fell from 1.19% of sales in 1985-1986 to a low of .71% of sales in 1988-1989, before rebounding slightly to .91% of sales in 1990-1991.\textsuperscript{78}

As net income dropped, the large retail chains saw their return on assets decline from 5.72% of sales in 1985 to 3.75% of sales in 1991. On the other hand, since equity in relation to assets decreased by a greater percentage than net income did, the return on equity increased slightly from 15.8% to 20.2%. In essence, in order to finance the large amounts of debts involved in leveraged buyouts, firms borrowed against their future earnings. In order to borrow this money, many of the takeover firms had to take their firms private.\textsuperscript{79}

As interest payments increased and net income fell, it became difficult for firms to finance their debt load. Firms had to generate larger cash flows by either increasing sales or decreasing costs. Since the firms had grown in size, they were able to use the correspondingly large economies of scale to force suppliers to give them better bargains. In addition, firms used the increasing need for cash as a way to drive harder bargains with labor unions.\textsuperscript{80}
Firms also improved cash flow by increasing the margins on the price of goods, both by changing the product mix that they sold, and by raising prices. They sold smaller stores that failed to generate enough cash to cover the cost of the new more expensive debt, and used the proceeds to retire debt. This left chains with only larger more profitable stores that generated enough cash to pay the increased debt loads. These factors are some of the reasons that the number of food stores of all types decreased between 1982 and 1987, but the total sales from these store increased.81

Until recently, the supermarket industry clung to the notion that bigger stores were better. From 1981 to 1987 the median size of a new store increased from 34,400 square feet to 46,892 square feet. Recently this trend has reversed itself. The median new store in 1990 had dropped to 38,000 square feet.82

The other major trends of the 1980s were the continued consolidation of supermarkets, and the movement of supermarkets from the cities to the suburbs.83 From 1970 to 1992 Los Angeles County lost 374 of its 1,068 stores, which represented 35% of the total stores in the County.84 The Los Angeles Times concluded that the number of Supermarkets in the inner city had dropped from 55 in 1965 to 30 in 1988.85 The Urban Initiatives task force of the Food Marketing Institute ("FMI"), the food retail industry trade group, also recognized that many urban areas are "vastly underserved when compared with suburban areas."86

In part, supermarkets were following the population. Since inner cities lost population during this time, supermarkets merely followed the stores out of the cities.87 This move was underscored by several economic factors. The suburbs not only had more people, they had wealthier people as well. Since supermarkets were able to build newer and larger combination stores, they were also able to increase profits by selling non-food items with higher profit margins. It was easier to build newer larger stores in the suburbs, where large tracts of land were still available. Supermarkets also had an easier time extracting concessions from expanding cities that wanted both the tax base, and the added convenience of having supermarkets located nearby for their citizens.

By leaving the inner city, supermarket chains also sought to avoid certain problems. Inner city stores were smaller and less profitable. In addition, the cost of labor, insurance, utilities, security, land, and regulatory proceedings made it more expensive for supermarkets to do business in the inner city.88

Inner city Los Angeles89 was not immune to this trend. It had 44 full service chain stores in 1975, but only 31 stores in 1991, a decline of 30%.90 This area had approximately 819,000 people in 1990. Thus, there was one full service food store for every 26,400 people. In addition, research by the Los Angeles Times indicates that taking all supermarkets into account, there were only 74 markets of any kind in greater South Central Los Angeles, indicating a ratio of supermarkets to people of 1 market to 15,198. The rest of Los Angeles had a ratio of 1 market to every 11,929 people, a difference of 22%.91

The exodus of stores from the inner city took place in the context of an overall consolidation in the industry. In 1991 the suburban San Fernando Valley92 had 88 full service chain stores.93 Based on the Valley's population of 1,335,000, there was one
chain store for every 15,200 people; this is 42% lower than the ratio of stores to people in the inner city. Between 1975 and 1991, the Valley lost 36% of its stores (dropping from 137 to 88), which was slightly more than the inner city. Thus while both the inner city and the Valley areas suffered a loss of stores, inner city residents bore the brunt of the consolidation.\textsuperscript{94}

Other comparisons highlight the limited shopping choice in the inner city. The inner city is significantly less competitive than the Valley. Seven chains operated in the inner city, while eleven chains ran stores in the Valley. One chain, Yucaipa, operated 23 of the 31 stores, or 74% of the inner city stores, and no other chain had even 10% of the market. In contrast, no chain in the Valley had more than 23% of the stores, and four chains had more than 15% of the total number of stores.\textsuperscript{95}

\textbf{EFFECTS OF THESE TRENDS ON SHOPPING IN THE CITY}

The combination of leveraged buyouts, mergers, and inner city flight has had a devastating impact on residents of the inner city, and on their shopping opportunities. The critical impacts concern price, quality, and availability.

\textbf{Price}

Several national studies have concluded that food prices in the inner city are higher. Our own original research also concluded that prices in inner city stores are more expensive than in suburban stores. For a detailed discussion of these issues, see Chapter 9.

\textbf{Quality}

Even these price comparisons are deceptive, however. In order to make a true comparison surveys must control for price and quality. Inner city stores often have lower quality foods, especially produce. In addition, because many inner city stores are smaller than their suburban counterparts, they tend to have fewer items available for purchase.\textsuperscript{96}

\textbf{Availability}

Inner city residents have fewer markets at which they can conveniently shop. Those markets that remain have higher costs. Residents thus either have a choice of shopping at higher priced inner city stores, or travelling to lower priced stores in the suburbs.

In addition, inner city residents tend to shop more at stores that are independently owned. These stores may still be part of a chain, but generally they do not have their own distribution system, and they have only a few stores. For example, the seven major chains in Los Angeles (those with more than 50 stores in the Los Angeles/ Riverside/ Anaheim markets\textsuperscript{97}) controlled 1,207 out of the 1,268 stores operated by chains in 1991, or 91% of the stores. Taking all supermarkets into account, the San Fernando Valley had 17 independent stores and the inner city had 20. Thus 32.8% of the inner city stores were independent, while only 18.9% of the Valley stores
SUPERMARKETS AS TOOLS OF ECONOMIC DEVELOPMENT

The lack of supermarkets in the inner city also deprives residents of a source of jobs. An average supermarket creates about ninety full- and part-time jobs within the supermarket company itself. These jobs are often union wage, entry level positions. They are jobs that can serve as a first employment experience. When the supermarket chains left the inner city, they took these jobs with them.

THE INDUSTRY RESPONSE

As the issue of supermarket abandonment of the inner city began to receive public attention, the food retail industry began seeking ways to portray itself as more responsive to urban communities. The Food Marketing Institute (FMI), the industry trade group, formed an Urban Initiatives Task Force shortly after the civil unrest in Los Angeles to respond to the food crisis in the inner city. The task force recognized the need to support existing stores in low income communities and assist new operators who wish to locate in such areas.

The task force noted that the "essential ingredients in the program models were local level partnerships composed of sympathetic government, strong community groups and businesses with resources, commitment, imagination and courage." The task forces recommendation broke down into four areas: Business Development, Recruitment and Development of Minorities, Partnership Efforts, and Other. Under business development, FMI wanted to encourage its members to invest in minority communities by sharing information, reducing regulatory barriers, and exchanging information between operators. The panel focussed its recommendations regarding developing minority programs in terms of partnerships with advocates as well as hiring students. The group proposed to pursue co-operative programs with such organizations as the National Urban League and the Local Initiatives Support Corporation (LISC). Finally FMI recommended that the group meet annually to review progress.

Responding to criticisms of abandoning the nation's inner cities, the food retail industry, via the Food Marketing Institute, has developed a relatively marginal (in overall industry terms) urban agenda. Because the food retail industry is being pushed into the inner city for economic reasons, FMI does not have a strategic approach to re-investment or to community partnerships in supermarket development. As will be discussed in the case study of Vons, the tentative focus on inner city investment has only slowly begun to shift toward community participation. Although the industry historically has failed to act on the principle that all people have a right to food security, supermarket chains are beginning to recognize their unique obligation to the inner city, and the opportunities that exist there for both business and the community.

5.2 INDEPENDENT AND SMALL STORES

Independent chains and small stores serve a critical function in the food
network. Since chain-operated supermarkets left the inner city, these stores have played the strategic role of supplying food and jobs to America's urban poor. In many areas of the inner city that do not have adequate access to transportation, small stores supply residents with food on a daily basis. Because they have less space, however, they offer a more limited selection of food and goods.

Small markets also have provided business ownership opportunities for minorities, and shifts in ethnic ownership have reflected trends in immigration. Many small store owners operating in the inner city find themselves in a difficult position, pressured by conflicting social and economic forces. On the one hand, they are a critical source of food for many low-income inner city residents who have few shopping choices. On the other hand, the concentration in the food retailing industry makes it very difficult for market owners to provide the nutritious, low-cost food needed by these residents. This section will briefly review some of the issues related to small markets, liquor stores and independent supermarkets which serve the inner city.

HISTORY OF SMALL STORES IN THE LOS ANGELES MARKET

One way to identify the evolution of small and independent stores is by examining their relationship to the primary wholesale operator who serviced these stores. Until the mid-1970s, most small "Mom and Pop" stores in Los Angeles' inner city were owned by Jewish businessmen. These markets generally had between five hundred and two thousand square feet of space, and were historically served by either Certified Grocers of California (Certified), a statewide wholesale cooperative, or by local cash and carry stores that were also part of the Certified network. Certified officials estimated that it had approximately 3,000 small stores in this network. Certified established a subsidiary, Grocers Special Company, to deal with the special problems of small stores.106

In the 1980s, Certified's small store business underwent several changes. First, in the mid-1980s many of these small stores were purchased by Korean grocers. Second, the supermarket consolidations of the 1980s caused several larger chains to merge with other chains and develop their own warehouse system. Certified was particularly hurt by the withdrawal of the Yucaipa chain from its network, following its acquisition of Alpha Beta. Similarly, Hughes Markets, a 59-store "independent" chain, is in the process of opening a new warehouse in Irwindale, which will further reduce Certified's volume. It also dropped its restaurant supply business. Certified lost approximately $800 million worth of business during this downsizing operation.107

As part of this consolidation, Certified eliminated its small store division. The small store delivery system was no longer efficient for small stores, because the delivery costs could be several hundred dollars per delivery.108

Competition from warehouse stores also pushed Certified into dropping the account. With the advent of the warehouse stores in the late 1970s, small stores could purchase goods cheaper there than they could from Certified. Certified could not match those prices for two reasons. First, Certified had more infrastructure than the warehouse stores did, and it had to pay more in wages. Second, Certified could not

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take advantage of manufacturers' promotions. Manufacturers offered promotional specials to larger stores, but because Certified served a large number of smaller stores, the manufacturers refused to pass the specials on to Certified unless they had a guaranteed commitment from a store to sell a guaranteed volume. Manufacturers also did not allow Certified to forward buy, cutting them off from another source of savings. The warehouse stores also undercut the 12,000 to 15,000 square foot cash and carry stores that had served as an alternate supplier to the small stores.\(^{109}\)

However, warehouse stores did not meet all of the needs of the small stores. First, because warehouse stores only purchased goods that they could buy at a discount, they offered a limited selection of candy and cigarettes, and small stores are heavily dependent upon these two items. Second, warehouse stores would only sell in large quantities. Small stores are often tight on space, and cannot buy in large quantities, because they do not have the space to store the goods.\(^{110}\)

The backbone of the small grocer business is the sale of cigarettes, candy and in some cases, alcohol. Small grocers need to be able to replace these items often, and buy them in small quantities. They have become dependent upon stocking a wide variety of both items to satisfy the divergent needs of the customers.\(^{111}\)

Recognizing the problems small grocers face in providing nutritious food at affordable prices, the Pacific Asian Consortium in Employment (PACE) has established a for-profit subsidiary, the Community Wholesale Grocers Distribution Center. The Center offers a full range of grocery products (dry goods) at prices which have been marked up only enough to cover expenses and generate a small profit. The expectation is that small grocers will pass these savings on to customers. Unlike warehouse club stores and some of the cash and carry operators, Community Wholesale Grocers is only open to resale businesses.

The PACE project is intended not only to expand inner city access to affordable food, but also to improve the management skills of store operators and assist entrepreneurs in starting new businesses. To this end, PACE's business development center provides access to training, technical assistance and financing.\(^{112}\)

In response to another problem faced by inner city operators -- the shortage of trained workers -- the Mexican American Grocers Association (MAGA), together with the Center for Employment Training (CET), recently opened a Retail Grocery Training Institute in downtown Los Angeles. Believing that a growing retail food industry will be a significant source of employment in the future, the organizers established the Institute to provide training for entry level jobs which will offer advancement to higher level management positions.\(^{113}\)

5.3 **THE LIQUOR STORE CONTROVERSY**

There has been a heated controversy in Los Angeles about whether to allow liquor stores to rebuild in the areas that were hardest hit by last year's upheaval. South Central Los Angeles has more liquor stores per capita than do other areas of the city. Many of these stores were burned or looted during the civil unrest.\(^{114}\) Now, several
organizations in South Central Los Angeles, including the Community Coalition for Substance Abuse, (CCSA) have attempted to prevent many of those liquor stores from rebuilding. They argue that the liquor stores are a blight on the neighborhood.\textsuperscript{115}

The liquor permits are valuable commodities, and so the City of Los Angeles cannot constitutionally take the permits without paying the owners for those permits. The City has made it difficult for these stores to rebuild if they want to continue selling liquor. Unfortunately, many of the small stores are not profitable if they do not sell liquor.

Several organizations, including the Asian Pacific Americans for a New Los Angeles, (APCON) have proposed developing a plan to allow small store owners who were heavily dependent upon liquor sales to convert to another type of business, such as laundromats. Unfortunately the transition to this type of business is expensive, and many small store owners do not have the expertise to run a laundromat.\textsuperscript{116}

5.4 \textbf{INDEPENDENT SUPERMARKETS}

The other component of the non-chain network are small, independently owned supermarkets. In Los Angeles, these stores have also been typically serviced by Certified Grocers. They generally receive their produce from the Los Angeles terminal market.

Independents have an advantage over chains in that they have a much flatter management structure. This allows them to respond to changes quickly. Many of the smaller chains are also non-union. Those that are union are on a plan that is not as expensive as the Master Contract.\textsuperscript{117}

One of the more innovative independents is the Numero Uno Store, located at 701 Jefferson Street, in South Central Los Angeles. Numero Uno is approximately 18,000 square feet, and has been in existence for eight years. It is in the process of opening another inner city store.\textsuperscript{118}

Store management stresses service, cleanliness, efficiency and a product mix that appeals to its largely Latino customer base.\textsuperscript{119} Recognizing that many of its customers do not own cars, the company established a free van service. The van will drive customers up to five miles depending on the volume of the packages. Because many customers had used shopping carts for carrying home groceries, this policy has reduced the cost of retrieving carts.\textsuperscript{120}

Harry Kentopian, the store’s Purchasing Manager, claims that independents will always do better in the inner city because they are able to react quickly to rapidly changing neighborhoods. He believes this flexibility means Numero Uno will always be competitive in the inner city. Since Numero Uno only focuses on inner city stores, they are more responsive to inner city needs than the chains will ever be.\textsuperscript{121}

Numero Uno has very competitive prices. It is a traditional High/Low operator, because management believes the neighborhood is very responsive to specials. It saves cost by paying non-union wages, of roughly $5.00-$12.00 an hour.\textsuperscript{122}

Numero Uno also saves money by offering a small benefit plan. It saves additional costs by attempting to hire people who have prior working experience to reduce the
cost of training. Approximately 50% of its work force is part-time.

One of the crises that small and independent stores face in the wake of the civil unrest is finding affordable insurance, and finding loans to allow them to rebuild. Many stores were either underinsured, or insured by off-shore undercapitalized companies, so that they could not collect on their insurance. Legitimate firms charge so much for insurance that many small firms cannot afford to pay the premiums. This in turn makes it difficult to receive a loan from a bank.

Independent supermarkets and small stores have operated profitably in the inner city for years. As the chain stores left these neighborhoods, the role of these independents and small stores has expanded. Chain supermarkets should follow the example of those inner city operators which have developed such innovative programs as the van service and the flat management structure which allows them to be more responsive to community needs. As chain stores move into the inner city, they may displace some of these independents and small markets. Public programs to encourage inner city investment therefore should be sensitive to the problems of existing operators. At the same time, independent supermarkets should be encouraged to hire union workers.
Endnotes

1. Marion, 1979, 294.
2. Adkins, Chapter 1.
3. Adkins, Chapter 1.
4. Marion, 294.
5. Adkins, Chapter 1.
6. Marion, 1979, 294.
7. Marion, 1979, 297.
8. Marion, 295.
11. Marion, 1979, 300.
12. Marion, 1979, 304.
13. Marion, 1979, 300.
16. The major holding of the Yucaipa Company is Food 4 Less. Food 4 Less operates several chains, including Boys, Viva, Alpha Beta and Food 4 Less. To avoid confusion, I have used the name Food 4 Less to refer to the Food 4 Less chain, and Yucaipa to refer to the Food 4 Less Corporation that runs the 4 chains.
17. Barber, Patrick. Vice President Real Estate Food 4 Less. Interview with Marc Dohan and Linda Ashman. La Habra, CA 5 March 1993.
22. Marion, Heimforth and Bailey. 196.
23. Barber, Patrick. Interview.
27. Johnson, Bradley. 4.
29. Lawrence. 1. Other analysts argue that Procter & Gamble’s new plan was really driven by its $3 billion annual relationship with Wal-Mart, which is by far its largest customer.
30. Lawrence. 1.
32. Dell. 36.
33. Barber, Patrick. Interview.
36. Reuters, "Warehouse Club Industry Gets Competition in Bulk."
37. Dell. 36.
40. Dell. 36.
42. Giblen. 34.
43. Marion. 312.
44. Marion. 312-314.
45. Interview with Patrick Barber.
46. Barber, Patrick. Interview.
47. Marion. 315, quoting FTC v, Grand Union
50. Based on the Los Angeles Times Marketing Service list of chain stores.
54. Marion. 315.
55. Barlow, Curtis. Interview.
56. For example, if the total market is $1 billion dollars, and the new entrant captures 8% of the market, a chain that controls 10% of the market will lose up to $171,200 per year in profit. A chain with 30% of the market will lose $1,202,400 per year net profit. Marion. 316.

58. Barlow, Curtis. Interview.

59. Marion. 316.

60. Barber, Patrick. Interview.

61. Marion et. al.: 2.

62. Marion et. al.: 1.


64. Marion et. al.: 1.

65. Marion et. al.: 3.


68. Lamm.: 76.


Note that Anderson reviewed a number of studies of food prices and concentration and concluded that efficiency, not concentration or monopoly power may be the reason for greater profits. (Anderson, Keith. "Structure-Performance Studies of Grocery Retailing: A Review." in Cotterill, Ed. *Competitive Strategy Analysis in the Food System* 1993.: 204.

He noted that in order to compare prices and profits, one had to account for the different cost of doing business in different SMSA's, and that Marion did not adequately account for these different costs in examining the profits of different firms. He also claimed that Marion did not account for the efficiencies of larger firms, or that certain firms will charge higher prices in order to offer superior service. (Anderson. : 205-206.

Geithman and Marion and Cotterill dispute Anderson's conclusions. For the purpose of this study, however, the critical issue is that concentration has increased over time, and that it is becoming increasingly difficult to enter new markets. Although this conclusion is related to the discussion of whether profits and prices are linked to firm concentration, this inference is not the center of the debate. See, Geithman, Frederick and Bruce Marion, "Testing for Market Power in Supermarket Prices: A Review of the Kaufman-Handy/ERS Study" in Cotterill Ed., *Competitive Strategy Analysis in the Food System* 1993.: 253.


72. Geithman, Frederick and Bruce Marion. 253.
73. Figures are derived from maps supplied by the Los Angeles Times marketing department for 1963 and 1991.
74. Cotterill, Ronald. Testimony before the House Select Committee on Hunger. 30 September 1992. 11.
76. Cotterill, Ronald. Testimony before the House Select Committee on Hunger. 21.
78. FMI Statistics 1991, and Cotterill, Ronald Testimony before the House Select Committee on Hunger. 19.
79. Cotterill, Ronald Testimony before the House Select Committee on Hunger. 22-23.
80. Cotterill, Ronald Testimony before the House Select Committee on Hunger. 22-23.
81. Cotterill, Ronald Testimony before the House Select Committee on Hunger. 2.
89. Inner City Los Angeles is defined here as the area between I- 10, I- 5, Alameda Blvd. 91 Freeway, and Crenshaw Blvd.
90. A full service chain store is defined as a store that carries a full line of food including produce and meat is a member of a chain that has four or more outlets.
91. Weinstein, Henry and George White, "Vons to Open 12 Stores in Inner-City Locations." AI.
92. Defined as the City of Los Angeles North of Mulholland Drive, the City of San Fernando and the City of Burbank.
93. A full service chain store is defined as a store that carries a full line of food including produce and meat is a member of a chain that has four or more outlets.
94. Figures, Compiled from U.S. Census data, and from Los Angeles Times marketing department map of chain stores.
95. This analysis was compiled based on information compiled by the Los Angeles Times marketing department 1991 map of stores in Los Angeles County.
97. The Chains are: Vons 299, Lucky 222, Yucaipa 217, Ralphs 166, Stater Brothers 144, Albertsons 100, and Hughes 59. The top four chains, controlled 71% of the stores in this market.

98. Figures from Los Angeles Times Market Research Department and The Grocers Journal of Southern California. January 1991. The definition of inner city is slightly larger using these figures, it extends East to the Long Beach Freeway. Also, the Valley figures do not include Burbank.

99. This figure is based on total number of hourly jobs and number of stores, Vons operates as reported in the United States Security and Exchange Commission, Form 10-K for the Vons Companies. 3 January 1993.


103. FMI Urban Initiative Task Force.: 8.

104. FMI Urban Initiatives Task Force.: 8.


111. Morgan, 8 March 1993.


122. The majority of food clerks on a union scale earn between $8.80 and $14.70 per hour. Zinder, 5 March 1993. See the price survey for information on the store's prices.


124. Large chains like Vons do not face this problem, because they self insure against this sort of disaster.
Chapter 6

Supermarkets in Los Angeles - A Case Study of Vons

6.1 INTRODUCTION: WHY VONS?

Over a long period of time we simply lost sight of the opportunity that existed in the neglected areas -- and shame on us for being so late to rediscover the opportunity. As a responsible corporate citizen and a leading area retailer we recognize the need to be at least a part of the solution -- not a compounder of the problem.

--Roger Stangeland, The Vons Companies Chairman

The presence -- or absence -- of full-service supermarkets in areas like South Central Los Angeles in recent years has become a powerful indicator of the status of the food system in the inner city. South Central Los Angeles has almost 25% fewer supermarkets per capita than other areas of Los Angeles County. Residents of inner city neighborhoods have watched the number of supermarkets decline for the past twenty years. Moreover, studies have shown that the poor pay more for food than do middle class residents of the suburbs; our own study (reported in Chapter 9) supports this conclusion.

It is against this background that Vons, Southern California's largest supermarket chain and the nation's ninth largest, made a dramatic announcement on July 25, 1992 to invest $100 million to build ten to twelve stores in the inner city.\(^2\) Seven to eight of these stores were slated to be built in the areas hardest hit by the civil unrest. The remainder were targeted for poor inner cities in other communities such as Pomona and Las Vegas.\(^3\)

Vons announcement was heralded as the beginning of a successful plan to rebuild the inner city. Former Rebuild Los Angeles ("R.L.A.") Chairman Peter Ueberroth praised Vons for making a commitment to the inner city, noting that "It takes courage to be first, [and] they've provided a Good Housekeeping Seal of approval to all those corporations throughout America who wonder: 'Should we really invest in the inner city?'"\(^4\) A Los Angeles Times editorial proclaimed that the Vons plan is "an outstanding commitment [that] is exactly what is needed to help rebuild Los Angeles."\(^5\)

Since Vons' announcement, other supermarket chains have followed Vons' example and disclosed plans to build in the inner city. Smart & Final declared that it would build twelve stores worth $50 million, while the Yucaipa Company, the inner city's leading supermarket chain, had pledged to rebuild its 44 damaged stores at a cost of approximately $40 million.\(^6\) In addition, Lucky is preparing to reveal plans to build at least four stores,\(^7\) and Ralph's recently announced an inner city investment plan. As the Los Angeles Times editorial board argued, Vons' decision signaled the end of thirty years of abandonment of the inner city that began with the Watts riots in 1965.\(^8\) More
importantly, the decision of major supermarket chains appeared to signal to corporate America that now was the time to invest in the inner city. By January 1993, however, Peter Ueberroth, speaking at a conference of the Food Marketing Institute ("FMI") noted that, "There's only one industry that's stepped forward [to invest in the inner city] and I'm speaking to it, and I'm grateful." In fact, approximately 30% of R.L.A.'s announced inner city investments have come from the supermarket industry.

Given its significance for both the food system and economic development, we have completed a case study of the Vons Company and its decision to invest in the inner city. Vons is the natural choice for such a study. It has made a high profile commitment to invest in the inner city. It is Southern California's largest supermarket chain, with 345 stores in Southern California (the counties of Los Angeles, Orange, Ventura, Riverside San Bernardino, San Diego, Kern, Santa Barbara, San Luis Obispo, and the city of Fresno) and Clark County (Las Vegas) Nevada. Further, it has taken a leading national profile in FMI's push to re-invest in the inner city. Vons executives played a key role on the FMI's Urban Initiatives Task Force, and Vons' Chairman, Roger Stangeland, is the new Chairman of FMI.

This chapter examines the reasons why Vons chose to invest in the inner city and its plans for operating stores in such neighborhoods. The case study of Vons is divided into two sections: an analysis of the Vons Company and in-depth examination of Vons' decision to invest in the inner city, with a particular focus on the company's operational plans for its future inner city stores.

Vons executives have provided two reasons for their decision to invest in the inner city: it makes good economic sense and it meets their obligation as a good corporate citizen. This analysis concludes that while corporations do have a responsibility to the inner city, Vons officials made the decision to invest because they believed inner city stores could be profitable.

Vons' decision to invest in the inner city was driven primarily by the industry's and the firm's financial structure. After writing down much of the debt that it had incurred in the 1980's, Vons was in a position to incur modest amounts of additional obligations. The company was pushed to invest in the inner city by the success of other retailers, and the relative freedom from competition there. Although the inner city is not central to Vons' financial future, the company believed that one strategy for maintaining its number-one market share was to prevent other chains from cornering the potentially lucrative inner city market.

Vons' analysis assumes that the company can operate inner city stores at a profit. After abandoning the inner city, like many other supermarket chains, Vons must relearn how to tackle the inner city's unique problems, such as: lack of land; higher permitting fees; poor security, both for people and for the physical plant; an insufficiently trained work force; and an impoverished population whose ethnicity varies substantially from that of a typical suburban population.

Company officials believe Vons can overcome these difficulties by targeting inner city customers who are not impoverished, adapting store sizes to fit smaller inner city lots, selling larger volumes of high margin goods and, if necessary, increasing
prices and decreasing wages. Despite the advice of consultants that stores must be part of the community, the company has declined to see stores as community projects. Rather, it has sought complete control of stores while limiting community input to polls, focus groups, and conversations with neighborhood organizations.

Thus, Vons has sought to develop inner city stores as part of an overall strategy to retain its dominant position in the Southern California retail food industry. The inner city strategy is not central to the Company's health, but it is one important piece.

6.2 RESTRUCTURING THE COMPANY

The Vons Grocery Business Company was launched in 1906 in Southern California when Charles Von de Ahe opened a market at 7th and Figueroa Streets in Los Angeles. However, the modern era for the company began in the late 1960's.\textsuperscript{10}

In December 1987, Vons entered an agreement to acquire the Southern California Safeway stores for $325 million and approximately 12 million shares of Vons Stock from Kohlberg, Kravis and Roberts (KKR), a leading leveraged buyout firm. Vons borrowed heavily to acquire 162 retail supermarkets and the distribution and processing centers that supported them. In return, KKR, which had helped Safeway go private, received 35\% of Vons shares. Safeway is a an affiliate of KKR.\textsuperscript{11}

The Vons company thus followed the quintessential supermarket path of the 1970s and 1980s. It started out as a local chain, then went through a series of corporate reorganizations and mergers before emerging as the Vons that today operates in Southern California. Vons' heavy borrowing allowed it to become the ninth largest supermarket chain in the United States.\textsuperscript{12} Vons has since worked to reduce its debt level and return to profitability.

FINANCIAL PERFORMANCE\textsuperscript{13}

To understand why Vons considered an expansion in the inner city to be a good business decision, one must have a picture of Vons' financial structure. This section of the report will examine Vons' Balance Sheet, Income Statement and Cash Flow Statement, focusing on the Company's performance since it acquired the Safeway Stores. This section of the report explains why Vons was positioned financially to expand. We will see that the Company had reduced its debt, increased its income and had developed a healthy cash flow.

Balance Sheet

One of the legacies of Vons acquisition of Safeway's Southern California stores in August, 1988 was a huge debt, which severely restricted its ability to invest in new property, plant and equipment. Since that time Vons has reduced its debt level to a comfortable range through the sale of assets and by issuing new stock.

In this respect, Vons was in a position similar to many supermarket chains which expanded by issuing junk bonds in the 1980s. These bonds provided the capital for firms such as Vons to purchase other corporations. They also forced companies to generate enormous amounts of cash to service the debt. Vons was no exception.
At the time of the Safeway merger, Vons was heavily leveraged; its long term debt to equity ratio was 3.28 to 1. By last year the Company had cut this figure by over 50% to 1.48 to 1. By way of comparison, Vons' current debt to equity ratio compares favorably with the FMI Annual Report of the industry's average long term debt to equity ratio which was approximately 2.19 to 1 in 1990-91. By the same token, the Company was operating under severe restrictions when it acquired Safeway. Vons reduced its long term debt by following two basic strategies: (1) by retiring debt, some of which was achieved through the sale of underperforming assets, and (2) by increasing the amount of equity approximately 12% by issuing some 5 million more shares of stock.

In 1992 the company reversed its pattern of retiring debt. That year, long term debt increased to nearly 13% to $732 million. Since the Company has been able to increase its debt levels without increasing its long term debt to equity ratio, Vons appears to be comfortable with this level of debt. Moreover, analysts have noted that Vons might have to further increase its long term debt in the future, because the Company has already announced a more ambitious building and acquisition schedule than it released in its annual report. It plans to spend nearly 16% more than the $255 million it had announced.

Vons assets have been stable during this time period. Last year Vons increased the value of its assets from $1,863.2 million to $2,066.0 million. Most of this increase resulted from the increase to Vons Property Plant and Equipment.

In sum, the company appears comfortable maintaining its current level of debt. If necessary, it is capable of taking on additional debt in order to undertake further expansion. Vons' confidence that it can safely incur more debt means that the company has the ability to borrow money to protect its market share by building more stores.

**Income Statement**

Income is a barometer for the firm's health. In the years after the Safeway merger, Vons income and retained earnings were both negative. For the past three years, however, the firm has had a healthy net income. There are actually three critical indices to examine in this area: sales, operating income and net income.

Sales performance is a measure of whether the company is attracting customers. In 1990, Vons' sales were $5,333.9 million. Two years later sales rose to $5,595.5 million, a 4.9% increase. The overall rise in sales reflects both an extra week in the fiscal year and the addition of eighteen Williams Brother's stores.

Same store sales, however, actually decreased 2% between 1991 and 1992. Management attributes this decline in sales to the recession in Southern California and to the adverse effect of new stores and remodels by Vons competitors.

Although Vons' same store sales dropped last year, Vons may not have lost these customers to other chains. Most leading chains in California saw an even larger drop of same store sales. Thus, rather than losing market share, it appears that shoppers are spending less money in grocery stores. According to analyst Gary Giblen of Paine
Webber, Vons may have actually gained market share, because other chains saw an even higher same store decline.\textsuperscript{20}

If Sales measures whether the Company is able to attract customers, operating income is a proxy for the expenses the Company incurs to sell products. The lower the operating income, the higher the profits left over at the end.

Vons' operating income has risen steadily since 1989, when Vons successfully integrated the former Safeway stores into its distribution system. In December 1990, Vons first profitable year since the merger, the Company's operating income was $181.0 million dollars (about 3.4% of sales). In 1992, the Company's operating income had risen to $219.1 million dollars (3.9% of sales).\textsuperscript{21}

The total cost of selling did increase from \$5,152.9 in 1990 to \$5,376.4 in 1992. This 4.3% increase was less than the 4.9% rise in sales. Vons management attributes this increase to "the larger number of higher margin departments in affected stores" and increased capital spending. Vons' operating income compares favorably to the industry average: 3.68% of sales versus 2.61%.

The last critical measure of the Company's health in this area is the company's net income, or bottom line. Net income deducts taxes, interest payments and extraordinary items from a company's operating income. Vons' restated net income decreased in 1992 compared to 1991, but rose compared to 1990 income. In 1992, Vons net income was \$53.8 million or 1.0% of sales.\textsuperscript{22} Part of the decrease in net income is attributable to the recent change in accounting rules associated with medical and retiree benefits and reporting deferred income tax.\textsuperscript{23}

Vons offset these extraordinary changes by taking advantage of recent lower interest rates to reduce its interest expenses from \$97.6 million in 1990 (1.8% of sales) to \$71.5 million (1.3% of sales) in 1992. Vons appears to have refinanced or retired most of its outstanding expensive debt at this point in time. Vons' performance compares favorably with industry averages. The 1991 FMI survey showed that after-tax profits as a percent of sales in 1990-1991 was .96% compared to the Vons figure of 1.12%. Vons interest expense, however, was higher than most stores. In 1991 it was 1.61%, while the industry average was only 1.35%.

Future trends are less clear. During the first quarter of 1993, Vons saw a drop in same store sales of 8.3%.\textsuperscript{24} During this same period, Vons' selling and administrative expenses continued to rise.\textsuperscript{25} Despite these figures, the company's operating income continued to rise from 3.5% in the first quarter of 1992 to 3.6% during the first quarter of 1993. The company credited this improvement to the ability to raise prices, an improved product mixture and favorable buying opportunities.\textsuperscript{26}

Thus, the company's earnings have appeared strong. Although Vons suffered an extraordinary drop in same store sales in the first quarter of 1993, it has managed to increase its market share and maintain a healthy net income. This healthy net income has been part of the reason why the Company has been able to reduce its debt to equity ratio. (As net income rises, retained earnings also rise, which increases equity.) Furthermore, since the Company does not pay dividends, Vons' management has been able to invest its profits into the company.
Cash Flow

Cash flow measures how a company generates cash to pay its bills. A company with strong cash flow is able to finance more of its expansion internally, which helps to reduce debt and increase net income.

Vons is a cash rich operation. It generates cash from its operations, its revolving credit facility, and from refinancing debt. Vons uses most of this cash to remodel its stores and occasionally to acquire other chains. In 1992, the company’s operations provided $268.7 million in cash, nearly double the cash from operations in 1991.\(^{27}\)

Vons operations provided enough cash so that the company could finance its operations internally. In 1992, the company used most of its cash ($266.5 million) for capital purchases, $49.1 million of which was associated with the purchase of the Williams Brother’s stores. Of the remaining $217 million, $188.0 million was used to build new stores and remodel existing ones.\(^{28}\)

Financing activities absorbed only $.6 million in cash in 1992, at the same time that the company refinanced its debt and reduced interest payments 17% (from $86.4 million to $71.5 million).\(^{29}\) The company repurchased $304.0 million in subordinated debentures in 1992 and then reissued $250 million in senior subordinated debt.\(^{30}\)

Vons thus finds itself in a position of having purchased most of the expensive debt that it had issued in order to acquire the Safeway stores. The repurchased debt was in the 12% to 13% range, while the reissued debt was in the 8% to 9% range. Unless interest rates fall again, the company will probably not be able to reduce its interest payments by refinancing its debt.

Vons' overall financial position thus is very healthy. It is no longer weighed down with debt, and hence it can acquire new stores. Although same-store sales are down, the company's earnings remain healthy. The company's strong cash flow places it in the enviable position of being able to finance most of its new development internally. From a financial position, the company is poised to expand. Hence, the decision to invest in South Central makes good financial sense at the corporate level.

REAL ESTATE\(^{31}\)

In order to understand Vons' decision to invest in South Central, we must understand where the company’s stores are located. One of the limitations on large chains is that it is more difficult for them to find appropriate sites. If they build a new store too close to an existing store, they will simply cannibalize the sales from their own store. Vons chose to invest in the inner city because it had fewer stores there than it did elsewhere. However, in order to appreciate the difficulties that the company faces, we must understand the existing conditions in the its real estate department and its future plans.

The two major areas for the development department are refurbishing existing stores and building new stores. The company’s goal is to have 80% of its stores be either newly built or remodelled within the last five years. Since 1988, Vons has remodelled or upgraded a total of 339 of its stores. It had planned to remodel 62 stores
and upgrade 19 more in 1992, but failed to meet this goal, falling approximately 13 stores short. Since 1988, the company has built 32 stores, including eight stores last year, three short of its goal. Vons' building program appears to be expanding. The company had originally planned to build ten to fifteen stores in 1993. It has since set a goal of fifteen stores, and increased its budget accordingly.

Vons' decision to invest in the inner city was made by Garrett Nelson, Vons Executive Vice President and Director of Development, who concluded that there were 1.7 million people in the South Central Los Angeles area who were not located near a Vons store. Since Vons was in a financial position to expand, it needed to find an appropriate market in which to build. One of these markets was inner city Los Angeles.

Vons' current real estate holdings are spread throughout Southern California. Of the 345 stores Vons operates in Southern California and Clark County, Nevada, the company leases 258 and owns 87. 215 of the leases included percentage rent clauses in the range of 1% to 1.5% of gross sales.

Vons also has real estate set aside for its distributing and manufacturing operations. On the distribution side, Vons has four warehouses. Its Jersey Maid division has a milk processing plant, an ice cream plant and a bakery that it leases in the City of Commerce, California. Vons used to operate a milk processing facility in South Central Los Angeles at the corner of Vermont and Slauson Avenues. This plant has been closed, and the Company now subleases an ice cream plant in Vernon.

Vons is moving toward a larger store format. The new formats average 42,000 square feet, while the traditional Vons store averages only 29,000 square feet. The company has only opened one new Vons store since it acquired Safeway, while most of its expansion has been in the upscale Pavilion's category.

Vons Vice President for Real Estate, Curtis Barlow, said that the company does not want to open any stores that are smaller than 35,000 square feet, and that ideally the stores would be in the 50,000-65,000 square foot range, or even larger. In particular, Barlow wants to be able to compete effectively with the new and larger Smith's stores. Vons recently opened a new Super Combination store in Simi Valley, a take-off of the larger Smith's Food and Drug formats, which tend to be between 70,000 and 80,000 square feet. The giant Simi Valley store needs to generate sales of between $500,000 and $750,000 per week to succeed, according to industry analysts and Vons officials. These kind of new stores stress higher margin non-food products, and include several stores within a store. The Company plans to open at least four new Super-Combination stores in the next year and half.

Vons also recently unveiled a proposal to develop a new store format called Expo, which would feature Every Day Low Prices ("EDLP"), and would be around 80,000 square feet.

Building larger stores plays to the Company's strength. Union officials observed that Vons operates larger stores more efficiently than it does smaller ones. However, this strength does not appear to be very useful in Vons' attempts to build inner city stores. It is difficult to build large new stores in the inner city where real
estate is more expensive and parcels are difficult to assemble.\textsuperscript{45}

Furthermore, many supermarkets originally abandoned the inner city because those stores were generally older, and therefore smaller. For this reason, both prior to and shortly after its Safeway acquisition, Vons had appeared ready to reduce, and perhaps forsake entirely, its inner city operations. The company sold one of the inner city Safeway Stores (at Central and Adams) to Jons. Vons also sold many of its smaller inner city stores to Jon's before the Safeway merger.\textsuperscript{46}

Thus, although Vons' decision to invest in the inner city makes sense from the point of view that the inner city represents a ripe area for Vons to expand, the decision represents a dramatic change in the company's new store development format. In particular, the rest of the company's operations appear to be moving them toward developing and operating large stores, which is difficult to do in the inner city.

\textbf{EMPLOYMENT}\textsuperscript{47}

The Vons move into the inner city has been hailed as a way to provide jobs for inner city residents. On average, a Vons store employs slightly less than 100 full and part time employees. Vons predicts that its new inner city stores will generate a total of one thousand and two thousand new jobs.\textsuperscript{48} To place these figures in perspective, it is important to understand Vons' overall employment situation, and in particular the company's relation to the union that represents the vast majority of its employees.

Vons employed 32,300 full time and part time employees in 1992, 29,800 of them union members. Vons continued a two year trend of increasing the total number of full time employees and decreasing the number of its part time employees, resulting in a net loss of some 600 jobs between 1991 and 1992.\textsuperscript{49} This trend can be explained both by the increase in the number of full time union employees, and by the weak Southern California economy.\textsuperscript{50} The union representing most of these employees, the United Food and Commercial Workers Union (UFCW), reported that it had experienced a softening in the number of hours that its members worked.\textsuperscript{51}

Vons is a member of the Food Employers Council ("FEC"), which must renegotiate a new contract with the UFCW by October 1993. As a member of the Food Employers Council, Vons must pay into union funded health and pension plans, which is a very comprehensive, and therefore expensive, plan.\textsuperscript{52} Finally, it should be noted that Chairman Roger Stangeland received a total compensation in 1992 of $2,129,611 including stock options, placing him among the one hundred most highly paid executives in California.\textsuperscript{53}

Because all the major chains negotiate with the Union together as part of the Food Employer's Council (and consequently pay the same wage, health and pension benefits), no employer can compete with the others on the cost of labor. There are a few chains that have reached agreements with the Union that require them to pay less than the Master Contract rate, including Tianguis, but generally union pay does not represent an area of competition between the chains.\textsuperscript{54}
VONS STRATEGY

Given the background on Vons' financial, real estate and employment situation, it is possible to evaluate Vons strategy to invest in the inner city. Vons' business plans call for it to remain the market share leader in the Southern California market. Vons' internal figures showed that it had 24% of the Southern California grocery market in late 1992. It is not actively seeking to expand beyond the Southern California market at the present time, but it is concerned that Southern California is becoming more competitive. To reach its goal, Vons has adopted a three-part strategy: (1) build enough stores to maintain its advantage over its rivals, (2) use a merchandising strategy that increases the margins on its products by refurbishing existing stores, and (3) develop store formats that allow the company to cater to the diverse needs of Southern California shoppers. Vons' inner city strategy is a critical link in the Company's first strategy, because the inner city has been largely ignored by the Company to date.

Vons maintains that the Southern California market is becoming more competitive. As stated in the company's 1992 10-K report filed with the Securities and Exchange Commission (SEC).

The company believes that in recent years the increase in the number of competitors' stores and the entrance of new competitors in the market areas have intensified competition, and this trend is expected to continue. In addition, convenience stores, drug stores, specialty stores, warehouse stores, membership discount stores and fast food and other restaurants compete for the same customer.

Vons executives in particular expressed concern over Smith's Food and Drug and Walmart's recent entrance into the Southern California market.

In order to compete with the other retail chains in Southern California and maintain its number one market share, Vons believes it must open 15 to 20 new stores per year, in addition to its potential chain acquisitions. Inner city locations are expected to account for approximately 16% of the Company's new store locations in the next five years.

Vons' merchandising strategy is to "enhance its operating margin through maintenance and introduction of various merchandising and technological innovations such as... floral shops, pizza modules, Chinese kitchens, sushi bars and candy shops...." To accommodate these higher margin departments, the Company plans to build larger stores, as discussed above. The Company also has an ambitious plan to remodel an additional 65-70 stores in 1993. This expensive program costs approximately $1.4 million for each remodel. Stores remodeled in 1990 had sales that averaged approximately 15% higher than in 1991. The company believes the upgrades produce better operating results, because the new stores "generate higher gross margins and build store traffic." The remodeled stores allow Vons to sell more expensive products, reduce the cost of operations and increase store traffic. The company has met its goals of having 80% of its stores new or remodelled in the last
five years. The total cost to Vons to upgrade and build new stores in 1992 was $188 million dollars. In 1993, Vons expects to spend approximately $250 million on building new stores and remodelling existing ones.66

Vons final strategy is to use different store formats to attract different customers. Among its three separate Retail Business Units -- Vons, Pavilions and Tianguis -- the Vons RBU is the traditional supermarket that caters to the "average" shopper. Pavilion's is an upscale store, specializing in fresh produce. It has slightly higher prices, and is designed to cater to "clientele conscious of food fashion, who typically spend more discretionary income on food and food-related items"67

The Tianguis stores were developed to cater to Southern California's Latino population, and hence are important to the company's inner city strategy. These stores are laid out around a series of high service specialty departments such as a bakery and a butcher. All the employees are bilingual and there are more foods and promotions that are targeted to appeal to Hispanic customers.68 Since the inner city is so heavily Latino,69 one would have expected the company to push Tianguis as its inner city store. Vons officials, however, appear to be leaning toward using the Vons format for most of the inner city stores.

Interestingly, both the UFCW and one of Vons rivals note that Tianguis is having financial problems. In 1988 Vons had ten Tianguis. It now has only nine, even though it receives preferential treatment from the union. The union claims that the Tianguis store is difficult to operate because it has high labor costs, and because the boycott by the United Farmworkers against Tianguis over the issue of carrying grapes has hurt the Company.70 Vons' contradictory stance -- appealing to a Latino consumer with Tianguis, yet opposing a union with powerful Latino roots -- may not bode well for Vons inner city stores, most of which have been targeted for heavily Latino areas. This may explain why the company is not pushing for Tianguis formats in inner city locations.

As noted earlier, Vons overall business strategy is to retain its leading position in the competitive Southern California Market. The company saw an opportunity to improve its market share by launching a plan to build stores in the inner city. This strategy allows Vons to avoid direct conflicts with some of the newer rivals that are entering the Los Angeles market in the profitable suburbs. With the takeover of Southern California's Safeway stores, Vons concluded a period of expansion and debt accumulation that positioned the company in the overall market, but continued the overall industry trend of abandoning its inner city stores. As it repositioned itself for growth by retiring its debt, the Company encountered new competition in the suburbs. Vons' countered this competition mostly by remodelling its new stores, and continuing a modest program of store expansion. Vons' decision to reverse years of abandonment of the inner city and reinvest there was made with an eye to maintaining its market share in an increasingly competitive market. However, the company has yet to develop a format for its inner city stores. The development of the Tianguis RBU in 1987 appeared to be the natural format for many inner city stores, but it was apparently unsuccessful. Hence the company must still develop an inner city format that will
attract customers and prove profitable.

INVESTOR REACTION TO VONS, AND FUTURE EXPECTATIONS

Since the 1989 merger with Safeway, investors have generally been pleased with Vons' performance, and its stock has risen in price.\textsuperscript{71} Vons' stock is currently trading at approximately $23.00 per share.\textsuperscript{72} Vons' inner city strategy appears to have had a positive, though small, impact on investors.

Vons' projected earnings for 1993 are slightly less than $2.00 per share, giving it a price to earnings ratio between 11 and 12 to one.\textsuperscript{73}

Although Vons has decreased its interest expense over the past few years, investors do not see further reductions taking place there, because Vons has refinanced most of its debt. Vons has already increased the amount of its capital expenditures that it expects to make next year from what it reported in its annual report. Vons now expects to spend $255 million on capital expenditures in 1993, which is $40 million over what it had announced in the 1992 10-K report. Investors believe that Vons may not be able to fund this expansion internally, and might be forced to incur further debt.\textsuperscript{74}

Analysts also expect that the weak Southern California economy will continue to hurt the company. First quarter same store sales are already down 8% compared to last year. Without further population growth, analysts do not see any increasing sales.\textsuperscript{75}

In addition, Vons appears to have tapped out its ability to further increase its profit margins. First, most of Vons stores are now upgraded, leaving little room for introducing profitable departments such as a Deli department. Another area in which Vons has traditionally increased its margins is by increasing its prices above the level of inflation. This may be difficult to do as the recession continues to pull on shoppers' wallets. Vons is improving its buying strategies.\textsuperscript{76}

With decreasing sales, no sign of a further lowering in interest costs, and only slight prospects for better margins, Vons must either reduce its tax rate, its administrative costs, or the cost of buying to increase its margin. There is no sign of decreasing taxes, and historically Vons has not been able to reduce its administrative costs. In fact, first quarter trends indicate that Vons increased its administrative costs, because of increased labor costs.\textsuperscript{77} They did reduce the cost of buying in the first quarter and consequently increased earnings. It is unclear if it is going to be possible for the retailer to continue to reduce that cost.

Furthermore, Southland supermarket companies have become engulfed in an advertising battle that stresses low prices. As same store sales continue to slide, supermarkets have begun to compete over price rather than on such traditional Vons strong points as service and selection.\textsuperscript{78}

Investors initially reacted favorably to Vons' plans to invest in the inner city, noting that with Smith's and other food chains expanding their operations in Southern California, the inner city offered less competition.\textsuperscript{79} The company has not promoted its inner city expansion plans very heavily among investors. While the company's annual review mentioned its $100 million investment program in the inner city, the 1992 10-K
did not. From a financial point of view, Vons’ plans to invest $100 million over the next five years is a modest investment compared to the $255 million that the company plans to spend this year alone on new store development. If the Company were to continue to invest $255 million per year for the next five years, Vons inner city investment would amount to 7.8% of the Company’s total capital development budget.

Analysts have mixed reviews about the Company. They note that the Company has exhibited strong trailing earnings, and there is the possibility that Vons will be in a position for increased growth if the economy turns around sooner than expected. Still other investors like High-Low supermarket stocks and point out that as recently as January, 1993, Vons appeared to be outperforming the market.

In general, Vons problems appear to be tied to the weak California economy. If the economy is weak, and consumers focus on value and price, that makes it more difficult for all stores to turn a profit. For a store like Vons that stresses its service and product selection, it is even more difficult, because it has to compete on turf that is not its traditional strong suit.

6.3 INNER CITY STRATEGY

"We are [not building stores, because we are] do gooders or philanthropists. New stores in neglected areas can be good business for Vons."

--Roger Stangeland, Vons’ CEO, and Chairman, at a news conference announcing Vons decision to build twelve inner city stores.

INTRODUCTION AND OVERVIEW

This section analyzes Vons inner city expansion plans and potential strategies for government officials and community groups in response to these plans. It examines the history of Vons in the inner city, details the unique difficulties that Vons and other stores face in developing and operating stores in these neighborhoods, and examines Vons’ effort to develop an inner city store format. It also surveys the strategies that other chains and independents have taken to develop and run inner city stores.

Vons has announced that it plans to build twelve inner city stores in the next five years. Eight of these are to be in an area that is broadly defined as South Central Los Angeles. Four others are to be located in inner city neighborhoods in Las Vegas, Pomona, and perhaps San Diego.

Vons first planned to develop stores in the inner city in April 1992, prior to the civil disorders that erupted later that month. Vons’ commitment to the inner city was explicitly driven by market forces, and was proposed within the company by Garrett Nelson, Vons Executive Vice President and Director of Development, who argued that the South Central Los Angeles area was a missed opportunity. The inner city effort was formulated as part of a broader strategic shift within the company related to the slowing down of the remodelling process, which had been the cornerstone of the Company’s strategic plan since the Safeway acquisition.

After the civil unrest, Vons decided to recast its plans to invest in the inner city

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as part of R.L.A.'s high profile plan to invest in South Central Los Angeles. Vons named Joseph Raymond Senior Vice President of Urban Retail Development and appointed him to direct its inner city operation.88

VONS INNER CITY STORES: CURRENT STATUS, HISTORICAL PERSPECTIVE

Vons has not had a large presence in the inner city for more than three decades, a trend most recently reinforced by the Safeway acquisitions. According to Joseph Raymond, the chain began to leave the inner city in the 1950's.89 In 1975, according to our own analysis, Vons had only four stores in Greater South Central.90 In 1991, the company's presence in that area had been reduced to only three stores.

When the Vons and Safeway stores are combined, the flight from the inner city in the 1960's and 1970's is even more apparent. Together these two companies had 17 stores in this area in 1963. By 1975 that number had dropped nearly in half to eight, at a time when the total number of chain stores had increased from 38 to 44. In 1990 this area had a population of 819,000, for an average of only 1 Vons store for every 273,000 people. In contrast, in the San Fernando Valley, with a population of 1,335,000 in 1990, Vons has continued to grow. Vons operated 11 stores in 1963, 15 stores in 1975 and 18 stores in 1991. Vons and Safeway together operated 24 stores in 1963 and 26 in 1975. Thus, in the Valley, there was 1 Vons store for every 75,000 people.

Thus while Vons alone has seen a 25% decline in the meager number of stores it operates in greater South Central Los Angeles, the company experienced a 64% growth in the number of stores in the Valley. When the Vons and Safeway stores are combined, the results are even more dramatic. Together the two stores lost 82% of the total number of stores between 1963 and 1991 in the inner city, while the Valley experienced only a 25% loss. Thus, on a per capita basis, the Valley had nearly four times as many stores as did the inner city.91

Vons' abandonment of the inner city was part of a national trend and reflected a general consolidation of the supermarket industry that occurred throughout the 1970s and 1980s. Its position as the leading chain, and its consolidation with Safeway (which had prior to the abandonment in the 1960s and 1970s maintained a relatively high inner city profile), gave Vons a particularly crucial role in the trend toward inner city abandonment.

In 1990, when the Lucky store successfully opened at Crenshaw Plaza, Vons realized it had missed a perfect opportunity to enter the inner city.92 Vons had abandoned that site just a few years earlier.93 At the urging of developer Alexander Haagen and Councilwoman Ruth Galanter, the Crenshaw Plaza wooed Lucky's to the new mall.94 The Supermarket has gone on to be among the Chain's top 10% in gross volume in Southern California and is as profitable as new stores in suburban locations.95

As part of its new inner city investment strategy, Vons has identified five inner city sites.96 The first site is in Inglewood, where Vons has purchased the old Sears
store and plans to open a giant Vons Expo or Super Combination Store in the spring of 1994. Vons also has identified a site in Compton, where it will build an "L" shaped store that is scheduled to open in November of 1993. The third Vons inner city investment is to remodel an existing Tianguis in Los Angeles at Third and Bonnie Brae. Vons' plans to move some existing housing that is on the site in order to expand the store. However, it is having difficulty doing this because of opposition from the City Council. Vons' fourth site is in Pomona, where the Company plans to develop a 70,000 to 80,000 square foot store. This store is located on the border of two economically divergent communities and is targeted toward both lower-income and more affluent customers. The last site is located in Las Vegas, Nevada, where Vons plans to open a store in November of this year.

Vons has several other sites under consideration. According to Company officials, the most promising of these is the former Jersey Maid plant at the corner of Vermont and Slauson, which must be rezoned. The Company is also beginning preliminary discussions with Concerned Citizens of South Central Los Angeles about leasing some land at Slauson and Central in South Central Los Angeles.

DEVELOPMENT PROBLEMS

Vons faces two major hurdles in developing an inner city supermarket. First, they must acquire a site and receive the necessary municipal approvals so they can begin developing. Second, they must determine the structure of the lease and operating agreements. At the heart of this second problem is a decision about whether Vons' is investing in real estate or in a community.

Vons executives complain of two major problems they are having in building new supermarkets in the inner city. The biggest problem is to acquire parcels of land that will accommodate the large stores that Vons wants to build. The second is that the City's approval process is too slow. Hence they must assemble parcels from a number of different property owners.

Curtis Barlow explained that the price of the land should sell at $6-$8 per square foot. Instead "property owners expectations are frequently unrealistic," and land can sell as high as about $20 per square foot once the owners discover that Vons is the buyer. Vons has asked for help from cities in condemning land and, in particular, wants assistance in condemning residential sites. With regard to the City approval process, Joseph Raymond noted that the City of Los Angeles has approximately twenty-nine different requirements that Vons must meet in order to receive approval to build. Vons wants to reduce the number of permits required and streamline the process for receiving those approvals. As an example, Barlow cites one project in which the Los Angeles Planning Commission is requiring a notice of eviction 365 days before it can take place. Barlow complains that this requirement "needlessly" delays developing a store. Vons executives believe that a new supermarket makes the community as a whole better, and that in order to benefit the many, the
supermarket may have to "displace certain businesses and housing."\textsuperscript{104}

Vons would also like the City to reduce the size of the lots to allow for a smaller parking allotment. City statutes require supermarkets to have 5 parking spaces for every one thousand square feet of floor space. Vons is in the process of trying to amend this statute in order to reduce the parking allotment in the inner city, because fewer residents have cars there, and the Company estimates that up to 50\% of its business will walk to the store.\textsuperscript{105}

On the positive side, Curtis Barlow did note that the City has developed a "coordinated approach that brings together, in a single meeting, all of the building and zoning departments and allows Vons to work simultaneously rather than sequentially on required approvals."\textsuperscript{106}

One possible approach to remedying these problems is to form a joint venture with a group that can either provide financial or political capital. Vons initially opposed a joint venture, even with the Local Initiatives Support Corporation, (LISC) because it believed that it would slow down the opening of new stores.\textsuperscript{107}

Vons has since indicated a willingness to pursue the concept of selling the building to a local community development corporation and then leasing the store back from that group (a "sale-leaseback"). This would essentially place Vons in the same relationship with a community group as it would have with landlords at its other leased stores. It also acknowledged that it would be interested in working with LISC once their program is funded.\textsuperscript{108}

More recently, company officials have acknowledged the value of forming joint ventures. Vons Executive Vice President Garrett Nelson explained that, "We don't have the kind of understanding [of the community] that it takes to run a slam-dunk store without community involvement."\textsuperscript{109} Thus, Nelson has begun to meet with local community and religious leaders in South Central Los Angeles.

The Company acknowledges that it must be "accepted by the community" and that, after abandoning the inner city for twenty to thirty years, the Company will have to "earn its stripes," before inner city residents will take pride in a Vons' store.\textsuperscript{110}

Still, Vons has a cautious approach toward joint ventures, and is most interested in those in which the community development corporation provides the land. It remains unenthusiastic about operating joint ventures, and hence in sites where Vons already has either ownership or site control (like the site at Slauson and Vermont), it is not actively pursuing joint venture partners.\textsuperscript{111}

Vons thus faces challenges in development at its inner city stores that are different from any of its other stores. It is difficult for the company to build stores in the inner city, primarily because of space and political limitations. A joint venture might solve some of these problems, and after initially rejecting such an idea, Vons officials have tentatively begun to investigate them further.

**OPERATIONAL PROBLEMS**

Vons has assumed that running stores in the inner city will be more expensive than running its suburban stores. The Company has defined four areas that drive costs
higher: (1) Shrink, (2) Security of Plant and Customers, (3) Employee training, and (4) Loss of Cash.

**Shrink**

(1) Shrink is defined as the amount of money that is lost due to goods being shoplifted, spoiled, inaccurately priced at the register, or stolen. The traditional wisdom is that inner city stores have a higher shrink factor than do suburban stores mainly due to higher incidence of shoplifting. Vons officials estimate that the shrink factor could be twice the typical Vons average, and the Company is installing an expensive security system to reduce shrink. Lucky reports that improved security has reduced shoplifting at its Crenshaw Plaza store, and shrink has not been a major factor.

**Security**

(2) Security: Security issues have long been defined as paramount to inner city stores. Vons intends to secure its plant by making it part of the community and by architecturally designing it to be safe, so that the plant can provide a feeling of security for Vons customers. To protect its facilities, Vons intends to limit access and include fencing and lighting.

In addition, Vons hopes to secure its buildings by making them "beacons in the community." Company officials declare that they want "the community to be proud of the store." At the moment, Vons is unclear how it will accomplish this goal.

O'Connor and Abell point out that there are two distinct ways to create community ownership of a store. One method is to allow the community to have some actual ownership of the store. The other is to solicit community input and then implement those ideas. The premise underlying both approaches is that if customers knew that the community had a stake in the store, they would work to make sure that the store was a safe place to shop.

**Employees**

(3) Employees: According to company officials, the third area that makes inner city operations more expensive is the cost of hiring employees. Vons has made a commitment to hire employees from the neighborhood in which the store is located. These plans include hiring one third of the employees from among the chronically unemployed, one third from among those who recently lost their job, and another third from experienced Vons workers who will provide stability, continuity and experience for the new store.

Vons has developed a basic six month training program which includes teaching potential employees to arrive on time, to treat customers with respect, and the fundamentals skills they will need to work at Vons. Once a student graduates, they are "guaranteed" a job at Vons. By hiring and training unemployed residents in the area, Vons hopes that the community will develop a feeling of ownership toward the store. Vons does not have a management training program, although it claims that
many of its managers came from the ranks of the union workers.¹²⁴

Cash

(4) Cash: Vons also has some concerns about cash. Company officials believe they will receive more bad checks from inner city residents. Nevertheless, they plan to maintain the same check cashing and acceptance policies at inner city stores as at other stores.¹²⁵

A PROFILE OF VONS INNER CITY STORE PLANS

One of the biggest hurdles that Vons must clear is to determine how it will run its inner city stores, given its analysis of increased operating costs. To do so, the company must determine how it will serve a diverse customer base, and profitably operate a store in the inner city.

As part of its plan to build new stores, Vons initially conducts an extensive analysis of the area immediately surrounding the store. Vons looks at such characteristics as physical barriers and the location of other stores, including other Vons stores, to make sure that each unit will be successful without cannibalizing existing stores. Site selection also involves a detailed demographic analysis of the trade area.¹²⁶

Vons has conducted focus groups among potential patrons of its inner city stores to determine their needs. The focus groups undertaken to date have been done separately with Latino and African-American customers and have identified five primary areas of concern: (1) Safety; (2) Cleanliness; (3) Product Mix; (4) Customer Service; and (5) Prices.

The focus groups have indicated that customers want a modern, clean, safe store. Vons officials claim that these areas are the most important findings from the initial focus group analysis.¹²⁷

All patrons, regardless of race, also have indicated interest in a product mix that looked "American." In addition, they want certain special products that are particular to their ethnic group. Based on this analysis, Vons officials have determined that inner city stores must contain the same items found in suburban stores, as well as additional items tailored to the ethnic groups living near the store.¹²⁸

The company is also considering whether there are certain items it should refrain from selling.¹²⁹ In this context, Vons officials have been unclear about whether to stock liquor in its inner city stores. On the one hand, there has been considerable community pressure to reduce the number of liquor stores in South Central Los Angeles. On the other, Vons does not want to break its longstanding corporate policy of "let[ting] the customer decide" which products to buy.¹³⁰

Customer service requests from the focus groups broke down along racial lines. African American customers wanted to be treated with respect. Latino customers wanted to be greeted by friendly employees. Although the difference between "respectful" and "friendly" is subtle, the company has decided to seek to hire employees who will fulfill both these requirements.¹³¹
Vons officials emphasize that shoppers want a high service store with many smaller departments.  One reason for this finding may be that Vons has decided to try to attract customers that are a slightly higher income.  Joseph Raymond described the Vons customers as "Oldsmobile buyers rather than Chevrolet buyers."  

The pricing issue is volatile and, as yet, unclear.  The focus groups demonstrated that consumers want fair pricing.  Joseph Raymond points out that there is a significant difference between "fair pricing" and "lowest pricing".  He suspects that residents of the inner city know that they will have to pay more for food, and that is why they have identified a concern for fair prices as opposed to low prices.

Curtis Barlow, while noting that the Company has not determined its pricing policy yet, indicated company interest in maintaining parity between suburban and urban stores. However, such a policy, according to the company's own analysis, squeezes Vons' profits between the higher inner city costs and the lower suburban prices.  Barlow suggests that the company might make slightly less money in the inner city, but expects to lower costs in other parts of its operations in order to remain profitable.  As part of this strategy, Vons officials indicated that they might ask unions for concessions.  At the same time the company hopes to have a volume of traffic to make up for the anticipated lower margins.

Vons officials expect that the different product mix in their inner city stores will allow them to keep prices lower.  Company officials anticipate that more items with a higher margin can be sold in its inner city stores than in its suburban stores.  The sale of the higher margin goods allows the company to keep the price of goods stable while still ensuring a higher profit to the Company.

One of the side effects of this policy is to reduce the number of different types of lower margin groceries items that will be sold.  If inner city consumers want to buy more meat, in order for the store to accommodate the larger demand for meat, the store will have to stock fewer varieties of items that it normally sells in the suburban stores, like pickles.  Vons will also reduce the number of items that it sells under its own private label, because its internal research has indicated that these items are less popular in low income Latino neighborhoods.  This decision could have an adverse impact on prices.

These changes make the store difficult to run.  The store has to be very accurate in determining which products to place on the shelf.  On the one hand, it must have enough products to be an "American" store, while on the other, it must provide the mixture of foods that consumers want and that will make the store profitable and competitive.  The company will thus have to track demographic changes closely to make sure that it is continuing to respond to the needs of the changing neighborhood.

If Vons maintains its current flat management structure -- Joseph Raymond is in charge of these stores, and he reports directly to Garrett Nelson -- to operate the stores, the company will be able to better respond to these and other changes in the neighborhood.

In an effort to develop fair prices, Vons has chosen to stay away from the Every Day Low Pricing (EDLP) format that other stores are now using.  The company instead wants to encourage customers to seek out bargains, by offering double coupons,
specials and electronic discounts on Von Cards. Company officials suggest that this allows customers to feel "sophisticated" and to believe that they are receiving better quality at a lower price.\textsuperscript{140}

Finally, although Vons officials did not mention transportation as a barrier to establishing inner city stores, it bears examining, since poor inner city residents are less likely to have cars than suburbanites. Vons transportation policy in the suburbs is simple: situate a store in a location that makes it easy for customers to drive and park at the store. Despite lower car ownership, Vons officials have decided to base their transportation policy in the inner city on the same considerations, perhaps in the belief that the more middle class inner city residents that the company hopes to attract are more likely to own and depend upon their cars for shopping.\textsuperscript{141}

However, Vons' own studies indicate that over 75\% of the people in the trade area of one of their stores in the Westlake district do not have cars, and its internal analysis predicts up to 50\% walk in traffic.\textsuperscript{142} Our own case study in South Central indicates that about one third of the residents do not have access to a car for shopping.

Although Vons officials have acknowledged this problem, they have yet to develop a transportation policy. Joseph Raymond indicated that the Tianguis stores were designed with extra wide aisles, because Vons internal market research showed that Latinos tended to shop together as a large family on weekends, using one car. To accommodate these larger families the company has developed a strategy around wider aisles, rather than a separate approach to transportation needs.\textsuperscript{143}

Vons also has recognized that one of the consequences of serving a population that walks to the store is that the company will have a larger loss of shopping carts. Consequently, Vons has designed a barricade to prevent carts from leaving the store area. One option the company is considering is to offer to sell customers an inexpensive handcart. Vons is also considering a shuttle system exclusively designed for the elderly.\textsuperscript{144}

6.4 \textbf{CONCLUSION}

When Roger Stangeland announced that the Vons company was re-investing in the inner city, he gave two reasons for the company's decision. First, the Company had a responsibility to the community. Second, Vons saw this as an opportunity to make a profit.

Vons' initial reasons for investing in the inner city were clearly monetary -- the company decided to invest with no fanfare, because it made good business sense. There were, by the company's estimates, 1.7 million people who could not shop at Vons. After the civil unrest of April/May 1992, company officials developed a second justification -- that it had a responsibility to invest in the inner city.

Vons has yet to acknowledge a third related reason why it should invest in the inner city. As a leading food distributor, it has a responsibility to make sure that every resident has access to food. When supermarkets abandoned the inner city, the people who lived there lost a basic right to have low cost, high quality food available to them.

Vons' strategic planning is slowly recognizing the consequences of its
responsibility to invest in the inner city, and that these two justifications are compatible. By investing in the inner city, the Company can make a profit. This incentive attracts other supermarkets to neglected areas. This in turn provides residents with food security.

On the other hand, by recognizing its responsibility to invest, Vons would realize that its supermarkets should be investments in the community as well. Inner city investments give residents of economically depressed areas a chance to gain control of their communities, and begin the long process of rebuilding and reclaiming these neighborhoods.

These two processes are not in opposition. In fact, it is only by investing in the community that Vons will be able to efficiently build and operate its stores. Garrett Nelson's comments suggest that the company might be willing to move in that direction, but it must make a more explicit commitment and then move faster and further for its inner city strategy to work.
Endnotes


2. Rivera Brooks, Nancy. "Lucky Stores Cut Prices in Bid for Market Share." Los Angeles Times 5 February 1993.: D2. Figures are provided by the Los Angeles Times Marketing Research Department and are for the Southern California Region. Vons reported that it controlled 24% of the Southern California Market according to Douglas Christopher at Crowell Weedon. Christopher Douglas, Interview with Marc Dohan. Los Angeles 4 May 1993. This is an in-exact science, however, and can often vary depending upon which figures are reported. Lucky reported that Vons had 19% of the Los Angeles Market as of 10/13/92 Interview with Douglas Christopher, 4 May 1993.

3. Weinstein, Henry and George White. "Vons to Open 12 Stores in Inner City Location."

4. Weinstein, Henry and George White. "Vons to Open 12 Stores in Inner City Location."

5. A Commitment to the Future; Vons' $100-Million Plan to Open Stores In Los Angeles' Inner City is Great News." Los Angeles Times 25 July 1993.: B7.


8. A Commitment to the Future; Vons' $100-Million Plan to Open Stores In Los Angeles' Inner City is Great News." Los Angeles Times 25 July 1993.: B7.


10. Southern California Business Vol 38 No. 1 Sec 1 Page 8).


Two years later, in 1987, Allied Supermarkets purchased this corporation for $240 million. Allied had previously operated 22 supermarkets under the name Great Scott! in suburban Detroit. This sale was financed by the sale of 13 million shares of Allied Stock and $132 million in cash. Vons was the surviving company. It sold off all the assets that were not part of the original Vons to Meadowdale Food, a company that was organized by Allied's prior management. In essence then, Vons has the same Southern California holdings that it had before the merger.(United States Securities and Exchange
Commission, Form 10-K, The Vons Companies, Inc.: 1.) Vons still has some financial connections to Meadowdale, because it lent some money to that company as part of the merger. (Zwiebach, Elliot. "The Triple Threat at Vons." *Supermarket News* 40, April 16, 1990: 1).


As part of the agreement, Vons reached an agreement with the California Attorney General and the FTC to restrict expansion in Southern California. The most restrictive of these agreements expires in August of 1993. (United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 3 January 1993.: 6.)

Lenders also placed restrictions on Vons' ability to incur further debt, capital expenditures, dividends, and common stock redemptions. As of Jan. 1, 1993, Vons had restrictions placed on the amount of dividends it could offer. (United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 3 January 1993.: F-10.)


13. Unless otherwise stated, all figures and citations are from the United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 3 January 1993.


15. Vons had a program to sell assets that were either not needed or did not perform well after the merger. (United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 30 December 1990. Between 1989 and 1991 Vons long term debt (Senior debt and Subordinated Debt), dropped from $789 million to $649 million, a decrease of almost 18%.

Vons also increased its debt to equity ratio by issuing more stock. In 1989, Vons had approximately 38,725,498 outstanding shares. By January 3, 1993 Vons had increased the number of outstanding shares by nearly 5 million to 43,335,176 an increase of 12%.

16. In 1992, Vons took two large charges that effected its balance sheet. The first requires the company to recognize the cost of Post retirement benefits other than pension over the employees service period, rather than when the money is spent. (Statement of Financial Accounting Standards (SFAS) No. 106). The second was due to SFAS No. 109, "Accounting for Income Taxes" which was related to how the company recognized future tax obligations. In Vons' case, this primarily effected the manner in which the company utilized its investment tax credit carry-forwards. Vons applied these changes retroactively to June, 1987 and restated its balance sheet, income statements and cash flows for each of the intervening fiscal years. Where possible, this analysis utilizes the restated balance sheet.
However, the company's long term debt to equity ratio remained constant between 1991 and 1992 at approximately 1.48 to 1. This ratio remained the same largely because the Company's retained earnings in 1992 increased from $95.8 million to $149.6 million.


18. Although there were improvements in all areas, the largest increase was in the area of Fixtures and Equipment, where the value of the Company's assets rose from $372 million to nearly $515 million.

19. In addition, with low inflation, food prices did not increase. Inflationary increases have generally been one of the critical components of increasing same store sales.


21. This increase in operating income was triggered by a reduction in the cost of sales, buying and occupancy which decreased from 77.1% in 1990 to 75.8% in 1992. This positive trend was somewhat counter-balanced by an increase in administrative and selling expenses which rose from 19.2% to 20.8%.

22. This was a slight decrease from the $60.1 million and 1.1% of sales in 1991 but compares favorably to the 42.6 million and .8% of sales in 1990.

23. SFAS No. 106 that required the Company to charge $15.5 million in medical and retiree benefits to income last year. Vons also had extraordinary items associated with the income tax provisions of SFAS No. 109, which required it to account for deferred taxes as an expense this year rather than a liability. These changes added a $40 million charge against earnings. "Briefly Retailing," Los Angeles Times 8 February 1993.: D3.

Before extraordinary items Vons income was $82.1 million (1.5% of sales) in 1992, compared with $66.4 million (1.2% of sales) in 1991 and $42.6 million (.8% of sales) in 1990. Vons income per share showed a similar trend beginning at $1.10 in 1990 and rising to $1.45 in 1991 before falling to $1.24 in 1992.

24. Vons press release, "Vons Reports First Quarter 1993 Results. 29 April 1993.: 1. The company attributed this drop to the recession, increased competition and the negative impact of Vons having sold beef tainted with the E. Coli bacteria to Jack in the Box. Garrett Nelson of Vons confirms these trends. Nelson, Garrett, Vons Executive Vice President and Chief Development Officer. Interview with Marc Dohan. 3 June 1993.
2. These costs rose to 21.4% compared with 21.9% of sales in the first quarter 
: 1.
27. This compares very favorably to the $115.4 million provided by operations in 
1991 and the $171.2 million in cash provided by operations in 1990. The 
Company explains this increase in cash from operations by the increased income 
before extraordinary items, accounting changes, and the timing of 
disbursements.
28. For comparative purposes, Vons used $153.2 million in 1991 for investing 
purposes and only $126.3 million in 1990.
29. The cash expenditures spent on refinancing debt totalled an additional $12.8 
million.
30. However, borrowing on the revolving loans in 1992 totalled $254.7 million 
dollars, an increase of $114.0 million.
31. Unless otherwise stated, all figures and citations are from the United States 
Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 3 
January 1993.
32. United States Securities and Exchange Commission, Form 10-K, The Vons 
Companies, Inc. 29 December 1991.
33. The company did not separate remodels from upgrades in their 1992 report.
34. Christopher, Douglas. Interview.
35. Barlow, Curtis. Interview.
36. Most of Vons' leases expire after 2018. Five leases expire between 1993 and 
1997.
37. The largest one is in El Monte, where it has two warehouses with a total of 
764,000 square feet, and a meat facility with an additional 256,000 square feet. 
Vons leases another distribution facility in Santa Fe Springs that has 1,040,000 
square feet. The lease expires in 1995, and can be extended until 2011. Vons 
leases a frozen food warehouse in Ontario that is approximately 95,000 square 
feet. This lease expires in 1994 with four six-month options to extend. The last 
Vons warehouse is in San Diego and is 365,000 square feet.

38. Barlow, Curtis, Senior Vice President of Real Estate, The Vons Companies. 
Interview. With Marc Dohan and Linda Ashman. Arcadia, California, 10 
February 1993., and United States Securities and Exchange Commission, Form 
10-K, The Vons Companies, Inc. 3 January 1993.
39. Barlow, Curtis. Interview. The new Vons Expo and Super Combo format are in 
the 75,000 foot range. (Elliot Zwiebach. "Vons' Power Format." Supermarket 
News 43 March 29, 1993: 1.)

Vons Executive Vice President and Chief Development Officer, Garrett 
Nelson, also confirmed the Company believes that larger stores are more
competitive. (Nelson, Garrett. Interview.)


41. These mini stores include a video store, rubber maid store, stationary store, party shop, bank branch, photo center, dry cleaners, and several prepared food shops including a pizzeria, a restaurant featuring Southwest cuisine, and a Chinese food center.

42. Zwiebach, Elliot. "Vons' Power Format." Supermarket News 43 March 29, 1993: 1. The new stores will be located in Inglewood, Bakersfield, Fresno, and Las Vegas. Several of the new stores will be built in the former Phar-Mor stores.

43. Barlow, Curtis. Interview. and Douglas Christopher interview. Several of these new stores would be based in the Phar-Mor stores that the Company recently acquired.


45. Barlow, Curtis. Interview.

46. Barlow, Curtis. Interview.

47. Unless otherwise stated, all figures and citations are from the United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 3 January 1993.

48. Weinstein, Henry and George White, "Vons to Open 12 Stores in Inner City Locations."

49. As of January 3, 1993, Vons employed 11,900 people and 20,400 part time workers. In December 1990, Vons had 11,500 full time employees and 22,400 part time employees. (United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 30 December, 1990.)

50. These figures are reflected in Vons Net Sales per Employee, which rose from $157,342 in 1990 to $173,235 in 1992.

51. Zinder, Andrea. Interview. The International Brotherhood of Teamsters represents a small portion of Vons work force as well. The contract with the teamsters expires in September 1994.

52. Zinder, Andrea. Interview. Vons recently had to change its method of accounting for employee benefits to comply with SFAS No. 106, which requires that employers account for the cost of pensions and benefits at the time they accrue, not when they are used. This change caused Vons to take a $56 million charge against 1992 earnings. "Briefly, Retailing." Los Angeles Times 8 February 1993.: D2. The company is using an aggressive 9.5% discount rate in order to determine the accumulated retiree medical benefit obligation.

54. Zinder, Andrea. Interview. Zinder did indicate that the Union was very concerned about competition from non-union chains and independents. Some of the concessions that the union has granted has been to allow union chains to compete with non-union operations.

55. Unless otherwise stated, all figures and citations are from the United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 3 January 1993.

56. Christopher, Douglas. Interview. According to Lucky’s internal polling Vons had 19% of the Los Angeles County market in October 1992, while Ralph's and Lucky's both had 14%. (Christopher, Douglas. Interview).


60. Barlow, Curtis. Interview.


63. Vons also has a less expensive "upgrade" that costs approximately $300,000 per store.

64. The impact of the remodeling on store sales ranged from 20% for stores that were not effected by a competitor's new store or remodel to 12% to stores that did face such competition.


   Part of Vons' remodelling strategy has been to invest heavily in new technology. Vons has also been an advocate of using new technology. Some of these new technologies include redesigning the display area to increase square footage by using a "densing up" technology, the use of a sidebar scanner to increase the efficiency of checkout lines, and a new labor saving method of pricing items. The company has is also developing a new promotion strategy that is based on customer's actual purchases. Investors have reacted favorably to Vons emphasis on technology. (For general technology strategy see United States Securities and Exchange Commission, Form 10-K, The Vons Companies, Inc. 3 January 1993. For densing up see Los Angeles Business Journal 14 August 10, 1992: § 1 p. 16. For densing up. for Computerized buying see "Vons Matches Shopper's Identifies, Purchases to Market Rival Goodies." Los Angeles Business Journal, 14 May 4, '92.: § 1 p. 24. For technology see, "Analyst says shift from Kroger [KR.N] to Vons [VON.N])." Reuters, B.C.
68. For example, our surveyors in Montebello noticed a special bi-lingual promotion for Sprint, where shoppers were offered a free 15 minute telephone conversation anywhere in the world if they switched to Sprint.
69. The Case Study Area is 74% Latino.
70. Zinder, Andrea. Interview, and interview with an anonymous retail executive.
71. Vons stock rose sharply between 1989, when its low was approximately 11 3/8 and its high was 23, to 1991 when its low was 19 3/4 and its high was 34 1/8. Since that time, Vons stock has gradually slumped in price as investors worry that the weak California economy will continue to reduce consumers' purchasing abilities.
72. One piece of news that has had a negative impact on Vons stock is that the company was recently named a defendant in several suits related to the recent illnesses and deaths caused by the E coli bacteria found in Jack in the Box hamburgers located primarily in Washington state. Jack in the Box is owned by Foodmaker, and in most of the suits in which Vons was named as a defendant Foodmaker and several other parties were also named. Plaintiffs generally seek damages based on the claim that the E Coli either killed loved ones or made the plaintiffs ill, and that Vons negligently processed and transported meat to Foodmaker. The Company does not mention in its annual report whether it will settle or litigate this suit. Foodmaker has also sued Vons under various tort and contract theories related to the same incident. Foodmaker seeks damages related to this incident. The company intends to defend this suit vigorously. Foodmaker has also stopped using Vons as its meat supplier.

Between January 20, when the food poisonings were announced, and February 2, Vons lost nearly 10% of its value, falling from $25.275 to $23.25. It subsequently fell even lower, before rebounding to $23.625 by May 23. Analysts attributed this weak performance to the threat of a lawsuit from foodmaker, and the weak nature of the California economy. (Glover, Kara, "Vons Stock Suffers from Bad Meat Woes but Customers Keep Coming." Los Angeles Business Journal 15 February 8, 1993: § 1 P. 4).

The Company along with other supermarket chains in Southern California was also named as a defendant in a class action lawsuit related to the price of milk in Southern California. Vons intends to defend this suit vigorously as well.

73. By way of comparison, American Stores, which owns Lucky has an price to earnings ratio of approximately 14 to one. See "New York Stock Exchange Prices." in the Los Angeles Times 23 May 1993: D10.
74. Christopher, Douglas. Interview.
75. Christopher, Douglas. Interview.
Last year, Vons increased its gross margins by improving its buying habits and by increasing prices. It is not clear that Vons will be able to do that this year.


Lucky Store began this latest price slashing with its plan to cut prices on 2,500 products. Vons, which has traditionally relied upon a High-Low strategy has been promoting double coupons and specials. But as the competition shifts toward lower price strategies it will become more difficult for Vons margins to remain competitive. In fact, Garrett Nelson noted that part of the recent 8% drop in same store sales was due to customers using coupons -- which Vons doubles -- more frequently.

Weinstein, Henry and George White. "Vons to Open 12 Stores in Inner City Location."

The Vons Company. "1992 Annual Review."

Christopher, Douglas. Interview.

Giblen, Gary M. "High/Low Supermarket Stocks Rack up Big Gains." *Grocery Marketing* 59 February 1993: 34.


Vons defines this area consists of the region bounded by the Santa Monica (10) Freeway on the North, Alameda Blvd. on the East, the (Artesia) 91 Freeway on the South and La Cienega Blvd. on the West.

Weinstein, Henry and George White. "Vons to Open 12 Stores in Inner City Locations."

Barlow, Curtis. Interview.


Weinstein, Henry and George White. "Vons to Open 12 Stores in Inner City Location."

Raymond, Joseph. Interview.

We defined this as the area bounded by Interstate 10, Interstate 5, Alameda Street, the 91 Freeway, and Crenshaw Blvd.

Based on an analysis of supermarkets in the inner city taken from the Los Angeles Times Marketing Department’s records of stores.


Vons expects that the inner city locations will be built as part of the Vons RBU. It is possible that some of the store will become Tianguis, but Tianguis financial
difficulties may preclude that possibility.

97. Barlow, Curtis. Interview. Barlow also explained that the challenge at that site is to develop a store pattern that will cater to the wealthier residents who live just north of the store, while developing a store identity that appeals to residents in the store's southern market area.

98. This information came from Vons' executives Garrett Nelson, Curtis Barlow and Joseph Raymond.

100. Barlow, Curtis. Interview, and Joseph Raymond. Interview.

Although the Company considered reducing the width of the aisles in order to accommodate more the small lots, Raymond rejected this idea. He explained that inner city stores will have to accommodate the large crowds expected around the first of the month when poor residents receive governmental assistance. He also noted that many latino customers shop as a family, and need the wide aisles to accommodate the large groups of people walking down the aisles. (Raymond interview).

103. Barlow, Curtis. Interview.
106. Zwiebach, Elliot. "Panel Inner City stores need Community Support."
107. Barlow, Curtis. Interview. For a more thorough discussion, see Chapter XX of the report.

The Company also believed that it could develop an informal relationship with several community groups by soliciting feedback about store issues from them. In addition, the Company believed that its operations can provide enough capital or that it can borrow the capital, so it was not interested in forming a joint venture with the Local Initiative Support Corporation (LISC), which offered to provide some equity in exchange for being a partner.


According to Natker, store operators complain of shoplifting and stealing both from customers and employees in inner city stores than in suburban stores. Also, because inner city stores have employees that are less well trained the stores are more likely to have mis-priced items, or to make mistakes on their paperwork which also leads to increased shrink. Natker, Andrew. Interview.

In addition, because inner city stores have large influxes of shoppers
around the first of the month, it is harder for stores to adequately plan for the
large influxes of customers that enter the stores on the first than to plan for a
more normal distribution of food buying, so more food spoils. See Chapter XX
for a more thorough discussion of the issues regarding food stamps and welfare
payments. (Natker, Andrew. Interview).

113. The system includes cameras and specially designed areas of the store in which
to display items that are either especially high cost or more likely to be pilfered,
such as batteries, razors, and film. The stores will only have a single exit and
entrance to make it more difficult for shoplifters to leave the store. (Raymond,
Joseph. Interview.)

114. Huss, Chris. Interview.
115. Specifically, Vons will build a fence around the entire perimeter of the site,
install high intensity lighting, limit access by providing only one or two gates
for both foot traffic and automobiles, hire twenty four hour security guards in
the store and parking lot, design the store and the roof to graffiti proof and
secure and to install thicker glass. Alexander Haagen first introduced many of
these design considerations to inner city stores in Southern California.
(Raymond, Joseph. Interview. and Natker, Andrew. Interview.).

117. Alexander Haagen sought to create this community ownership by establishing a
joint venture between himself as the developer and a local community
organization. This joint venture then leased space to the supermarkets. Such an
arrangement in turn allowed Haagen to receive government support. (Natker
Interview). Ultimately, this approach allowed Haagen in 1984 to develop the
first major shopping center in Watts since the 1965 riots. (UPI, 1/17/84 BC
cycle). Haagen still believes government support is critical, because "Peter
Ubeerroth can't do it on his own. You need the government... I don't think
anything meaningful will happen otherwise." Rackham, Anne. "Jury Still Out

118. O’Connor, James J. and Barbara Abell, Successful Supermarkets in Low
Income Inner Cities O’Connor-Abell Inc. 1121 Arlington Boulevard, Suite 942,

119. In this context, the security guards, high intensity lighting, fences and restricted
entrances and exits will make it easier for customers to feel comfortable
shopping, rather than as a barrier that tells the community to keep out.
(O’Connor and Abell, p. 21 For a fuller discussion of this issue, see Section XX
of the report).

120. Barlow Interview. This last group of employees may not live in the
neighborhood in which Vons builds the store.

121. Although in general Vons has claimed that it does not want government support,
Joseph Raymond indicated that the Company did want to take advantage of
federal money available for training employees. (Raymond, Joseph. Interview).
In addition, a separate training program developed in conjunction with
the CRA, the Center for Employment Training (CET), has been established and will be headed by long time Vons executive Ben Harrington. The new program will provide a six month training program for entry level employees in the supermarket industry, and will stress such basic skills as remedial English and teaching trainees to come to work on time. (Business Wire 10 December 1992).


Company officials assert that such an employment program is costly, because many of these residents have had trouble holding down jobs, and because Vons anticipates that the new employees are likely to make more mistakes than new employees hired at a suburban store, which in turn increases the operating costs of the inner city stores. (Barlow, Curtis. Interview.)

123. Raymond, Joseph. Interview.


126. Vons' goal is to identify approximately 80% of the store's trade area, and then design the store to meet that need. Vons computer model takes into account store size, rent, sales, gross margins, payroll, utility costs and projects an internal rate of return. In order to proceed with the project, the projected internal rate of return of the project must be higher than a pre-determined company level (Barlow 7 February 1993).

Vons uses psychographics to ascertain the precise demographic breakdown of the trade area, including the age, the race and ethnicity of the residents of the area, in order to determine the format of the store and product mix that the store will stock.

127. Raymond, 25 February 1993. Joseph Raymond noted that Vons has found that all Vons customers rank cleanliness and safety the two most important items to them.


129. Raymond, 25 February 1993. As discussed above, Vons corporate policy, however, is to allow customers to vote with their dollars. If consumers buy a product, Vons will stock it. Thus, during the grape boycott organized by the United Farmworkers, Vons claimed that it would not remove grapes as long as consumers bought grapes, even with the potential loss of community goodwill.

130. Raymond, 25 February 1993. It is unclear if Vons sells liquor whether that will help reduce the number of liquor stores by creating more competition for the local stores, or if it will hurt efforts to reduce the presence of liquor stores in the community by condoning the sale of liquor.


132. As discussed above, the smallest size store that can provide these needs is approximately 35,000 feet. The company believes that for the store to attract the high volume that it needs to be successful, it has to be able to attract a diverse population to the store. The company believes that the different service departments, like a Deli, an eat in location, a cash machine and a flower shop
are critical to that mission. These departments tend to be more labor intensive, but they also have higher profit margins (Raymond, 25 February 1993).


134. This issue plays out against a larger industry debate about whether grocery stores should use an Every Day Low Price Strategy (EDLP), or a traditional High Low strategy.

135. Raymond, 25 February 1993. Raymond also notes that Vons pricing is not based upon costs, but rather is dependent upon the level that the traffic will bear. He acknowledges that Vons does not have a uniform pricing policy, and that prices are tied to the income of the area, and the amount of competition the store faces.

136. Barlow, 7 February 1993. Joseph Raymond made a similar argument. Without mentioning specifics, he noted that in order to cope with the higher costs associated with doing business in an inner city store, the company would have to reduce costs in other areas, particularly, shipping and receiving, and to increase the volume of goods sold (Raymond, 25 February 1993).

137. Raymond, 25 February 1993. For example, meat, which is a high margin item, normally makes up 10% of a store's sales. Vons expects that 15% of its inner city store sales will come from meat. Since the company makes more money on meat sales than, for example, on canned goods, the extra meat sales will in effect act as a subsidy to keep the price of canned goods down.


140. Raymond, 25 February 1995. This policy is essentially the same policy that the Company uses in all its stores.


Chapter 7

Inner City Operation of Other Chains

It is useful to compare Vons inner city operations with those of other chains. The largest chain operator in the inner city of Los Angeles is Yucaipa. After the Watts riots in 1965, Boys Markets, one of the chains that Yucaipa purchased, made the decision to remain in the inner city. It continues to operate in the inner city as a traditional High Low operator. Yucaipa also operates a discount store, which uses an EDLP format, called Food 4 Less. Another major chain in Southern California, the Lucky division of American Stores, is also developing plans to build stores in the inner city. It has already built one very successful store at Crenshaw Plaza which has become one of the highest volume stores in Southern California. The following discussion highlights some of the significant differences between the Yucaipa approach, Lucky's strategy and Vons' plans.

In many respects, Yucaipa appears to have more of a community approach than does Vons, while Lucky appears to have less of a community approach than Vons. This result appears counter intuitive, because Yucaipa's Boys chain is known for charging higher prices.

To understand why Yucaipa is more community based than Vons, one must remember that the Boys market, one of Yucaipa's subsidiaries, stayed in the inner city after the Watts riots. Its holdings increased from six stores in 1963 to 23 stores in 1991. As company executive Patrick Barber noted, the chain may have stayed in the inner city because it made business sense to rebuild after the Watts riots, and as a consequence made a commitment to keep operating.

Unlike Vons, Yucaipa argues that costs are higher in the inner city, and consequently that its inner city store prices must be higher. "In a high-crime area, costs will be substantially higher if you're going to provide a secure shopping environment," one Boys official has argued. "Our prices are fair. But we're never going to be the lowest-priced chain in town."

Yucaipa officials claim that politicians and the community recognize the need for a full service supermarket in the inner city, so they have stopped focusing on Boys higher prices. Specifically, politicians believe that although Boys' prices are higher than the corresponding prices in the suburbs, the prices are lower than the prices of small inner city stores. In addition to citing higher costs of land, shrink, loss of cash, security, cart loss and labor, Yucaipa also argues that liability insurance is more expensive in the inner city.

Yucaipa also cites the high cost of land in the inner city as a barrier to developing new stores. To reduce these costs as much as possible Yucaipa wants to look for smaller sites. It believes that a smaller site will reduce the cost of land and also make the store less dependent upon having a wide trade area. Since Yucaipa
officials believe that most of their customers come from within one mile of the store, they believe that the more expensive larger stores that Vons is planning will not work.\textsuperscript{7}

Yucaipa executives have misgivings about larger stores in general. They are skeptical that the large stores will generate enough traffic to pay the expenses. They believe that in the inner city these factors will only be exaggerated, and hence they are looking at stores closer to the 30,000 square feet in size.\textsuperscript{8}

Lucky takes a similar approach to Vons on these questions. Although more reluctant to speak than either Vons officials or Yucaipa executives, Lucky's management also complained about higher costs in the inner city, and in particular the high cost of land. It also appeared to be leaning toward developing larger stores in the inner city.\textsuperscript{9}

Yucaipa does not usually own its own sites. Most rents are in the $10-$12 range, while some are as high as $18 per square foot, depending upon the area. Some leases require payment of percentage rents, as well.\textsuperscript{10} Lucky, unlike Vons or Yucaipa, seeks to own the real estate where it builds its stores.\textsuperscript{11}

Yucaipa operates stores in shopping centers owned in part by community development corporations. The shopping centers were developed as joint ventures between a private real estate firm and the community organization. Yucaipa's stores serve as anchor stores and pay rent to the partnership.

Barber noted that joint ventures can be politically difficult to develop. As an example, he cited the company's recent attempts to work out the details of a 44,000 foot supermarket they plan to develop on a company-owned five acre site at Adams and Vermont. The city has supported a supermarket development on this site for the past nine years. There is support from both the South Central Organizing Committee (SCOC) and the area Councilman, Mark Ridley-Thomas for a joint venture arrangement.\textsuperscript{12} However, there are some details to be ironed out between the Community Redevelopment Authority ("CRA"), the Councilman, the Community group and the Company about the nature of the joint venture partnership, and the equity to be provided by each of the partners.\textsuperscript{13}

Lucky's executives did not appear to be interested in forming any sort of joint venture. When asked whether they would be interested in such an arrangement, company officials repeatedly claimed that Lucky's chairman, Lawrence del Santo, was not interested in them and any other discussion about joint ventures would have to be referred to him. Lucky's executives did offer that the chain gave inner city store managers more autonomy in running the store, and in particular in choosing the product mix based on the manager's perception of the community's needs.\textsuperscript{14}

With regard to employment at the store level, Yucaipa officials claim they intend to hire both management and union members from the immediate neighborhood because that would be good for business. They also assert that they will promote from within their own ranks, but claim that it is difficult to hire and retain good employees. Although they solicit referrals from politicians and others about whom to hire, they nonetheless have had higher costs due to rapid turnover rates among its employees.\textsuperscript{15} Yucaipa says it has established a training center and an ongoing training program in its
stores to train new employees. Lucky stores claim they have a similar policy. Because it is on the master contract, its salary scale is the same as Vons.\textsuperscript{16}

In order to keep labor costs down, Yucaipa has worked out some concessions with the UFCW. Several years ago, the UFCW agreed to negotiate a separate "B" contract with certain chains that were under increased competitive pressure and could justify the need to reduce costs to the union.\textsuperscript{17} Three of the major chains won "B" contracts for their subsidiaries: Vons, Smith's, and Yucaipa. Vons won a "B" contract for its new Tianguis unit until the time when that unit began to be more profitable. Smith's won a slight two year concession so that it could successfully absorb the higher costs of starting up a new chain in Southern California.\textsuperscript{18}

Yucaipa reached an agreement for its Food 4 Less warehouse unit by arguing that its warehouse stores must compete with other non-union stores which pay lower wages and benefits. The wage concessions reduce costs from approximately $11.00 per hour to $10.00 per hour. Food 4 Less reduces wages further because, as a warehouse store, it can hire fewer employees in high wage service positions than a traditional supermarket like Boys.\textsuperscript{19}

Food 4 Less is able to translate those lower wages into lower prices. Patrick Barber claims that Food 4 Less is committed to having the lowest prices on every item, not just a few. He maintains that Food 4 Less prices are 15-20\% lower than are corresponding prices in a Boys store.\textsuperscript{20}

Even with these wage concessions, Food 4 Less claims that it still cannot compete with warehouse clubs such as Price Club and Walmart. While supermarkets have a margin of 25\%, and Food 4 Less has a margin of approximately 12\%, warehouse clubs operate on margins of approximately 10\%.\textsuperscript{21}

The Yucaipa analysis of the shrink in its stores is not significantly different from that of Vons. However, Yucaipa is confident that it has reduced shrink as much as possible. It believes its operations are efficient, and predicts that Vons will find it difficult to meet its goals once it tastes the realities of running an inner city store.\textsuperscript{22} Lucky claims that with the advent of higher technology, such as exit scanners and surveillance cameras, shrink at its inner city store in Crenshaw Plaza is not significantly higher than at its other stores.\textsuperscript{23}

Yucaipa has had difficulty developing an inexpensive, efficient means for customers to reach its stores. Yucaipa officials decided that the inner city stores will operate more efficiently if they unofficially allow customers to take shopping carts off the premises. They discovered that when they began requiring customers to leave a deposit of $.25 for using a cart, or when they enforced California law and prohibited customers from removing shopping carts from the premises, they lost customers. They now hire a service to collect carts that have been taken from its stores. Barber indicated that the company makes approximately \textit{fifteen} such trips a day, and that this can cost up to $67,000 per year at some inner city stores.\textsuperscript{24} The company maintains that cart retrieval is the most effective transportation policy.

However, three weeks after a recently rebuilt Food 4 Less store opened it had lost 75\% of its 400 carts. The store replaced them at $95 each, and found that it lost
200 more carts in the next two weeks. Yucaipa recently decided to hire guards to keep carts from leaving the grounds. It also continued its transportation policy by purchasing 200 older carts so that residents who walk can wheel their groceries home. Other stores have developed a van service to take customers home that have shopped at the store. Typically these services are either offered for free, or at a reduced price. For example, Numero Uno, located in the Case Study area (see Section 3) offers a van service as a convenience for its customers. Although the store does not have a strict policy regarding rides, the service is designed for customers who have packages, and will take them at the most 5-8 miles. The company would not reveal the cost of the van service, but it did note that the service allowed it to reduce shopping cart loss. Lucky stores has not designed a transportation policy for its inner city stores.

Another factor that Yucaipa claims drives up costs that Vons did not mention is the cost of liability insurance in the inner city. According to Barber, the company is subject to more slip and fall lawsuits and, on average, the claimants ask for higher damages. To reduce these costs, Yucaipa has been forced to hire more employees to keep the store clean, and particularly to quickly clean up any items that might fall on the ground.

In response to Vons' attempts to reinvest in the inner city, Boys has decided to convert many of its full service Boys markets into Food 4 Less stores. The UFCW and the community have resisted this idea. The UFCW does not like to have to transfer employees from higher paying Boys jobs to lower paying Food 4 Less jobs. Some community groups also have disapproved of the merger; they are concerned about the loss of jobs and maintain that the elderly and other fragile members of the community need the services of a full service supermarket. However, should this trend continue into the future, Boys would essentially leave the "Oldsmobile" customers for Vons, while shoring up its own hold over the poorer "Chevrolet" customers.

Yucaipa also claims that there are other trade secrets about running an inner city supermarket that its competitors do not know. As an experienced operator it claims that one of these secrets is staying in touch with the community and being responsive to residents' needs. Yucaipa believes that the community accepted its higher prices because it understood that the costs of staying in the inner city were more expensive.

However, Yucaipa is not a model of community development either; only a few of its stores have formal community participation. Furthermore, the Boys' higher prices, regardless of the justification for them, clearly grate on the community. If Yucaipa's high prices are not competitive with the prices of the new supermarkets that Vons and Lucky are building, Yucaipa will either convert its full service stores into warehouse stores or reduce its prices.

Lucky has one store in operation in the inner city, but without a large publicity campaign, it currently has the least to lose if its inner city investment plans stall. It also has the least interest in developing a store with the community; it is unwilling to either operate a store or lease from a community group. Perhaps as it becomes more invested in the inner city, it will move toward the direction of Vons and Yucaipa, and develop more community participation.
As we saw with Vons, community participation does not conflict with operating a successful inner city supermarket. All the supermarket chains agree that their inner city stores face obstacles that are higher and different from those that their suburban markets face. Community participation may be the only way to surmount those obstacles.
Endnotes
1. Barber, 5 March 1993. Note that Yucaipa is a holding corporation that holds a second corporation called Food 4 Less. This corporation in turn operates a supermarket chain called Food 4 Less. To avoid confusion, when we speak of the supermarket chain, we will use the term Food 4 Less, and when we speak of the parent corporation we will use the term Yucaipa. On those rare occasions where we are speaking about the holding corporation, we will specifically call it Yucaipa holding corporation. Yucaipa is privately held so much of the financial information that was available about Vons is unavailable about Yucaipa.
3. As seen below, Company officials admit they charge more in their inner city stores than in their suburban stores.
4. Barber, Patrick. Interview. Barber speculates that many of the Boys stores were located in the inner city, and hence moving elsewhere was not an economically viable solution in 1965. Instead the chain adapted to the new realities and rebuilt.
5. Peter J. Sodini, Boys Chief Executive Officer, as quoted by Jube Shiver Jr., "Poor Penalized as Food Chains exit the Inner City" Los Angeles Times 2 January 1989: A1. Patrick Barber said the same thing in a recent interview with him. (Barber, Patrick. Interview.)
7. Barber, Patrick. Interview. The Yucaipa trade area analysis differs from Vons’ analysis. While Vons emphasizes its sophisticated site analysis based on physical barriers and demographics, Yucaipa believes that most of its trade traffic will continue to come from people who live within one mile of its store. Hence it emphasizes that area in developing its stores. (Barber, Patrick. Interview.)
8. Barber, Patrick. Interview. Barber points to the experience of Smith’s Food and Drugs in the Inland Empire to justify their cautious approach to large stores. He believes that these stores are not drawing enough customers to justify the higher operating costs associated with the large stores. He claims that, Smith’s admits that 50% of its large stores are not breaking even, and estimates that the break even point for a large store is about $600,000 in sales per week, while the large stores are averaging approximately $480,000 in sales per week. Yucaipa estimates that inner city problems will make it even more difficult to operate the large 60,000-80,000 square foot stores in the inner city.
10. Barber, Patrick. Interview. It is interesting to compare this with the Vons estimated rent, which are in the $6-$8 range.
12. It will compete primarily with the independent 32nd Street Market. The store will cost about $9 million, and the company plans to borrow $6.5 million.
(75%), provide $1.5 million in equity, and find a partner that will put up
$500,000. (Barber, Patrick. Interview.)

15. Barber, Patrick. Interview.
Barber also claims that another hidden cost associated with running an inner city
store is the higher number of low volume purchases. It takes more people to
service a customer who makes three purchases for $10 each than it does to
service one customer who makes one $10 purchase. Since inner city stores
expect both a high volume of traffic and a lower average sale, most stores
predict that labor costs will be higher in the inner city than in the suburbs.
(Barber, Patrick. Interview).

17. The difference between the "B" contracts and the master contract on the benefits
side. The union maintains that the wages although slightly lower, are not
significantly different.
18. Zinder, Andrea. Interview.
19. For example, while Food 4 Less has fewer butchers or no employees to bag
groceries or to help take groceries out to the car, Boys does offer these services.
Zinder, Andrea. Interview, and Patrick Barber. Interview.

20. Interestingly, a Food 4 Less employs more total people for the same size store
than a Boys market does. Barber, Patrick. Interview and Andrea Zinder.
Interview.

In addition, many of the warehouse clubs, and in particular Walmart, have
access to lower prices than do the supermarkets. Barber claims this practice
appears to, at the very least, skirting the Robinson Patman act, which requires
manufacturers to offer the same prices to all its customers. However,
manufacturers can claim that these volume discounts are available to everyone
who purchases similar quantities of goods. Since Walmart buys $70 billion of
goods every year, it can leverage the manufacturers the most and pass those
savings on to consumers.

22. Barber, Patrick. Interview.
24. Half of this cost is to pay for the collection service, and the other half is in
replacing carts that are lost or stolen. (Barber, Patrick. Interview).
May, 1993: 11. The same article notes that recent industry estimates are that
grocers spend $16 million per year purchasing and replacing grocery carts.

26. Kentopian, Harry, purchasing agent for Numero Uno. Interview with Marc
27. Huss, Chris. Interview.
SECTION 3

Community Concerns:
A South Central Los Angeles Case Study
The civil unrest that brought Los Angeles to a standstill in April 1992 was the culmination of anger and frustration by inner city residents over a myriad of urban issues, not the least of which was food. Those living on the margins were hurt most by the resulting loss of over 80 grocery stores to fire and looting. The dependence of the urban poor on scant food resources in their communities was exacerbated by this loss, triggering what some have called consumer riots. All hell broke loose and the poor went shopping.

For families throughout the inner city the realization came that not only had their local market burned down, but now they had nowhere to buy food. The ensuing mayhem at the remaining grocery stores and emergency food pantries plunged the inner city into chaos. At supermarkets, mothers with children loaded up their cars with whatever food, baby formula, and diapers they could get their hands on. Food security became the raison d'être for the urban poor.

Those without cars were hurt the most, as their transit dependency and lack of mobility limited their ability to get food outside their immediate neighborhood. The loss of electrical power in some areas compounded the food problem as refrigerators and freezers went off line and perishables spoiled rapidly. As food supplies dwindled both within neighborhoods and inside kitchen cupboards, desperation grew.

Community activists struggled to waive or lower the requirements for Federal food stamps as impoverished immigrant families went hungry. At emergency food banks and pantries, the new scarcity of food escalated already sensitive race relations as various factions vied to secure food resources for their people. The food safety net had not broken, it had been swept away by the torrent of the moment compounding years of neglect by both the public and private sectors of the inner city.

One year later the situation has improved little; in fact, many residents and community groups in South Central and Pico Union neighborhoods in Los Angeles say it has only gotten worse. Already forced to shop at expensive small markets and liquor stores, the temporary loss of food resources in the aftermath of the civil disorder has turned into a semi-permanent condition of nutritional apartheid. Those living on the fringe, hungry and malnourished, have little to look forward to.

Immediately following the civil unrest of 1992, Mayor Tom Bradley announced the creation of Rebuild Los Angeles (R.L.A.), a public-private-community partnership given high expectations that was to be headed by wunderkind Peter Ueberroth. R.L.A. has focused on trying to attract corporate investment in the inner city and has garnered many commitments, such as Vons' $100 million pledge to build 12 supermarkets. While the Vons commitment is being touted as benevolent reinvestment in the decaying inner city, others have characterized it as a corporate attempt to streamline the development process and expand market share. In any event, the inner city has yet to see any new supermarkets, while the urban poor continue to struggle and wage their own battles for food security. It is that struggle for food security at the neighborhood level to which we now turn.

The objective of this section is to quantitatively and qualitatively characterize the selected Case Study Area in light of the food system and its implications for the
area's residents. This section describes the demographics and physical characteristics of the Case Study Area as well as identifying specific individual and community issues regarding food access and pricing.

Esperanza Housing Corporation, a local non-profit community group, has been struggling with food issues in their community and trying to attract a supermarket and other food services into the area for the past eight years, but with no success.¹ Meetings with Esperanza revealed that the food issues they were working on paralleled that of the research team, and that they were interested in exploring alternatives to the traditional food system. Since our concerns were similar, their community boundaries were used to define the Case Study Area.

Section 3 is comprised of three chapters. Chapter 8 describes physical and demographic characteristics of one South Central Neighborhood. Chapter 9 presents the findings of a price comparison survey conducted by the research team. Chapter 10 presents the findings of a scientific survey of households in the Case Study Area.

Collectively, this section provides a detailed profile of the food needs of a community with limited resources and even fewer choices in the on-going struggle for food security.
Chapter 8

The Case Study Area:
Physical and Demographic Characteristics

8.1. LAND USE AND INFRASTRUCTURE

The Case Study Area encompasses parts of two Community Plans as developed by the Los Angeles Department of City Planning for the General Plan. The area is generally bounded by Pico Boulevard to the north, Jefferson Boulevard to the south, Vermont Avenue to the west, and Central Avenue to the east (Figure 8.1: Food Resources Map). The area west of Figueroa Street falls within the South Central Los Angeles Community Plan whereas the area east of Figueroa lies within the Southeast Los Angeles Community Plan.²

The study area is composed of four distinct residential zones bisected east-to-west by the 110 Harbor Freeway and a contiguous area of light industry and north-to-south by the 10 Santa Monica Freeway. Strip commercial land uses occur along all major streets. The major north-south thoroughfares on the west side of the study area are Vermont Avenue, Hoover Avenue, and Figueroa Street. On the east side they are Maple Street, San Pedro Street, and Central Avenue. Grand Avenue runs through the heart of the industrial portion of the study area. The study area is traversed by four primary east-west conduits: Pico Boulevard to the north of the Santa Monica Freeway, Washington Boulevard just south of the freeway, Adams Boulevard through the heart of the area, and Jefferson Boulevard to the south.³

Community Plans for Los Angeles assign various land use designations to different portions of each community, each designation permitting a range of land use zoning. The Los Angeles City Zoning Code then specifies allowable land uses for each zone. Businesses selling food generally require commercial zoning, although agriculture and food distribution are permitted under restricted light industrial zoning.

Residential areas within the Case Study Area are designated to allow low to medium density multi-family dwelling units and a land use survey confirmed that the existing land use generally conforms to the Community Plans. Commercial land uses are almost universally limited to major primary streets in the area, although Maple Street also contains some commercial land use designations.

The western half of the study area has commercial land use designated primarily along Vermont, Figueroa, and Hoover Street, with a regional commercial center planned at the north-west corner of Hoover and Jefferson. Vermont Avenue is characterized by intense commercial land uses and various retail food businesses, with many fast food restaurants and liquor stores. The regional commercial center contains one of the two independent supermarkets in the Case Study Area, 32nd Street Market (Figure 8.1: Food Resources Map). Jons on Pico Boulevard is located just west on the
Figure 8.1  Food Resources in the Case Study Area
Harbor Freeway. In addition, smaller general, produce, and meat markets are interspersed along the commercial strips of Washington, Adams, and Jefferson.

In contrast, the land use east of the Harbor freeway include less intense commercial activity and few fast food restaurants. The primary food outlets are found along San Pedro and Maple Streets, although there are also small grocery stores along Jefferson and Washington Boulevards. The area is generally characterized by numerous small markets, carnicerias (meat markets), and liquor stores along San Pedro and Maple. Three independent supermarkets are located east of the Harbor Freeway: Numero Uno located on the south-east corner of San Pedro Street and 33rd Street, one block north of Jefferson Boulevard, and Jons on the north-west corner of Adams Boulevard and Central Avenue. In addition, a number of medium-sized markets are also found along San Pedro Street.

In general, actual land use conforms to the Community Plans, with one major exception. A core length of Maple Street is designated for commercial uses, but retail activity, especially food outlets, has spilled over into adjacent land designated as multi-family residential. The checkerboard of residential and commercial uses observed during the land use survey features intense mixed land use, with food outlets such as small markets and liquor stores along much of Maple.
8.2 DEMOGRAPHICS

Total Population and Race/Ethnic Characteristics

According to the 1990 Census, the total population of the Case Study Area was nearly 53,000 persons. This represents a 10% increase since 1980 (Figure 8.2). Latinos are the predominant ethnic/racial group in the area, representing three-fourths of the total population in 1990, an increase of 7% since 1980. Among non-Latino African-Americans decreased the most, not only in percentage share (a 5% loss) but also in absolute numbers. In contrast, the area experienced one percent increase of Asians.

Figure 8.2 summarizes the population change between 1980 and 1990 in the area compared with the County of Los Angeles. It is worth noting that the percentage of Latinos in the Case Study Area is twice as high as the percentage in the County - 74% versus 37%.

<table>
<thead>
<tr>
<th></th>
<th>STUDY AREA</th>
<th>Los Angeles COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1980</td>
<td>%</td>
</tr>
<tr>
<td>Total Population</td>
<td>47,909</td>
<td>100%</td>
</tr>
<tr>
<td>Non-Latino</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>15,711</td>
<td>33%</td>
</tr>
<tr>
<td>Afr-Amer.</td>
<td>6,701</td>
<td>14%</td>
</tr>
<tr>
<td>Asian</td>
<td>2,030</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>576</td>
<td>1%</td>
</tr>
<tr>
<td>Total Latino</td>
<td>32,198</td>
<td>67%</td>
</tr>
<tr>
<td>Mexican</td>
<td>26,303</td>
<td>55%</td>
</tr>
<tr>
<td>Non-Mexican</td>
<td>5,895</td>
<td>12%</td>
</tr>
</tbody>
</table>

Note: White, African-American, Asian, and Other do not include Latinos.
**Immigration, Language, and Latino Origin**

Fifty-three percent of the study area's population is foreign born, of which 61% entered the U.S. between 1980 and 1990. This recent immigration status is reflected in the language proficiency of the area's residents: of the total population 46% does not speak English very well and 64% of the population speaks Spanish.

Figure 8.3 presents the diverse origin of Latinos. The largest majority (55%) are of Mexican origin, followed by 15% of Central American origin, of which Salvadorans comprise the majority (9%) followed by Guatemalans (4%).

<table>
<thead>
<tr>
<th>Figure 8.3</th>
<th>Latino Origin in 1990 (unavailable in 1980)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>STUDY AREA</td>
</tr>
<tr>
<td>Not of Latino origin</td>
<td>13,568 26%</td>
</tr>
<tr>
<td>Latino origin</td>
<td>39,131 74%</td>
</tr>
<tr>
<td>Mexican</td>
<td>29,216 55%</td>
</tr>
<tr>
<td>Salvadoran</td>
<td>4,771 9%</td>
</tr>
<tr>
<td>Guatemalan</td>
<td>2,183 4%</td>
</tr>
<tr>
<td>Other Central Americans</td>
<td>1,067 2%</td>
</tr>
<tr>
<td>Other Latino</td>
<td>1,894 4%</td>
</tr>
<tr>
<td>Total Population</td>
<td>52,699 100%</td>
</tr>
</tbody>
</table>

Age Distribution

The case study population was substantially younger than the County’s: only 15% of the population was 45 or older compared to 30% for the County as a whole (Figure 8.4). There was no considerable change between 1980 and 1990.

<table>
<thead>
<tr>
<th>AGE</th>
<th>STUDY AREA</th>
<th>Los Angeles COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Under 5</td>
<td>4,393</td>
<td>10%</td>
</tr>
<tr>
<td>5 to 9</td>
<td>3,565</td>
<td>8%</td>
</tr>
<tr>
<td>10 to 14</td>
<td>2,824</td>
<td>7%</td>
</tr>
<tr>
<td>15 to 19</td>
<td>4,846</td>
<td>11%</td>
</tr>
<tr>
<td>20 to 24</td>
<td>8,602</td>
<td>20%</td>
</tr>
<tr>
<td>25 to 34</td>
<td>7,733</td>
<td>18%</td>
</tr>
<tr>
<td>35 to 44</td>
<td>3,854</td>
<td>9%</td>
</tr>
<tr>
<td>45 and over</td>
<td>6,519</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>42,336</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Percentage figures are rounded off)

Income

The 1990 approximate median household income is $15,825, less than one half (45%) of the County level of $34,965 while the per capita income of $5,702 is one third (35%) of the County figure of $16,188. In addition, it is important to stress that the study area's income level has not changed substantially between the period of 1980 and 1990 compared with the County figures.

Comparing the increase in income between 1980 and 1990 reveals a widening divide between the study area and the County (Figure 8.5). During that period, the County median household income grew 16.5% and its per capita income increased 14%. In contrast, the study area's approximate median household income increased only 2% and its per capita income increase a mere 0.7%. Thus, the County median income grew eight times faster and the per capita income grew twenty times faster than the study area.

<table>
<thead>
<tr>
<th>Figure 8.5</th>
<th>Median Income in Case Study Area and Los Angeles County (1989 Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>STUDY AREA</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$15,510</td>
</tr>
<tr>
<td>Median Per Capita Income</td>
<td>$5,666</td>
</tr>
</tbody>
</table>

* Study area's median income are approximate values.
Education

The study area presents a peculiar educational make-up due to the presence of the University of Southern California (USC). The area has an unexpectedly high percentage of college enrollment compared to the County: 42% versus 30% in 1990 (Figure 8.6).

In contrast, 49% of the population in the Case Study Area 25 years and older has less than a ninth grade education compared to only 16% in the County. In addition, 70% of the County's population in 1990 has a high school degree or higher, while only 31% of the study area's population has a high school degree or higher.

**Figure 8.6  Education in the Case Study Area and Los Angeles County**

<table>
<thead>
<tr>
<th>SCHOOL ENROLLMENT</th>
<th>STUDY AREA</th>
<th></th>
<th></th>
<th>Los Angeles COUNTY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Preprimary school</td>
<td>1,903</td>
<td>4%</td>
<td>512</td>
<td>2%</td>
<td>196,951</td>
<td>10</td>
</tr>
<tr>
<td>Elementary or high school</td>
<td>7,322</td>
<td>16%</td>
<td>11,574</td>
<td>56%</td>
<td>1,370,567</td>
<td>65</td>
</tr>
<tr>
<td>College</td>
<td>7,427</td>
<td>16%</td>
<td>8,651</td>
<td>42%</td>
<td>532,828</td>
<td>25</td>
</tr>
<tr>
<td>EDUCATIONAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 9th grade</td>
<td>11,969</td>
<td>58%</td>
<td>12,135</td>
<td>49%</td>
<td>752,145</td>
<td>17</td>
</tr>
<tr>
<td>9th to 12th grade, no diploma</td>
<td>2,575</td>
<td>13%</td>
<td>4,693</td>
<td>19%</td>
<td>583,896</td>
<td>13</td>
</tr>
<tr>
<td>High school graduate</td>
<td>2,973</td>
<td>14%</td>
<td>3,066</td>
<td>12%</td>
<td>1,336,165</td>
<td>30</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>1,675</td>
<td>8%</td>
<td>2,564</td>
<td>10%</td>
<td>939,639</td>
<td>21</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>1,513</td>
<td>7%</td>
<td>2,275</td>
<td>9%</td>
<td>818,658</td>
<td>18</td>
</tr>
<tr>
<td>Pct. H.S. graduate or higher</td>
<td>29</td>
<td></td>
<td>31</td>
<td></td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Pct. bachelor's degree or higher</td>
<td>7%</td>
<td></td>
<td>9%</td>
<td></td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

Employment
In the Case Study Area, the predominant occupational category was "operators, fabricators, and laborers" (38%) followed by "technical, sales, and administrative support" (23%) and "service" (15%). This occupational pattern differs substantially from the County's. Workers in the Case Study Area were twice as likely to be "operators, fabricators, and laborers" compared to the County (38% versus 16%) while half were as likely to be in "managerial and professional occupations" (11% versus 28%).

While the absolute number of people employed did not vary considerably between 1980 and 1990, there has been a substantial shift in occupation profile. There was a 31% reduction in "operators, fabricators, and laborers" (from 55% to 38%), while there was a doubling in "technical, sales, and administrative support" (12% to 23%), and tripling in "managerial, professional occupations".

Figure 8.7: Employment and Unemployment in the Case Study Area and Los Angeles County

<table>
<thead>
<tr>
<th>OCCUPATION (person over 16 years of age)</th>
<th>STUDY AREA</th>
<th></th>
<th></th>
<th></th>
<th>Los Angeles COUNTY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1980</td>
<td>%</td>
<td>1990</td>
<td>%</td>
<td>1980</td>
<td>%</td>
<td>1990</td>
</tr>
<tr>
<td>Total Employment</td>
<td>18,729</td>
<td>100%</td>
<td>18,173</td>
<td>100</td>
<td>3,471.</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Managerial and professional specialty occupations</td>
<td>1,443</td>
<td>4%</td>
<td>2,069</td>
<td>11%</td>
<td>854,826</td>
<td>25%</td>
<td>1,159,13</td>
</tr>
<tr>
<td>Technical, sales, and administrative support occupations</td>
<td>3,251</td>
<td>12%</td>
<td>4,222</td>
<td>23%</td>
<td>1,140,09</td>
<td>9%</td>
<td>1,358,88</td>
</tr>
<tr>
<td>Service occupations</td>
<td>2,969</td>
<td>14%</td>
<td>2,786</td>
<td>15%</td>
<td>410,560</td>
<td>12%</td>
<td>516,613</td>
</tr>
<tr>
<td>Farming, forestry, and fishing occupations</td>
<td>204</td>
<td>3%</td>
<td>175</td>
<td>1%</td>
<td>38,002</td>
<td>1%</td>
<td>52,446</td>
</tr>
<tr>
<td>Precision production, craft, and repair occupations</td>
<td>2,329</td>
<td>13%</td>
<td>1,948</td>
<td>11%</td>
<td>423,665</td>
<td>12%</td>
<td>462,923</td>
</tr>
<tr>
<td>Operators, fabricators, and laborers</td>
<td>8,533</td>
<td>55%</td>
<td>6,973</td>
<td>38%</td>
<td>604,612</td>
<td>17%</td>
<td>653,790</td>
</tr>
<tr>
<td>Percent Unemployment</td>
<td>16%</td>
<td>12%</td>
<td>6%</td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


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Housing

In 1990, 90% of households in the Case Study Area were renters, compared to only 56% percent for the County as a whole. Gross rent as a percentage of household income increased substantially in the study area between 1980 and 1990. During this period, households in the Case Study Area spending 35% or more of their income on gross rent jumped from 31% to 42%.

**Figure 8.8: Housing Characteristics in the Case Study Area and Los Angeles County**

<table>
<thead>
<tr>
<th></th>
<th>STUDY AREA</th>
<th>Los Angeles COUNTY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1980</td>
<td>%</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>12,569</td>
<td>13,374</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>1,184</td>
<td>9%</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>11,385</td>
<td>91%</td>
</tr>
<tr>
<td>35 percent or more</td>
<td>31%</td>
<td></td>
</tr>
</tbody>
</table>


In sum, demographically, the area is increasingly Latino and immigrant, consisting of renters in lower paying jobs, who are both younger, and poorer, and less well-educated than the County average. As such, it represents many of the trends of inner city Los Angeles.
8.3 FOOD SYSTEM IN THE CASE STUDY AREA

The existing food system in the Case Study Area is presented on the Food Resources Map. Within the case study boundaries, there are four independent supermarkets, and five medium-sized markets, and over 200 small markets/liquor stores. There are five food pantries (they are open during limited hours and available to a select population), a farmers' market (Wednesday afternoons at St. Agnes Church) and non-traditional grocery trucks which regularly drive through the residential areas. Directly adjacent, there are three supermarkets that draw part of their clientele from Case Study Area residents.

QUALITATIVE SURVEY OF MARKET INTERIORS

A qualitative survey of markets within the Case Study Area was undertaken over the course of the research. The purpose of the markets survey was to generate a descriptive overview of food retailers in the Case Study Area and qualitatively compare the food, amenities, and services offered at each store.

Three general categories of food retailers were identified through the survey: large independent supermarkets, medium sized markets, and small neighborhood stores. There were no chain supermarkets in the Case Study Area.

Supermarkets

Four large independent supermarkets are located in the Case Study Area: 32nd Street Market on Hoover Street, Numero Uno on San Pedro Boulevard, Jons on Adams Boulevard, and Jons on Pico Boulevard. Three other supermarkets in the surrounding area were surveyed as well. Observations based on field work within the area by researchers and more than a dozen testimonials by local area residents (see Chapter 14) show that all the markets are generally clean, with Numero Uno being of particular note. Jons-Pico was poorly lit with very narrow aisles that made negotiating a shopping cart very difficult. All four markets are marked by substantial customer traffic that resulted in frequent crowding and slow customer check out at all markets except Numero Uno, which was able to maintain more efficient and rapid check-out service.

Product mix at both stores is fairly robust, with numerous products manufactured in Mexico evident at Numero Uno, especially canned goods. The availability of products at Numero Uno and Jons-Adams is excellent, whereas 32nd Street is regularly out of stock of certain items and Jons-Pico has a much lower product mix. All markets, including Jons-Pico, have large produce sections with a diverse product mix. The produce at Numero Uno tends to be targeted towards a more Latino audience, an observation supported by the ethnicity of the clientele. The same observation can be made for Jons-Pico, while product mix and customers are more evenly split between Latino and African-American at Jons-Adams. 32nd Street has the largest African-American patronage and associated product mix.

The three larger stores have full-service butcher counters with extensive cuts of beef, with some pork, fish, and chicken also available. Jons-Pico has a smaller
refrigerated space and an on-site butcher is located in the rear of the store. Beef is the predominant meat sold at all of these stores. Based on the survey of the independent supermarkets, and confirmed by the price survey, the independents such as Numero Uno, 32nd Street Market, and both Jons do, in fact, provide single stop shopping for the variety of food items required to meet the Thrifty Food Plan.

Medium-Sized Markets

Medium-sized markets located in the Case Study Area are generally down-sized versions of the independent supermarkets, with fairly clean and adequately lit environments, full-service meat counters, and variable produce sections (up to 20-25% of the floor space). Included in this category are the seven most frequented markets identified through the household survey (see Chapter 14 and map). These medium-sized markets lack shopping carts but do feature automated checkout counters. Some of the larger markets have linoleum floors while others are limited to concrete slab.

Dry goods appear to occupy much of the shelf space, although the quantity available is deceiving. Upon closer inspection, most products are stacked only two deep, with unused space behind the displays. Product differentiation and mix is lower than the independents' and an overview of the produce suggests slightly lower quality. In some instances, the produce is clearly of a low to very low quality, although some stores did carry above average produce. These stores carry an adequate assortment of fruits and vegetables such as lettuce, tomatoes, bananas, onions, oranges, mangos, and assorted herbs and spices. In addition, some of the markets also carry assorted housewares and miscellaneous items.

This category of market is generally quiet and not very busy. The single most significant feature of these markets is the wide disparity in product selection and quality, ranging from very low to adequate. Many of the markets surveyed would be able to supply many of the items required to meet the Thrifty Food Plan on a regular basis (see Chapter 13), with the single greatest deficiency in the area of fresh produce.

Small Markets

The substantive survey findings in the Case Study Area are in the small neighborhood stores that ranged in size from approximately 500 up to 2000 square feet. The research team visited over 20 different stores throughout the study area. Identifying the difference between liquor stores and markets can be a problematic process given that all liquor stores will dedicate at least 75% of their floor space towards food while small markets always sell some liquor. Small neighborhood markets can be identified as three types: liquor store, market, and carniceria (meat market).

The small stores are generally tidy, but dark, with slab concrete floors (as compared to linoleum in some of the larger markets) and narrow aisles. Some of the carnicerias commit as much as a fourth of their floor space to their butcher counters, stocking various cuts of beef almost exclusively. Some of the carnicerias have noticeable odors from the meat, although this does not necessarily reflect on the quality
or freshness of the meat.

Product mix and quantity is very low across the board, especially in the area of fresh produce. Many liquor stores do not carry any produce, and those small markets that do, have very little and of very poor quality. Typically, stores carry garlic, very small and shrivelled lemons, some onions, a few carrots, a head of lettuce or two, browning cilantro, a couple of tomatoes, and maybe some spring onions. A few stores might also have a mango or two, or a small bunch of bananas, but more often than not this was not the case.

Refrigerated space in each store is dominated by beer, wine, and soda, although a certain amount of milk and dairy products can be found. In general, each store carries a small supply of whole milk, some with a carton or two of low fat milk. Some bread and tortillas can be found, although the selection is sparse and predominated by white bread.

A few canned and dry goods, many of them manufactured in Mexico, can be found in the stores, although junk food such as chips and candy bars seemed more prevalent, especially in liquor stores. None of the stores surveyed have shopping carts or baskets. On the whole, product sizes are small or only available in one size. It is impossible to purchase an entire market basket that meets the USDA Thrifty Food Plan at any one or a combination of these small neighborhood stores.

In sum, the market survey suggested an uneven mix of stores and products in the Case Study Area, with some modest, though important sources of food choices contrasting with the predominance of small stores serving primarily as outlets for non-essentials, especially liquor.

8.4 LOCAL TRANSPORTATION AND ITS EFFECT ON FOOD ACCESS

LOCAL TRANSPORTATION

Access to food by the local population is a function of transportation and land use. Having a car tremendously simplifies the choices of food shopping. The percentage of households not owning a car in the Case Study Area is significantly above the County average: 33% of households in the Case Study Area do not own a car compared to only 11% in the County. In contrast, mass transit use is over three times higher in the Case Study Area.

As presented in Figure 8.9, the bus service in the Case Study Area is linear, travelling primarily east-west and north-south, with many routes running through the area feeding Downtown Los Angeles. The structure of the bus service divides the study area, with no continuous east-west connection along Pico, Washington, Adams, or Jefferson. Bus lines running west to east along Pico, Adams and Jefferson turn northward at Grand and head into the downtown Los Angeles area. Line 102 running east to west on Jefferson heads south on Figueroa Street and west on Exposition Boulevard. The Vermont, Figueroa, Maple, and San Pedro lines run uninterrupted through the study area.

Thus, while bus service in this area is designed to link residents to other areas
Figure 8.9  Transit Access to Food Resources

Transit Access to Food Resources in the Case Study Area

Legend
- 1/2 Mile Radius
- Case Study Area
- Bus Routes
- Freeways
- Major Streets
- Supermarkets
- Interurbans

Miles
- 0
- 0.25
- 0.5
- 1

Central Ave
Green St
San Pedro St
Hope Ave
Santa Monica Freeway
Adams Blvd
Olympic Blvd
Pico Blvd
Washington Blvd
Martin Luther King Jr Blvd
Vermon Ave
of the City, it does not meet the needs of the third of case study residents who do not own cars. With the present bus routes, a case study resident using a bus would most likely require two or more linear paths to access a supermarket. Without adequate mobility, this population becomes a captive market, without a real choice for food shopping other than the food outlet nearby.

Although RTD buses do not effectively meet the demands of transit-dependent riders, one supermarket in the Case Study Area (Numero Uno) currently subsidizes a van shuttle service that carries patrons and their groceries from the store to home.

**ACCESS TO FOOD**

Small and medium stores are within one-half mile walking distance of all residential areas, but access to area supermarkets is far less convenient for Case Study Area residents (see Figure 8.10).

Public transit in the area does not meet the food access needs of the community or its transit-dependent population because the current ability of local residents to purchase a representative market basket of goods requires access to a supermarket. Bus routes do not increase mobility or connect people with food resources in a timely or cost-efficient manner, nor do they address the reality of transit-dependent people carrying groceries on a bus.

Access to supermarkets, both within the Case Study Area and the surrounding area, is limited at best. An overlay of the existing bus routes on top of the seven independent and chain supermarkets frequented by Case Study Area households reveal that residents have to walk up to a half mile to get to a bus stop (see Map 2). Those within walking distance of a supermarket may have adequate access to food, although critical issues such as walking home while carrying groceries and children still impede their ability to obtain food.

Residents living near a major thoroughfare with both a bus route and a supermarket located on the line are better situated to access food resources via public transit, although wait times and obstacles to carrying groceries still exist. Those who do not live near a bus route or supermarket can expect to take at least two buses or a single bus plus a minimum half mile trip on foot.

Furthermore, food choice and access to more than one market is extremely limited for Case Study Area residents. Only two pairs of markets, Viva and 32nd Street Market, and Boys and 32nd Street Market, are accessible via the same bus route.

Residents living west of the Harbor Freeway do not have continuous west-east bus access to the eastern half of the Case Study Area or its food resources, and vice versa. Therefore, not only are food choices limited, but the lack of mobility locks residents into certain supermarket capture zones and creates an economic atmosphere of non-competition. If area residents can not realistically access multiple supermarkets, then these stores are not forced by economic market forces to engage in competitive pricing strategies.
Endnotes
1. The Case Study Area encompasses ten census tracts serviced by Esperanza (Fiure 8.1: see Food Resources Map).
4. Numero Uno is a commercial use of land designated for limited industrial.
6. All figures reflect 1989 dollars.
7. The five pantries are St. Agnes Parish (2625 S. Vermont Ave.), St. John's Food Cupboard (514 W. Adams Blvd.), All People's Christian Center (822 E. 20th St.), St. Mark's Evangelical Lutheran Church (3651 S. Vermont Ave.), Upper Central Friendship House (911 E 25th St.) and St. Philip's Episcopal Church (2800 Stanford Ave.).
8. Viva on Hoover, Boys on Jefferson, and Ralphs on Figueroa.
10. City of Los Angeles. City Planning Department, Community Development Department, and Community Redevelopment Agency. Profile of 1992 Civil Disturbance Damage and Areas of Need. Los Angeles: City of Los Angeles, 1993, 28-30. These figures are derived from the U.S. Census, 1990, assessing the percentage of workers 16 years and older who use public transportation to get to work.
Chapter 9

Food Price Comparison Survey

9.1 INTRODUCTION

Food prices in the inner city have been shown to be systematically higher than those outside the inner city (see Appendix 2 for a full review of this literature). The primary purpose of the price comparison survey was to test if food prices in the study area were different from food prices in middle class communities in the Los Angeles region. A comprehensive supermarket survey of food prices at 24 chain and independent stores in the Case Study Area, Lakewood, and Montebello was conducted on May 2, 1993.

9.2 METHODS

The research team selected Lakewood and Montebello as control groups based on the characteristics of geography, income, population, ethnic distribution, and total number of supermarkets in the area. Both control groups had higher incomes that the Case Study Area and a similar population. Lakewood had significantly fewer persons of Hispanic origin that the Case Study Area, while Montebello had a similar proportion of Hispanics. In addition, each control group selected was an incorporated city with at least seven supermarkets.

The price comparison survey was based on a market basket of food items that met the criteria for the USDA Thrifty Food Plan based on the average weekly consumption for a family of four: two adults, one child between ages 6-8 and the other child between the ages of 9-11. The market basket selected contained 88 items based on their ability to meet the Thrifty Food Plan guidelines. In addition, these items were chosen to reflect a typical market basket with a certain degree of cultural specificity that corresponded with the Case Study Area; thus 23 of the items were foods prominent in a Latino diet.

Eight teams of two researchers conducted unannounced surveys of the selected 24 supermarkets: 7 in the Case Study Area, 8 in Montebello, and 9 in Lakewood. Surveyors recorded the prices for the entire market basket at each store including expiration dates for perishable items. In addition, researchers also made qualitative assessments of produce and meat, and purchased a selection of fruits and vegetables for later inspection.

Observed prices were converted to weighted prices based on the weekly consumption to yield a weekly expenditure for each item.
9.3 PRICE SURVEY RESULTS

MAJOR FINDINGS
1. Prices in the Case Study Area are 2.7% and 5.6% higher than Lakewood and Montebello, respectively.

2. The Case Study Area yields three of the four highest total costs in the entire survey.

3. Within the Case Study Area, chain store prices were substantially higher than independent supermarkets prices: $98.07 vs. $107.04.

4. The most expensive supermarket in the survey (within the Case Study Area) was 27% more expensive than the least expensive (outside the Case Study Area).

5. The prices for Ralphs in the Case Study Area were over 5% higher than the Ralphs in the two control areas.

6. In the Case Study Area, the market basket costs 35% of the median income, compared to only 16% for Montebello and 12% for Lakewood.

7. Compared to the two control areas, average prices in the Case Study Area were the most expensive for five out of seven subcategories of food.

TOTAL COST
Supermarkets prices in the Case Study Area were higher than prices found in Lakewood and Montebello - the average cost of a weekly food basket in the Case Study Area supermarkets was $101.92, compared to $99.25 in Lakewood and $96.56 in Montebello. The prices in the Case Study Area are 2.7% and 5.6% higher than Lakewood and Montebello, respectively (see Figure 9.1).\(^5\) Over a one year period, buying the same market basket of food in the Case Study Area would cost $138.84 more Lakewood and $278.72 more than in Montebello.

While there is a wide range of prices among the 23 surveyed supermarkets, the Case Study Area yields three of the four highest total costs of a food basket in the entire survey at Boys ($108.06), Ralphs ($107.62), and Viva ($105.44). The lowest price was Grocery Warehouse in Montebello ($85.09). The most expensive supermarket in the survey was 27% more expensive than the least expensive.

Ralphs was the only supermarket chain that had a store in each of the three areas surveyed. Ralphs in the Case Study Area was the most expensive ($107.62) compared to the Ralphs in Montebello ($102.02) or the two Ralphs in Lakewood (Paramount - $103.93 and Del Amo - $100.97). Thus, Ralphs within the Case Study Area was over 5% higher compared Ralphs in the control areas.
Within the Case Study Area, there were a number of notable patterns. The average total food basket cost at Case Study Area chain supermarkets was 9% higher than the independent stores ($107.04 vs. $98.07). The price difference between the high and low within the study area, extrapolated for one year, is $788.32 per year (Boys versus Numero Uno). This amounts to 5.3% of the annual median income in the Case Study Area.

More significant than the observed price differences either within areas or between areas is the proportion of median income spent on food. In the Case Study Area, the market basket costs 35% of the median income, compared to only 16% for Montebello and 12% for Lakewood (Figure 9.1). Thus, not only are food prices higher in the Case Study Area but residents must pay a larger proportion of their income on food.

**SUBCATEGORIES**

Each market basket was divided into seven subcategories plus one culturally specific subset. The subcategories are: (1) produce; (2) canned fruits, vegetables, and juices; (3) frozen foods; (4) dry goods, cereals, and breads; (5) dairy and eggs; (6) meat; and (7) a miscellaneous other, including oil, cookies, and soda. The culturally specific subset contain foods that are prominent in Latino diets such as tortillas, tomatillos, salsa, avocado, cilantro, etc. (Detailed discussion of quantitative price survey results is provided in Appendix 2).

Compared to the two control areas, average prices in the Case Study Area were the most expensive for five of the seven subcategories -- dry goods; dairy and eggs; frozen foods; canned vegetables, and juices; and other. In the two subcategories where the Case Study Area is not the most expensive - meat and produce - it ranks second (see Figure 9.2).

In addition, prices for Latino items in the Case Study Area ranked second behind Lakewood.
### Figure 9.2: Proportional Food Expenses by Food Subcategory

<table>
<thead>
<tr>
<th>Food Category</th>
<th>Proportion</th>
<th>Average</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry goods, cereal, and bread</td>
<td>24%</td>
<td>Case Study</td>
<td>Lakewood</td>
</tr>
<tr>
<td>Meat</td>
<td>22%</td>
<td>Lakewood</td>
<td>Montebello</td>
</tr>
<tr>
<td>Dairy and eggs</td>
<td>21%</td>
<td>Case Study</td>
<td>Lakewood</td>
</tr>
<tr>
<td>Produce</td>
<td>14%</td>
<td>Lakewood</td>
<td>Montebello</td>
</tr>
<tr>
<td>Canned fruits, vegetables, and juices</td>
<td>6%</td>
<td>Case Study</td>
<td>Montebello</td>
</tr>
<tr>
<td>Frozen foods</td>
<td>3%</td>
<td>Case Study</td>
<td>Montebello</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
<td>Case Study</td>
<td>Montebello</td>
</tr>
<tr>
<td>Latino foods</td>
<td></td>
<td>Lakewood</td>
<td>Montebello</td>
</tr>
</tbody>
</table>

**SUMMARY**

In sum, the price survey revealed a price differential as high as 5.6% between the Case Study Area and the two control cities, amounting to an annual difference of approximately $279. More significantly, when household income differences are factored in, a market basket cost 35% of the median income in the Case Study Area compared to a low of 11% in the middle class community of Lakewood. These figures become particularly noteworthy when placed in the context of continuing concern over food security. This issue is further examined in the next chapter on the household survey of the Case Study Area residents.
**Endnotes**

1. For this section "Case Study Area supermarkets" refer to both supermarkets within its boundaries as well as those directly adjacent to the area as shown in Figure 8.1: Food Resources Map.

2. The complete methodology employed for this survey can be found in Appendix 2.

3. Gwynn, 19 April 1993. Twenty-three items constitute foods that meet the criteria for the Thrifty Food Plan and are considered culturally prominent among the Latino population. These items are not all-inclusive of a generic Latino diet and do not account for cultural or regional differences within the Latino population.

4. Missing items were surveyed or imputed on the average observed price for all stores surveyed. One store and two items were eliminated from the analysis due to missing data points and eleven items were removed because they were alternates of the same food type. These corrections yielded a final market basket of 75 items (see Appendix 2).

5. Statistical tests were for significance were conducted but produced no significant findings. In addition, the importance of such tests is limited since the survey accounted for one hundred percent of the target population.
Chapter 10

Household Survey: Residents Define the Issues

10.1 INTRODUCTION
The household survey was undertaken in order to understand the problems faced by inner city residents trying to meet food needs in their daily lives. It places the concept of food security in a concrete context and examines how a population, whose per capita income is one-third of the County's, deals with issues such as the high prices found in the inner city and lack of easy access to food.

The household survey also examines how this particular population deals with transportation questions, an especially important issue as 33% of the households in the Case Study Area do not own a car, as compared to 11% in the County. This particular segment of the population has to rely on expensive mass transit that goes through their neighborhood but fails to integrate different parts of it, limiting the residents' mobility and consequently the freedom to shop wherever they wish.

In short, the household survey's main goals were to see how people in the inner city deal with access to food when faced by inadequate money and transportation.

10.2 METHODS
The questionnaire was designed to help analyze certain issues concerning food access and availability in the study area. These include five broad areas:

1. Current Shopping Behavior and Transportation
This section sought to identify food outlets utilized by residents including supermarkets, small neighborhood stores, warehouse stores, or others and to locate the places where residents bought most of the food they purchased at home. The questions also covered the mode of transportation used for shopping and the length of time involved.

2. Quality of Stores in the Study Area and Difficulties with Shopping
These questions explored how the residents perceived the quality of the store where most of their food was bought. Residents were also asked how they perceived the prices in their neighborhood and the kinds of difficulties residents experienced as part of their food shopping.

3. Where People Do Not Like to Shop and Why? & Where People Would Like to Shop But Do Not and Why?
This section inquired about residents' perceptions towards the stores in their area and the reasons for possible negative impressions or experiences. It also inquired about the stores residents would like to utilize, but did not or could not. Reasons for these opinions were discussed.
4. Economic Conditions
These questions covered household income level, respondents' employment status, and household weekly food shopping expenses. They also included questions about public assistance; e.g., if respondents received food stamps, WIC coupons or utilized food pantries.

5. Desired Outlets and Alternative Food Sources
This topic explored the kind of food outlets respondents would like to have in their neighborhood. It also explored the desirability for alternative sources such as farmers' markets, buying clubs, and community gardens.

In total the survey consisted of 40 questions (see Appendix 3 for a copy of the survey). The length of the questionnaire was designed so that it would take, on average, less than 20 minutes to complete. This was to assure a greater probability that eligible households would be willing to complete the survey. Given the fact that three-fourths of the population in the study area is Latino, the survey was written in English and Spanish.

RANDOM SAMPLE
In order to question a representative sample of households within the study area about their food security, a telephone survey was conducted with the goal of completing 100 surveys. The survey used the method of random digit dialing. The logic of this method worked as follows. All telephone numbers are made up of a three-digit area code (related to a broad geographical area), a three-digit prefix (related to a small geographical area), and four-digit suffix. There were 15 prefixes within the study area. Each prefix was assigned 100 numbers of randomly generated four-digit suffixes. Thus in total there were 1500 randomly generated numbers.

Only a small number of these 1500 telephone numbers were estimated to be an eligible household. There were a number of reasons why a randomly generated number might not be desirable, since it could include businesses, faxes, dormitories, telephone numbers not in use, and households outside the study area. We also expected a certain percentage of eligible households would either not be at home or be unwilling to participate. Thus if an outcome of every fifteen telephone numbers resulted in one completed survey, the target of 100 completed surveys would be met.

SURVEY ADMINISTRATION
The survey was administered by twelve researchers between February 15 and March 15, 1993. The exact period of time to administer this survey was important because household food buying patterns are intimately related to when pay checks or welfare checks are distributed, particularly among low-income populations.

Each researcher received a total of 100 telephone numbers. In order to contact eligible households, each telephone number was called a maximum of five times at different times of the day and different days of the week. The researchers were instructed to eliminate any telephone number that included businesses, faxes, dormitories, non-working numbers, and households outside the study area. When a researcher contacted an
eligible household, only the person responsible for most of the food shopping was surveyed.

A total of 148 surveys were completed, 55% in Spanish and 45% in English. Of those surveyed 70% were female and 30% males. Additionally, 83% of the respondents shopped for all members of the household.

**ACCURACY OF RANDOM SAMPLE**

The survey results broadly parallel some of the data from the 1990 Census as Figure 10.1 demonstrates. However, the survey sample presents an overrepresentation of African-Americans, Asians, and Others. There are two possible explanations for this. First, the study area Census figures do not include Latinos in any other racial/ethnic group while in the survey this strict distinction is not followed. Second, the underrepresentation of Latinos might be explained by their recent immigration status, and their lack of access to a telephone.

**Figure 10.1: Survey Results Compared to 1990 Census**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Study Area</th>
<th>Survey Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>African-Americans</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Asians</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Latinos</td>
<td>74%</td>
<td>64%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>White</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Mean Household Size</strong></td>
<td>3.8</td>
<td>4</td>
</tr>
<tr>
<td><strong>Education (population over 25</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 9th Grade</td>
<td>49%</td>
<td>57%</td>
</tr>
<tr>
<td>High School, no diploma</td>
<td>19%</td>
<td>13%</td>
</tr>
<tr>
<td>High School</td>
<td>12.4%</td>
<td>9%</td>
</tr>
<tr>
<td>Some College</td>
<td>10.4%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Bachelors or more</strong></td>
<td>9.2%</td>
<td>12%</td>
</tr>
</tbody>
</table>

We were initially concerned with the overrepresentation in the survey by university students - the University of Southern California is adjacent to the study area. However, this did not turn out to be the case. We had a slight underrepresentation (-1.4%) of those with some college education and only 2.8% higher responses for those people with a bachelors or more education.

Two potential sources of selection bias\(^1\) may have affected this survey, as a
consequence of using the telephone as the means of obtaining respondents. The first potential bias is due to the fact that approximately 12.9% of the study area's households do not have telephones - and thus were not eligible to be included in the survey. Households without telephones are more likely to be very poor, who are unable to afford the cost of maintaining a telephone line. Excluding households without phones would result in an underrepresentation of the very poor in the study area. Second, households with more than one telephone line have a greater likelihood of being included in the sample (e.g. if a household has two telephone lines, they were twice as likely to have been chosen in the random selection of telephone numbers). This may overrepresent wealthier households who could afford more than one residential telephone number. Thus, both potential biases would serve to underrepresent the lowest income residents. Since poor households are more likely to have problems of access to food, the telephone survey method of selecting households would bias against finding results which showed problems with food.

10.3 RESULTS

MAJOR FINDINGS

1. 27% of the households reported that they run out of money to buy food an average of 5 days a month.
   a. This projects a population of over 3,700 households in the study area who run out of money to buy food.
   b. Only 5% of households running out of money utilized the pantries in the area.

2. For people without access to a car for shopping, 70% consider distance as the most important reason for choosing their primary place to shop for food, while for people with access to a car, 67% considered store characteristics (including price, quality, and service) as primary factors determining their choice (p<0.001).

3. Those with cars were more than 2.5 times more likely than those without cars to consider price as the most important reason for choosing their primary place to shop for food (p=0.023).

4. 98% of respondents desired additional food resources in their neighborhood, including community gardens, co-op/buying clubs, farmers' markets, ethnic/specialty food stores, small neighborhood grocery stores, warehouse stores, and full-service supermarkets.

INCOME
The survey results reflected the low income characteristics of a predominant
Latino population in the study area (see Chapter 8). Eighty-nine percent of the households had a per capita income below the County’s median per capita income ($16,166).

Twenty-seven percent of the households did not have enough money to buy food at least once in the two weeks prior to the survey. These households averaged five days a month where they ran out of money for food.

As one would expect, there was a direct relationship between households running out of money for food and household income. Households with per capita incomes of $250 or less a month were 48% more likely to run out of money for food than those earning over $250 a month ($X^2=9.08$, df=1, $p=0.003$).

There were a number of significant comparisons between households running out of money and those not. Compared to households not running out of money, households lacking money to buy food were over three times (33% vs. 9%) more likely to use food stamps ($X^2=9.08$, df=1, $p=0.003$), half as likely (22.5% vs. 55%) to go to a restaurant or use take out ($X^2=12.48$, df=1, $p<0.001$), significantly less likely to use a car to go shopping (47.5% vs 67.6% -- $X^2=5.01$, df=1, $p=0.025$). Interestingly, those households without enough money for food were over three times more likely (25% vs. 7%) to buy food from a grocery truck than households not running out of money ($X^2=8.32$, df=1, $p=0.004$).

Although 27% of households run out of money for food, only 5% of these households (two households) utilized food pantries.

TRANSPORTATION

Another important aspect of defining one’s food shopping patterns is the access to a car for shopping. Such access broadens the scope of choice one has for food shopping: those who have access to a car can choose where to shop for food, from the corner store to a store located farther away that might offer a significantly lower price than those nearby. On the other hand, households without access to a car become a captive market to the food stores in the neighborhood they live in and face the detrimental effects of their lack of mobility.

The survey presents a definite contrast in the shopping patterns between households with access to a car for shopping and households without car access. Among the households surveyed, 38% do not have access to a car for shopping. For people without access to a car for shopping, 70% consider distance as the most important reason for choosing their primary place to shop for food, while for people with access to a car, 67% considered store characteristics (including price, quality, and service) as primary factors determining their choice ($X^2=13.26$, $p<0.001$).

Another important difference in shopping patterns between households without access to a car and households with access to a car is their regard towards prices. Those with cars were over 2.5 times more likely than those without cars to consider price as the most important reason for choosing their primary place to shop for food (30.8% vs. 11.1%, $X^2=5.14$, $p=0.023$).

Additionally, less than a quarter (21%) of respondents using a car had difficulty getting large amounts of groceries home from the market, while over half (51.2%) of
respondents not using a car for shopping had problems with large amounts of groceries, 
\( (X^2=14.30, \text{df}=1, p<0.001) \).

**SUPERMARKETS VERSUS SMALL STORES**

Eighty-five percent of the households bought most of their food from supermarkets. Of supermarket shoppers, 80% shopped in or within a two mile radius of the study area. Of the households who did most of their food shopping at small stores (15%), all shopped at small markets within the study area boundaries.

Households predominantly shopping at small stores were twice as likely to not have access to a car for food shopping versus households shopping at supermarkets (52.9% vs. 27.8% \( X^2 = 4.36, p=0.037 \)). Additionally, those households predominantly shopping at supermarkets had 67.4% higher per capita income than those shopping at small markets. Small market shoppers were 68% more likely to run out of money than supermarket shoppers \( (X^2, p=0.108) \).

**DESIRED OUTLETS AND ALTERNATIVE FOOD SOURCES**

Almost all the respondents (98%) desired additional food resources in their neighborhoods. At least half of all respondents expressed some interest in having the seven suggested food sources in their neighborhood. These additional sources include community garden (68%), coop/buying club (59%), farmers' market (73%), ethnic/specialty store (66%), small neighborhood grocery store (52%), warehouse store (83%), full service supermarket (80%).

Interestingly, while three-fourths of respondents expressed an interest in a farmers' market in their neighborhood, only 7% (n=8) of these respondents said they used the farmers' market located within the study area. This discrepancy was probably due to the fact that most (63%) of the respondents who didn't use the farmer's market didn't know that this market existed.
**Endnotes**

1. Bias is the introduction of systematic error into data collection.

2. The category of car accessibility was created through the response to the question "How do you usually get home from the supermarket?". The category of "access to a car" was created by including those respondents who drove themselves or got a ride home from the supermarket, while the category "without access to a car" combined people who took the bus, walked, or used a van service. See question 1c1, Appendix 3.
Section 3 Summary and Conclusion

TRANSPORTATION AND LAND USE
1. Access to a car in the Case Study Area is over two times lower than the County average and public transit ridership is over three times the County average.
2. Access to more than one supermarket is limited by current public transit, but small stores and medium sized markets are generally very close to residential areas.
3. Public transportation and land use planning and expenditures are focused on rail development which will not help the urban poor increase their access to food resources.

DEMOGRAPHICS: KEY ASPECTS
1. Total population of the Case Study Area is 53,000 persons, three-fourths of whom are Latino.
2. Half of this population is foreign born, nearly two-thirds of whom speak Spanish.
3. This population is substantially younger than the County's: only 15% are 45 or older versus 30% for the County.
4. The study area's population is substantially poorer than the County's, with a per capita income one-third of the County's.
5. Between 1980 and 1990, there was a substantial widening divide in income level between the study area and the County.
6. Forty-five percent of the population in the Case Study Area that was 25 years and older has less than a ninth grade education compared to only 15% in the County.
7. The leading occupational category in the Case Study Area is described as "operators, fabricators, and laborers".
8. Ninety percent of households rent in the Case Study Area. For the households in the Case Study Area, the burden that rent takes up of total household income increased dramatically between 1980 and 1990.

MARKET QUALITY
1. Three types of markets exist in the Case Study Area: independent supermarkets, medium sized markets, and small stores, but there are no chain supermarkets within the Case Study Area boundaries.
2. Independent markets are clean, stocked with wide selection and inventory of products, and can consistently provide patrons with all of the food necessary to meet the USDA Low-cost Thrifty Food Plan.
3. Medium sized markets vary greatly in both physical amenities and product inventory and selection, and can usually provide patrons with most of the food
necessary to meet the USDA Low-cost Thrifty Food Plan.

4. Small stores are characterized by low product selection, quantity, and poor produce availability and quality, and can not currently provide patrons with a significant portion of the food necessary to meet the USDA Low-cost Thrifty Food Plan.

**PRICE COMPARISON SURVEY**

1. Food prices within the Case Study Area are 4% higher than food prices in the Lakewood and Montebello.

2. Food prices at chain supermarkets adjacent to the study area and frequented by residents are 9% higher than independent supermarkets inside the Case Study Area.

3. Annual food expenditures for a USDA Low-cost Thrifty Food Plan market basket constitute 35% of the median income for the Case Study Area compared to 12% for Lakewood and 16% for Montebello.

**HOUSEHOLD SURVEY**

1. 27% of the households reported that they run out of money an average of 5 days a month.
   a. This projects a population of over 3,700 households in the study area that run out of money for food.
   b. Only 5% of households running out of money utilized the pantries in the area.

2. For people without access to a car for shopping, 70% consider distance as the most important reason for choosing their primary place to shop for food, while for people with access to a car, 67% considered store characteristics (including price, quality, and service) as primary factors determining their choice (p<0.001).

3. Those with cars were more than 2.5 times more likely than those without cars to consider price as the most important reason for choosing their primary place to shop for food (p=0.023).

4. 98% of respondents desired additional food resources in their neighborhood, including community gardens, co-op/buying clubs, farmer’s markets, ethnic/specialty food stores, small neighborhood grocery stores, warehouse stores, and full-service supermarkets.

**CONCLUSION**

The dramatic food security issues raised during the civil unrest in April 1992 were not isolated incidents, but the epitome of the urban poor’s struggle for food on a daily basis. This Case Study identified three principal barriers that prevent inner city residents from achieving food security: the location and type of food resources, access to food resources, and the relative price of food as a significant fraction of their income.
Inner city residents are demanding new and supplemental food resources that will provide them with more food choices and greater food security. The current food system fails to substantially provide both reasonable access to and a diverse and nutritious mix of food, creating a paradox for inner city residents: product differentiation and service is available, but access is limited by low car ownership and dependency on public transit, while more accessible food resources are characterized by lower selection.

The paradox of food access versus selection is compounded by the effects of food prices. Food prices are not only higher in the inner city than in suburban communities, but the urban poor spend 35% of their income on food. Those who spend more go hungry and fail to meet the basic nutritional requirements for human life.

The struggle for food security remains a central issue in South Central Los Angeles. Food insecurity in the inner city produces disproportional effects along class and race lines, resulting in a de facto institutionalization of food inequity. The civil unrest of April 1992 did not create the need for new food strategies for the urban poor, it only highlighted a fundamental need in the inner city. Food is more than a political luxury, it is a fundamental human right.
SECTION 4

Opening Up the System: Strategies for Change
Section Two devoted three chapters to the supermarket industry. This seems appropriate, given that most of us spend the bulk of our food dollars at these stores. Moreover, despite their problems, supermarkets generally deliver the broadest selection of food at the lowest prices. But simply building more grocery stores will not guarantee food security for inner city residents, nor will it resolve issues of community ownership, neighborhood revitalization and corporate accountability.

This section presents a number of community-based alternatives which help fill in the gaps left by conventional distribution systems. There is no single program or method to improve food security or create community development in the inner city. Rather, an integrated approach is needed, employing a variety of coordinated initiatives. Together these strategies can contribute to a significant transformation of the economic, social, and physical landscape of Los Angeles and other urban areas.

These alternatives serve multiple objectives: they improve access to affordable, nutritious food, help to create a more ecologically balanced city and provide opportunities for community ownership. In many cases, the need for additional resources is minimal or nonexistent; the principal obstacles to expanding these programs often are government policies and public perceptions. Some of these strategies may be regarded as middle-class pursuits, not likely to be successful in an inner city context. Others may be perceived as marginal efforts, mere "drops in the bucket" given the severity of the problems faced by inner city residents. Despite these impressions, there is evidence that these initiatives can succeed -- indeed, flourish -- in the inner city.

The first three chapters in this section present alternative production and distribution ventures. In particular, Chapter 11 looks at urban agriculture, Chapter 12 at Farmers' Markets, and Chapter 13 at alternative distribution programs such as food cooperatives, buying clubs, street vendors and public markets. These strategies are not meant to substitute for grocery stores but, rather, to supplement them. The remaining two chapters look at alternative ways to improve the conventional system of food distribution (i.e., supermarkets). Chapter 14 examines how revised ways of thinking about transportation can significantly improve access. Finally, Chapter 15 demonstrates how joint ventures involving community development corporations can increase access to goods and services while enhancing corporate accountability and creating community-owned institutions.
Chapter 11

Urban Agriculture

11.1 INTRODUCTION

Before it developed into the nation's second largest metropolis, Los Angeles was one of California's premiere agricultural areas. Vestiges of the orange groves that once dominated the landscape in the San Fernando Valley can still be seen. In many ways, Los Angeles enjoys conditions ripe for agriculture, especially in terms of its Mediterranean climate.

The improvement of food security and the development of an ecological city makes incumbent the return of agriculture into the inner city. Urban agriculture can lend an aesthetic touch to a neighborhood, represent a non-polluting source of employment, as well as improve gardeners' food security by supplying them with a nutritious source of produce.

These factors combined with a lack of community ownership as one of the causes of the civil disturbances of April-May 1992, point towards the potential for urban agriculture as a viable food production and community development strategy. Such a strategy would entail effective use of neighborhood greenspace for home and community food production, recreational garden activities and the development of new enterprises based on local food production, preservation and distribution. Both urban farms and community gardens provide a strategy to make the city more self-reliant with regards to food. Urban agriculture is a powerful and sustainable tool for reducing hunger and poverty by providing the poor with the capacity to feed themselves and generate income.

For the purposes of this chapter, we have divided urban agriculture into two activities.

- **Urban Farming**, which refers to agricultural activities in which production is destined for sale, as with any farm; and

- **Community Based Food Production** projects, in which production is for consumption by the grower, as in community gardens.

There is, of course, some cross-over in this definition; undoubtedly some of the crops being grown in community gardens in Los Angeles could be sold. Likewise, in urban farms, some of the produce will undoubtedly be consumed by the growers and employees. These definitions are meant as broad categories by which a discussion can proceed.

This chapter will examine the history of urban agriculture both in Los Angeles and internationally, describe current farming and gardening programs in Los Angeles as
well as selected projects elsewhere, identify the benefits of urban agriculture, provide
some of the costs involved in developing a community gardening program, discuss
areas for possible expansion as well as their barriers, and finally make
recommendations to promote the growth of urban agriculture.

11.2 OVERVIEW OF URBAN AGRICULTURE

Popular conception envisions urban agriculture as an oxymoron or as a limited
activity with little economic potential, such as backyard gardening. To the contrary,
urban food production is quite diverse and thriving in developing nations and
throughout Europe. A large percentage of food consumed in many cities is grown in
locally, while large portions of many cities are dedicated to farming. Eighteen percent
of China largest cities are 90% self-sufficient in vegetables. Sixty percent of
metropolitan Bangkok is used for urban agriculture. (Smith, 1992) Fifty-five percent of
the farmers surveyed in farmers markets for this study were from what is generally
considered the metropolitan Los Angeles area (See Chapter 12).

Urban agriculture can also be seen in terms of a city's agro-forestry policy. In
many cities across the world, fruit trees are planted on city streets. For example, in
Bangalore, India 23% of the trees planted in the city in the 1970s were mangoes,
papaya, jackfruit, guava and sapota trees.¹ In Tucuman, Argentina orange trees are
grown on city streets to provide fresh fruit to orphanages and hospitals.² The primary
barrier to planting street fruit trees in the US lies in the city's fear of litigation from
persons slipping on fallen fruit.

In the Third as in the First World, urban agriculture is often denigrated or
ignored as an activity not worthy of the city. Agriculture is often not included in urban
land-use planning or considered as an industry in the economic planning process. Due
to the fact that much of urban food production is for consumption and not for the
market, it does not enter into economic development statistics, thus reinforcing policy
makers' lack of interest. It persists despite a generalized lack of support from public
and non-profit sectors.

The vast majority of urban farmers in the Third World are the poor who depend
upon farming for subsistence. Urban agriculture provides an essential source of
nutrients for a large percentage of the urban poor: in Kenya, one study found that 40%
of the urban farmers were absolutely dependent upon self-produced food for nutritional
survival.³ While the situation is not so dire in the US, urban agriculture can represent
an important supplement of fruits and vegetables to the poor.

11.3 HISTORY OF AGRICULTURE IN LOS ANGELES

When agriculture was king in Los Angeles, Southern California was not yet
urbanized. Los Angeles County has given up its legacy of being a leading agricultural
producer, in favor of becoming a leader in the production of ozone, sodium oxide,
nitrous oxide and other criteria air pollutants. The area where celery fields once
flourished in Venice, and Carson's hillsides were paved in spinach, has given way to
dry cleaners and tract housing. The chicken farmers were the first to leave the City in
the early 1950’s followed by the dairy farmers, spurred on by urban neighbors complaining of foul odors. Finally, the crop farmers began to vanish also. Much of the farm exodus was due to rising property values which increased property or estate taxes. As recently as the early 1960’s more than 100 urban farms worked 3,500 acres in the western strip from Santa Monica through the South Bay. As of 1993, only 60 acres in this strip are cultivated as farm land--more than a 98 percent reduction. According to the Los Angeles County crop report, total acreage devoted to vegetable crops throughout the county dropped 80 percent from 14,480 acres down to 2,983 acres over the past 3 decades.4

The last remaining greenbelts in this area lie below the network of powerlines and along freeway frontages. They consist primarily of wholesale nurseries producing woody ornamental plants. Agricultural activities contribute approximately $260 million annually to Los Angeles County’s GNP, maintaining its current rank as the 16th county for agricultural production in the state.5

The loss of locally produced fruits and vegetables has made the city dependent upon a food distribution system that may not always be responsive to their needs. The average North American city has only a two to three day supply of food. This makes the city vulnerable to natural and social disasters, as was demonstrated by empty supermarket shelves during the social earthquake that shook Los Angeles in April of 1992. According to Brenda Funches, Director of the Common Ground Garden Program and long-time advocate of community based food production:

Planned integration of urban agriculture into the cities of the future has one immediate benefit: a significant reduction in our dependency on the massive non-renewable, petro-dependant production, processing, packaging and transportation of agricultural commodities.

11.4 URBAN FARMING

Urban farming projects can take many forms but differ from neighborhood subsistence programs, such as community gardens, in that they form the basis of new enterprises in food and agriculture production. Bee keeping, herb cultivation, fish farming, and sprout farming are examples of activities suited for the limited land available in urban environments. Other areas of potential are based on "high tech" developments in horticulture. These could include such processes as bio-intensive techniques, micro-propagation, hydroponic production of food crops and fish farming. These kinds of intensive production may require high start up costs. The following is a description of a number of projects which illustrates urban farming's wide range of possibilities.

KONA KAI FARMS

Located in a mixed residential/industrial neighborhood of Berkeley, Kona Kai Farms represents an example of an urban farming entrepreneurial success. It sells gourmet lettuce at $8-20/lb to up-scale restaurants across the country, and as far away

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as Hong Kong. On only .4 acre, the farm grossed $230,000 in 1988, netting the owner a profit of $50,000-$70,000/ year at its peak. It employs 2 gardeners at $8 hour, and a manager at $15 hour. This type of intensive planting is also capital intensive, requiring a capital investment of $100,000 acre. The primary reason for this farm's success, the owner contends, lies in the marketing. This farm has successfully captured a market niche, due to his entrepreneurial style, high degree of business skills, and connections to restaurants. The owner warns that a very sophisticated level of business skills are necessary for this type of venture. One forum in which it may work however is in schools or prisons, where there is a captive low-cost labor force.  

FRESH START FARMS

Also in San Francisco and with a similar marketing strategy, is Fresh Start Farms. The brainchild of Ruth Brinker, a well-known social activist in the Bay Area, Fresh Start plans to open a rooftop garden on city's largest homeless shelter. Ms. Brinker already has contracts with 75 restaurants and hotels to buy the gourmet vegetables the garden will be growing this summer. Fresh Start is intended to be a demonstration project that will pave the way for future homeless gardening programs across the country. The project will employ a minimum of 10 homeless persons working part time for minimum wage and a share in the profits. One barrier to this project has been city codes which allow only ten persons on the rooftop at any one time. This farm like Kona Kai has a high level of business connections which should be taken into account when planning similar projects in the future.

HARTFORD'S HYDROPONIC GREENHOUSE

Also along commercial lines, was the Hartford Food System's greenhouse operation. Located in a partially developed commercial neighborhood in Hartford, CT., this 13,000 sq. ft. greenhouse was built on a vacant lot donated by the city's redevelopment agency. It grew butterhead lettuce hydroponically. The marketing strategy was much more mainstream than the two California projects, selling to supermarket chains, restaurants, institutions, and farmers markets. The greenhouse employed 4-5 people full time, with vocational training in agriculture provided to high school students. The greenhouse was subsequently sold to a private individual.

The greenhouse required a large start-up fund: capitalization costs reached $300,000, or $20 sq/ft. Funding for the operation was provided by community development Block Grants, as well as other sources. The operation did show a small profit.

Mark Winne, the director of the Hartford Food System notes that such a greenhouse is energy intensive, expensive to operate, and might not be necessary in a Southern California climate. Like Fresh Start and Kona Kai, he notes the absolutely critical need for having a business sense in running an operation of this type. A "softer approach" might be more conducive to the skills and needs of non-profits. This would involve the production of seedlings for community gardens, senior citizen gardens, schools, and linked into other community activities in order to minimize labor and
other costs. Public funds or grants and donations would be useful in establishing it as a community institution that might also provide job training for future work in the greenhouse industries.  

**HOMELESS GARDEN PROJECT**

The Santa Cruz Homeless Garden Project is worthy of mention for its unique marketing strategy. Situated on 2.5 acres of land, the Garden employed 70 people in its first year and a half of operation. It is funded by sales and by city and county monies as well as donations. The Garden sells its produce through the Santa Cruz Farmers Market as well as a Community Supported Agriculture (CSA) program. CSAs, or subscription farms, sell a share of the farm’s crops before it is harvested, usually on a yearly basis. Thus, the consumer pays a lump sum for weekly shares of the farm’s production. This type of arrangement in the inner city (perhaps with the addition of a payment plan) would promote the farm as a community institution economically and socially linked to its neighbors.

**11.5 BENEFITS OF URBAN FARMING**

Urban agriculture provides numerous benefits both to the grower and to the community at large. As illustrated in the previous section, urban farming holds the potential for job creation, and job training. The jobs created in the variety of projects surveyed tend to be of a low-paying nature ($4.25-$8/hour) due to the marginal profitability of these enterprises. Urban farming jobs are well suited to people in transition: the homeless, recently released inmates, people in rehabilitation, etc. Urban farming can also provide job training for inner city youth for the "green industries." Through job training, community-based farming operations can provide a much needed service.

**11.6 BARRIERS TO URBAN FARMING**

Increasing land values and urban sprawl are generally held as the primary reasons for the disappearance of the urban farm. However, high water costs, restrictive zoning and lack of available small loans for small farms are frequently cited by farmers in the city as some of their most difficult obstacles. Water bills alone average around $450 per acre every two months, and can substantially increase in the summer.

Municipal regulations can severely restrict agricultural activities in the city. City zoning laws are generally not supportive of agriculture. Michael Norton of Kona Kai Farm noted that he had no problems in siting his farm in Berkeley, while Ruth Brinker of Fresh Start Farms complained that it would take her one and a half to two years to get permits processed for her farm in South San Francisco.

In Los Angeles, city zoning ordinances have prohibited urban farming. Leslie Starius had a one acre sprout farm in Mar Vista since 1980, but was prohibited in 1988 from farming on leased land by Los Angeles building department zoning laws. She was forced to move to Canoga Park after trying unsuccessfully to get permits for locations in Inglewood and Central Los Angeles. She explains:
We were in escrow in a property in Inglewood, and before closing I met with the city zoning department to get approval on the structure. It was zoned commercial, but for manufacturing, which meant I could have a greenhouse, but it would have to have bathrooms for the disabled, ramps, parking spaces for every employee and we would have no land left for the size greenhouse I needed.

Getting a permit for her greenhouse took over 8 months, and the delay cost over $32,000.10

Credit availability for small loans is another constraint on urban farmers, who are usually by necessity small farmers. Since the overhead of making a loan does not vary with the size of the loan, the earnings potential for the lender is much greater with a larger loan. Although risks are not higher with small loans, they are seen as less profitable. In general, large commercial banks are reluctant to make loans for under $500,000. Another source of credit is the Farm Credit System (FCS), established in 1916 by Congress to provide long term real estate mortgage loans at lower rates of interest than commercial banks. One problem however with the FCS is its tight qualifying standards on small or new farmers. While the FCS specializes in small-medium-farm loans, they typically do not make loans below a quarter million. Established small farmers may be forced into enormous debt by these minimum loan requirements. More often than not new farms do not qualify because they lack sufficient collateral, or because a 3-year track record required by most lenders. A final factor that discourages lending to small farms is the enterprise's farming mix. Small farms often plant highly diversified crops as a risk reduction strategy. Lenders often restrict and discourage diversity because it complicates the inspection and verification costs for the lender. Multi-year loan contracts tie farmers into a preset crop planting schedule, which in turn reduces the farmer's ability to tailor his crops to the demands of the market without paying loan applications every year. These conditions should be relaxed for small farmers.11

Funding for urban farming projects is crucial. Many intensive farming operations, as would be required on small city parcels, are capital intensive. Start up costs for high tech intensive projects could require investments in the six figures. However, many lending institutions are loathe to lend to urban agricultural projects. Rural banks on the other hand, service the needs of rural farmers, but not urban farmers. One option for promoting urban agriculture is with a special bond issue. Creation and sale of urban ag-bonds is one concept that is being explored in a small community in New York State.12 The strict standards set for lenders by the FCS, along with restrictions imposed by multi-year loan contracts need to be relaxed in order to allow urban agriculturalists to qualify for funding.

Finally, the key to success for urban farming enterprises lies in the identification and capture of a market niche. Direct marketing as discussed in Chapter 12 provides substantial economic benefits over selling wholesale. There exist many possibilities for marketing, ranging from the sophisticated such as marketing gourmet vegetables to
restaurants to selling at farmers markets, establishing a subscription farm, or creating a local produce stand. The choice of a marketing strategy should depend upon a realistic evaluation of the business skills of the farm's managers, the workers, cash flow needs, and a market analysis.

11.7 **COMMUNITY BASED FOOD PRODUCTION**

Community based food production may be defined as alternative activities which support neighborhood subsistence and self-reliance, such as community gardens, fisheries and food preservation projects. These activities have the potential for expansion into profit-generating private or cooperative enterprises, such as urban farms. Community gardening is the primary community based food production strategy discussed in the following section of this report.

Community gardens provide a whole set of benefits to their users in addition to economic. The Toronto Food Policy Council has proclaimed community gardening as the "quintessential Healthy City Activity".

11.8 **THE HISTORY OF COMMUNITY GARDENING IN THE U.S.**

Unlike the steady support community gardening has received in Europe and Asia, urban gardening in the US has suffered a more uneven history. In times of crisis, war or economic depression, it is often rediscovered, along with a rich urban horticultural heritage. Under the guise of work relief, nature study, civic beauty, patriotism, therapy or wholesome food production, community gardening has been promoted to fulfill a variety of functions in the past century. Thomas Basset has identified six distinct phases of community gardening in America's cultural history, summarized as follows:

1. **POTATO PATCH, 1894-1917**
   This gardening movement began in Detroit in the wake of the Panic of 1893, amid labor unrest and pressures of rapid urbanization. The aim of the program, which distributed quarter acre plots from vacant land to the poor and unemployed, was an innovative form of work relief. By encouraging a self-help strategy, it released local governments and industry from having to provide welfare.

2. **SCHOOL GARDENS, 1900-1920**
   This idea, originating from the school gardens of Europe, was used to reestablish contact with nature and taught proper work habits for low-income residents in New York City. It was in response to what educators saw as moral decay associated with urban living.

3. **LIBERTY GARDENS, 1914-1920**
   When the US entered World War I, the call went out to "soldiers of the soil" to "plant for freedom and hoe for liberty." The decrease in food transport requirements freed up rail space for munitions and other war materials. In 1918, the War Garden Commission

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reported 5,285,000 gardens whose production value was estimated at $525 million—8% of the nation's gross value of agricultural commodities.

4. RELIEF GARDENS, 1930-1939
These gardens sprouted up during the Great Depression as an institution to supplement food, as well as to put the poor to work. Two forms of gardens competed during this time: the allotment garden versus the large tract. Allotment gardens were individual plots cultivated by an individual or family, while workers enrolled to cultivate large tracts under the supervision of a foreman in large tract gardening. While both methods were used, frequently at the same time in the same city, the allotment garden was predominant in the movements that followed. A nutrition component was introduced at this time with the encouragement to grow leafy green and yellow vegetables.

5. VICTORY GARDENS, 1941-1945
Orchestrated by the War Foods Administration during World War II, the purpose of the gardens was basically the same as the Liberty Gardens of World War I, except with an added nutrition component. Slogans like "Vegetables for Vitality and Victory" and "Plant a Garden for Defense Health and Economy" were common. At the peak of production in 1944, 20 million Victory Gardens yielded 40% of the fresh vegetables in the United States. When the war ended, rationing and restrictions were over, the frozen food industry burgeoned, and vacant lot gardeners put down their hoes.

6. COMMUNITY GARDENS, 1970-present
Two factors underlay the increase in community gardening in the 1970s: the rise of environmental awareness and economic concerns brought about by high unemployment and inflation rates. Forty percent of all existing community gardens were started in 1975, a year with sharply rising food costs.

During the early 1970s, a series of federal and local programs were initiated, providing institutional support for this latest wave of community gardening. Much of this support either disappeared or decreased throughout the 1980s. While each period of intensified gardening activity has been prompted by a crisis of sorts, the activity of gardening in urban communities has persisted. Currently, there is renewed interest on the part of community groups and civic organizations to look at food production as a community empowerment strategy. This is due to diminishing social services in a time of economic recession and also as a way to build community. Several of these programs, along with their histories, will be described in the following section.

The Federal government has provided support for urban gardens through USDA Extension Service legislation. The Urban Garden Program was first funded in 1977 through amendments to the Smith-Lever Act of 1914 that established the Extension Service as the education arm of the US Department of Agriculture (USDA).

Through its partnership with the 73 land-grant colleges and universities and 3,100 county governments the mission of Extension Service is to offer "instruction and practical demonstrations to encourage the application of such information by
demonstrations, publication, and other means to persons not attending or resident in college." (Hearing p. 37) The Extension model is a grassroots informal educational delivery system based on disseminating information by training community members to train others.

Additional Federal appropriations for such specific purposes as nutrition education programs for low income families (EFNEP) was authorized in 1968. This program marked a shift for Extension from a primarily rural focus. It brought Extension Services into urban areas for the first time in response to the shifting rural-urban demographics and the burgeoning numbers of urban poor needing some form of food related assistance. In 1977, $1.5 million of EFNEP funding was earmarked to pilot urban gardening programs for "employing people having general qualifications of Extension Agents to assist in teaching and demonstrating gardening as well as nutrition assistance" (45) in the six largest cities in the country (including Los Angeles). In following years, it was expanded to 16 cities and then 23 cities where it stands currently. The funding level of the program has eroded by 70 percent in real dollars since 1980, with a constant funding rate of $3 million.

LOS ANGELES

Los Angeles joined the community gardening movement four years before the Extension Service Urban Garden Program. Mayor Tom Bradley's administration started the Neighborhood Garden and Farms Office in 1975 under the direction of Mark Casady, with Comprehensive Education and Training Act (CETA) funding, with additional support provided by Eddie Albert of Green Acres fame. This office organized 20 community gardens, 18 of which are still functioning. In 1978, the CETA funds ran out and the office closed. Left in place were two gardening organizations that still operate today: Common Ground Gardening Program and Metro Farm. The following section provides a brief overview of the various gardening organizations in Los Angeles.

Common Ground

The Common Ground Gardening Program is the representative of the USDA's Extension Service in Los Angeles. Common Ground provides information, education, and technical assistance to low-income families and groups who want to learn to grow and preserve their own produce. Common Ground currently operates 11 community garden sites with three half time field assistants in low income areas of Los Angeles County. Table 11.1 indicates the per capita income of communities in which several of the gardens are located. Three of the remaining four gardens are located in low income housing developments, indicating that the target population is captive. Nickerson Gardens and Mar Vista Gardens are both federally subsidized housing projects, while Ward Villas was developed by a local housing development corporation for low-income senior citizens. The North Hollywood Garden is a specially designed raised bed garden built specifically for handicapped adults.
Figure 11.1: Per Capita Income of Garden

<table>
<thead>
<tr>
<th>Garden</th>
<th>1990 Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Crenshaw Garden</td>
<td>$13,696</td>
</tr>
<tr>
<td>2. Normandie Garden</td>
<td>$ 6,916</td>
</tr>
<tr>
<td>3. 22nd Street Garden</td>
<td>$ 5,958</td>
</tr>
<tr>
<td>4. Vermont Garden</td>
<td>$ 7,187</td>
</tr>
<tr>
<td>5. Pico Union Garden</td>
<td>$ 5,402</td>
</tr>
<tr>
<td>6. Grandview Garden</td>
<td>$ 8,296</td>
</tr>
<tr>
<td>7. Sheenway Garden</td>
<td>$ 6,341</td>
</tr>
<tr>
<td>Total Average</td>
<td>$ 7,685</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>$16,149</td>
</tr>
<tr>
<td>Los Angeles City</td>
<td>$16,188</td>
</tr>
</tbody>
</table>

Restrictions on Extension funding in accordance with the Smith-Lever Act preclude the funding of materials and supplies and development or rental of land for gardening. Common Ground works in partnership with other organizations who provide funding for garden development. One such partner is Pacific Asian Consortium in Employment (PACE), which established a neighborhood gardening program with community development block grant funding from HUD.

Other programs offered by Common Ground include training workshops for volunteer Master Gardeners, Master Food Preservers and Master Composters. These workshops are available to the Common Ground gardeners and to the general public as well. The Gardening Angels program provides training to volunteers to help set up gardens in Los Angeles County schools.

Metro Farms

The Metropolitan Neighborhood Garden and Farms Inc. was created in 1977 as an independent non-profit organization to provide land leases and insurance necessary for community gardens as an aid to the Mayor's Neighborhood Garden and Farms Office. At its peak in 1976, Metro Farms offices were staffed with six CETA employees. Currently, Metro Farms staff has been reduced to a single volunteer. With no funding source or support from the government, Metro Farm's only remaining responsibility is to process the checks to pay for the insurance for the 18 affiliated gardens. These gardens are located throughout Los Angeles and comprise a total of 32.4 acres.

Los Angeles Harvest
Los Angeles Harvest is a newly incorporated non-profit organization, established in 1992, to promote and support urban community horticulture and forestry projects among the multi-ethnic and multi-cultural communities in the Los Angeles urban area. Their three major projects currently underway are UHURU Gardens, which will develop urban gardening projects to increase entrepreneurial and horticultural skills among jobless inner city youth and adults. Los Angeles Harvest is in the process of creating a resource center/clearinghouse for donations, volunteer labor, and available lands for urban agriculture. Los Angeles Harvest is also evaluating the Urban Greening Initiative.

**Urban Greening Initiative**

After the civil unrest, USDA provided 3.7 million dollars as part of an Urban Greening Initiative by the Forest Service. 2.95 million went to 32 community groups for projects involving "Agro-Forestry". At the urging of community groups such as Los Angeles Harvest, the forest service funded 9 projects that involved food production, approximately 6 percent of the funding.

<table>
<thead>
<tr>
<th>Grantees of the Urban Greening Initiative involved in urban Agriculture</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. John Hope Continuation High School</td>
<td>$200,000</td>
</tr>
<tr>
<td>2. Shields for Families Project</td>
<td>$112,000</td>
</tr>
<tr>
<td>3. Offspring Urban Farms</td>
<td>$ 76,500</td>
</tr>
<tr>
<td>4. PACE</td>
<td>$ 57,500</td>
</tr>
<tr>
<td>5. Hollywood Sunset Free Clinic</td>
<td>$ 17,100</td>
</tr>
<tr>
<td>6. Guatemala Support Network</td>
<td>$ 17,000</td>
</tr>
<tr>
<td>7. St. Joseph Center</td>
<td>$ 11,800</td>
</tr>
<tr>
<td>8. Los Angeles Regional Food Bank</td>
<td>$  8,000</td>
</tr>
<tr>
<td>9. Aviva Center</td>
<td>$  7,500</td>
</tr>
</tbody>
</table>

This pilot program is an attempt by the US Forest Service to explore its role in helping to manage the "urban forest" an ecosystem that includes people as well as plants and trees. Although the program has been running for less than a year, the food production projects are offering promise. The Los Angeles Regional Food Bank has expanded their original plan of 60 community garden plots and now has over 115 enthusiastic Latino and African American families working side by side in a virtual urban oasis.
**Figure 11.2: Community Gardening Resource Guide**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Contact</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Ground</td>
<td>Brenda Funches,</td>
<td>Operates 11 community gardens, offers Master Gardening, Composting and Food Preservation classes. Compiling land bank. Program Funded by University of California Extension, the USDA and Los Angeles County.</td>
</tr>
<tr>
<td>2615 S. Grand Ave, Suite 400</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td>Los Angeles, CA 90007</td>
<td>213-744-4341</td>
<td></td>
</tr>
<tr>
<td>Los Angeles Harvest</td>
<td>Jacqueline McCally,</td>
<td>Gardening Resource on-line directory to assist with finding donated materials. Non-profit organization, partially funded by the USDA Urban Initiative Funding.</td>
</tr>
<tr>
<td>PO Box 151226</td>
<td>Director</td>
<td></td>
</tr>
<tr>
<td>Los Angeles, CA 90015</td>
<td>213-742-0429</td>
<td></td>
</tr>
<tr>
<td>Metro Farms, Inc.</td>
<td>Herschel Gilbert,</td>
<td>Provides liability insurance to cover land used for community gardens. No funding, one volunteer staff.</td>
</tr>
<tr>
<td>2451 Nichols Canyon</td>
<td>President</td>
<td></td>
</tr>
<tr>
<td>Los Angeles, CA 90046</td>
<td>213-876-6040</td>
<td></td>
</tr>
<tr>
<td>PACE</td>
<td>Lamont Bristol,</td>
<td>Identifies potential garden sites and recruits low-income residents to garden. Assists in development of garden plots and purchases supplies such as fencing, tools, etc. Funded by HUD through the Community Development Department of the City.</td>
</tr>
<tr>
<td>Neighborhood Garden Program</td>
<td>Supervisor</td>
<td></td>
</tr>
<tr>
<td>2525 W. 8th Street</td>
<td>213-389-2373</td>
<td></td>
</tr>
</tbody>
</table>

**11.9 BENEFITS OF COMMUNITY FOOD PRODUCTION**

There are many health and social benefits from community based food production, including community development and self-reliance, improved quality of life, environmental enhancement, social equity, sustainable development and local economic development. The main reasons people garden are to save money, for fresher vegetables and for enjoyment. Gardens For All, a national community gardening association conducted a national gardening survey in 1981. According to their survey, 69 percent of all community gardeners reported saving money as their primary reason for gardening, with better-tasting and more nutritional vegetables rated second. Similar results were obtained from a survey conducted for the City of Los Angeles. The Los Angeles Gardening Resource Guide lists 24 organizations that offer assistance with gardening. Some of these organizations include Los Angeles Harvest, a non-profit organization that provides gardening resources on-line; Metro Farms, Inc., which provides liability insurance for community gardens; and PACE, which identifies potential garden sites and recruits low-income residents to garden. These organizations are part of a larger effort to promote community gardening and support the growth of local food systems in Los Angeles.
Angeles Planning Office in 1990, gardeners ranked the top three reasons for participating in the Common Ground Program as pleasure, growing food, and saving money (See Figure 11.3).

Informal interviews with community gardeners conducted for this study confirm that one of the primary reasons people garden is for recreation. Gardening provides an refuge from the "real world," into which the gardener can escape. Gardens represent a type of interactive park, and should be supported as such by city governments. Gardening can also be therapeutic.

Horticultural therapy is a degreed discipline. Gardens are commonly utilized in the rehabilitation of criminals, troubled youth and the like, as well as among the learning disabled. Urban gardening often offers individuals an opportunity to connect with their history and cultural heritage. For immigrants, this could mean being able to use skills acquired in coffee fields in El Salvador or rural farms in Mexico or South East Asia. As one gardener from declared with his hand on his heart and a tear in his eye "Working with my hand in the soil brings me closer to my homeland". Many African Americans came to Los Angeles from the rural south or East coast cities with traditions of vacant lot cultivation. These intangible benefits are difficult to measure and value, however, they should not be ignored.

Community gardens bring together diverse people into a common enterprise and place, developing a sense of community. As an example, after only a few short months gardening at the Los Angeles Regional Food Bank in South-Central L.A., the gardeners are discussing the creation of a number of cooperative enterprises. An essential part of many community gardens is a Garden Club which convenes regularly to make decisions about the garden, such as water usage, tool policy, and the maintenance of paths. These garden clubs represent neighborhood democratic institutions. The process of participating in garden club decision-making not only provides the participant with a lesson in cooperation and self-governance, but also gives promotes a sense of community among the gardeners as they get to know each other. One community gardening advocate notes that, "The growing sense of community among neighbors contributes to the political empowerment of multicultural decentralized neighborhood organizations. From this vantage point the network of community gardens permeating the fabric of cities can be seen as an essential staging ground for a politically healthy democratic society."13

Gardening also can provide important nutritional benefits. As discussed at length in Chapter 3, minorities tend to have high rates of diet-related diseases and low rates of consumption of protective foods such as fruits and vegetables. In times of economic hardship, produce is often one of the first items to be discarded from the family shopping list. Common Ground, using a USDA formula, estimates that from a 4 x 16 raised bed garden, $600 worth of vegetables can be grown per year. Gardening should be seen to reduce long-term health care costs. A study performed in Philadelphia concluded that diet is positively effected by gardening. ....

Finally, urban agriculture in general has environmental benefits. By utilizing lawn waste and scrap food to produce compost, farming reduces the amount of waste

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thrown into landfills, and consequent transportation costs. Urban agriculture provides aesthetically pleasing locales with their own micro-climates, as well as refuges for urban wildlife. Soil absorbs water rather than letting it run off, reducing the amount of flooding during heavy winter rainstorms. The transformation of a vacant garbage-strewn lot into a community garden, a common practice, provides public health benefits to the community through the elimination of living spaces for vermin and diseases.

11.10 BARRIERS TO COMMUNITY GARDENING

While vacant lots abound in the inner city, the task of finding suitable property for urban farms can be difficult. A vacant lot database would facilitate the process of urban farm location. The creation of such a database should be seen as an economic development task, whose goal is to bring jobs and training into the inner city. The Food Council in conjunction with Los Angeles Harvest, the Department of Water and Power, the Metropolitan Transit Authority, the city Department of Sanitation, the County Assessor and the city Parks and Recreation Department should develop such a resource.

For community gardens, the problem lies not so much in finding land, but in getting permission to use the land as a garden. Community garden land tenure often times is precarious, subject to the whims of the owner. In Los Angeles as in other cities, many gardens have had to "close shop" after the land was sold or built upon. As a community institution, long term tenure of gardens is beneficial to the community. A sense of permanency encourages gardeners to make long-term investments on the land, such as planting trees. In some cities, such as Philadelphia, the city gives long term leases for the use of its 40,000 vacant lots for community gardening with no fees, no taxes, and no liability insurance. This can be more advantageous than taking ownership of the land in a community land trust because then the community must take up costs of liability insurance and real estate taxes. New York City's "Operation Green Thumb" works out of the City's General Services Department and facilitates the process of getting permission for interim land use with its simple lease agreement granting, "open space greening groups" the right to use the city's vacant land--at their own risk. Because no insurance policy is attached to the lease, red tape is avoided and transfers are quick, easy and inexpensive.

Medfly regulations can also restrict community gardens. Certain areas of the city are zoned medfly quarantine zones out of which home-grown produce can not leave. Technically then if a community garden lies within a Medfly zone, and the gardeners live outside the zone, then it would be illegal for the gardeners to take their produce home. Personnel at the Medfly Project hotline have taken a clear stance that the movement of produce through quarantine areas was strictly prohibited. George Singleton of Los Angeles Horticulture Corps located in South Central notes that medfly regulations have been one obstacle to the establishment of a road-side produce stand for their garden and threats of spraying severely jeopardize plans to market organic produce. Common Ground has suggested that Medfly quarantine area restrictions be
relaxed for produce grown in community gardens.  
Toxic soils in urban areas also represent a serious problem. While lead levels tend to be much worse in the Northeast than in the Southwest, nevertheless, toxics can represent a serious problem in urban neighborhoods. Many stories abound of vacant lots in South Central Los Angeles being dumping grounds for hazardous chemicals. A 1977 survey in Boston found lead levels of 200-4000 ppm in two-thirds of the 64 gardens tested. There do exist bio-remediation techniques for lead soil poisoning, including the cultivation of "trash crops," and the building of new soil through intensive composting.

In Los Angeles, where rain falls only a few months out of the year, water represents the major cost for community gardens. In 1992 average water costs per plot for some of the Common Ground gardens was approximately $2.16 month. However, many of the gardens were being billed at different rates, ranging from $0.62 to $1.20. For example, Schedule F with a base rate of $0.62 is the irrigation rate, however, this rate is technically only available for lots of 3 acres or more.

11.1 CONCLUSION

Urban agriculture should be seen as an environmentally-friendly economic development strategy. As discussed above, the shape it takes can be very flexible, on a continuum from entrepreneurial to non-profit community based. All forms have a place in the sustainable development of Los Angeles, although community service should have a high priority in all urban agricultural activities. As a micro-entrepreneurial strategy, urban farming should be actively encouraged by R.L.A. and other city economic development specialists. As a community based project designed first and foremost to serve the needs of the community, urban farming should be accorded preferential treatment in local governments.

Urban agriculture is a powerful and sustainable tool for reducing hunger and poverty by providing the poor with the capacity to feed themselves and generate income.
Endnotes
1. Wade, 1992
2. Smit, 1992
3. Smit, 1992
4. Grenier
5. Funches
10. Grenier
11. Brown; Klonsky
13. Linn, 1992
14. LA Harvest is in the process of creating a limited version of such a "land bank" based on calls from potential land donors.
15. See recommendations for establishment of Inter-Departmental Working Group who could take on this task with the aforementioned groups.
16. Singleton, 1992
17. Sprin
Chapter 12

Farmers' Markets

12.1 INTRODUCTION

In places where conventional distribution systems fail, alternative distribution modes represent an essential strategy for improving access. With the abandonment of inner city Los Angeles by the supermarket industry, direct marketing from the farmer to the consumer represents an important and viable alternative distribution method. The primary form of direct marketing in urban areas is farmers' markets.

Direct marketing is defined as "the marketing of agricultural commodities at any marketplace established for the purpose of enabling farmers to sell their agricultural commodities directly to individual consumers in a manner calculated to lower the cost and increase the quality while providing increased financial returns for farmers." Simply put, it is the transference of food from growers to consumers with minimal handling in between. Figure 12.1 illustrates the potential elimination of extraneous and costly steps in the food transportation chain with direct marketing. In short, direct marketing represents an attempt to preserve Jeffersonian yeoman small farmer values by providing farmers with an opportunity to make an end-run around the corporate agricultural structure.

This chapter presents farmers' markets as a viable alternative food distribution method for the inner city, as well as discuss the barriers to the successful operation and expansion of farmers' markets. It first discusses the history of farmers' markets in the U.S., California, and Los Angeles, with specific attention paid to legislative changes that enabled the creation of farmers' markets. It then examines the problems faced by growers and consumers that necessitate the existence of farmers' markets. Following that, it discusses the benefits of farmers' markets to both consumers and growers, presenting in detail two surveys conducted for this report. The next section looks at farmers' and consumers' suggestions for improvements. The last two sections look at the regulatory structure governing farmers' markets and make specific recommendations on federal, state, local, and market levels to promote their expansion and continued success.

12.2 HISTORY OF FARMERS' MARKETS

One of the world's oldest institutions is the urban public or "open-air" market. Agoras or open air market places were common during Roman times. In the U.S., the first recorded market began in 1633-34 in a large open space in the center of Boston.

Our history of farmers' markets resurfaces during World War II in California. The United States' involvement in World War II hurt many of California's small farmers; canneries were unable to accept a farmer's entire load due to the shortage of
Figure 1. Typical Route of Peach- Traditional Method

Figure 2. Typical Route of Peach- Direct Marketed

Source: Direct Marketing Guide, 1979
workers and the conversion of canneries to war-production purposes. Concerned with the enormous amount of waste created by these surpluses - while consumers continued to pay high retail prices for food, John Brucato, a winery owner and founder of the San Francisco Victory Garden Council, devised the "San Francisco Plan," whose sole purpose was to put these consumers in direct contact with farmers. The council would announce nearby farm surpluses through local press and civic organizations, and people would carpool directly to the farmer, thereby eliminating the cost of the middleperson. The whole operation was an enormous success, so much so, that San Franciscans began wondering why they were able to pay a farmer four cents a pound for select pears, while urban retail price for the same pears was as much as 22 cents a pound.³

War-time rationing of gasoline later halted these urban-to-rural shopping excursions. The only feasible solution that remained was for the farmer to come to the city. However, a series of problems further ensued: state statutes allowed an unlicensed farmer to sell on city streets for only 35 minutes at a time, and licenses cost $500.⁴ Even when a property owner who was willing to allow farmers to sell on his land to avoid these restrictions was identified, significant barriers remained. Strict chemical spray residue restrictions, the closure of many fruit washing facilities, and a shortage of gasoline and trucks due to the war presented obstacles to the establishment of markets in cities.

Amidst these obstacles, California's first Farmers' Market was born at 6:30 a.m., August 12, 1943. One thousand people congregated at a designated vacant lot to meet incoming trucks piled high with surplus fruits and vegetables.⁵ Opposition from neighborhood merchants and the wholesale produce industry represented, as it continues to do so to this day, another obstacle to the establishment of farmers' markets. Nevertheless, the San Francisco market soon become institutionalized as part of the city's food distribution system.

In Southern California, the closest thing to farmers' markets was the Farmers' Market on Third and Fairfax. According to a historian of the war years, it was not the "real thing" however, but a market that was:

"...glamour-conscious. A bunch of carrots was given the background of a Tiffany diamond...The quality of the produce sold was excellent but the prices were much higher than in the average retail store... (it was) entertaining enough, so, I assume, the added cost might be regarded as a sort of an amusement tax."⁶

As the Los Angeles area become increasingly urbanized, and the structure of agriculture began to change to favor larger mechanized farms, the need for a farmers' market to support the alienated small farmer became apparent. It was not until the 1970s however, that legislation was introduced to support direct marketing.

To help alleviate these problems for small growers, the Farmer-to-Consumer Direct Marketing Act of 1976 (Public Law 94-463) allocated $3 million in federal grants to "initiate, encourage, develop, or coordinate methods of direct marketing from farmers to consumers."⁷

In 1976, Governor Jerry Brown campaigned to make California small farmers more economically viable. The California Department of Food and Agriculture began a
Direct Marketing Program to coordinate all direct marketing activities in the state. Financial support for the program was provided by "several State agencies, USDA, the U.S. Civil Service Commission, and the California Cling Peach and Apricot Advisory Boards." 8

That same year, the Direct Marketing Office tried to organize a $3 million project aimed at encouraging California school districts to purchase food directly from farmers. The project's potential benefits - improving the quality and quantity of student's food with greater savings to the school district and the producer - were not to be gained, however, as the district's purchasing agents were fearful of not receiving a guaranteed steady source of produce, and did not want to commit staff time to coordinate the project. 9

A major success of the program was the "clearinghouse hot line," a project instituted in the 1976 and 1977 crop season to help relieve farmers of their surplus produce: Farmers could disseminate their name, address, and amount and type of commodity available to consumers through a toll-free telephone number. The response was overwhelming, with 1,015 consumer calls during the first two days of operation; officials estimated that farmers sold an average of 97 pounds of produce per call. 10 An extension of this project included newsletters and regional information lists to provide consumers with information about local farmers.

Upon Governor Brown's recommendation, the Office of Direct Marketing helped to facilitate the establishment of more farmers' markets in the state. Prior to this, it was illegal for a farmer to sell in farmers' markets due to strict health codes and marketing orders. 11 (See Chapter 4 for more details) Certain state regulations were unusually restrictive when applied to farmers' markets. Title 3 of the California Administrative Code was therefore amended to exempt farmers at Certified Farmers' Markets from a variety of standards relating to size, container, packing, and labeling. A "Certified" Farmers' Market means that its growers are "authorized by the county agricultural commissioner to sell directly to consumers at a Certified Farmers' Market, products produced upon land which the Certified producer controls." This certification originally applied only to fruits, nuts, and vegetables, but was amended in 1991 to include plants, flowers, eggs, and honey in order to "treat more producers on an equal basis." 12

12.3 HISTORY OF FARMERS' MARKETS IN LOS ANGELES

In Los Angeles, farmers' markets have had a brief but successful history. This section examines the process by which the first farmers' market was established, the tremendous growth farmers' markets have had in Los Angeles, and the role of the Southland Farmers Market Association.

In the Spring of 1978, the Interfaith Hunger Coalition (IHC) embarked on a plan to develop farmers' markets in Los Angeles County. Concomitantly, the California Employment and Training Act (CETA) allowed for a full-time employment position to begin contacting of interested farmers. After attempts to begin a market in East Los Angeles failed (due to zoning regulations), and an attempt in Santa Monica likewise failed (due to "great distances, wholesale competition, and the inability of the populace to comprehend agricultural problems..."), plans were implemented to attempt a market in Gardena. 13

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In 1979, Mark Wall, a beekeeper, answered a local newspaper advertisement for growers to help start a farmers' market. The Interfaith Hunger Coalition "pulled in the state under Direct Marketing, the City of Gardena, and seven local churches" to promote and finance the project. Each farmer paid $25 for a license, and Wall was subsequently hired "as the first manager on a CETA slot 'borrowed' from the city's maintenance department." (The Harvest, 1983) According to Wall, it took the Health Department about ten or eleven years to develop a health code for the market; at first, "they (the Health Department) didn't know what to do with us... They considered us roadside stands." (Wall, 1993)

Attempts were made to establish farmers' markets in the inner city during the 1980s. The California Department of Food and Agriculture granted $100,000 per year for a two to three year period to establish markets in Los Angeles. The Adams and Vermont market, among others, was a direct result of this funding and the work of the direct marketing consultant at the time, Vance Corum. (Les Portello, 1993)

Since that first market in Gardena, farmers' markets have blossomed in Southern California. There are now over 25 farmers' markets in Los Angeles County, with three new ones opening this year. In 1979, an average of nine farmers sold at the Gardena market; by 1989, over 300 farmers sold their products at Southland farmers' markets. In 1979, an average of 850 people shopped weekly at the Gardena market spending $175,000 per year. By 1992, 18,000 people were shopping at Southland farmers' markets. In 1992, shoppers spent over $10 million at Southland farmers' markets.

12.4 FARMERS' PROBLEMS

The family farm has been an important part of the American economy, landscape, and folklore. Its virtues have been exalted by singers, writers, and politicians. Woody Guthrie's ballads and Steinbeck's Grapes of Wrath, among other works, reflect a pervasive folk-empathy with small farmers. One of the roots of this celebration of the small farmer was Thomas Jefferson's vision of a nation of yeoman farmers providing political freedom, independence, self-reliance, and resistance to political oppression. However, current agricultural policy and practices impede the survival of small farms as farming has increasingly becoming a concentrated industry, with large scale farms enjoying a number of advantages, both economical and political, over small farms.

12.5 CONSUMERS' PROBLEMS

Much of this report has been dedicated to a discussion of the problems inner city consumers have in getting access to nutritious, reasonably priced food. (See Sections II and III for a detailed description.) High prices, lack of local supermarkets, and few transportation alternatives all point towards the need for alternative distribution outlets for inner city residents. In this context, we decided to study farmers' markets as a low-cost high-quality alternative.

12.6 SURVEY METHODOLOGY

Surveys were conducted both of farmers who sell their produce in farmers'
markets in the greater Los Angeles area, and of consumers who shop at the markets. For the consumers, surveys were written in both English and Spanish. Three of the six interviewers were bilingual. The interviews were conducted in April and May, 1993.

Randomness was not a goal in the selection of the markets for the survey. Instead, the first factor in the selection of the markets was their location in terms of income level. Markets in low-income areas were targeted. Of the 25 markets in Los Angeles County, seven in low income areas were visited. These included Koreatown, Adams and Vermont, Gardena, South Gate, Compton, Pasadena, and Cloverfield and Pico in Santa Monica. Of the ten markets surveyed, three are located in wealthier neighborhoods: Hollywood, Santa Monica, Redondo Beach. Figure 12.2 shows the income levels for each market in comparison to Los Angeles County Median Household Income, and Per Capita Income levels. Communities were defined, when practical, by political boundaries: income in South Gate, Compton, Santa Monica, Gardena, and Redondo Beach was measured by city limits. In the other five communities, income for census tracts within a one mile radius from the market was counted. The following table shows the areas and their median household and per capita incomes:
### Figure 12.2: INCOME LEVELS OF FARMERS’ MARKET COMMUNITIES

<table>
<thead>
<tr>
<th>MARKET</th>
<th>Median Household Income (MHI)</th>
<th>Per Capita Income (PCI)</th>
<th>% of County MHI</th>
<th>% of County PCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hollywood</td>
<td>26,269</td>
<td>18,119</td>
<td>.75</td>
<td>1.12</td>
</tr>
<tr>
<td>Redondo Beach</td>
<td>51,913</td>
<td>26,230</td>
<td>1.48</td>
<td>1.62</td>
</tr>
<tr>
<td>Santa Monica</td>
<td>35,997</td>
<td>29,134</td>
<td>1.03</td>
<td>1.8</td>
</tr>
<tr>
<td>Adams &amp; Vermont</td>
<td>16,874</td>
<td>6,138</td>
<td>.48</td>
<td>.38</td>
</tr>
<tr>
<td>Compton</td>
<td>24,971</td>
<td>7,842</td>
<td>.71</td>
<td>.49</td>
</tr>
<tr>
<td>Gardena</td>
<td>33,063</td>
<td>14,601</td>
<td>.95</td>
<td>.9</td>
</tr>
<tr>
<td>Koreatown</td>
<td>15,450</td>
<td>6,138</td>
<td>.53</td>
<td>.5</td>
</tr>
<tr>
<td>Pasadena</td>
<td>23,662</td>
<td>11,687</td>
<td>.68</td>
<td>.72</td>
</tr>
<tr>
<td>Santa Monica-Pico</td>
<td>30,504</td>
<td>18,950</td>
<td>.87</td>
<td>1.17</td>
</tr>
<tr>
<td>South Gate</td>
<td>27,279</td>
<td>8,368</td>
<td>.78</td>
<td>.52</td>
</tr>
<tr>
<td>LA County</td>
<td>34,965</td>
<td>16,149</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Selection of respondents of the survey was not random, given time limitations for the research team. Instead, interviewers were given instructions to choose a variety of interviewees whom they felt was representative of the demographics of the market. A goal of a minimum of 20 interviews per market was attempted, but because of severe time constraints was not always achieved. The total number of interviews conducted was 223: 156 in inner city markets, and 67 in markets in wealthier neighborhoods. Figure 12.3 shows the distribution of interviews per market:
Table 12.3: Interviews per Market

<table>
<thead>
<tr>
<th>Market</th>
<th>Number of Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams/Vermont</td>
<td>43</td>
</tr>
<tr>
<td>Compton</td>
<td>22</td>
</tr>
<tr>
<td>Gardena</td>
<td>21</td>
</tr>
<tr>
<td>Hollywood</td>
<td>32</td>
</tr>
<tr>
<td>Koreatown</td>
<td>15</td>
</tr>
<tr>
<td>Pasadena</td>
<td>20</td>
</tr>
<tr>
<td>Redondo Beach</td>
<td>29</td>
</tr>
<tr>
<td>Santa Monica-downtown</td>
<td>6</td>
</tr>
<tr>
<td>Santa Monica-Pico</td>
<td>19</td>
</tr>
<tr>
<td>South Gate</td>
<td>16</td>
</tr>
</tbody>
</table>

Growers selling at these same markets were also surveyed. 85 out of the approximately 300 farmers (28%) selling at farmers' markets in Los Angeles County were interviewed. An attempt was made to systematically interview every grower with produce. Those with live plants, baked goods, honey, and other non-produce items were excluded, as the questionnaire was tailored to produce farmers. Also, as many farmers sell at a number of markets and send out more than one unit to different markets, an attempt was made to screen out duplicates.

The basic thrust of the survey questions was to create a database of general demographics, production, and spending patterns. To the team's knowledge, no such study has been conducted on such a large scale level in Southern California. The content of the questionnaires was based on previous surveys conducted by Southland Farmers Market Association, and discussed with its director.

12.5 Benefits to Growers

We found that farmers' markets provide significant benefits to farmers and society at large. The following is a summary profile of the farmers, as well as a discussion of the benefits as based upon survey results.

Growers' markets represent a basic survival strategy for growers selling at them. A large majority of growers at markets are heavily dependent upon farmers' markets as their principal marketing outlet (See Figure 12.4). 72% of the respondents sell over 50% of their produce at farmers' markets, with 49% selling over 75% of their product at the markets. Farmers' markets also provide stability to those growers' marketing needs. The
The mean number of years farmers have been selling at farmers' markets is 7.8. Many growers sell at a number of markets throughout the week to maximize their earnings; the mean number of markets that farmers sell at is 7.4. This more than daily occurrence is a result of many farms sending more than one truck out at a time to cover simultaneous markets. The mean number of trucks a farm has selling at a farmers' market is 2.6, with 83% of all farms sending out less than three trucks.

**Figure 12.4: Percentage of Farm Products Sold at Farmers' Markets**

<table>
<thead>
<tr>
<th>PERCENTAGE OF FARM'S PRODUCTS SOLD AT FARMERS' MARKETS</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-25%</td>
<td>20</td>
</tr>
<tr>
<td>26-50%</td>
<td>8</td>
</tr>
<tr>
<td>51-75%</td>
<td>23</td>
</tr>
<tr>
<td>Over 75%</td>
<td>49</td>
</tr>
</tbody>
</table>

With no restrictions on the size or character of the farm allowed to sell at markets (other than the product brought to market), farmers' markets are not the strict denizen of small family farms, although this does appear to be the dominant group represented. Two-thirds (68%) of the farms employ only family labor, while one-third (32%) employ non-family labor also. The average size of farms selling at markets is well below the state average (See Figure 12.5), although there is a great range. The smallest "farm" surveyed grew sprouts in a small greenhouse, while the largest farm possessed 2,000 acres. The mean was 101.8 acres. As seen in Figure 12.5, the majority, 51.4%, were under 30 acres, with only 20.8% over 100 acres.

**Figure 12.5: Farm Size for Farmers' Market Farmers**

<table>
<thead>
<tr>
<th>FARM SIZE</th>
<th>AT FARMERS' MARKETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 10 acres</td>
<td>27.8</td>
</tr>
<tr>
<td>10-30 acres</td>
<td>23.6</td>
</tr>
<tr>
<td>31-70 acres</td>
<td>18.1</td>
</tr>
<tr>
<td>71-100 acres</td>
<td>9.7</td>
</tr>
<tr>
<td>Over 100 acres</td>
<td>20.8</td>
</tr>
</tbody>
</table>

The primary reason farmers sell at farmers' markets is that they receive economic benefits from doing so. Direct marketing eliminates the middleman, resulting in higher returns for the farmer. Currently, there is a persistent trend towards a larger share of the consumer's food dollar going for service and activities beyond the farm gate; the costs of
packaging, transportation, and retailing all diminish the individual farmer's profits. The farmer's real share of the consumer food dollar has in fact dropped from 18% in 1973 to 13% in 1983.

In direct marketing, however, some of the wholesaler functions are eliminated or performed by the small farmer. By selling at farmers' markets, farmers can reduce costs and increase their income by obtaining higher prices for their produce. Farmers usually earn about 40% more than they can by selling their produce through conventional means (Haller 5/93). Another source reported that farmers selling vegetables through the wholesale market receive only 40% of the retail price compared with an estimated 65% to 85% at a farmers' market. Small growers, it stated, "received almost two-thirds more selling at a farmers' market than at a nearby wholesale market." 22

This greater earning potential of farmers' markets was confirmed by our survey. 83% of respondents noted that they enjoy economic benefits from selling at farmers' markets, including greater return, lack of price fluctuations, cash in hand, and less packing costs. The amount they could make over wholesale prices varied from 7.5% to 100%, with a mean of 52%.

Farmers' markets provide an incremental retail outlet for growers, enabling them a certain degree of experimentation and diversification. As diversification represents an important survival strategy for small growers, farmers' markets provide growers with another source of economic stability. 34% of growers surveyed reported being able to grow different crops than selling wholesale.

As farmers' markets exempt growers from some marketing orders they provide an important retail outlet for farmers concerned about pesticide usage. Federal and state standards for the cosmetic grading of produce can require up to 80% more pesticide application than would normally be required to safeguard a crop on a conventional farm. Although compliance with federal and state grading standards is "voluntary", farmers often have little choice in this regard because of a lack of alternative markets for produce that does not "make the grade."

The majority of growers surveyed are quite conscious about the environmental effects of farming. Most use neither chemical fertilizers nor chemical sprays. 51% don't use chemical fertilizers, while over two-thirds (69%) don't spray. In the words of one farmer, "Why would I want to poison the place where my family lives?" Few however (10%), are certified organic, due to the high costs of doing so and the restrictions certification places on farming methods.

Nevertheless, growers are caught in a bind between the public's demand for cosmetically attractive and pesticide-free produce. When asked whether the public is more concerned about pesticides or the appearance of their produce, the farmers were split almost evenly. 54% answered pesticides, and 46% appearance. Many farmers commented on the need for consumer education with regards to pesticides and product appearance. As farmers' markets provide a forum for growers to educate consumers on farming techniques, they also provide the consumers an opportunity to communicate their concerns and desires to growers. 42% of growers responded that consumers had changed the way they farm, with nine farmers (11%) noting that they now use less or no pesticides due to consumer preference.
Finally, farmers benefit from the social atmosphere of farmers’ markets. Markets have been praised as a place for increased interaction for consumers; likewise they represent an opportunity for farmers to interact with one another through committees, and with consumers. This farmer-consumer interaction provides the basis for a more personal holistic food system, and a reversal of post-war tendencies towards atomization. Farmers’ markets create bridges between farmers and consumers; their shared experiences and mutual benefits gained from farmers’ markets lead to alliances between the two groups.24

Farmers’ markets also play an active role in promoting regional development by providing an outlet for many regional farmers. From our survey, we discovered that 55% of the farmers selling at farmers’ markets reside in the five county Los Angeles metropolitan area. Furthermore, 59% of farmers surveyed travel less than 100 miles to market their produce. These factors combined promote a more self-sufficient Southern California.

12.6 Benefits to Consumers

Farmers’ markets provide numerous benefits to consumers. These include price savings, better quality produce, improved access to produce, and a congenial shopping atmosphere. This section will review the literature on these aspects as well as present findings from a survey conducted by the researchers.

One study conducted in 1979 surveyed prices for all items sold in 15 farmers’ markets in the San Francisco Bay Area and compared them to prices for similar items in the nearest chain supermarket. It found that the median price savings for items at farmers’ markets was 39%.25 Of the 358 items considered, supermarket prices were higher 91% of the time.26

A double-blind taste test of farmers’ market and supermarket produce utilizing California college students as subjects yielded ambiguous results as to the superior quality of farmers’ market produce. It found that the preference indicated for farmers’ market produce was statistically significant for four of the nine items: tomatoes, peaches, apricots, and watermelon. Supermarket produce was considered superior, but not of a statistically significant magnitude for Golden Delicious apples, dried peaches, and cantaloupes.27

As compared to supermarkets, farmers’ markets provide an atmosphere which promotes social interaction and the “development of community.”28 Supermarkets’ physical layout, sterility, standardization, and fast pace render them depersonalizing institutions which take the social pleasure out of shopping. Supermarkets are meant to be strictly functional, to encourage purchasing rather than conversing.29

One study conducted in 12 California cities of shoppers at farmers’ markets and supermarkets found a significant difference of perception of the two outlets. Respondents were given a set of matched adjective pairs and asked to rank the market (either super- or farmers’) at which they were shopping. Farmers’ markets were rated as being significantly more friendly, personal, rural, smaller, and happier than supermarkets.30

This same study measured the social interaction of shoppers at both supermarkets and farmers’ markets. As an index of social atmosphere, it counted the number and type of social exchanges between persons, as well as the number of people who arrived alone

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or with other persons. It found that a vastly greater percentage of shoppers at farmers' markets came accompanied by another person (excluding small children) than at supermarkets. Likewise, it found that customers at farmers' markets were four times as likely to have a social encounter with another customer or seller than shoppers at supermarkets.31

The social organization of farmers' markets encourages interaction. By putting their wares out in the open, farmers' make themselves vulnerable. In doing so, they create an atmosphere which encourages customers to drop their defenses and "open up" as well. Wide aisles, low produce stands, and vendors/farmers at every booth all encourage conversation. Events such as raffles act as an equalizer, rendering all persons of different class, race, age, gender, and ethnicity on equal footing.

Farmers' markets also provide significant benefits to the community in which they are situated. Farmers' markets can help revitalize an economically depressed area by bringing more foot traffic and money into the area.32 They also can be an excellent vehicle for community outreach. The Hollywood Market is perhaps the best example of this phenomenon in Los Angeles County. It has an information booth containing literature about AIDS, cancer (in two languages), upcoming local events, recipes, and information about produce and location of other farmers' markets. As our survey was conducted during the Los Angeles mayoral campaign, many people were seen distributing political leaflets.

Farmers' markets provide a forum for community interaction. Not only is there contact between farmers and consumers (urban and rural), but between a variety of ethnic groups that may not otherwise have a chance to meet in a non-hostile setting (Sommer, 1981). In various farmers' markets, the shoppers are heterogeneous: young, old, Black, White, Latino, wealthy, and poor. In a city with a high degree of racial polarization and tensions, farmers' markets are a haven, where all persons come together in a common pursuit of their favorite fresh food. They also represent a place where people can learn about other cultures through their food. Swapping recipes is the basis for inter-ethnic communication.

12.7 SHOPPER SURVEY RESULTS

The following sections will describe the characteristics of the respondents, as well as their shopping habits, and reasons for shopping at farmers' markets. The breakdown on the number of consumers surveyed per market is as follows:

The racial composition of the respondents represented an ethnically diverse clientele: 44% African American, 35% Latino, 14% White, and 5% Asian. 74% of the surveys were conducted in English, and 26% in Spanish. Only 59% of the respondents were born in the US, with 24% born in either Mexico or El Salvador, and 17% from some 20 other countries. Mean time living in the United States for foreign-born was 15 years.

Monthly family income varies substantially from very poor to above the county median. It is crucial to point out the substantial percentage (23%) of families earning under $9,000 per year. Likewise the high percentage of families earning over $42,000/year is striking. At many of the inner city markets, we noticed a significant percentage of middle class minorities, especially African Americans. This may be due to the middle
class' reflecting a possible class-related diet and health consciousness. Figure 12.6 shows a breakdown of income levels and Figure 12.7 shows age and gender data.

**Figure 12.6: INCOME OF SHOPPERS**

<table>
<thead>
<tr>
<th>MONTHLY MEDIAN FAMILY INCOME</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $750</td>
<td>23</td>
</tr>
<tr>
<td>$750-1500</td>
<td>20</td>
</tr>
<tr>
<td>$1500-2500</td>
<td>21</td>
</tr>
<tr>
<td>$2500-3500</td>
<td>11</td>
</tr>
<tr>
<td>Over $3500</td>
<td>25</td>
</tr>
</tbody>
</table>

**Figure 12.7: GENDER AND AGE OF SHOPPERS**

<table>
<thead>
<tr>
<th>GENDER AND AGE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>59</td>
</tr>
<tr>
<td>Male</td>
<td>41</td>
</tr>
<tr>
<td>19-35</td>
<td>25</td>
</tr>
<tr>
<td>36-50</td>
<td>35</td>
</tr>
<tr>
<td>51-64</td>
<td>25</td>
</tr>
<tr>
<td>65+</td>
<td>14</td>
</tr>
</tbody>
</table>
Most of the people served by farmers' markets live within walking distance or a short drive. The mean distance to market for inner city shoppers is 2.4 miles, with an average commute time of 8.5 minutes. Most of the shoppers drove to the market (75%), enabling them to carry their bags of groceries home easily, while a significant portion walked (18%). 20% of the shoppers did not own a car however, attesting to the need and viability for a farmers' market van service.

Shoppers were asked to rate the market for quality, selection, convenience, and atmosphere on a 1 to 10 scale, with 10 being the best. With all categories, except selection, the markets received overall rankings in the superior range: over 8. Figure 12.8 lays out these rankings. Inner city shoppers ranked their farmers' markets significantly lower for quality and selection as compared to shoppers in wealthier neighborhoods (P = .001; P < .001) All inner city markets we surveyed are smaller than the three markets in wealthier communities, with a poorer variety of produce. Many of the amenities available in the Santa Monica or Hollywood market for example, such as juices, breads, exotic vegetables, kiwis, and mushrooms were not found in the inner city markets. Nevertheless, it should be concluded that shoppers feel quite positive about their markets.

**Figure 12.8: MARKET RANKINGS**

<table>
<thead>
<tr>
<th>MARKET RANKINGS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>8.1</td>
</tr>
<tr>
<td>Selection</td>
<td>7.4</td>
</tr>
<tr>
<td>Convenience</td>
<td>8.6</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>8.6</td>
</tr>
</tbody>
</table>

When asked the main reason they shop at farmers' markets, inner city shoppers cited freshness and quality most often (68%), with price second (11%). This finding confirms the community's concern about poor quality produce and high prices at grocery stores and supermarkets. These answers also vary significantly from those of shoppers at wealthier markets (P < .001), who cited the atmosphere, variety, and buying from the farmer more often than inner city residents (See Figure 12.9). It could be said that inner city residents are more concerned about the basics: quality and price, and less about the amenities of atmosphere and connections with the farmer.
Figure 12.9: REASON GIVEN FOR SHOPPING AT FARMERS' MARKETS

<table>
<thead>
<tr>
<th>MAIN REASON YOU SHOP AT FARMERS' MARKETS</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshness/Quality</td>
<td>68</td>
</tr>
<tr>
<td>Price</td>
<td>11</td>
</tr>
<tr>
<td>Convenience</td>
<td>3</td>
</tr>
<tr>
<td>Buying from Farmer</td>
<td>3</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>2</td>
</tr>
<tr>
<td>Variety</td>
<td>1</td>
</tr>
<tr>
<td>Curiosity</td>
<td>2</td>
</tr>
<tr>
<td>Organics</td>
<td>8</td>
</tr>
</tbody>
</table>

According to respondents, farmers' markets provide consumers with lower prices than supermarkets. 59% of consumers found prices at farmers' markets lower than in supermarkets, while 23% considered them to be roughly equal, and only 18% believed them to be higher (See Figure 12.10) While this data is not an actual price survey, it bears out work by Sommer et. al. on the savings at farmers' markets.

Figure 12.10: Price Comparison: Farmers' Markets and Supermarkets

<table>
<thead>
<tr>
<th>HOW DO PRICES COMPARE TO SUPERMARKETS</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Much Lower</td>
<td>15</td>
</tr>
<tr>
<td>Lower</td>
<td>44</td>
</tr>
<tr>
<td>Same</td>
<td>23</td>
</tr>
<tr>
<td>Higher</td>
<td>17</td>
</tr>
<tr>
<td>Much Higher</td>
<td>1</td>
</tr>
</tbody>
</table>

Farmers' markets represent a significant source of food for those who shop there. 77% shop there at least every other week (see Figure 12.11). 71% spend over $10 per week (See Figure 12.13). 39% spend over one quarter of their entire food budget at farmers' markets (See Figure 12.12)
Figure 12.11: FREQUENCY OF SHOPPING AT FARMERS' MARKETS

<table>
<thead>
<tr>
<th>FREQUENCY OF SHOPPING AT FARMERS' MARKETS</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every Week</td>
<td>57</td>
</tr>
<tr>
<td>Every Other Week</td>
<td>20</td>
</tr>
<tr>
<td>Once per Month</td>
<td>10</td>
</tr>
<tr>
<td>Less than Once/Month</td>
<td>10</td>
</tr>
<tr>
<td>First Time</td>
<td>3</td>
</tr>
</tbody>
</table>

Figure 12.12: AMOUNT OF FOOD BUDGET SPENT AT FARMERS' MARKETS

<table>
<thead>
<tr>
<th>AMOUNT OF TOTAL FOOD BUDGET SPENT AT FARMERS' MARKETS</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25%</td>
<td>61</td>
</tr>
<tr>
<td>25-49%</td>
<td>27</td>
</tr>
<tr>
<td>50-74%</td>
<td>10</td>
</tr>
<tr>
<td>Over 75%</td>
<td>2</td>
</tr>
</tbody>
</table>

Figure 12.13: EXPENDITURES PER TRIP

<table>
<thead>
<tr>
<th>EXPENDITURES PER TRIP</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1-9</td>
<td>27</td>
</tr>
<tr>
<td>$10-20</td>
<td>43</td>
</tr>
<tr>
<td>Over $20</td>
<td>28</td>
</tr>
</tbody>
</table>

Despite their low incomes, shoppers at low income markets showed an appreciation for environmental issues. 78% responded that they would be willing to pay more for organically grown produce. This data however is possibly questionable, as many respondents were quite confused about the meaning of organics. It is possible that many respondents linked organics with higher quality, and answered affirmatively to their willingness to pay more for higher quality produce. Nevertheless, when viewed in conjunction with the farmers' belief that 54% of consumers are more concerned about pesticides than appearance, it indicates a substantial environmental concern among
farmers' market shoppers.

Finally, consumers were asked about how they learned about the market. The vast majority in the inner city (82%) found out about them through informal means: either driving or walking by the market, or through friends. This figure suggests the absence of a successful publicity strategy on the part of the markets, and confirms the results of our random phone survey in which 63% of the respondents had never heard of the neighborhood farmers' market at Adams and Vermont (See Section II). It points towards the need for the markets to conduct more publicity which in turn could significantly expand market clientele.

12.9 PROBLEMS WITH FARMERS' MARKETS/ROOM FOR IMPROVEMENT

Both growers and consumers were asked to identify any improvements that they thought could be made to turn farmers' markets into a more viable and enjoyable place to shop/sell.

The consumers were asked about any new products that they would like to see (See Appendix 5). The largest number of respondents (93) indicated that they would like a greater selection of fruits and vegetables, while a significant portion (62) indicated that they were quite content with the items being offered. Other products desired include baked goods, prepared foods, fish, meat, and eggs.

When asked how the market could be improved, the results were similar: 63 were content with the market as it was, and 98 wanted more selection. Other improvements consumers suggested included better parking, lower prices, more security, more frequency, help with carrying groceries to the car, more shade (a better location), and better hours. (A complete list of these results is in the Appendix 5.)

For growers, as markets represent their livelihood, the issues are more complex. They too were asked to identify ways markets could be improved. Many (50) favored more publicity in order to attract more shoppers. The location as well as security were also concerns. 15 responses (growers were allowed to make up to three responses) were targeted at the behavior and role of other farmers, including the quality of their produce, the inclusion of corporate growers, the resale of produce purchased at markets, the products other growers bring, and the ability of employees of farmers to sell at markets. (Complete results are in Appendix 5.) These issues came up in more detail in discussions with farmers and at the Annual Southland Farmers' Market Association meeting held in May, 1993.

Another issue which concerned farmers at the meeting had to do with verifying farmers' projections regarding the varieties and quantities of produce to bring to market. Furthermore, these farmers suggested that managers keep a list of the quantity of each particular item of produce that remained unsold.

The management of markets can also be problematic especially regarding the amount of each crop a manager allows into the market. One farmer explained that managers fail to inform growers of the presence of new growers with identical produce. As a result, farmers' bring the amount of produce they expect to sell, not knowing that there are additional farmers marketing the same product. When there is an unexpectedly
managers fail to inform growers of the presence of new growers with identical produce. As a result, farmers' bring the amount of produce they expect to sell, not knowing that there are additional farmers marketing the same product. When there is an unexpectedly large supply of one type of produce, however, farmers cannot sell to their expectations. "Since we cannot accurately adjust our load according to the total supply," one farmer explained, "we are left with a lot of unsold produce, which we usually end up throwing away." By simply informing the farmers as to the total amount of farmers projected to sell a certain type of produce, estimates can be made of how much produce to bring. Since most farmers that sell at farmers' markets pick their produce the day before or the day of the market, adjusting their loads requires a phone call only two days in advance.

12.10 REGULATIONS

There exist a myriad of regulations governing farmers' markets at the state and local level. This section examines regulations from which certified farmers' markets have become exempt as well as existing regulations which act as a barrier to their operation and establishment. In California, the certification of farmers' markets provides the markets with an exemption from various regulations.

A certified farmers' market (CFM) is a location approved by the county agricultural commissioner where certified farmers' offer for sale products they have grown themselves. To sell at a CFM, producers of fresh fruits, vegetables, nuts, honey, eggs, flowers, and nursery stock must obtain a Certified Producer's Certificate from the county agricultural commissioner in the county of production. Before certification, county agricultural commissioners usually inspect an applicant's fields to verify that the applicant is indeed the producer of the crops on the certificate. Grower certification exempts the producer from standard pack, container, and most labeling requirements. Certification for a market costs $314 for the first fifteen growers, and $12 for each grower after that. Certification for the grower varies from no cost to $70 depending upon the grower's county of origin.

Other products such as fish, baked goods, juices, or other prepared food may be sold in the area surrounding a CFM at the discretion of the market manager. These non-agricultural goods are required to abide by health, transportation, and other pertinent regulations.

Farmers' markets are subject to a number of other regulations, including:

- **Business Licenses**: Generally only one permit for the entire market is needed, instead of individual licenses for each farmer. Yearly fees in the City of Los Angeles are $111 for the first $75,000 and $1.48 for every $1,000 after that.

- **Liability Insurance**: In most cases, liability insurance is required to run a farmers' market, unless the location is already insured for similar activities. Liability insurance may be one of the highest expenses in starting a farmers' market. Average insurance costs may run $800 to $1,000 per year.
• **Zoning Regulations**: Zoning regulations may vary from location to location. Variances from zoning regulations may be necessary. One twist of this city permitting process is the regulations that govern the placement of banners across city streets. In Los Angeles, $100 fees are charged to put up and take down a banner hung across city streets. Non-profit organizations are exempt from these fees, with approval by City Council. This process requires the support of the market’s councilperson.

• **Sealed Scale**: Produce sold by weight must be measured on an approved scale sealed by the county sealer of weights and measures.

• **Fire, Safety, Inspection Permits**: Requirements vary from location to location, typically having to do with the width of aisles.

• **Food Stamp Certificates**: While farmers’ markets are not required to accept food stamps, they do represent a large portion of some markets’ sales, and help to widen the consumer base.

• **Health Permits**: Issued in compliance with health and safety standards, CFMs are defined as food facilities and are regulated by CURFFL (California Uniform Retail Food Facilities Law). This permit is issued to the market as a whole rather than to individual farmers. Excessive fees and paperwork have threatened to represent a major obstacle to the smooth operation of farmers’ markets.³³ While the Los Angeles County Health Department wanted to charge each market $40 per grower as health permit fees, after much political wrangling, fees were set at $175 for markets with 1 to 20 growers, $300 for markets with 21 to 35 growers, and $500 for markets with over 36 growers.

CURFFL and Sherman Food, Drug, and Cosmetic Law regulations affecting farmers’ markets are summarized below. (See Appendix 5 for a complete listing of regulations.)

• Only agricultural products may be sold within the certified area of a CFM.³⁴

• All food shall be stored at least six inches off the ground.

• Food preparation, including cutting and providing samples is prohibited.

• No live animals may be allowed within 20 feet of any area where food is stored or for sale.

• Approved handwashing and toilet facilities must be located within 200 feet of a CFM.
pass. (See Appendices for a map of medfly quarantine areas within Los Angeles County) Agricultural officials had originally wanted to close down the farmers' markets located in these areas, but left them open at the insistence of SFMA. Medfly quarantine regulations stipulate that all host fruit must be bagged before transporting them into a quarantine area, or must be covered with a material with holes no larger than a pencil eraser while on display. Violators may have their fruit confiscated. Many farmers have complained about medfly regulations hurting their sales as well as the quality of their produce. They comment on the unattractiveness of fruit displayed under netting, as well as fruit rotting while under cover in the hot sun. Also, medfly regulations stipulate that fruit grown within the quarantine area is not allowed to be sold at the market, unless they undergo a chemical treatment by quarantine officials. This regulation impedes organic farming within the city, and the successful development of commercial urban agro-forestry. As medfly quarantine areas are designed to prevent the transit of pests from urban to agricultural areas, this regulation should be lifted for fruits which are grown and consumed in urban areas.

12.11 CONCLUSION

This chapter has shown that farmers' markets do represent an extremely viable and important part of any alternative food distribution strategy. They provide significant benefits to consumers in the form of lower prices, improved access to fresh, high-quality produce, and a social atmosphere that promotes inter cultural understanding. Farmers' market shoppers are a heterogeneous group, from all groups, races, ethnicities, and income levels. Farmers' markets enhance the survival capability of small farmers, providing economic benefits to growers in the form of increased income, cash in hand, and freedom from price fluctuations. They also promote the development of a regional agriculture lost in large part to the suburbanization of the Los Angeles metropolitan area.

Despite these concrete benefits to farmers and consumers, state, local, and federal governments fail to have coordinated policies to promote farmers' markets. Instead, they exist somewhat on the margin of the regulations, with exemptions provided by laws passed during the 1970s. It is imperative for the food security of inner city residents and the survival of small farmers that governments dedicate more resources to the expansion and strengthening of farmers' markets.
Endnotes

1. See Section II for a more detailed discussion of the supermarket industry's abandonment of the city.
7. GAO, 1980
8. GAO, 1980.
15. The appendices provide a listing of farmers' markets in Southern California.

Southland Farmers' Market Association (SFMA), founded in 1980, is dedicated to advancing direct marketing for the benefit of the farmer and consumers state wide. It is the largest direct marketing association in the Western United States. SFMA supports farmers markets through coordinating publicity, representing direct marketing farmers at all levels of government, assisting organizations in developing new markets, providing consumers with information about markets, farms, and produce, and training market managers. It is governed by a Board of Directors composed of farmers and community representatives. Its funding comes from the 1- 1.5 % space fees paid by farmers. Its budget last year was $144,000.

18. See Chapter 4 for more details on agricultural trends.
21. Singh. A California family farm advocate tells an anecdote in which a farmer once reported earning more money selling one acre of plums at a farmers' market than he earned on selling thirty-nine acres of plums to wholesalers.
22. Sommer, "Public Spaces."
24. A concrete example of this is the WIC Farmers Market Program. In California, one of the primary proponents of establishing a state-wide FMNP (Farmers Market Nutrition program) is the California Association of Family Farmers.
25. \[ \frac{\text{Average supermarket price} - \text{average farmers' market price}}{\text{larger price}} \] * 100.
27. Sommer, 1982.
28. "The development of community" refers specifically to a social ecological perspective of community development, which has a sense of community and human relationships at its roots.
34. This provision is originally contained in the Agricultural codes, but reproduced in Health codes.
Chapter 13

Alternative Food Distribution Ventures

13.1 COMMUNITY BASED FOOD DISTRIBUTION

Having an adequate income in order to purchase food is an integral component of food security. Community economic development based on food production and distribution contributes to food security on a variety of levels. By mobilizing local resources, communities can maintain local control over these resources and be active participants in the development process. Local food production and distribution would create channels for community reinvestment. The long term impact of non-local food purchases is that a substantial amount of money is being spent outside the community instead of it being reinvested there, hence escalating the pattern of economic decline.1 The strategy of supporting community-based food production and distribution has not been widely pursued by traditional development organizations or policy makers.

Support for self-employment and micro-enterprises--small businesses employing 5 or fewer people--are particularly important to community economic development because they address the needs of the existing commercial and economic infrastructure in areas, such as the inner city, where there are few formal job opportunities. They contribute to community empowerment through the promotion of self-reliance. Prior to shopping malls and warehouse stores, micro-enterprises such as the corner store, produce stand or bakeries, provided residents with essential goods and services, along with a personal touch.2

13.2 PUBLIC MARKETS, PRODUCE TRUCKS, AND STREET VENDORS

Food distribution in Los Angeles by micro-enterprises such as truck and street vendors constitutes a large segment of the urban informal sector, one of the most rapidly growing sectors in an otherwise shrinking economy. There are a multiplicity of reasons for this phenomenon, including a rapidly growing immigrant population and a marked loss of middle income jobs, resulting in an increasing pool of unskilled labor. The undocumented workforce has faced further employment restrictions as a result of the Immigration Reform and Control Act (IRCA) in 1986, whose provisions make it illegal to hire undocumented workers.3

The following section describes several existing community based food distribution systems, public market places, street vending and mobile produce trucks. Encouraging groups and individuals to create livelihoods from food processing and distribution provides benefits to consumers, micro-entrepreneurs and contributes to the self-reliance of the community. The combined result of this effort in increased food security.
PUBLIC MARKET PLACES

The public marketplace has a longstanding tradition throughout Latin America, and other parts of the world, where it is a center of both economic and social interaction. In the United States, public market places were first created as sanitary enclosures for pushcart peddlers. One of the oldest public markets, New York's Essex Street Market, was established fifty years ago by the city as a place where small merchants, most of them immigrants, could set up shop and launch their business without paying expensive rents. Similar markets have been created in other cities, such as Baltimore, Seattle, Boston, and Chicago. Two markets with very different development strategies will be discussed. The first, Paradise Market in Los Angeles, has failed to meet expectations, while Chicago's El Mercado has been a major success.

The Paradise Market, which opened on Broadway Avenue at 52nd Street in South Los Angeles in 1992 was Los Angeles's attempt at a public marketplace. It was proclaimed to be the "vision" of Mayor Richard Riordan, who was one of the principle financiers of the project, with additional funding from the Weingart Foundation and Mattel Foundation, among others. Paradise market has not been as successful at attracting vendors or patrons. Coronado Communications, a public relations firm was hired to determine what steps should be taken to generate more business. They identified at least 4 problems in the development of the market which are vital to consider for any new public venture. They are as follows:

1. No survey of local markets or residents was done prior to opening Paradise Market in order to assess the needs and attitudes of the surrounding community.

2. While the market was intended to serve and promote cooperation between African American, Latino and Asian communities, there was apparently insufficient understanding of the nature of the relations and dynamics between the two groups, or the actual demographic distribution of the surrounding area (50 percent Latino).

3. The Market failed to create a lively or festive atmosphere to attract passersby. This included lack of music or decoration and the forbidding presence of a chain link fence around the structure.

4. Other disadvantages cited by outside consultants included the Market location away from major arteries and vehicular traffic.

A community-based project with a particular cultural theme is likely to be much more successful than the Paradise Market. Chicago's public marketplace "El Mercado" opened in the West Town area of Chicago in November 1992 to serve a multi-ethnic population of African Americans, Italians, Eastern Europeans, Mexicans and Puerto Ricans. The developer of the market is the Bickerdike Redevelopment Corporation (BRC), a private non-profit community development organization which owns and manages the property. Unlike the Paradise Market, community groups were involved from the onset and job training programs were an integral component of the project.
With a combination of private and public financing, BRC acquired and rehabilitated a site which includes a one-story 17,555 square foot building subdivided into 37 stalls of various sizes leased to local merchants. The emphasis is on selling fresh produce, meats, poultry and seafood. According to the business plan, 84 jobs will be created through business start-ups and expansions. Interesting elements of the project include the incorporation of a job training component sponsored by the Chicago Mayor's Office of Employment and Training and directed by a local job placement agency, which provides incentives for the merchants to hire unskilled residents. El Mercado also functions as a buyers cooperative through a wholesaling division that buys large quantities of food at Chicago's largest wholesaling centers, obtaining better prices than an individual vendor could get on his or her own. This increases the merchants buying power, thereby helping them to become more competitive with the major supermarket chains.

A community-based infrastructure supported the Chicago marketplace—including a community development cooperation, community credit union and an appropriate job training program. It would be important to develop these institutions in Los Angeles in conjunction with any such project in the future.

Another example of a local market is the Los Angeles Grand Central Market, located on Broadway at 3rd Street in the heart of downtown which provides a lively multi-cultural shopping experience. Mexican, Armenian, Chinese and Korean vendors sell side by side. While not a public market in the orthodox sense since it is privately owned and operated by the Yellin Company, it supports 45 vending stalls, 90 percent of which sell food related items, including produce, meat, fish, bakeries and tortillas. Latinos have reported coming from all over the city in order to find culturally specific items. Established in 1917, the market also provides a popular tourist attraction downtown.6

Public marketplaces or mercados, contribute to neighborhood revitalization in a number of ways: they provide employment opportunities for vendors, small business owners and other community residents, serve as a gathering point and vehicle for community participation in economic development and attracts visitors from outside the area. For immigrant communities, these public spaces offer a valuable opportunity for rich cultural experiences. Most important, Public Market Places, much like Farmers' Markets, provide a marketing niche for locally produced food that could not be sold through supermarkets. The establishment of Home Boy Tortillas provides a glowing example of the opportunities for community-based food production afforded by market places. With the support of Delores Mission and the Yellin Company (who is providing the stall space and equipment), 10 gang members have been operating a tortilleria in Grand Central Market for just under a year. They have expanded Home Boy Industries and will be opening a bakery which will employ 22 gang members in the upcoming months. Food security depends on local control of the food system. These types of community-based production and distribution approaches should be highly encouraged and supported.
PRODUCE TRUCKS

Produce trucks are a familiar sight throughout Los Angeles, especially in Latino communities. They range from a truck selling watermelons on the side of the road, to grocery laden mobil markets making the daily rounds. While mobility and independence make it a very difficult sector to monitor, they are regulated under the Uniform Retail and Food Facility Law as of 1992 and issued permits by the County Health Department. A permitted truck must meet two criteria; identification on two sides including name address and telephone number; and a food compartment with rodent proofing (such as a cover) for overnight storage. Cutting of produce is considered processing and strictly forbidden. The number of registered produce trucks is substantial. The last update from 1992 of issued permits from the Department of Health reported a total of 1350 retail food trucks throughout LA county. This figure includes produce, ice cream, and fish trucks. Some trucks carry only produce, usually purchased from the terminal market downtown, while others also provide dry goods, such as cereal and diapers. Based on informal observations and conversations with drivers, customers and community groups, the majority of the owners of trucks are Latino immigrants, as are the majority of customers. Currently the Health Department is looking at produce trucks in for two reasons: The Department is seeking to centralize the information system on retail food trucks and they are supporting state legislation to not allow cities to issue business licenses to food vendors with no Health permit. Currently the two systems are completely separate. The Health Department feels extra health precautions are warranted, especially when dealing with poor people who are more susceptible to food poisons due to lack of access to health care.

While some community residents view the trucks as an annoyance, they are filling the gaps in the food distribution system. For many recent immigrants, these trucks, called Baratos (cheap) in some Central American countries, offer culturally familiar ways of purchasing food. Street Vending is another activity that is very familiar with the burgeoning Latino population of Los Angeles. These trucks also bring food to a population that has difficulty getting to the supermarket because of lack of transportation options. This is especially important because of the lack of available fresh produce at the small markets.

STREET VENDORS

While many researchers see street vending as a response to the lack of opportunity to gainful employment which result in people turning to marginal self-employed activities, there is also an element of cultural survival, as many vendors carry on activities considered traditional in their native lands.

Street vending in Los Angeles has become an important source of subsistence income for many Los Angeles residents with no other means of support. Estimates from 1991 on the number of street vendors ranges form 3,000 to 6,000. As the number of vendors increases, so do the tensions between vendors, store merchants and police. Although the California Uniform Retail Food Facilities Law permits the sale of prepackaged food from approved carts on public sidewalks, city law prohibits such sales. The Los Angeles Street vending law is the most restrictive in the country, with selling on
public property is currently considered a criminal misdemeanor punishable by 6 months in jail and/or a $1,000 fine. While the fines must be intimidating to the vendors who make any where from $0 to $40 per day (anything over $20 is considered 'a good day'), the fines have had little effect on curbing vending activities. This is probably because of the lack of alternative choices for this population. Besides the economic factor, vending is an important aspect of social life for largely immigrant communities.

Food is the most common item sold--46 percent of the vendors sell fresh fruit and vegetables, cooked food or drinks. One third of all vendors sell fresh, sliced fruit and vegetables, such as mangos, pineapples or cucumbers. Food vendors usually sell a combination of fresh fruit drinks or corn-based beverages, and/or hot food ranging from corn-on-the-cob to tamales. Some of the food is prepared at home, while other foods like corn or fresh fruit are prepared at the site where they are sold. The lack of sanitary control over the preparation of the food is of persistent concern to the health department officials. It is difficult to convince the vendors to comply with state law when their vending carts may be confiscated anytime by the Police Department.\textsuperscript{7}

With the support of CARECEN, a community based organization that assists Salvadoran refugees, the street vendors have organized an association in order to confront the difficulties of surviving in Los Angeles. A micro-loan program is available through the Vendors Association's revolving loan fund. Although the vendors can borrow small amounts to buy wholesale merchandise and carts, few vendors make use of these programs because of the persistent fear of confiscation and police abuse.

The city appointed "Task Force on Street Vending" has proposed a draft ordinance that would allow street vending in special districts. The legalization process would require street vendors to adhere to the County Health Department regulations which stipulate that all food must be prepared in approved kitchen facilities. When the new ordinance is implemented, the vendors will face new obstacles and competition. Large catering truck companies will be able to mobilize capital quickly and set up Health Department approved pushcarts and kitchen facilities. To support the street vendors, the Street Vendors Association has been trying to organize a communal kitchen. This facility would be used by the vendors for the preparation of food, such as the cutting of fruits and vegetables. According to Paula Sirola who has been working with the Vendors Association for the past two years, three previous attempts to procure a low-cost kitchen facility have failed. The last effort to rent a bakery failed because of cash flow problems.\textsuperscript{8}

Some cities, such as the City of Santa Monica, provide a commissary for street vendors to prepare food. The majority of the vendors are hotdog carts, one of which is operated by a homeless shelter named Step-up On Second.

**PROMOTING COMMUNITY-BASED STRATEGIES AND FOOD SECURITY**

Promoting micro-entrepreneurs in community based food production and distribution is a much better strategy than merely relying on the benevolence of the market. It bolsters food security by encouraging self reliance at both the individual and community level, of both the vendor and customer. In addition to distribution strategies, we suggest other forms of community based micro-entrepreneurial strategies be supported, specifically in the areas of processing and manufacturing. These community-
based strategies work well in concert. Public market places offer marketing opportunities for a myriad of food production and processing.

Micro-entrepreneurs, including produce trucks, street vendors or public market vendors have three basic needs: credit assistance, technical assistance and organizational assistance. Reinvestment in the inner city needs to occur at the grass-roots level, in these community based enterprises. Despite rhetoric, there is currently little support for such programs in the Rebuild L.A. agenda. One community development cooperation, Pacific Asian Consortium in Employment (PACE), is offering a small business training program aimed to start 50 small businesses over the next three years with funding from the Department of Health and Human Services. This is the only program of its kind in the entire state of California.

The United States has dedicated increasing amounts of foreign aid to micro-enterprise development in other countries—from pushcarts to small factories—which are offered credit contingent on completing basic business courses. Micro-enterprise spending overseas by the U.S. Agency for International Development (USAID) has grown from $85 million to a projected $137 million for 1991-92. What about South Central?

13.3 FOOD COOPERATIVES AND BUYING CLUBS

Food cooperatives at first seem to be a logical response to supermarket abandonment of inner city neighborhoods. By offering member ownership and participatory management, they address issues of community control and owner accountability while recycling local dollars. Despite these advantages, common perceptions of cooperatives focus more on product mix and market than ownership structure. Cooperatives frequently are viewed as limited-selection natural food stores primarily serving affluent, white communities. As such, they often are regarded as inappropriate for ethnically diverse, low-income neighborhoods.

The first part of this section is intended to assess the validity of these perceptions and determine the viability of food cooperatives as a community-based alternative to conventional grocery stores. Following a brief review of cooperative principles and the evolution of the cooperative movement over the last 30 years, it evaluates the current state of the industry, with a focus on California food cooperatives. A case study is presented to illustrate the challenges faced and benefits offered by contemporary food co-ops. The second section discusses buying clubs as a cooperative approach to saving money through collective purchasing. A summary follows.

COOPERATIVE PRINCIPLES

Cooperatives may be structured in a variety of ways to serve different purposes. In general, there are three types. Worker-owned cooperatives are businesses owned and operated by employees. Producer-owned cooperatives are organized by small businesses, producers and farmers to provide goods and services to members. For example, approximately 30 percent of U.S. farm products are marketed through agricultural cooperatives. Consumer-owned cooperatives also provide a variety of products and services to members, from food, hardware and other goods to credit unions, housing and
health care. In all, there are some 40,000 cooperatives in the United States with nearly 60 million members. The principles underlying contemporary models of cooperatives can be traced to the 28 weavers of Rochdale, England, who opened their first store nearly 150 years ago. The Society of Equitable Pioneers eventually opened 75 stores while their membership grew to 30,000 people. The weavers developed the Rochdale Principles, which were formally adopted by the International Cooperative Alliance in Vienna in 1966, and continue to govern cooperative organizations. The National Cooperative Business Association (formerly the Cooperative League of the USA) describes these principles as follows:

1. **Open and voluntary membership.** A cooperative is open to anyone who can use its services and is willing to accept the responsibilities of membership.

2. **One member, one vote.** Members are equal co-owners in the business and have a say on a one member, one vote basis (in contrast to one share, one vote in private enterprises).

3. **Limited interest on shares.** Investments in the cooperative pay limited interest to insulate the membership from those who would invest purely for speculative return.

4. **Return of surplus to members.** All net earnings (profits) are returned to members proportionally to their patronage with the business. These returns are commonly made partially in cash and partially in cooperative dividends.

5. **Constant Education.** Cooperatives provide education in the principles and practices of cooperative business, so that members will be good decision-makers and so the general public will better understand cooperatives.

6. **Cooperation among cooperatives.** Cooperatives work together at the local, regional, national and international levels to further economic democracy.

These principles distinguish cooperatives from other forms of business. While a food cooperative may not appear much different from a small grocery store, its underlying ownership structure and management policies are quite different. Cooperatives are intended to benefit their members, whose opportunities to participate in management decisions include voting for the board of directors and attending member meetings. In addition, members provide capital to the business through share purchases. Any net savings (profits) remaining after payments for operations and capital improvements are returned to members.
RECENT HISTORY OF THE U.S. COOPERATIVE MOVEMENT.

The history of cooperatives in the United States has been characterized by periods of heightened interest followed by periods of relative inactivity. This review is limited to the cycle of the last thirty years. The forces that contributed to the ebb and flow of cooperative enthusiasm during this period are illustrative of the complexity of cooperatives and the cross-constituency nature of their support.

Ann Hoyt studied the "renaissance" of food cooperatives during the 1960s and 1970s, when a convergence of social, economic, political and environmental factors generated a sustained interest in cooperative activities. She draws a parallel between this resurgence and the previous peak that occurred in the Depression years of the 1930s. Certain characteristics were common to both eras, among them: dissatisfaction with the capitalist system, political and social turmoil, difficult financial circumstances that encouraged frugality, and desire for a more ethical society. These factors contributed to the creation of many food co-ops during the 1960s and 1970s. By 1979, nearly 3,000 cooperative food stores and buying clubs were operating in the United States and Canada.\(^\text{17}\)

The social unrest that characterized the 1960s and 1970s was hardly homogeneous. The turmoil encompassed a wide range of interests and actions, many of them contributing to the cooperative movement in different ways. Civil Rights activists, for example, spurred the development of cooperatives in inner city areas as a community-based economic development strategy. Many blacks in poor, rural areas also contributed to cooperative activity. The Federation of Southern Cooperatives, for example, provided a variety of services to members, from farm products and consumer goods to housing and credit. Cooperative enterprise was supported in part by federal War on Poverty programs which provided financial and technical assistance to cooperatives in low-income areas.\(^\text{18}\)

The "counterculture" also helped fuel cooperative activity. Led by college students protesting the Vietnam war, Watergate and the social and environmental degradation caused by government and "big business," an anti-establishment movement developed in search of more equitable, environmentally benign and socially-responsible alternatives. The democratic structure and underlying principles of cooperatives appealed to their non-materialistic, anti-capitalist values.\(^\text{19}\)

Consumer activism, spurred largely by food safety issues and high rates of inflation during the 1970s, provided additional support for food cooperatives. Consumer organizations tended to be less radical in their concerns than other advocates. They were most interested in making corporations more responsible and improving food quality and prices; cooperatives offered one alternative. This group's focus overlapped with many environmentalists' concerns about the health effects of pesticides and chemical food additives. However, the latter group also addressed broader issues of world food demand, the ecological consequences of agribusiness and the energy demands of an increasingly concentrated food industry.

CONFLICTS BETWEEN IDEOLOGY AND BUSINESS PRACTICES

While the diversity of interests provided a broad base of support for the cooperative movement, it also led to conflicts. The various constituencies which
supported the cooperative concept often developed into factions which ultimately could not work effectively with each other. Moreover, the idealistic fervor that fueled the creation of many co-ops was frequently unaccompanied by business and management experience. Commitment to cooperative principles could not compensate for poorly run, high-priced stores. Those who viewed cooperatives as businesses, first, often clashed with those who considered them primarily as instruments for social change.

These internal conflicts were central to Chester Arthur Williams' doctoral thesis: *Black Urban Consumer Cooperatives: Why They Fail*. Williams analyzed eight consumer cooperatives in New York City during the 1966 through 1973 period. According to the author, these cooperatives grew out of the black pride and racial solidarity movement and the search for economic alternatives to white-dominated capitalism. Williams' thesis argues that the ideology which pervaded these co-ops in particular and informed the black cooperative movement in general included "certain elements contrary to economic success" which ultimately led to their failure. Through his case study examples, it is clear that all of the cooperatives were poorly managed. Moreover, the co-ops typically were run by strong-willed leaders whose personal vision often precluded the cooperative principle of democratic participation.20

While Williams seems to conclude that this fate was unique to the black urban cooperative movement, the conflict between ideological principles and business practices has been a long-running and, in many cases, fatal one. Perhaps the most notorious casualty was the Consumers Cooperative of Berkeley, an institution renowned for its innovation, activism and longevity. The Berkeley Co-op provides an example of the potential power of cooperatives as well as their potential difficulties.

The co-op developed from two consumer cooperatives operating in the same neighborhood in the 1930s. These merged in 1947, and began a long-term expansion of their stores and services.21 In addition to supermarkets, Consumers Cooperative operations have included a hardware store, pharmacies, a wilderness supply store, a garden nursery and a credit union. They also have offered travel, legal and health care services, among others. At its largest, the cooperative operated 12 supermarkets generating nearly $84 million in sales and supported by more than 100,000 members.22

The stores offered such innovations as Kiddie Korrals for child-care while shopping, education assistants, and home economists to provide shoppers with nutrition advice.23

The demise of the Berkeley Co-op in 1988 generated much speculation and debate as to what went wrong. Some of this speculation has been captured in a book recently published by the Center for Cooperatives at the University of California, Davis. Although the reasons cited are many and varied, there are some common themes. One factor was political infighting among board members. The board was split primarily along two lines: one side believed that business operations should be the highest priority while the other felt social issues should come first.24 This factionalism manifest itself in conflicts over controversial products. One side might argue that questionable products should be boycotted, even at the risk of annoying or losing customers; the other side preferred to offer the items but post information about the controversy and let customers choose. The political turmoil produced by such conflicts made it difficult to attract and retain management, thus contributing to high turnover and high costs in identifying and

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training new managers. The co-op's political positions and decisions to discontinue
certain product lines alienated some customers, contributing to declining sales and further
fueling Berkeley's downward spiral.

The problems experienced by the Berkeley Co-op are common to many
cooperative efforts. Ronald Cotterill, who has studied cooperatives and the food industry
for many years, wrote this about their struggles:

... The issue goes deeper than simply inadequate membership recruitment
or education programs. When examined critically, consumer cooperative
experience indicates that cooperators' vision often has a tendency to
become introverted. Over time, members tend to focus upon process
within their group at the expense of the commonly shared long-term goal
of the cooperative movement -- survival and growth to become a voice for
consumers in the American food system.

EXTERNAL CHALLENGES

Internal problems cannot bear all of the responsibility for the widespread collapse
of food cooperatives, however; a number of external trends contributed, as well. The
increasing concentration within the food industry has been a significant factor. As the
number and size of stores operated by supermarket chains have become larger and larger,
economies of scale have enabled them to offer lower prices than smaller stores,
independents and cooperatives which lack comparable buying power. Moreover, as more
chains have become vertically integrated, operating their own warehousing and
processing facilities, they have reduced their costs still more, further enhancing their
competitive position. Price wars among these giants have made it increasingly difficult
for small operations to compete.

These economic factors have been compounded by changing social trends. The
fervent social and political activism of the 1960s and 1970s began to fade in the
conservative era of the 1980s, replaced by a wave of consumerism and a quest for
convenience. Although many shoppers may agree philosophically with cooperative
principles, they nonetheless tend to shop where they can get the best selection of products
at the lowest prices with the least inconvenience.

While the movement has faded and most food co-ops have disappeared, some
have managed to survive. Those remaining tend to be natural foods stores which serve a
niche unmet by conventional supermarkets. Many of these cooperatives specialize in
products often unavailable in grocery stores, such as organic produce, special vegetarian
products and cruelty-free health and beauty aids. Because natural foods distributors serve
fewer stores than their conventional counterparts, co-op prices often are higher than
supermarkets'. This tends to perpetuate the image of food co-ops as the domain of
affluent counterculture holdouts or new age health food proponents. Unfortunately such
stereotypes obscure two important points: (1) that cooperatives represent a democratic,
eQUITABLE and socially-responsible form of business organization, and (2) that healthy
foods and organic agriculture involve issues that cut across class and constituent lines.
This latter point is often overlooked in planning stores for inner city areas. For example,
more than three-quarters of those surveyed at farmers' markets in predominantly low-income communities in Los Angeles said they would be willing to pay higher prices for organic produce.\textsuperscript{28}

**CALIFORNIA FOOD COOPERATIVES**

A recent study by Dewey Bandy evaluates the current condition of the state's food co-ops and provides insight into the challenges faced by the industry nationwide. The evolution of the state's food cooperatives over the last 30 years has paralleled the national trends discussed above. Social, environmental and health concerns contributed to an active cooperative movement in California through the 1960s and 1970s. By 1979, there were more than one hundred food co-ops operating in the state.\textsuperscript{29}

Dewey notes that the social climate which fostered this growth began to change in the 1980s, as the "counterculture" aged and began supporting families. Food co-ops also were weakened by increasing concentration within the food industry and heightened competition from supermarkets, which started offering some of the same products as natural food stores. The emergence of larger health and specialty stores further eroded market share. In addition, the internal conflicts common to cooperatives persisted.\textsuperscript{30}

By 1985, these problems had reduced the number of cooperatives operating in the state to about 25. Still more trouble was ahead, however. Financial difficulties experienced by the state's two largest co-ops -- Berkeley and Palo Alto -- contributed to strained relations with Associated Cooperatives (AC), the state's leading cooperative wholesaler. Berkeley and AC decided to stop doing business with each other, ultimately damaging both operations and sending repercussions throughout the industry. Berkeley's new wholesalers typically offered less favorable terms. Moreover, many customers were disappointed by changes in product brands. With 60\% of its sales volume now gone, AC had to reduce its wholesaling business and discontinue some of the services it had offered to member cooperatives. Some of the small stores who relied on AC for competitively priced products and special services went out of business. By 1990, only 15 food cooperatives were still operating.\textsuperscript{31}

Bandy's study surveyed 14 of the 15. Combined, these stores employed nearly 600 full and part-time workers and generated approximately $45 million in sales in 1990 (based on 13 cooperatives reporting). To put the economic impact in perspective (and to illustrate the difficulty of competing in an increasingly concentrated industry), Vons' chain-wide sales totalled $5.3 billion in the same year. The survey indicates that many of the survivors are still struggling. Although combined profits were positive in 1990, they were negative in each of the four preceding years. Moreover, many individual store performances were weak: four co-ops had losses in 1990, and five had profits below $25,000.\textsuperscript{32}

The problems faced by these cooperatives were grouped into six categories: (1) under-capitalization; (2) competition from supermarket chains, health food and gourmet stores; (3) inadequate facilities and outmoded or obsolete equipment; (4) internal conflicts; (5) management and operating difficulties; and (6) low participation rates among members and limited interaction with other cooperatives. Most of the co-ops
surveyed indicated they were responding to these challenges by improving operational efficiency and emphasizing the unique character of cooperatives through expanded marketing and outreach programs. Many are expanding their community involvement activities as well through consumer education, recycling programs and donations to local organizations.\textsuperscript{33}

Given the findings of this study, it is difficult to expect a major revival in the food co-op industry. However, many survivors are coupling ideology with a commitment to strengthening their management efficiency. Their success supports the idea that cooperatives can be a viable, if operationally challenging, community-based alternative to conventional supermarket chains. The next section profiles one of the survivors.

**CO-OPPORTUNITY CONSUMERS COOPERATIVE, INC., SANTA MONICA.**

Co-opportunity provides a good example of the struggles faced by many food cooperatives and demonstrates that the storms can be weathered and the organization strengthened by periods of adversity.\textsuperscript{34}

Co-opportunity began as a small buying club started by four people.\textsuperscript{35} The first store opened in 1974, with 1,000 square feet and a membership of 20 households. By the following year, membership had increased to 450 households. The Board of Directors limited membership to 500 until they could find a larger store.\textsuperscript{36} In 1976, Co-opportunity relocated to its present location, a 3,000 square foot store at 16th and Broadway in Santa Monica. By the end of the year, membership had increased to 800 households.\textsuperscript{37}

The co-op has experienced periods of financial uncertainty throughout its history. One of these periods was in 1977, when the store expanded by 700 square feet but, contrary to expectations, sales remained flat. At the same time, the Board of Directors agreed to raise wages without identifying the source of funds for the increase. By mid-year, profits began slipping. The Board responded by making some organizational changes and increasing co-op membership. They also accepted an offer for technical assistance from students at UCLA’s Graduate School of Management. By the following year, the co-op had begun to stabilize, but the recovery was not permanent.\textsuperscript{38}

The lowest point was in 1984, when Co-opportunity was on the verge of bankruptcy. At that time, the organization went through a major reorganization and changed to a general manager structure. With this change, decisions were made by one person rather than through the consensus process of a management committee. Although there was some turnover in general managers following this decision, the organization began to stabilize with the hiring of the current manager, Will Simon, in 1986.\textsuperscript{39}

**STRUCTURE**

Co-opportunity is governed by a nine-member Board of Directors. Eight directors are elected by the general membership and one is an employee elected by employee members. Directors serve three-year terms, with three seats open each year. The Board holds four open meetings each year. The Board hires the General Manager, who is responsible for hiring all other employees. In addition to an Assistant Manager, seven other department heads report to the General Manager: membership director, cashier supervisor, office manager, grocery buyer, and the managers of the Health and Beauty...
Aids, Grocery and Produce Departments.

Wages are determined by the General Manager. Food co-ops traditionally have had a reputation for paying low wages. As a result, many have been unable to attract skilled managers and have had high employee turnover. According to Will Simon, Co-opportunity tries to "pay a living wage," consistent with the standards of the natural foods industry but less than union-scale. Entry-level positions typically begin at $6.50 per hour with non-management positions capped at $13.00 per hour. All full-time employees (30 hours or more) are eligible for a complete benefits package. The Board determines the general manager's salary. According to Simon, it is standard to pay general managers $10,000 for every $1 million in sales.

Simon stressed the importance of hiring experienced employees. In the past, many co-ops hired workers based on their interest in natural foods or their commitment to cooperative principles. While such traits are important, they are no substitute for food industry experience and relevant skills. Volunteer labor also has been commonly associated with cooperatives. Legal issues have made such arrangements controversial, however; Co-opportunity does not use volunteer workers.

Co-opportunity currently has 3,000 active owner/members. To join, members pay a non-refundable $5.00 application fee and purchase four $25 shares ($100 total) within four months. The investment is used as working capital by Co-opportunity and is fully refundable if the member chooses to leave. Members are eligible to vote in elections, serve on the Board, join committees, participate in other activities and contribute to the policies and product guidelines of the co-op. They also are entitled to a 5% discount on prices. In order to generate higher participation levels, the co-op recently adopted a policy requiring members to vote in at least one of every two consecutive elections for the Board of Directors (ballots are mailed to members).

While Co-opportunity tries to keep prices competitive, management is constrained by the difficulties inherent in operating small stores and using specialty wholesalers. Natural foods wholesalers' prices tend to be higher because they cannot generate sales volumes comparable to conventional food wholesalers. Because of Co-opportunity's small size, buyers cannot take advantage of bulk discounts available to supermarket chains, nor do they have the storage capacity to buy large quantities of special discounts on seasonal items. In general, prices of most items are 5% below manufacturer's suggested retail. The store also offers special sales and, in addition to the members' discount, will take 5% off products purchased by the case.40

MEMBERSHIP BENEFITS

Co-opportunity's marketing efforts emphasize its member-owned structure, its discounts and services, and its commitment to social and environmental causes. Members have the opportunity to actively participate in the store's development and to influence its policies and product mix. They can save money through member discounts and are eligible to receive additional discounts from local merchants advertising in the Co-op Saver booklet. They have access to trained staff who are available to answer questions.

In addition, members know that they are supporting a socially and
environmentally responsible organization committed to providing healthy foods. For example, Co-opportunity offers the largest supply of organic foods in Southern California as well as foods for special diets often unavailable in traditional stores (for example, Macrobiotic, wheat-free and non-dairy diets). Moreover, they will not sell certain products they regard as harmful to people or the environment, such as irradiated products, foods with white sugar, and foods containing preservatives or other additives considered to be unsafe.⁴¹

Co-opportunity provides an example of a co-op which has managed to strike a balance between ideology and good business practices. The store has prospered in recent years, largely because the Board of Directors granted decision-making powers to one person, an experienced general manager. Cooperative purists might argue that Co-opportunity has lost something with its pragmatic focus on business operations -- that, for example, decisions should be made by a management committee and more energy should be spent on member education. However, it is quite possible the organization would no longer exist had it not restructured and shifted directions.

OUTLOOK FOR FOOD COOPERATIVES

In the wake of Los Angeles' upheaval last year, there was renewed interest in developing food cooperatives in inner city communities. This interest was reported by at least three sources: Dewey Bandy of the Center for Cooperatives in Davis, Lois Arkin of the Cooperative Resources and Services Project in Los Angeles, and the managers of Co-opportunity.

While Co-opportunity's managers do not expect to see a resurgence of the enthusiasm which characterized the movement in the 1960s and 1970s, they nonetheless believe the cooperative model offers potential advantages in inner city areas. Food co-ops can expand the base of community-owned institutions while serving needs that have gone unmet in particular neighborhoods. Moreover, contrary to common perceptions, they can provide competitively-priced products if they offer foods available through more conventional distribution channels than natural food stores.⁴²

The managers stressed, however, that any co-operative ventures must be operated by skilled managers and trained workers. The effort might begin as a buying club, as Co-opportunity did. This step could help to determine the willingness of members to contribute time to developing a strong and democratic organization. Often, co-operative buying efforts have been organized and sustained by one or two dedicated people, leading to high burnout rates. If the co-op is to thrive, it needs to build a broad community support base.

A key advantage of the co-op model is that community residents, as participating members, would help determine the selection of products sold. While this could lead to conflicts among residents of highly diverse neighborhoods, it also could bring communities together around the concept of food as a common denominator. Collaborative efforts to develop the store's product mix could generate greater levels of awareness and understanding and also serve as an avenue for nutrition education.

In Consumer Food Cooperatives, Ronald Cotterill discussed the structural attributes of successful food co-ops and the advantages they can offer as an instrument of
community revitalization. Although the book was published over ten years ago, his points remain relevant to any organization contemplating starting a co-operative enterprise. The "survival" factors and potential benefits are presented below.

1. **Location.** This is by far the most important factor in determining the co-op's success or failure.

2. **Product Line.** It is critical that managers know their market and carry what residents want.

3. **Investment Planning.** Leasing is generally better than buying a building because it provides more flexibility in adjusting to changing conditions in the market and real estate values.

4. **Cost efficiency.** Sales volumes are important; in general, sales increases contribute to lower operating costs as a percent of sales.

5. **Responsiveness.** Employees must be aware that they are not only part of a cooperative enterprise but also are there to serve customers.

6. **Democratic control.** Members must participate. However, as organizations becomes larger, there is a sometimes difficult trade-off between efficiency and democracy.

7. **Wages and benefits.** The co-op must provide workers with adequate wages and benefits, job security and a pleasant work environment.

8. **Employee Participation.** Management should involve employees in decision-making, even though this may lead to "ideological gridlock." They also should provide job training and development programs such as business classes.

9. **Leading the Consumer Movement.** Co-ops are a natural for promoting consumer causes. In order to be most effective, however, they need a lobbyist and attorneys to keep up on government policies.

10. **Community Development.** Co-ops can be a part of the revitalization efforts of low-income communities and can provide business opportunities for minorities and women.43

In theory, there is much to commend food cooperatives as an alternative to privately-owned and operated grocery stores. In contrast to capitalist, hierarchically-structured organizations which invest customers' dollars elsewhere, cooperatives offer community ownership, democratic control and a form of business which recycles members' expenditures. In practice, however, cooperatives are constrained by the
economic realities of food industry concentration, the time limits of members, and the unpredictability of human nature. Despite these constraints, food co-ops have demonstrated they can survive and, indeed, thrive given the right combination of good location, experienced management and commitment to cooperative principles.

BUYING CLUBS

The fundamental concept underlying the buying club is that consumers can save money by pooling orders to take advantage of volume discounts. Buying clubs encompass a variety of forms and levels of organization. At one end of the spectrum are large, systematized institutions such as SHARE, a non-profit organization which distributes packages of food each month to anyone willing to pay $13.00 and volunteer two hours of service. SHARE, which serves some 25,000 families, calculates the value of its food packages as two to three times what participants pay. At the other end are informal networks of neighbors buying bulk items at discount stores and splitting the packages.

The most common form of organization is the pre-order buying club. With this model, members fill out pre-printed order forms on a regular (usually bi-weekly or monthly) basis. Volunteers consolidate these orders, purchase the products and bring them back to a central location for distribution. Members usually pay a small fee to join to cover the cost of the initial order, and pay for subsequent orders when they are distributed. Some buying clubs also charge a small fee to cover any investments (for example, cold storage). The buying clubs typically are operated entirely by volunteers who take turns collecting and consolidating orders, purchasing and transporting the products, redistributing the purchases into each household's order, collecting the payments and keeping the books. Although the process is very time consuming, the savings can be considerable, particularly for households which buy most of their food at small markets. Given the process-intensive nature of buying clubs, most efforts tend to be fairly small scale. Few groups are likely to have computers for compiling orders, nor do many have adequate facilities or volunteers to transport and distribute large quantities of food. According to one estimate, buying clubs tend to stabilize at 30 to 60 households. If the group grows beyond this size, it may consider expanding into a storefront cooperative. Alternatively, small neighborhood buying groups could coordinate their ordering to the point where they could have a pre-order warehouse. Cooperative buying arrangements can address a variety of food security issues in inner cities. They can improve access to nutritious food, reduce costs, and promote health. At a health clinic in Oakland, a buying club has been organized to serve all of these purposes. The Cooperativa del Pueblo grew out of Clinica de la Raza's state-funded hypertension program, designed to reduce heart problems among low-income Latinos. This program discourages the high-fat, fast-food diets many Latinos have adopted since arriving in the United States and promotes consumption of healthy low-fat foods, particularly fresh fruits and vegetables.

Each Saturday, a group of members shops for food, then redistributes these purchases into individual orders. Some 100 people have paid the $10.00 membership fee, but 25 to 30 participate very actively in operating the club. According to clinic worker
Ann Cheatham, the Fruitvale area of Oakland is underserved by quality, low-priced food outlets. The buying club was begun as the first step in addressing this problem; the next step is opening a small storefront food cooperative. The organization is proceeding carefully with this process, conducting community surveys, a feasibility study and a business plan. The goals of this project, presented below, could serve as a model for other community organizations:

1. To increase access to quality, nutritious, and inexpensive food.

2. To promote unity for actions that will benefit the community (development of a co-op requires organizing skills, unity, education, and decision making skills).

3. To educate the community about health issues and co-op principles.

4. To counteract commercials, billboards and other media messages that encourage people to buy unhealthy foods and substances (i.e.: tobacco, alcohol, junk food).

5. To break stereotypes and avoid exploitation by strengthening and preserving our own definition of ourselves.

6. To promote leadership, ownership and community involvement.

7. To participate in the promotion of a healthy environment by not buying merchandise whose production or use is threatening to people and the environment.

8. To be a positive example for other communities while becoming an active part of a national/international cooperative movement. To be a co-op with a community social as well as economic program. To never stop educating and training its [sic] membership.

THE FUTURE OF COOPERATIVE FOOD SECURITY STRATEGIES

Strained by internal conflicts, a changing social environment and an increasingly competitive food industry, the cooperative movement of the 1960s and 1970s could not be sustained. Food cooperatives are a complex undertaking: the basic challenges of running a retail food store in a competitive environment are compounded by the demand for high levels of commitment and member participation. Often, conflicts arise between cooperative principles and business practices. As such, they do not provide a simple solution to the inequitable distribution of food outlets.

Despite their troubled history, food cooperatives offer many advantages, particularly in inner city neighborhoods where community ownership is critical to economic development. The boom period of the 1960s and 1970s hinted at the
transformative power of cooperatives as an instrument of social change -- at their best, they are democratic, equitable, socially and environmentally responsible institutions. However, the decline of cooperatives in the 1980s demonstrates all too clearly that idealism must be integrated with economic realism and sound management if co-ops are to survive and multiply.
Endnotes


8. Cash flow problems are the result of the lag time between when the rent is due and the sale of the products.


10. PACE also established the Community Wholesale Grocery. They are one of the largest non-profit community services organizations providing social and economic development services to low-income African Americans, Asians, and Latinos who live within the New Asia Corridor and South Central. For more information on the Business Development Center, call Tim Maschler at 213-389-2373.


18. Hoyt, 3.

19. Lee, 42.


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30. Bandy. 2.
32. Bandy. 6-8.
34. Research for this case study included interviews with three staff members: Will Simon, General Manager; Ginny Winn, Membership Director; and Paul Bauersfield, Grocery Buyer.
36. Co-opportunity Consumers Cooperative.
37. Thompson. 272.
38. Thompson. 273.
39. Interview with Co-opportunity staff.
40. Co-opportunity Consumers Cooperative. 8.
41. Co-opportunity Consumers Cooperative. 9.
42. Interview with Co-opportunity staff.
43. Cotterill. 80-90.
45. Cotterill. 97.
47. Interview with Ann Cheatham, Clinica de la Raza, Oakland, CA.
Chapter 14
New Transportation Approaches

14.1 INTRODUCTION
The findings of the Case Study Area survey demonstrate the barriers that limit inner city residents' access to food resources in their community, their dependency on walking and public transit, and their need for transportation alternatives. This phenomenon of poor people-food linkages is not an issue isolated to the Case Study Area, but a nationwide trend that severely affects the urban poor's ability to achieve food security.

14.2 TRANSPORTATION IN THE INNER CITY
Access to food requires a geographical distribution of resources and a transportation system that connects people with vital goods and services on a daily basis. For the urban poor, transportation significantly limits their access to food and is a determining factor in their health and nutrition. According to "Obtaining Food: Shopping Constraints on the Poor", a 1988 report by the United States House Select Committee on Hunger, America's poorest families can spend up to 61% of their monthly income on food, compared to 15% for the average U.S. consumer. After this, the determining factor in food access is transportation.

A 1979 report to the Presidential Commission on World Hunger found that low income Americans "do not have easy or consistent access to supermarkets" and that this lack of access "results in dependence on smaller local grocers who often charge more and offer less variety and lower quality foods". These findings are compounded by the 1988 U.S. House Select Committee on Hunger report that confirmed that not only do the poor depend on walking or inconvenient mass transit to get to the grocery stores, but that supermarkets have been steadily abandoning the inner city altogether.

According to a 1988 USDA report on food cost variations, "indexes for the Government's Thrifty Food Plan were higher in locations where high proportions of the population are without a car." At the same time, holding car ownership constant, food prices increased as income rose. Supermarkets in areas with low automobile ownership are likely to face less competition because patron immobility shrinks supermarket trading areas (the geographical area from which markets draw their clientele), but food price reductions could be achieved by shopping at warehouse stores and in zip codes with competing supermarkets. The potential price savings that are suggested by this research are all premised on the assumption that the car-less population can obtain access to warehouse stores or more competitive zip codes, but these findings contradict the implicit constraints of being car-less. Even if travel distances could be overcome, the transportation requirements of large food purchases at supermarkets and warehouse stores place substantial structural barriers on even those who have access to transit. For pedestrians, the suggested food access is realistically not achievable.

Recent research in Seattle suggests that changes in transportation have dramatically affected the food industry, changing the scale and scope of food retailing.
Since World War II, the United States has seen a rapid increase in automobile ownership that has enabled food retailers to scale up operations and achieve certain economies of scale. As store sizes increased in Seattle, the total number of food retailers decreased and moved from random clusters of small markets to uniformly distributed patterns created by segregation and repulsion from competition. From 1940 to 1990, average travel distance for food shopping increased by 71 percent. The predominance of the automobile and its dissemination enabled food retailers to consolidate operations and provide full service supermarkets, but for the urban poor who can not afford a car the result is less access to food.

In Los Angeles, the problem is particularly acute given the city's low population density and history of chain supermarkets leaving the inner city since the 1965 Watts riots. Since then, the number of supermarkets in South Central Los Angeles has fallen from 55 to less than 30 in 1989.

A 1992 UCLA study on transportation and the working poor in Los Angeles, sponsored by transportation expert Martin Wachs, found that 90% of those surveyed in the report had no car, with 43% commuting by bus and 37% walking to work. Thus, the urban poor are highly dependent on public mass transit for mobility and access to all sorts of services and opportunities. When combined with market concentration and a declining number of supermarkets, the result is critically low access to food for the urban poor.

Some cities have attempted to address transportation issues by bringing people to food outlets, but on the whole there have not been any concerted public or private policies or programs that address fundamental issues of access and mobility for the urban poor. Everyone knows the urban poor can not get to the grocery store but nothing is being done about it.

14.3 THE POLITICS OF TRANSPORTATION IN LOS ANGELES

The principal authority responsible for transportation planning and implementation in Los Angeles County is the Metropolitan Transit Authority (MTA), the result of a merger on April 1, 1993 between the Los Angeles County Transportation Commission (LACTC) and The Southern California Rapid Transit District (RTD).

When Proposition A passed in 1980 it was billed by the LACTC as the answer to area gridlock. From 1983 to 1985, the half cent gasoline tax was used to subsidize bus fares, which were capped at fifty cents. Ridership rose sharply, but after 1985 the money was diverted to help finance construction of fixed rail projects. Bus fares subsequently rose to $1.10 and annual ridership dropped by ninety-six million to approximately 475 million riders per year.

Even with this substantial drop in ridership, the MTA currently operates the most overcrowded bus system in the country, "carrying nearly 20% more passengers per bus than New York City". The regional bus system carries between 1.3 and 1.4 million passengers per day and plans call for expansion of the current 2,500 vehicle fleet to 4,200 buses by 2010.

Between 1983 and 1989, eleven supermarkets left South Central Los Angeles, while bus fares jumped from fifty cents in 1985 to $1.10 in 1993. The 1992 UCLA study on transportation and the working poor in Los Angeles found that most respondents...
could not spare $42 for a bus pass because it would consume 10% or more of their income.\textsuperscript{20} The combination of fewer supermarkets, lower rates of car ownership, and higher bus fares has compounded the issue of food access for the area's poorest and most under-served residents. Clearly, the urban poor's access to food has diminished greatly.

The 400 mile Metrolink fixed rail system, slated to be fully operational in 1995, is optimistically projected to carry 40,000 passengers per day, or 3.3\% of the region's current transit-using population.\textsuperscript{21} The cost of operating the rail system is $3.64 per rider, jumping to $11.86 per rider when capital outlay during planning and construction is factored into the equation. The net subsidy is $10.76 per trip, or 91\% of the total cost for rail. In contrast, bus subsidies are $1.78 and $1.48 per rider, with and without capital costs respectively. Thus, bus trips recover 62\% of their cost at the fare box.\textsuperscript{22}

Even though bus transit is cheaper per rider served and more cost effective, according to the Southern California Association of Government's Principal Mobility Planner, Ralph Cipriani, most new revenues are currently slated for rail construction.\textsuperscript{23} MTA is committed to rail as the answer to the County's transportation problems, but these budget estimates do not fully account for the operational expenses of rail.\textsuperscript{24} Fiscally, this commitment can be partially attributed to voter-approved bonds and California state sales tax increases targeting rail based transit.\textsuperscript{25} Rail transit is the centerpiece of the 30-year METRO system plan that calls for a multi-modal transit system\textsuperscript{26} to improve mobility.\textsuperscript{27} In addition, recent publications and policy documents suggest a dominant emphasis on rail planning.

In an administrative draft on land use and transportation policy, the City of Los Angeles has "initiated...cooperative planning to develop an integrated policy addressing land use, transportation and air quality issues related to the regional transportation system" with MTA.\textsuperscript{28} The report supports and responds to MTA's regional rail planning by emphasizing transit oriented districts and zones within a one half mile radius of rail stations. The ridership strategy policy states that it seeks to balance transit modes and ensure accessibility to all residents of the City,\textsuperscript{29} but transit station prototypes suggest concentrated development near rail stations. In addition, the report suggests that transit accessibility will occur between neighborhoods and rail stations. For the urban poor, the question remains: will this new "accessibility" connect people with food resources?

The new high-tech rail system will efficiently connect important business centers and rail stations throughout the region (see map), but primarily aims at moving people between communities.\textsuperscript{30} On the other hand, fixed rail provides little relief or access to poor passengers with local origins or destinations. According to some transportation experts, the effect of Metrolink is a public subsidy and reward to area suburbanites who have abandoned the inner city and will now be able to commute vast distances in clean, state-of-the-art trains at a fraction of the true cost of the rail system. Metrolink effectively creates a two-tiered public transit system along race and class lines.\textsuperscript{31} For the urban poor, rail does not increase their mobility or access to food resources because it does not connect people with food.

14.4 ALTERNATIVES TO TRADITIONAL MASS TRANSIT

New food strategies that connect the urban poor with food resources focus on
transportation planning that brings people to food, rather than relying on the ability to attract food retailers to inner city neighborhoods. Ownership and operations strategies vary from public to private, but all have one trait in common: new transportation systems connect low-income consumers directly with food resources. Three major types have developed across the U.S.

In Knoxville, Tennessee, an innovative city program called Shop 'N Ride allows low-income persons to "ride buses free to food stores outside their neighborhoods, enabling them to buy better quality, cheaper food". Essentially, city planners rerouted or extended existing bus routes to give inner city residents greater access to food resources. The key to the program is the relationship between residents and the larger grocery chains: residents commit to buy a minimum amount of product and stores subsidize the cost of the transportation. The result has been better access to food resources by low income persons and expansion of market capture area and trade volume for stores, although residents face long waits for buses and the inability to raise the capital for the minimum purchase requirements.

The Pathmark supermarket model in Newark, New Jersey, centers around providing van shuttle services for local low-income residents and grew out of concerns about store sales volumes. Early receipts indicated average purchases of $8.00, far less than the chain average of $18.00. New Communities Corporation (NCC), a non-profit responsible for Pathmark locating in the inner city, believed that smaller purchase orders were correlated with low car ownership and the fact that about 40% of the customers walked to the store, both of which impeded residents' ability to carry groceries home. NCC purchased vans and began offering residents low-cost van service from the market to home. Van fares are charged by the bag, up to a maximum of $5.00 per trip ($2.50 for senior citizens), well below the going rate for area taxi service. Van drivers also provide complementary assistance for customers who need help carrying their bags. The popularity of the van service is evident in the long lines of customers, up to 50 people deep, waiting to go home with their groceries. NCC pays the entire cost of the service, which totals approximately $25,000 per year, although some of this expense is recaptured at the fare box.

In Pennsylvania, the Pittsburgh Commission has developed a pilot project entitled the "Shopper Shuttle". The program is directed at responding to recognized difficulties in the use of public transportation by low income and elderly people, namely indirect mass transit routes and inadequate space for transporting groceries home. When the program was begun in 1991, the shuttle connected a single housing project with one grocery store, three times a week. Since that time, the program has expanded to include other neighborhoods and stores. Riders are charged modest fares, with the majority of funding through a mix of public and private funds, including Community Development Grant Money allocated by the City Council.

The major shortcoming of each of these strategies is that each focuses on food access issues in a vacuum that limits transportation services to connecting people with food, and does not facilitate competition between stores or choice among the urban poor. In addition, fares of up to $5.00 per trip are still high for low income people who may be struggling to pay bus fares in the $1.10 range. New transportation strategies must find
creative solutions that incorporate all the advantages of the three major types of transit while going beyond the narrow scope of these services.

As both a policy and a program, shuttle services that connect the urban poor with food resources are in a unique position to provide access and choice to residents while facilitating competition among an area's supermarkets. Findings in this report demonstrate that food prices drop as competition rises and increasing the mobility of the urban poor increases their discretionary power to affect the food market. In addition, food stores benefit by increasing their prospective market capture areas, with the potential for markets that respond to market forces in their pricing strategies to increase sales volumes and profits.

One scenario that could accomplish these goals is an intra-community shuttle service routed in a circular pattern that connects residential areas with food resources, with ancillary benefits accrued by connecting people with health and other services. This system would contrast current regional mass transit systems that focus on inter-community mobility and has numerous advantages as a transportation policy. Those communities identified as most in need of shuttle services could be targeted first, with the quantity and frequency of service phased in based on market demand. Ancillary benefits include furthering the goal of community and economic development by connecting sub-areas within communities and enabling residents to recirculate money in a geographically bounded area.

14.5 SUMMARY

1. Public transportation systems that are non-responsive to the needs of the transit dependent in the inner city limit food choice and food access.

2. Aggregate increases in automobile ownership and the mobility provided to car owners have enabled the retail food industry to consolidate and scale up operations, but for the transit dependent urban poor their food access and choice has decreased.

3. Alternative transportation strategies related to food access focus on bringing people to food, as opposed to traditional food strategies that bring food to people (i.e. supermarkets).
Endnotes


5. ibid.

6. ibid. 21.

7. ibid. 32-33.


9. ibid. 138, 171.

10. ibid.


16. ibid.

17. MTA, 1993.


23. Cipriani, Ralph, 1993. MTA currently oversees a budget valued at approximately $2 billion per year, with an expected revenue base of $183 billion over the life of METRO, half of which is earmarked for rail construction. Revenues are currently generated from federal (23%), state (28%), and local (48%) sources. Federal mass transportation funds for capital and operating expenses total of $480 million per year, with $100 million for bus improvements and $150 million for the METRO Red Line fixed rail system. State funding comes primarily from voter approved gasoline taxes and transportation bonds (MTA, 1993).


26. Rail, bus, freeway, bikeway, and dial-a-ride services.
29. ibid. 6.
33. ibid.
Chapter 15

Community and Public Engagement with the Food System: Joint Ventures

15.1 INTRODUCTION

Last spring’s upheaval spotlighted the shortage of many basic services in low income and minority communities in Los Angeles and sparked a spate of announcements of public and private investment plans. The food retailing industry was among those responding. Although Vons' had been planning an inner city investment strategy for some time, the civil disturbances brought a sense of urgency to this program. Since then, other supermarkets, including Lucky’s and Smart & Final, have announced similar urban investment plans.

The efforts of individual supermarket chains have been supported by various industry associations. Within the last year, for example, the Urban Land Institute featured a panel on inner city retail investment at its Los Angeles conference, and the Food Marketing Institute announced its Urban Initiative, a nationwide program designed to encourage industry efforts to revitalize disadvantaged communities. Of course, last year’s events were not the only factor contributing to such efforts. Inner city investment has become an economic imperative for many supermarket chains, a "new frontier" given the saturation of most suburban markets. Moreover, the sales potential of underserved areas was clearly demonstrated by the success of the Lucky’s store in Crenshaw.

Regardless of the impetus, there is a common theme woven throughout these initiatives: community participation is essential to any development project. Of course, definitions of participation can vary substantially in kind and degree. For example, most developers have learned to involve residents in early stages of project planning in order to avoid costly delays from organized opposition later; such efforts more often reflect political and economic expediency than social responsibility. In other cases, supermarket owners may solicit community input into store design and product mix. Vons’ focus groups are representative of this approach. Participation can be far more comprehensive, however, extending beyond these levels to economic partnerships in which community groups share ownership of the business.

This chapter focuses on this latter form of participation, in which community development corporations are joint venture partners with shopping center developers and/or supermarket owners. After reviewing the joint venture concept, this chapter discusses the advantages and disadvantages such arrangements offer those involved. Two case studies, representing the two principle forms of joint ventures, will be presented, followed by a description of the Local Initiatives Support Corporation’s program to support such efforts. This chapter also presents a detailed scenario of the establishment of a joint venture between Vons and a community based organization.
In particular, it discusses the structure of this possible development arrangement within the context of public goods and public burdens.

15.2 **THE JOINT VENTURE CONCEPT**

Joint ventures vary in structure depending on the needs and circumstances of the partnership interests and the area served. In general, however, most fall into one of two categories. In the first form, the community development corporation (CDC) develops and owns the real estate, typically in partnership with a commercial developer. Acting as landlord, this partnership organization leases the building to the supermarket, which has full responsibility for store management and operation. The supermarket pays rent, a share of common area maintenance charges and, in some cases, a percent of sales to the landlord/CDC. In addition, the lease may require the supermarket to meet other stipulations. For example, store management may be required to provide training programs, hire from the surrounding community, sell certain products and/or maintain prices consistent with its stores in other neighborhoods. The developer partner manages and maintains the real estate and the CDC serves as the link between management, tenants and the community.

In the second type of joint venture arrangement, the community organization is actually a partner and co-owner of the supermarket. In this arrangement, the supermarket may participate more in the development and design of the real estate while the community group may have a larger role in store operations. The supermarket is in charge of day-to-day management, however, and receives a fee for this service. Profits are shared according to each partner’s proportionate investment in the project.¹

The community partners in such arrangements typically are active, experienced CDCs -- private, non-profit organizations committed to serving the residents of disadvantaged communities. They may be involved in a range of economic development programs, from building affordable housing and commercial projects to providing services such as employment training and child care. Their Boards of Directors include residents of the particular community served by the organization.

15.3 **ADVANTAGES AND DISADVANTAGES OF JOINT VENTURE ARRANGEMENTS**

Joint ventures offer numerous benefits to the CDC and its business partner. The roles of the partners are complementary, with the CDC offering its community development experience and insight into residents’ needs and its partner providing industry expertise in real estate and business operations. The complexity of such arrangements can also produce new challenges, however. The positive and negative aspects of joint ventures are discussed below.

**ADVANTAGES TO THE CDC**

A joint venture retail project fulfills many of the CDC’s objectives as an economic development organization. Supermarket-anchored centers create jobs,
provide employment training, meet community needs for goods and services and revitalize distressed neighborhoods. The traffic generated by supermarkets help to support other stores and services, in some cases transforming blighted areas into a community social centers. Moreover, satellite shops can provide entrepreneurial opportunities for small businesses. The CDC's participation creates a sense of owner accountability and encourages community involvement. In neighborhoods in which residents feel disenfranchised from the larger economy, such projects offer a sense of community ownership and control. Perhaps most importantly, the CDC's share of the profits allows them to maintain and expand their economic development projects and programs. In this way, local dollars are recycled back into the community rather than collected by outside owners and invested elsewhere.

ADVANTAGES TO THE JOINT-VENTURE PARTNER

The joint venture also offers many advantages to the for-profit partner, whether it is a supermarket or a real estate developer. With a CDC as partner, the project is likely to have the support of residents, thus enhancing its potential for success. Community input into desired product mix and services can help management to more accurately target its market, thereby contributing to higher sales volumes. In addition, shared ownership minimizes negative perceptions of outside investors exploiting residents by charging higher prices for lower quality goods. This sense of ownership also can reduce security risks. In addition, because CDC's can attract grants and low-cost loans, project costs may be reduced. Further, CDC participation and community support may carry the project more swiftly through the city bureaucracy. As a non-profit involved in community development, the CDC may get the city's help in site acquisition, permits, zone changes, condemnations or write-downs of city-owned property. (However, even with such assistance, any development project is likely to be a lengthy process.)

DISADVANTAGES TO THE CDC

Real estate development and food retailing are very complex businesses. Many community development organizations have overworked staffs and limited financial resources; they may not have the desire or capacity to participate in such arrangements. While such circumstances potentially limit the pool of community partners, they do not drain it. Most CDC staff members are accustomed to juggling many projects and putting together complicated development schemes. Moreover, the structure of the joint venture arrangement can be adapted to the CDC's capacity or willingness to participate. In some cases, the CDC has very limited involvement once the project is completed, except to review performance and collect income.

DISADVANTAGES TO THE BUSINESS PARTNER

For developers and supermarket operators, there is one commonly cited disadvantage: most have well-established development, management and record-keeping systems which they would rather not revise. The joint venture structure is
new to them, and requires adapting to other ways of doing business. In addition, timing is critical to developers and dealing with community organizations is thought to be more time-consuming, both in terms of developing the project and in managing it afterward. Meeting with residents and responding to their concerns can take valuable time and may require adjustments to typical store operations. This is not to imply that real estate developers or supermarket operators are inflexible, however. In fact, grocery stores have become increasingly sophisticated in developing a variety of store formats and product mixes appropriate to the particular demographic mix of a neighborhood. This sort of flexibility can be extended to store ownership structures.

This discussion has not addressed the impact on owners of existing small markets or independent grocery stores. While the development of a new supermarket may reduce their sales, the additional competition may encourage poorly run, high-priced stores to improve their operations and offer better prices. Overall, the advantages of community/business partnerships clearly seem to outweigh the disadvantages. Certainly the joint venture model deserves more examination. The case studies which follow represent the two forms of joint ventures outlined above. One is an example of the real estate joint venture concept, the other the shared supermarket ownership model. One is located in Los Angeles, the other in Newark, New Jersey. Both are very successful supermarket-anchored shopping centers which have brought much-needed goods and services to disadvantaged communities, and which provide steady income for additional community renewal projects. As such, they are models worth studying and emulating.

15.4 VERMONT-SLAUSON SHOPPING CENTER, LOS ANGELES

In the late 1970s, Sears announced it was closing a store it had operated for 50 years at the corner of Vermont and Slauson in South Central Los Angeles. Local merchants were concerned about the impact of this action, and appealed to the city of Los Angeles for help. When Mayor Tom Bradley relayed this concern to Sears, the company offered to donate the property to a non-profit organization for development. Bradley accepted the offer. In 1978, he established the Vermont-Slauson Citizens’ Advisory Committee, a group of residents, merchants and community leaders, to provide input into the process of redevelopment of the center and surrounding neighborhoods. In 1979, this group incorporated as the Vermont-Slauson Economic Development Corporation (VSEDC) with the mission of "providing programs structured to revitalize the physical, economic and social life of the area." In the same year, VSEDC took title to the Sears property.

The Alexander Haagen Company, a Los Angeles real estate development firm, was asked to participate as joint venture partner and developer. Haagen was initially reluctant, but eventually agreed on the condition that the obsolete Sears store be demolished and a new center constructed. The next challenge was finding anchor stores. Haagen’s offer was refused by all the major supermarket chains. On the second time through the list, he persuaded Boys’ Market to serve as the grocery anchor.
Public funding and support were critical to the project's development. Financing was provided through a variety of sources, including Urban Development Action Grants (UDAG), U.S. Economic Development Administration grants, Community Development Block Grants (CDBG), city infrastructure grants and tax increment financing. In addition, support from Mayor Bradley and members of the city council helped to facilitate the development process.

The shopping center opened in 1981. In addition to Boys', it is anchored by Sav-On and K-Mart (which replaced a Zody's store that went out of business in 1986). It has been very successful, reportedly generating more than $400 per square foot, well above the industry average. Tenancy has been stable, with very little turnover. In fact, according to VSEDC Executive Director Marva Smith, there is a waiting list of potential tenants interested in leasing space in the center.

The Haagen Company is general partner. It holds a 90-year ground lease and receives 40% of the center's profits in addition to a 5% management fee. VSEDC is limited partner and owns the land. The organization's 60% share of the profits is used to help finance its community development programs. In addition to the shopping center, VSEDC has been actively involved in economic development programs in the area, including providing technical and financial support to small businesses, sponsoring seminars and promoting industrial development. The organization is currently focused on developing affordable housing which includes services such as job training and child care on site.

VSEDC and the Alexander Haagen Company have developed a good working relationship and an efficient division of labor. By choice, VSEDC does not participate directly in center management, preferring to leave this to the Haagen Company staff. They will, however, get involved in particular issues, such as problems with tenants or security. They also contribute to leasing decisions, although the Haagen Company is responsible for marketing the center. In addition, VSEDC convenes Merchants' Association meetings and participates in and promotes center events.

The Haagen Company has developed three other inner city shopping centers since Vermont Slauson was completed, one of which is also a joint venture with a CDC. Watts Labor Community Action Committee owns 25% of the supermarket-anchored Kenneth Hahn Plaza, and receives a proportionate share of the profits. Despite the success of these centers, Haagen has no immediate plans for other inner city projects. According to Haagen official Andrew Natker, the public financing which made these projects feasible is no longer available. Because land costs are so high ($20 to $30 per square foot versus $10 in the suburbs) and security measures so expensive (Haagen is noted for building urban fortresses -- or oases -- depending on the viewpoint), public subsidies are necessary to keep rents reasonable. The lack of low-cost financing is compounded by the general shortage of any type of real estate financing over the last several years.

In addition to grants and public funds, other factors contributed to the success of the Vermont Slauson Shopping Center. According to Natker, one critical factor was the involvement and support of Mayor Bradley, who was committed to making
the projects work. After several inner city projects were completed, however, the level of support diminished. Natker believes such projects can be profitable, but that public support is critical.

15.5 NEW COMMUNITIES PATHMARK, NEWARK, NEW JERSEY

For nearly 25 years, the predominantly low-income residents of Newark’s Central Ward had no local supermarkets. As a result, they were forced to pay higher prices at small neighborhood stores or travel to supermarkets outside of the community, often using public transit to get there. Because of its poverty and troubled history, supermarkets had avoided this neighborhood -- despite evidence that the area could support one. Although incomes are low, it is very densely populated. In addition, nearby institutions such as the University of Medicine and Dentistry of New Jersey and the Essex County Courthouse potentially could provide additional customers.10

New Communities Corporation (NCC), a CDC formed following Newark’s 1967 riots, initiated the process of developing a supermarket-anchored shopping center in the Central Ward. In 1980, NCC met with Supermarkets General Corporation (SGC), the parent company of Pathmark supermarkets, to discuss the possibility of a joint venture. A few years earlier, SGC had completed a similar project (the Pathmark-anchored Restoration Plaza in Brooklyn, New York) in a joint venture with the Bedford Stuyvesant Restoration Corporation. Although initially hesitant about the Newark project, SGC’s management was persuaded to participate by Reverend William Linder, NCC’s founder.11

Despite SGC’s early commitment to the project, ten years passed before the shopping center was completed. The primary hold-up was assembling the land -- the 3.3 acre site included 62 individual lots. The resulting condemnation proceedings and lawsuits delayed the development process.12 Community support helped to move the project forward despite these difficulties: at one point, 12,000 residents signed a petition declaring a need for the supermarket. With this petition, and the settling of the lawsuits, the project finally got underway.13

The shopping center was financed through a number of sources. The bulk of the funding came from conventional loans, including a market-rate loan from Prudential Insurance for $7.2 million. Other sources include an Urban Development Action Grant, New Jersey’s Local Development Initiative Fund, a CBG grant from the city of Newark, loans from two private foundations and New Community’s own equity, which includes social investments of the religious community.14 This partial list illustrates not only the challenge of putting such projects together, but also the financial sophistication and resourcefulness of community development organizations. It also highlights the necessity for public support in such projects.

The shopping center, which includes a 49,000 square foot Pathmark supermarket and 13,000 square feet of satellite shops, opened July, 1990. The Pathmark store has been very successful: average weekly sales of $650,000 exceed management’s original projections by more than 20%. In fact, it has the highest sales
per square foot of the 147 stores in the Pathmark chain. The store's high sales volumes have encouraged SGC to consider expanding it.15

New Communities owns all of the shopping center property. The Pathmark store is owned by Community Supermarket Corporation (CSC), a joint venture of NCC and Supermarkets General. As landlord, New Communities receives rent from CSC.16 Because New Communities has a two-thirds interest in CSC, it also receives two-thirds of the supermarket's profits (after Pathmark's management fee is paid). The rental income and store profits are used to support NCC's community development projects. Although the store has been very successful, generating profits of $1.2 million in the fiscal year ending February, 1993, New Communities has not yet received income from the project. Pathmark had advanced funds to NCC in the early stages of the project to cover start-up expenses and an unanticipated environmental problem that cost $800,000 to clean up. While Pathmark estimated it would take six years for NCC to pay off the advance, it only required two years. As a result, NCC should soon begin to receive income from the supermarket.

New Communities is one of the largest CDCs in the country, and is the largest non-profit housing developer in New Jersey. They have constructed more than 2,500 units of affordable housing, for which NCC provides its own management, maintenance and security. They also have developed a variety of health services, including a Home Health Care program, a Medical Day Care Program, and an Extended Health Care Facility. New Communities is affiliated with Babyland Nursery, which operates six day care centers with more than 600 children, including a center for children with AIDS. Other projects include two employment centers, a credit union with approximately $1.8 million in assets, for-profit commercial businesses such as the shopping center and a monthly newspaper.17

Community participation occurs through NCC's programs as well as in more direct ways. For example, Community Supermarkets Corporation has a resident-based Board which meets monthly with Pathmark to discuss problems or issues related to the store. Board members have made a number of recommendations which have contributed to the store's sales growth. For example, Pathmark initially planned to include a lobster tank in the store. The community advised Pathmark that there would not be a great deal of demand for lobster in this area and that other types of fresh fish would be more appropriate. Pathmark acquiesced and included a fresh fish department in the store. Pathmark also responded to the Board's recommendations that the produce department be styled after a farmers' market and include a selection of specialty fruits and vegetables targeted toward the area's largely African-American and Hispanic population. Both suggestion proved to be highly valuable: according to store surveys, the produce department is ranked the most popular among customers, followed by fresh fish.18

With the credibility gained by these recommendations, the community board and NCC were able to convince Pathmark to listen to them on other issues. According to Raymond Codey, New Community's Director of Development, the most difficult challenge was breaking down the mindset of Pathmark managers, who were
used to running all stores in the same way. Once NCC convinced them that this store served a unique community and needed to be approached differently from other stores within the chain, Pathmark was willing to go along with a number of innovative programs.

A few of these programs address the health and nutrition needs of residents. New Communities has arranged for health professionals from two nearby hospitals to provide health screening tests at monthly Health Fairs set up within the store. Hospital staff are on hand to explain test results and provide referrals if necessary. In the area of nutrition, NCC works with product representatives to promote healthy food choices by offering discounts. For example, in promoting a low-fat diet, NCC might work with a cheese distributor to offer discount coupons on a low-fat variety. The lower cost encourages customers to try products they normally would not buy.\(^{19}\)

Another innovation is Pathmark’s van service, which was created in response to early concerns about store sales volumes. When Pathmark first opened, the average order size was $8.00, far less than the chain-wide average of $18.00. NCC believed the small orders were due to the fact that many residents did not own cars, and thus were limited in what they could carry (about 40% of their customers walk to the store). New Communities responded by buying vans to give shoppers rides home from the store. Customers are charged by the bag, up to a maximum of $5.00, and senior citizens pay $2.50 -- rates well below what taxis charge in the area. The van driver also carries bags for customers who need assistance. The popularity of the vans is evident in the lines of customers -- sometimes 50 people deep -- waiting to use them. New Communities pays the entire cost of the van service, which amounts to approximately $25,000 per year. Some of this cost is offset by fares.\(^{20}\)

The community has profited from this joint venture in a number of ways. One critical benefit is that residents now pay less for better quality food. A study done for NCC showed that customers’ costs were 38% higher when they shopped at small neighborhood markets in the area. In addition, the project has generated employment opportunities in a community that desperately needs them. Pathmark created some 50 full-time and more than 200 part-time jobs, many of them filled by local residents.\(^{21}\) As union members, employees typically receive better wages and benefits than they would in many other service jobs. In addition, many residents feel more comfortable using food stamps and WIC coupons in their own neighborhood than in stores outside it. Management is highly aware of the financial circumstances of its customers -- the store generates 35% of its business within the first three days of the month. As a result, they try to run specials on appropriate items during this period.\(^{22}\) This policy, combined with Pathmark’s lower prices, allows residents to get more value for their food stamps than they would shopping at small stores. Finally, the community is helped in broader terms, as well. The project has become a social hub, providing a central place for informal interaction. In addition, voter registration drives at the center enhance the political power of residents. And, in keeping with NCC’s philosophy, residents’ money stays within the community.

Many factors have contributed to the success of this joint venture. First and
perhaps most importantly, New Community Corporation is an experienced and highly-regarded CDC with the ability to attract funding. Second, the project received low-cost financing from public and private sources. Third, the site is located in an Urban Enterprise Zone, which allows the store to charge half the state sales tax on non-food items (reducing costs to consumers) and provides Pathmark with a $1,500 tax credit for each Newark city resident hired who has been unemployed for 3 months. Fourth, there was widespread community support for the supermarket, as evidenced by the petition. Fifth, Pathmark’s management is not only experienced, but has been willing to listen and respond to community concerns. Finally, the project made sense economically -- the site is located in a high density neighborhood capable of supporting a supermarket. Based on his positive experience with Pathmark, Ray Codey offered this advice to other community development corporations: (1) pick a good partner, and (2) let the professionals run the store.

15.5 LOCAL INITIATIVES SUPPORT CORPORATION

The joint venture concept is being promoted by the Local Initiatives Support Corporation (LISC), a financial intermediary and technical assistance provider to community development corporations. Created by the Ford Foundation and six other corporations in 1979, LISC has raised approximately $800,000 for community development projects across the country. The Retail Initiative (TRI) is a commercial equity fund established by LISC to support CDC participation in joint venture retail projects. To this end, LISC raises and invests corporate equity for the development and ownership of supermarket-anchored shopping centers.

LISC believes joint venture retail projects support many community development objectives. Supermarket-anchored centers create jobs and bring needed goods and services to disadvantaged communities. In addition, joint ventures provide CDCs with an ongoing source of income to support other economic development programs. LISC also hopes TRI will encourage CDCs to expand their development experience beyond the traditional realm of affordable housing while diversifying their property portfolios. In outlining their reasoning for the retail program, LISC notes that while 88% of CDCs produce affordable housing, only 25% participate in commercial development.

TRI is structured as a "two-tiered Master Investor Partnership," a blind pool in which TRI is the general partner and investors are limited partners (investors may be associated with particular projects or areas if they choose). The Master Partnership, in turn, is limited partner in individual retail projects in which CDCs serve as general partners (in some cases with private developers as co-general partners). TRI’s objective is to raise enough equity to fund six to twelve supermarket-anchored centers to be identified within three years.

The CDCs (with assistance from consultants and/or joint venture partners) will serve as project developers, identifying sites, conducting feasibility studies, obtaining planning approvals, generating community input and support, designing the project, securing tenants, arranging financing and other development-related activities. TRI’s
role is to prepare offering information, market interests in the Master Partnerships, analyze and recommend projects, invest equity and provide financial information to the limited partners. In order to minimize risk, LISC has developed investment criteria for its retail projects. Among other requirements, the center must be anchored by a major chain-operated supermarket with a good credit rating, preferably one which has operated successful stores in inner city communities; the anchor stores must sign 20-year or longer leases; satellite shops (if any) must be well-known, chain-operated or franchised stores; multi-tenant centers must have professional, third-party leasing and property management; and the project must have significant community and public support.

LISC has assisted CDCs in similar projects in the past. For example, they provided a start-up grant to the Tacoley Economic Development Corporation (TEDC) in Miami to help them in their efforts to renovate Edison Plaza. This shopping center had been damaged by riots in 1980 and the Pantry Pride supermarket never reopened. TEDC eventually received a commitment from Winn-Dixie and the redeveloped shopping center opened in 1985. LISC also provided assistance to the Marshall Heights Community Development Organization in developing a Safeway-anchored shopping center in a low-income neighborhood in Washington, D.C.

15.6 POTENTIAL OF JOINT VENTURES AS A COMMUNITY EMPOWERMENT STRATEGY

Linking experienced developers and supermarket operators with community development corporations can create mutually beneficial partnerships. Not only do such arrangements bring much-needed goods and services to neglected neighborhoods, but they generate income for other community development projects as well. Moreover, as New Communities Corporation has demonstrated, the role of the supermarket can be expanded beyond simply providing food to serving as a satellite health and nutrition clinic, an employment training program, a voter registration office, and a community social center.

Given the potential benefits of joint ventures, it is fruitful to consider the possible arrangements between Vons, the largest supermarket chain in Los Angeles, and a community development corporation. The following section of this chapter will systematically examine the manner in which such an arrangement could be established.

15.7 SCENARIO FOR VONS JOINT VENTURE IN LOS ANGELES

PUBLIC BENEFITS, PUBLIC BURDENS

In order for the supermarket chains to make good on their promises to build stores in inner city, they will need to succeed in a complicated set of negotiations with the various municipalities, community groups, and property owners with interests in the inner city. These parties will be repeat players in a city-wide negotiation to build more stores in neglected areas.

Three forces will shape the outcome of these negotiations. First, the
negotiations will turn on whether supermarkets are viewed as public benefits, such as a library or a free park, a private benefit, such as a typical private corporation, or a public burden that generates unnecessary traffic, waste, pollution or crime. Parties have a strong incentive to misrepresent their true intentions in order to take advantage of a public benefit.31

Second, coalitional politics will play heavily in the negotiations. Community groups, supermarkets and the various municipalities will each try to team up with one of the other parties to force concessions for the third party.32

Third, it is very difficult to define neighborhoods and even more difficult to define which organization represents a neighborhood. Some of the characteristics observed in neighborhood disputes also are common to the negotiations surrounding supermarkets, including: uncertain goals, complex (and often conflicting) communication, and the importance of principles to a group of people in negotiating an agreement.33

The final outcome of the negotiations will be determined by "which Vons" is investing in the inner city. If Vons' investment is seen as the investment of a responsible corporate citizen, then the new supermarkets will look like public benefits, and community groups and supermarkets will combine to push city hall for concessions. If the supermarkets are viewed as the investments of a shrewd corporation, then community groups and the city will be more likely to ally and demand concessions from the supermarket chain.

THE KEY PLAYERS

The three critical parties involved in forming a development agreement are the supermarket chain, community development corporations and the city in which the development is to take place. The supermarket company plays the pivotal role in the discussion. It is its capital and expertise that drives these negotiations forward. The city must approve any plans that the company wants to make. Without support from the city, it is difficult, if not impossible, for a store to successfully develop a shopping center. The community group's position in these negotiations is tentative and illustrates the problem of coalitional bargaining that arises in multi-party negotiations. If the city and the supermarket company agree to develop a new shopping center, it becomes very difficult for a community group to block that action. The community group's position is stronger if the supermarket chain and city are unable to agree on a development agreement. Since a shopping center in the inner city is more difficult to complete than a typical new shopping center, the community group is more likely to have a stronger role to play in these negotiations than in other more traditional developments.

There are other critical parties to the negotiation that may be able to make or break a deal, including the various sellers, the union that represents the majority of chain store employees, other grocery chains, independent stores, and other cities.
ASSESSING THE NEEDS AND INTERESTS OF THE PLAYERS

It is helpful to briefly review the needs and interests of the parties.

**Vons**

Vons developed its inner city program before the civil unrest, because the company realized that it was missing an opportunity by avoiding investment in underserved urban communities. These neighborhoods were particularly attractive to Vons, because they were close to existing distribution networks. If Vons is the first store to return to the inner city, it gains several competitive advantages. The first store in a new neighborhood can quickly lock in the good real estate sites, and leave the competitors with more marginal sites. The first chain can also generate significant good will within the community, which presumably helps a store’s sales.

Furthermore, if Vons does not return to the inner city now, it will be seen as having broken its promise. This will generate negative publicity for the company, which could hurt its overall growth. As a leading company in Southern California, Vons has an interest in reviving the regional economy. If the inner city remains an economic black hole, that hurts the rest of Southern California. By helping to revive the inner city, Vons is taking a self-interested step to improve its own long term economic future.

**The Community Groups**

Community-based organizations also want more supermarkets in their neighborhoods. Supermarkets bring lower cost, higher quality food to neighborhoods. Community groups want some sort of an ownership interest in the supermarkets, so that they can help determine some of the critical decisions about the market, including its employment policies, the decisions about which items to stock, and determining the level of service and price at the markets. For example, in the Esperanza neighborhood, the Yucaipa Corporation has an option to develop a store. They had planned to open a warehouse type Food 4 Less store. The local community group in that neighborhood wanted a store with more service, so Yucaipa has tentatively agreed to build an Alpha Beta store on that location.34

Community Groups may be the biggest losers if the supermarkets do not build in their neighborhood. Inner city communities lose the opportunity to create jobs, and the chance to buy low cost, higher quality food. More importantly, the failure to build a supermarket after so much publicity creates an impression that inner city neighborhoods are not suitable for development. Many inner city neighborhoods are already stigmatized by images of civil unrest and gang violence. If supermarkets, which have pledged the most money to Rebuild Los Angeles, fail to come through on their pledge it could discourage other businesses from investing in the inner city.

**The City of Los Angeles**

The City of Los Angeles is broke. It faces a budget deficit of $180 million dollars next.35 The City also faces a general economic crisis. Los Angeles County’s

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unemployment rate is well above the national average. With the loss of thousands of aerospace jobs in the past three years, Los Angeles has lost sales and property tax revenues.

The City thus has a need to increase its revenue and avoid new expenses. At a minimum, Los Angeles must rebuild the stores that were burned. To only return to the status quo ante would be a failure. Los Angeles must build new businesses in the inner city to lift it out of the cycle of poverty. It must convince Angelenos, and particularly the business community, that the City will not face urban upheaval every twenty five years. To attract further investment, Los Angeles must create a climate that is conducive to business in the inner city. It must increase the safety of inner city streets, and reduce the regulatory burden on businesses there.

Los Angeles wants to attract supermarkets to the inner city. It needs the jobs, the tax revenue, and the psychological boost from having these stores return to poor neighborhoods. The City also needs good publicity to convince other businesses to return to Los Angeles.

THE STRUCTURE OF SOME POSSIBLE DEVELOPMENT AGREEMENTS

This section considers possible development agreements. Each of the potential agreements are structured around four critical points: (1) Vons profitability, (2) Control of the store, (3) the timeline for development, and (4) Vons’ ability to control its capital costs. Based on this discussion, this paper recommends the framework for a possible negotiation.

Four Critical Areas

Each of these areas can be viewed as both a private good, a public benefit or a public burden.

Profitability

At the heart of any agreement is Vons’ profitability, which serves as a proxy for the success of the project from Vons’ point of view. If the project is not profitable, Vons will not invest in any inner city supermarkets. If a supermarket is a private good, then the Company will want little to do with Community groups or the City once the project is built. On the other hand, the more the project looks like a public good, the more public investment the supermarket chain will seek. Furthermore, if the supermarket looks like a private good, community groups will want more of a hand in running the store.

Community Control

The proponents of this model argue that giving community groups a stake in the store is the best way to guarantee the store’s success. If community groups have ownership of the store, they will work to make sure that the store is successful. Community groups can also work with the stores to develop a transportation policy for poor residents. At the moment, most stores do not have an acceptable means for poor
residents without cars to get their grocery homes. Pathmark worked with New Community to develop a van service. This model also demonstrates to the City that grocery stores have the support of the community. It thus makes it easier for grocery stores to deal with any controversial political issues associated with their shopping centers.

The financial structure of the Pathmark model makes it appear as though the supermarket consumes public assets. In exchange for consuming those assets, the store must return part of the profits to the community. However, community groups argue that the joint venture is necessary for the store to succeed. The profit sharing is not a means of penalizing the supermarket chain for consuming assets, but is a way to entice and reward community groups to participate in running the supermarket.

The Alexander Haagen Company developed a third model in its inner city shopping centers in Los Angeles. It brokered an agreement between Boys grocery stores and several economic development corporations. These deals are structured such that the community group owns the shopping center, while Boys runs and manages its own store. The Haagen Company is part owner of the real estate and is paid by the community group to manage the shopping center. The community group thus has control over the major policy decisions of the center, while delegating control over minor issues to the professional management companies. The local groups place issues of concern in a development agreement, but beyond that general level, they have much less control over the actions of the tenants. This model borrows many of the rationales from the two previous models.36

Another possible model would be to allow the chain to retain ownership of the store, but establish a community group that meets with store management and has a formal voice in determining store policies. Although the supermarket chain would retain ownership of the store, a community council would have access to store records. The community council could be created as part of the development agreement that the chain signs with the City. Although there is a danger that the community council could be frozen out of management decisions, access to the individual store’s financial records would give the community council the power to expose egregious management errors in judgement or policy. Both the Haagen model and this model are based on the notion that a supermarket is both a private good and public good.

Vons prefers the traditional model.37 Vons claims that it knows how to run stores, so it does not need to run them as joint ventures, although it is willing to discuss a joint venture where it leases land from a community group. This would not be very different from its current leases. Vons appears to be worried about setting a precedent for future joint ventures.

**Timeline**

The critical item here is the amount of time that it takes to begin construction.38 Every day that construction is delayed costs Vons money. Some of these permits are simply ministerial, while others require the discretion of the City.39 To comply with these regulations, Vons has hired "expediters" to push the proposal
through the different layers of city government. The expediter costs money and take time. Vons' current arrangement views the store as a private good.

An alternative proposal would have the City agree to expedite the approval process for stores that are built in certain geographic areas that are underserved by food stores. Under this model, the store is viewed as a public benefit. This sort of agreement could certainly speed up the approval process for the ministerial actions. To make sure that this process is not used by politicians to help wealthy campaign contributors, the City could have community groups decide which projects should be placed on this fast track. This would increase the power and leverage of the community groups. The permitting fees and regulations are designed to make Vons absorb the public resources that it consumes. The fewer concessions made to Vons, the more the parties view the supermarket as a private good consuming public resources. The more concessions the City and community groups give Vons the more an inner city store can be seen as a public benefit.

**Capital Costs: Real Estate and Permits**

Capital costs are made up of four elements: real estate costs, the construction costs to build a new store, the "soft costs" associated with new construction such as architectural fees, financing, and city permitting costs. The big unknown in the entire deal is Vons' ability to acquire an appropriate site. In many ways this negotiation is in Vons' hands. If the company cannot negotiate an acceptable purchase agreement, there will be no stores built in the inner city.

One area of fruitful discussion is in the City's permitting fees. All of the supermarket chains have complained about the high cost of doing business in the City of Los Angeles, because of the fees required to build there. The City could either reduce fees for inner city supermarkets, or work with the supermarkets to make sure that the fees they generate are spent in underserved communities. There also may be some discussions regarding help finding real estate.

**A PROPOSED NEGOTIATION FRAMEWORK: INNER CITY STORES AS PUBLIC GOODS**

In examining these elements of the deal, three different paradigms for structuring the agreement between the parties emerge. The first approach is based on the idea that a supermarket in the inner city is essentially a private good. The second framework argues that a store in the inner city is a public good. A third claim is that an inner city supermarket is a public burden, and hence it must pay for consuming public resources.

If the City and community groups agree that a store is a public good, then the City should seek to encourage chains to build supermarkets in the inner city. Under this scheme the City would help Vons reduce its operating and capital costs in return for concessions from Vons on other fronts.

Since real estate costs are some of the major expenses in building inner city stores, the city of Los Angeles would agree to use its power of condemnation and to
decrease the regulatory burden on stores in certain select cases. This will lower the cost of land, and encourage more stores to be built more quickly.

This proposal calls for Los Angeles to condemn land, and turn it over to a non-profit agency. In return for the right to build, Vons would pay the City the cost of the land. This process will save the chain money, because it would only need to pay market rate for the land rather than the higher costs asked by speculators. The City would agree to purchase the land only if the chains would agree to spend the savings in five distinct areas:

1. Build their new stores as Joint Ventures with local community development corporations.

2. Reduce the size of new stores in the inner city to accommodate the odd shaped parcels in the inner city that might be developed.

3. Hire and train workers at the Master Contract Rate from the inner city neighborhoods.

4. Develop a transportation system, such as a shuttle, to improve access for local residents.

5. Develop an operating subsidy, in the form of reduced fees or taxes paid to the City, that is tied to the gross sales of the company, and limited by time.

The above proposal meets the goals of the parties involved. The City will contribute to bringing stability into depressed neighborhoods. The stores will reduce capital expenses, so that they can increase their operating budget to pay for the four expenses outlined above.

Community support will also assure that no condemnation of land will take place unless the supermarket is a public good that the community wants to support. The City and community groups should develop a set of criteria by which the land could be condemned (i.e. support from the community group, no condemnation of land with housing units on it). This will guarantee that this power will only be used to help the chains assemble land from speculators who are charging above market prices for the land. By selling the land to community groups, the City can keep the condemned land in some form of a public trust.42

The City and community groups can also use the fees paid by the supermarkets to help create more public investments in the City. By establishing a modified form of a tax increment finance district (TIF) (a district that looks similar to the present Community Redevelopment Authority (CRA)), the fees generated from supermarkets could be earmarked to establish a "supermarket permitting fee trust fund" which would be spent to encourage supermarket chains to build additional stores in the inner city. Thus the fees would help subsidize the creation of other stores in neglected areas of
the City. The City could use the same mechanism to help speed up the City’s regulatory approval.

Finally, the City could also develop some operating subsidies for the inner city stores that could be based on the gross revenue of the stores. As long as the stores revenue is below a certain level, they are considered a public benefit, and thus qualify for City assistance. Once revenue reaches a certain plateau, the store looks more like a private good, and so City support is gradually reduced. In addition, the operating subsidy should be limited by time, for example one to two years, so that the City will not subsidize supermarkets that are fundamentally unprofitable.

Supermarkets will benefit from the proposal, because they will receive reduced capital and operating costs. They will be able to invest quickly in the inner city. They will also benefit by having the supermarket permitting fees targeted toward building new supermarkets in underserved neighborhoods.

Community groups would benefit from the proposal, because as a joint venture partner, they could harness the economic forces that are pushing supermarkets to invest in the inner city without losing control of their neighborhoods. Thus, once the supermarkets turned from a public benefit into profitable private goods, the benefits would remain with the public through the community groups.

The City also gains. It can encourage development in economically depressed neighborhoods, without expending funds that it does not have. It will be forced to target revenue streams that are brought on line by new development, but this is money that the City would not have had without the development. Furthermore, the money will be targeted to the City’s most economically depressed neighborhoods.

THE STRUCTURE OF AN INDIVIDUAL AGREEMENT

Within this framework, the parties still have considerable leeway in how to actually structure an individual negotiation. The structure of the final negotiations will depend upon several pivotal factors, and the actions of some non-parties. The most critical factor affecting the negotiations is the perception of the viability of the project. The more the project looks like a private good, the fewer concessions the City will be willing to make. If the store appears to be a public good, then the City will make more concessions.

The basic structure of the deal will probably turn on which parties are able to form alliances. If the City and the supermarket chain agree to form a partnership, there is a reduced possibility that a community group will be able to stop the project. The City and the supermarket chain are most likely to agree on an alliance if they both concur that the store is a private good that does not cause substantial harm to the community. If the store looks like a private benefit, the store will want to begin operations quickly, and so it will not make any demands on the City. Similarly, since the store does not cause any public harm, the City will not have the need to get involved in seeking concessions from the supermarket chain.

As the store looks more like a public benefit or burden, the community group is likely to play a larger role. If the store is a public benefit, community groups are
likely to ally themselves with the supermarkets to seek concessions from the City. In this case, community groups will seek to gain the benefit from the transaction by asking the City to pay for putting a public good in the community.

On the other hand, community groups will oppose the store if they believe that it is a public burden. In that case they will either seek to prevent the project from being built, or demand concessions from the supermarket chain. If the store is a burden, community groups must convince the City that the interest of the community groups and the City are in alignment.

Unfortunately their interests may not be aligned. The City may see a development that is a burden on one community as a way to raise funds for other badly needed City projects. In this case, the City may extract monetary or other concessions from the supermarket chain, and then ally itself with the developer to build the store. Community groups have to translate their opposition to a store into a political power that can persuade city council members to align themselves with community groups.

Community groups are most likely to hold the balance of power when it is unclear whether a store is a benefit or a burden. Unfortunately, it is in these sorts of cases, that community groups are most likely to have a divided approach to a project. For example, in the recent decision about whether to allow 20th Century Fox to expand its Century City Offices, two different neighborhood groups vied for the support of the city council member. One group, Friends of Fox, argued that the City needed the jobs, and that Fox was a good neighbor. Another group, the Cheviot Hills Homeowners Association, opposed the expansion on grounds that it would ruin the neighborhood. The issue of safety will also affect the negotiations. Stores are concerned about higher levels of crime in the inner city, and the possibility of more civil disturbances. One source of protection for stores is to ask community groups to take ownership of the stores. The less secure stores feel, the more they will be inclined to ask community groups to sponsor them in some fashion.

Thus, Vons is most likely to receive concessions from the City if the economic picture weakens, because supermarkets in the inner city will look more like a public benefit, and the unions, community groups and the City will be more likely to make concessions.

On the other hand, as the economy strengthens and inner city locations look more profitable, supermarkets will compete more aggressively for the best locations in the inner city. With real estate in demand, stores will be more likely to compete with each other for those locations. Community groups and cities will be able to meet more of their demands, as the stores look more like they are for private benefit and the stores begin to tax public resources.

15.8 CONCLUSION

Given the economic conditions that exist now, the agreement that appears most likely to meet the needs of the parties is the framework suggested above. Although Vons must give up some control of the store, it also gains control over its operating
and capital costs.

Community groups gain some control over the store, and can help direct the economic development in their neighborhood. Supermarket chains gain access to one of the tools that the City has at its disposal: The power to regulate, and if necessary, condemn land. They also receive some operating and capital subsidies from the City.

The City gains, because without expending money it will improve the economic base, and in turn generate property tax revenue. It must take a controversial stand to condemn land. However, the community group should provide political protection for the city council.

Market forces should propel the parties together to negotiate a deal based on these principles. There is no reason for either of the parties to oppose this sort of development in the inner city. The City and community groups want supermarkets, while the supermarket industry wants to invest in the inner city. However, to help facilitate these negotiations, The Food Policy Council should play a role in the negotiations. It should designate certain areas of the City as underserved supermarket areas. It then might work with public agencies to offer incentives for supermarkets to build in those areas, establish a program to condemn land and create the supermarket permit fee trust fund. The details of the individual deals would have to be worked out by the chain stores, supermarkets and community groups.

The Food Policy Council should also seek to identify different community groups that represent various City neighborhoods. This is a difficult political process and beyond the scope of this paper. However, the City already has identified many different community groups for other development purposes. A similar process could be established for developing supermarkets.

If supermarkets did not want to participate in the City process, they would be free to seek City approval to build supermarkets in a traditional fashion.

The interaction of the three parties in a symbiotic process offers each party something that they cannot get alone. Vons provides capital, the City creates value by allowing the chain to lease land at a market rate, and the community groups provide political support for the City. In return, Vons gets lands at a market rate, the City redevelops a neighborhood and increases its tax base, and the community groups gain some control over their own neighborhood development. Each depends upon the other, but together they can make a difficult project feasible.
Endnotes


7. VSEDC Fact Sheet and interview with Marva Smith, Executive Director of VSEDC.

8. Interview with Marva Smith.

9. Interview with Andrew Natker of the Alexander Haagen Company.


15. Interview with Raymond Codey, Director of Development for New Communities Corporation.

16. According to Ray Codey, the project is structured so that the supermarket rent covers the debt service from the first mortgage. As a result, Pathmark’s rent is roughly two times higher than the average paid by supermarket anchors.


19. Interview with Raymond Codey.

20. Interview with Raymond Codey.


22. Interview with Raymond Codey.


25. ibid.
27. Local Initiatives Support Corporation, pp. 4-5.
28. Local Initiatives Support Corporation, pp. 5-6.
29. Local Initiatives Support Corporation, pp. 6-7.
32. Raiffa. 257-274.
34. Salinas, Alice, Community Organizer with Esperanza Neighborhood Association. Interview with Marc Dohan. 4 May 1993.
38. The term of the lease is not a critical issue. All parties would like to see Vons involved for the long term in the inner city. Vons wants a long term lease, because it is building an expensive property. Community groups and the City want a long term lease to show a commitment to the neighborhood. This item is not controversial.
39. Any of the discretionary and political requirements probably trigger the California Environmental Quality Act, ("CEQA"), which means that the City must order an Environmental Impact Report ("EIR"). This report can easily take several months to complete.
40. CEQA cannot be avoided just because the City declares that a project is politically important. Vons would have to comply with its requirements regardless of which proposal it adopts.
41. Huss, Chris. Interview. and Barlow, Curtis. Interview.
42. This plan is probably legal. It might be challenged by property owners that the taking is not for a public purpose. This case is similar to *Poletown Neighborhood Council v. City of Detroit,* where the City of Detroit condemned non-blighted land, cleared it and allowed General Motors to build a factory on the site. *Poletown* 410 Mich. 894, 304 N.W. 2d 455 (1981). In that case the Michigan Supreme Court held that the land was conveyed for a public purpose. This case has been criticized in the secondary literature for defining a public use too broadly. See Millspaugh, *Eminent Domain: Is it getting out of Hand?* 11 Real Est. L.J. 99 (1982), Ross, Transferring Land to Private Entities by the Power of Eminent Domain, 51 Geo. Wash. L. Rev. 355 (1983). However, the present proposal is significantly different from the facts of *Poletown.* First, in *Poletown,* the City of Detroit did not transfer the land to a public entity; General Motors itself held title to the land. Second, General Motors did not compensate the City for the land. This proposal seeks to have the
supermarkets pay fair value for the land.

Section 4 Conclusions

This section, Opening Up the System, presented a variety of community-based alternatives to enhance access to healthy, affordable food in the inner city. Farmers' markets, urban agriculture, food co-ops, buying clubs, public markets, street vending, joint ventures and intra-neighborhood transit systems may seem like a disparate assortment of strategies, but these initiatives share two common themes: direct community engagement and sensitivity to residents' needs. None of these alternatives by itself can be viewed as "the best" or "the only" solution to the problem of hunger. When combined with other programs into a comprehensive food policy, however, they represent a significant step forward in guaranteeing every citizens' right to nutritious food. At the same time, they provide opportunities for community ownership, environmental improvement and neighborhood revitalization. Although the benefits offered by each may be incremental, together they offer a way to improve the social, economic and physical landscape of neglected communities.
SECTION 5

A New Framework for Policy
We have tried to emphasize throughout this report that the food system is comprised of many different elements, and that policies which focus solely on one of these elements -- whether it is increased food assistance, more supermarkets or urban gardening -- cannot guarantee food security. In Section 5, we suggest alternative ways of thinking about these issues that weave together these disparate components. In Chapter 16, we present the Food Policy Council as a comprehensive and integrated approach to food security which recognizes as its basic premise that access to nutritious food is a fundamental human right and a prerequisite for a healthy society. This chapter reviews the Food Policy Council concept, describes various initiatives that have been developed by such organizations and examines in some depth five case studies. In Chapter 17, we take the natural step to the "sustainable city" concept, based on the principle that human health, environmental health and social justice are inextricably linked. The chapter traces the roots and defines the principles of this concept, and explains how food security is a central component of the sustainable city.
Chapter 16

The Food Policy Council - Creating an Integrated Approach to Food Issues

16.1 INTRODUCTION

The variety of products available at the largest grocery chains suggests the food system operates with remarkable efficiency. The typical new store offers an astounding array of choices, from cereals, cookies and canned goods lining eight-foot-high shelves to cases of baked goods straight from the oven to piles of fresh produce, both familiar and exotic, sent in from all over the world. Contrast this image of abundance with pictures of food pantry lines or undernourished children or produce left rotting in fields and the food system seems far less efficient. As this study has shown, there are substantial problems throughout the complex network that delivers food from grower to consumer. These deficiencies range from fairly visible problems of hunger, poor nutrition and the inequitable distribution of supermarkets to less perceptible issues of unsustainable agriculture, energy inefficiency and excessive food and packaging waste.

The existing programs and policies designed to address these issues are fragmented in nature and narrow in scope. Because each segment of the food system tends to be compartmentalized, solutions typically focus on isolated parts -- more funding for food stamps, tax breaks for inner city supermarkets, increased donations to food banks and so on. While these efforts are important, they are not integrated in a way that guarantees food security and improves the overall functioning of the food system. As a collection of independent actions, they may mitigate some negative consequences but they will not produce long-term solutions.

Developing a sustainable food system -- one that is equitable, economically efficient and environmentally sound -- demands new ways of thinking that weave together these disparate threads. It also requires a new form of organization capable of translating innovative thinking into policy and action. This can be the role of a Food Policy Council. This organization begins with the conviction that access to nutritious food is a right, and that local governments and community groups must take an active role in planning for food security, just as they would for public schools, housing and transportation.

Clearly, planning for food security is not a simple undertaking given the range of actors involved. As this study has emphasized, the food system is shaped by public officials, farmers, food processors, distributors, wholesalers, retailers, financial institutions, consumers and many others. Each has a different perspective, and thus a different set of concerns and problems. Although their roles are interrelated, most are not aware of the importance of these connections. As a result, policies and programs often are formed without a full understanding of their consequences.

The Food Policy Council represents a strategic breakthrough in uniting these actors and integrating diverse interests. It involves a whole-systems approach which
brings together all stakeholders to share concerns and exchange information. By raising awareness and increasing understanding, it generates the type of creative thinking necessary to develop comprehensive and lasting solutions to complex and persistent problems.

There is precedent for such organizations. Over the last ten years, a number of coalitions have formed to address the fragmented and ineffective nature of food policy. Some have developed informally, sparked by a particular incident -- the closing of an inner city grocery store, perhaps, or the release of a report on hunger -- while others are part of a broader approach which views food as an integral component of a healthy urban eco-system. All are based on the principle that every citizen should have access to affordable, nutritious food and that public intervention and community action are necessary to guarantee this right.

This chapter will present the food policy council as an innovative, comprehensive approach to food security planning. The first section discusses the general concept and mission of the food policy council. The next section presents examples of major initiatives developed by food policy councils, based on case studies of eight organizations. This is followed by a more detailed analysis of five food councils located in three cities -- specifically, their organizational development, structure and major programs and accomplishments. The next section reviews efforts to develop food policy in Los Angeles and the role a local food council might play today. The final section explores opportunities for a federal-local partnership in planning for food security.

16.2 THE FOOD POLICY COUNCIL

There are many private organizations and public agencies involved in issues related to the food system, from anti-hunger advocates to farmers' market associations to nutrition programs in public health departments. Although some have broadly defined missions, most are fairly narrowly focused on one segment of the system. In selecting food policy councils for our case studies, we looked for organizations which viewed the food system as an integrated whole, identified a wide range of issues and had a diverse membership base. The policy-making role of these organizations suggests they would be structured within municipal governments; however, this has not always been the case. Although technically not policy organizations, we included non-profit groups which were comprehensive in vision and contributed to policy making through program development and advocacy work.

We identified more than one dozen such organizations. After further investigation, we realized that some of these had essentially expired after operating for a few years and others framed issues in fairly narrow terms. Eliminating these organizations reduced the total number of case studies to eight. It is interesting to note that most of these food councils are located in the east and midwest; none are in the west. Seven of the eight organizations serve local or regional areas: Hartford,
Connecticut; Knoxville, Tennessee; Pittsburgh and Philadelphia, Pennsylvania; St. Paul, Minnesota; Onondaga (Syracuse), New York; and Toronto, Ontario. The eighth is a state-wide coalition serving Minnesota. The food policy council is a relatively new phenomena. The earliest council was established in the 1970s, but most were created in the mid to late 1980s. Because they are designed to meet the specific needs of particular places, no two are exactly alike. As noted above, some function as part of municipal governments, while others operate independently of (although collaborating with) local agencies. Some focus on policy development and others on program implementation, while still others act primarily as catalysts and facilitators. While each organization is different, many themes are repeated. Most of the mission statements identify some or all of the following goals:

1. **Guaranteeing every citizen's right to affordable and nutritious food.**

2. **Exploring the economic development potential of the food industry.**

3. **Educating consumers on the nutritional and environmental implications of their food choices.**

4. **Minimizing the negative environmental consequences of agriculture and food production, transportation and disposal.**

5. **Increasing urban agriculture to enhance the urban environment and to provide additional sources of food and/or employment.**

6. **Reducing the reliance on the emergency food system.**

7. **Strengthening the links between urban and rural areas.**

8. **Preserving farmland and promoting sustainable agricultural practices.**

The food policy council typically serves as an advisor to government agencies, as an advocate for specific policies and programs, as a forum and information exchange for participants and as an educational resource for the public. In some cases, the organization also provides technical assistance to groups interested in implementing particular programs.

While organizational structures are diverse, certain characteristics are common. Most food policy councils are run by a volunteer Board of Directors. Some councils mandate that their boards include specific interest groups; others are less explicit. However, most strive to include a diversity of interests, from farmers to processors to food workers unions to consumers.

Funding sources vary, typically depending upon whether the organization is
directly supported by municipal government or operates as an independent non-profit. For the most part, however, they tend to be underfunded, understaffed and overextended. Moreover, their roles are often limited by their advisory capacity; most cannot implement or enforce policy. As a result, some organizations have faded and others toil in relative obscurity. Despite these struggles, their successes demonstrate that the food policy council can be highly effective in raising awareness of and developing solutions to the problems of the food system.

16.3 PROGRAM INITIATIVES

Most food policy councils have broadly defined missions. This allows them the flexibility to attack a wide range of problems and to adjust their efforts to the most pressing local needs. This section looks at some of the programs developed by the eight food councils. Although some of the programs described have not been successful, this does not necessarily diminish the value of the food policy council. The initiatives presented are intended to illustrate the potential range of issues a council might address. They include: access to food stores, community economic development, urban agriculture, strengthening urban and rural links, education and information dissemination, environmental improvement and advocacy.

ACCESS TO FOODSTORES

Supermarket abandonment is a problem common to many urban areas. The consequences have been discussed in detail in other sections of this report. In general, however, the result is that the urban poor often pay more for lower quality goods. Efforts to alleviate this situation generally have focused on three approaches: (1) retaining and developing more inner city stores; (2) improving transportation to higher quality, lower-priced stores; and (3) enhancing the ability of small stores to provide better quality food at lower prices. Food policy councils have worked in each of these areas, albeit with mixed success.

Retaining and Developing Supermarkets

Attracting new supermarkets to underserved areas has proven to be one of the more difficult challenges undertaken by food councils, as the following examples illustrate.

The now-inactive Philadelphia Food and Agriculture Task Force (the "FAT Force", as it was called) was involved in developing a new worker-owned supermarket in one of the city's disadvantaged areas. Development partners included PACE (a group that had participated in the conversion of A&P to worker-owned O&O stores), the Food and Commercial Workers Union and other groups. The FAT Force helped establish an interfaith revolving loan fund to assist in the development of this and other worker-owned supermarkets. According to Patrick Temple-West, Director of Nutritional Development Services for the Archdiocese of Philadelphia and an active member of the Task Force, the fund attracted commitments of $1,000,000, largely from the Ford Foundation and the National Cooperative Bank.²

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Unfortunately, the supermarkets were not successful and closed within a few years. Temple-West attributes the failures to two primary factors: (1) undercapitalization and (2) the worker-owned concept which, while progressive in vision, was not practical from an operational standpoint at the time. PACE hired and trained community residents to manage the stores rather than using experienced operators. Training employees was made more difficult by the challenge of teaching worker-owner principles.

The Pittsburgh Food Policy Commission has been trying to retain existing stores as well as attract new ones. The Commission has lobbied for advanced notice of store closings so affected communities have time to explore possible alternatives. Despite this effort, last year Giant Eagle (a major local chain supermarket) closed one of its franchise-owned stores in an inner-city area with less than one week's notice to residents. There was some irony in this event. The Commission's first chairperson was a representative of Giant Eagle (he left after one year due to other time commitments). Despite this setback, the Commission continues to talk to potential grocery stores interested in urban locations and to evaluate city policies to encourage grocery store development.3

Transportation Programs
Given the challenges inherent in developing new food stores, many food councils have turned to transporting shoppers to supermarkets in other neighborhoods. The Pittsburgh Commission has worked on this approach as well. Recognizing the difficulties that low-income and elderly people had in using public transportation to get to grocery stores (for example, indirect routes and no room for grocery bags), the Commission developed a pilot project called the "Shopper Shuttle." When the shuttle initially began nearly two years ago, it ran from one housing project to one grocery store three times a week. It has since expanded to include other neighborhoods and other stores. The shuttle charges modest fares and is financed largely through a mix of private and public funding, including Community Development Block Grant money allocated by the City Council.4

The Knoxville Food Policy Council also has been involved in improving access through transportation programs. The Council successfully lobbied the Knoxville Transit Authority (KTA) to revise its routes to provide easier access to supermarkets from underserved low-income neighborhoods, and continues to work with the KTA. Moreover, the Council, through its studies of transportation routes and the larger issue of supermarket access, has helped to increase awareness of this problem.5

Improving Existing Small Stores
The third element of food access is improving existing inner city food stores, the small "mom and pop" markets which are the only source of food for many low income residents. Because of their small size, these stores are at a competitive disadvantage compared to large independents and supermarket chains. They cannot buy in large quantities, and thus must pass the higher cost of their purchases on to their
customers.

The Hartford Food System (HFS) organized the Hartford Grocers Association (HGA) in 1988 to facilitate cooperative buying among small markets. About 25 grocers currently participate. By placing large orders collectively, these stores are better able to compete against the price advantages available to large supermarket chains. The savings achieved allow small markets to charge more competitive prices. According to HFS Director Mark Winne, the HGA has been a difficult project, primarily for two reasons. The first is organizational. As Winne puts it, getting small business people to work together is a daunting task. The second is economic. HGA will put deals together with one supplier and another will come along offering a better price. Some store owners will defect, damaging the integrity of the cooperative buying arrangement.6

**Community Economic Development**

It is difficult to develop solutions to hunger and poor nutrition without addressing underlying problems of poverty and unemployment. Most food councils therefore have included programs for job creation and community development. Despite the critical importance of this component, it is perhaps the most difficult to develop. Providing technical assistance and ongoing support for such projects is usually beyond the staffing and financial capacity of most food policy councils.

These problems have been evident in attempts to develop supermarkets and food cooperatives. Such efforts require enormous time, effort and commitment on the part of organizers and often have not succeeded. The Hartford Food System, for example, was involved in developing buying clubs and cooperatives, but now recommends working with the private and public sector to facilitate the expansion of experienced food store operators.7 Philadelphia's Food and Agriculture Task Force also facilitated the development of cooperatives, with equally disappointing results.8

Recognizing that lack of access to capital is a primary obstacle to business creation, several food councils have initiated community development loan funds. Philadelphia's revolving loan fund, which is currently inactive, was intended as a source of gap financing for worker-owned supermarkets.9 Minnesota's Jubilee Fund, now undergoing a review to determine its fate, was designed to provide loan guarantees to small businesses meeting the MFA's criteria for innovative and sustainable enterprise.10 The Hartford Food System started a program last summer to provide low-interest loans to vendors at Downtown Hartford's Main Street Market. The fund provides small ($500 to $1,500), short-term loans for equipment and inventory purchases. HFS helps to recruit potential recipients and reviews applications but does not administer the loans. So far, two loans have been made.11

**URBAN AGRICULTURE**

Most food policy councils support the development of community gardens, but the level of action has varied. For example, in its implementation strategies, the Saint Paul Food and Nutrition Commission emphasizes the need to establish long-term sites
for gardening, to improve access to equipment, provide information about producing and preserving produce and remove unnecessary legal barriers to raising plants and animals for food. However, the Commission’s organizational and financial constraints have limited its work in this area. Other food councils have been active in exploring opportunities for urban agriculture. The Hartford Food System has been involved in developing community gardens and solar greenhouses in areas serving low-income and elderly residents. In addition, Toronto’s Food Policy Council is actively researching urban food production programs and has established working groups on school gardening and composting and rooftop gardening and greening.

**STRENGTHENING URBAN AND RURAL LINKS**

The whole-systems perspective of food councils recognizes the integrated nature of the food system and the interdependence of rural farmers and urban consumers, two groups that typically have little awareness of or interaction with each other. Food policy councils have been instrumental in promoting understanding and cooperation among these disparate interests.

One way they have accomplished this goal is through direct marketing efforts. All of the councils have worked to expand opportunities for urban consumers to buy directly from growers at farmers’ markets and satellite farmstands. Many have worked to promote the use of WIC coupons at farmers’ markets, providing low-income residents and the elderly with additional savings while encouraging the consumption of nutritious foods. These programs are win/win propositions for all participants. They support small and mid-sized farmers, who receive higher prices when they sell direct but still charge less than consumers typically pay at grocery stores. Moreover, the produce quality is likely to be better than what is available at many small inner city markets.

Strengthening the urban-rural connection is at the heart of the Minnesota Food Association’s programs. The MFA organized dialogue groups to bring together agricultural and urban interests; these early discussions helped shape its agenda in later years. The Onondaga Food System Council (OFSC) has focused on these broader links, as well. Last year, the Council received a grant to initiate a project intended to preserve farmland in Onondaga County and improve food access for consumers. The Council’s goals for the next two years include developing a workshop on farmland preservation options and increasing awareness of the food system among consumers. This latter project might include creating a videotape on the importance of agriculture to the local economy; sponsoring a symposium involving farmers, consumers and business leaders to address food system issues; and conducting a "Buy Local Produce" workshop to encourage food buyers at local businesses and institutions to support local farmers.

**EDUCATION AND INFORMATION DISSEMINATION**

Food policy councils have played an important role in publicizing the problems of the food system and educating the public about a range of issues, from the nutrition
implications of food choices to supermarket location and pricing policies to farmland preservation. For example, the Onondaga FSC sponsored tours to provide direct education about four major elements of the food system: food production, processing, distribution and emergency food programs. They also published a directory which provides information about food-related agencies, organizations and businesses.\textsuperscript{18}

The Knoxville Food Policy Council (FPC) also has been active in public education, particularly in the area of health and nutrition. The Council has lobbied for nutrition education programs for children and recommended that the school system hire a nutrition educator. In response to their determination that overconsumption was a major local health problem, the FPC’s Nutrition and Health Advisory Committee developed the Calorie Conscious Consumer program in 1987. The project encourages restaurants, grocery stores and institutions to feature nutritious, low calorie foods and presents "Calorie Conscious Consumer" awards to businesses which offer these choices.\textsuperscript{19}

The Pittsburgh FPC's Alternatives Committee produced a map of food resources to educate the public about the distribution of food outlets and to help public agencies, businesses and community groups in addressing needs. The large wall map identifies grocery stores, WIC clinics, emergency food providers, Foodshare sites and community gardens in the city of Pittsburgh.\textsuperscript{20}

\section*{ENVIRONMENTAL IMPROVEMENT}

Many food council mission statements include references to reducing the environmental impacts of agriculture, food production, distribution and disposal. It is hard to identify any specific programs beyond urban gardens and farmers' markets, however. There is enormous potential in this arena for food council involvement, and specific programs should be defined and pursued. Potential issues which could be addressed include: examining the negative impacts of farming, and developing programs to support sustainable agriculture; reducing food packaging waste; exploring possibilities for composting wet waste; studying ways to reduce energy use in the food system; and evaluating the environmental impacts of food manufacturing processes.\textsuperscript{21}

\section*{ADVOCACY}

Many food policy councils were formed through the efforts of anti-hunger and poverty advocacy groups; all or most Boards of Directors include representation from such organizations. The type of advocacy may vary, but all of the councils are involved in some capacity, whether it is council members in Knoxville or Toronto lobbying locally for expanded school breakfast programs or representatives from Hartford and Pittsburgh testifying before the House Select Committee on Hunger in Washington, D.C. The extent of the food council’s advocacy work, or the vehemence of its positions, may be determined largely by whether the organization is structured as part of municipal government or as an independent non-profit.

The programs described above provide an overview of the range of issues food policy councils might address. In order to understand how these organizations operate,
we turn to a more detailed examination of five case study councils in three cities.

16.3 **CASE STUDIES**

The following organizations were selected to suggest the range of organizational structures, policies and programs which have been developed by food councils. The five organizations are located in three cities: Hartford, St. Paul and Toronto. The two Hartford programs -- the non-profit Hartford Food System and the government-sponsored Food Policy Commission (initiated largely through the efforts of the Food System) -- represent a complementary approach that functions both within and outside government. The Minnesota Food Association and the Saint Paul Food and Nutrition Commission similarly represent private and public efforts but also demonstrate the potential of local-state collaboration. Finally, Toronto's Food Policy Council is the product of a government vision that views the food system as an integral part of a healthy urban environment.

This section will discuss the evolution and operating structure of each organization, highlight specific programs and review both problems and accomplishments.

**THE HARTFORD FOOD SYSTEM AND THE FOOD POLICY COMMISSION**

Hartford has a long and impressive record of involvement in food system issues. It also may be the only example of a dual approach which combines the efforts of an independent, nonprofit organization (the Hartford Food System) and a public entity (the Food Policy Commission) working in the same municipality. The city's official role has been a fairly recent development, however, and will be discussed later in this section.

**Formation and Structure of the Hartford Food System**

*Mission:* We believe that all people should be able to obtain food through normal channels and not have to rely on emergency food programs. Our programs are designed to increase the access of lower income and elderly Hartford residents to high quality, affordable food. We achieve this through the long term development of a more equitable and sustainable food system capable of addressing the underlying causes of hunger and poor nutrition. In this regard, programs have been oriented toward food production, agricultural marketing, local food retailing, nutrition education/information, and community economic development. 

In the late 1970s, the city of Hartford commissioned the Public Resource Center in Washington, D.C. to examine the food needs of low and moderate income residents. The study identified problems of rising food inflation, inequitable distribution of grocery stores and regional dependence on imported food. It recommended the creation of an "alternative urban food system" designed to reduce the cost and improve the availability of low-cost food while at the same time supporting local farmers. The plan
outlined a set of community-based strategies to strengthen the local food system, including community gardens, solar greenhouses, buying clubs, food cooperatives, farmers markets' and food processing facilities.\textsuperscript{23}

The Hartford Food System (HFS) was created in 1978 to carry out this plan. It began as a non-profit coalition of 14 organizations committed to implementing these strategies and others in order to address the needs of low-income residents. In addition to community groups and government representatives, HFS members included the Knox Park Foundation (a non-profit gardening organization) and the Connecticut Public Interest Research Organization. HFS received funding from government and foundations and hired administrative and community organizing staff.\textsuperscript{24}

HFS today is run by a 12-member volunteer board of directors which meets monthly. Directors' terms are annual, but are renewed automatically; most serve three years. There are three subcommittees: nominating, fund-raising and marketing. Although not explicit about board composition, the nominating committee strives for racial and professional diversity. Because the organization often relies on board members for services, however, they also may select directors based on particular skills needed. Mark Winne, the Executive Director, has been with the organization from its beginning. The staff also includes three full-time employees and several part-time office assistants.\textsuperscript{25} HFS has reassessed its mission a number of times since its inception. In its early years, it struggled with defining a common purpose for the diverse coalition and formulating a comprehensive strategy. In addition, the Food System was constrained by three competing objectives: (1) initiating projects, (2) training community members to maintain them and (3) administering the organization itself.\textsuperscript{26} Mark Winne wrote about these early organizational problems in 1982:

\begin{quote}
The variety of groups and individuals who had contributed so much to the Food System’s strength were, in effect, its major weakness. The time and energy required to keep the coalition working like a well-oiled machine at times threatened to burn out the bearings once and for all. Coordination is no substitute for institutional capacity.\textsuperscript{27}
\end{quote}

As a result of these problems, HFS restructured, redefining its goals and centralizing responsibility for its programs within the Food System rather than leaving them for other member organizations to run.\textsuperscript{28} HFS has developed its many innovative programs despite uncertain financial support. According to Winne, the organization has multiple funding sources, including corporate and foundation grants, government and churches. Although HFS is not a membership organization, some of its funding comes from individual contributions as well. While much of the support is in small amounts, HFS has increased its budget each year.\textsuperscript{29}

\textbf{Programs and Accomplishments}

HFS has developed numerous programs over the years, from operating a
community cannery to establishing food buying clubs in low-income neighborhoods. Although a few of its efforts were less successful than others, all of them have contributed to an increased awareness of food system issues. Their "Action Guide for the 1990’s" outlines four areas in which they plan to focus their efforts. These include:

1. **Local Poverty.** HFS works to increase residents' food buying power through lobbying for increased food assistance, including expanding the Farm to Family program which provides free farmers' market coupons to senior citizens and WIC recipients.

2. **Supermarket Flight.** The number of supermarkets in Hartford has declined to 2 from 13 in 1968. HFS has been involved in developing additional food retail outlets. Its early efforts in creating food cooperatives were unsuccessful, and it now focuses on facilitating the development of food store entrepreneurs and assisting existing operators of small stores. HFS organized the Hartford Grocers Association as a cooperative buying effort among small operators to enable them to offer lower prices. In addition, HFS has improved access for senior citizens by establishing food stores in elderly housing and providing delivery service to those unable to leave their homes.

3. **Local Agriculture Preservation.** HFS has developed programs which support local farmers while improving the supply of fresh produce available to inner city residents. In addition to lobbying on behalf of increased funding for the WIC/Farmers' Market Nutrition Program and food stamps, HFS has organized farmers' markets, community farmstands and supported Hartford's Public Market. HFS is encouraging microentrepreneurial activity at the Public Market through a program which offers small, short-term, low-interest loans to vendors.

4. **Education.** The organization has developed a nutrition education campaign targeted at low-income urban consumers emphasizing the health and environmental benefits of eating fresh produce (particularly locally grown, organic produce).30

**Formation and Structure of the Hartford Food Policy Commission.**

*Mission: The goals of the food policy advisory commission shall be as follows:*

1. *To eliminate hunger as an obstacle to a healthy, happy and productive life in the city;*
2. *To ensure that a wide variety of safe and nutritious food is available for city residents.*

Recently, the efforts of the Food System have been bolstered by the Hartford Food Policy Commission, created in 1991 to advise the mayor and city council on food-related issues. The commission was formed following the release of a Community Childhood Hunger Identification Project (CCHIP) study conducted by the Hispanic Health Council. The evidence of widespread hunger led to the creation of the Mayor's Task Force on Hunger in Hartford which, in turn, led to the creation of the Food Policy Commission.

The Commission consists of 15 members appointed by the mayor and approved by the city council. Members serve staggered three-year terms and meet at least once per month. The establishing ordinance is fairly explicit about member composition: one member must be the city manager or his/her designee; five people must come from the public at large; and nine must be:

persons actively engaged in programs for combating hunger and improving the production, processing and distribution of food to persons in need. . .[including] . . . representatives from the food industry, consumers, dietitians, the city administration and public and private non-profit food providers. . .

Despite this stipulation, the Commission has not been able to diversify as intended. According to Mark Winne, who serves as chair of the Commission as well as Director of the Hartford Food System, membership is currently weighted toward hunger advocates and nutritionists and lacks food industry representation.

The Commission receives no public funding. Members serve on a voluntary basis and there is no paid staff. Limited clerical support is provided by city departments, including Health and Social Services, and research assistance by a graduate school intern. Winne feels that food policy councils in general do not need large budgets, but that even very moderate funding would allow the Commission to leverage its resources and significantly increase its effectiveness.

Both the Commission and the Food System are intended to improve access to nutritious, affordable food and eliminate hunger. However, they use different means to approach these ends. The Commission works largely within government, coordinating the efforts of various agencies and developing policies to achieve this common mission. Specific program areas include: (a) facilitating transportation policies to improve food access and distribution; (b) using city-owned land for food production; (c) giving priority to food-related businesses which improve access; (d) collecting and disseminating data on hunger; and (e) considering the impact of the city's food purchasing decisions.
Programs and Accomplishments

According to Winne, the Commission got off to a slow start, but has been quite active for the last year. Recent projects include:

1. Working with the city Redevelopment Commission on a proposal to lease city property to the Knox Parks Foundation, a non-profit gardening group.

2. Developing and distributing a flier on food stamp eligibility to General Aid recipients in response to reports that more than half do not receive food stamps.

3. Working to increase participation in school breakfast programs.

4. Examining the coupon distribution policies of supermarkets. The Commission recently won concessions from major chains which offered triple coupons in the newspaper circulars distributed to suburban areas but not in those delivered to city residents.

5. Developing an index to monitor the extent of poverty and hunger in the city on a consistent and regular basis.\textsuperscript{36}

The Hartford Food System and the Food Policy Commission serve different, but complementary, roles. According to Mark Winne, food councils ideally should serve three primary functions: (1) program development, (2) program maintenance, and (3) policy development. Although there is overlap among these functions, a single organization may become overextended if it attempts to tackle all of them. The creation of the Food Policy Commission allows the Food System to focus on program development and maintenance while the Commission addresses policy.\textsuperscript{37}

THE MINNESOTA FOOD ASSOCIATION AND THE SAINT PAUL FOOD AND NUTRITION COMMISSION

Hartford’s dual approach represents a good model for attacking the problems of food access from both inside and outside of government. The St. Paul and Minnesota efforts also represent public/private organizational structures. In addition, one examines issues from a local perspective while the other takes a broader, regional view. The two organizations have developed independently and have tended to focus on different issues. However, their interaction illustrates the potential benefits which could be achieved through increased local-regional cooperation. Although their history is somewhat overlapping, each will be discussed in turn, beginning with the earlier effort.
Formation and Structure of the Minnesota Food Association

Mission: To form an urban-rural coalition of informed, connected, activated citizens committed to the development of a sustainable food and agriculture system in Minnesota.  

In 1980, the City of St. Paul announced that it would be selling the land that had served as the site of the city's large farmer's market for nearly 80 years. The market had survived difficult periods of restructuring in the food industry and recently was enjoying a revival; at peak season, it had close to 200 growers and more than 5,000 customers on the one day of the week it was open. The farmers' market parcel, which served as a parking lot the rest of the week, was to be sold to a developer for a hotel project.  

Widespread opposition to the project spurred the creation of a coalition of residents and farmers which challenged the city's decision. The city eventually responded by finding a new site for the market. In accomplishing this goal, the coalition discovered that there was a far broader range of issues that needed to be addressed. This realization led to the formation of the St. Paul Food Resources Project, "a coalition of 'growers and eaters'" which focused on "food security planning" for the city. This three-year project was succeeded by the Minnesota Food Association, which incorporated as a non-profit membership organization in 1983.  

The first two years of operation were difficult. In addition to common start-up problems, the organization had trouble conveying its message to a wide audience. Many people did not understand the purpose of uniting urban and rural interests to address food system issues. The message became clearer in 1985 when MFA, with other organizations, began sponsoring "urban-rural dialogues," bringing together small groups of citizens to share their concerns. The dialogues, which were sponsored for four years, helped MFA gain credibility, build a constituency and define its agenda.  

The MFA has developed two broad programs to carry out its mission. Its Enterprise Program supports small, innovative food businesses which can serve as models in developing a sustainable food system. The "innovation" is loosely defined to encompass ownership structure as well as new products or processing techniques. The Public Policy Program is a research and education effort intended to increase understanding of the food system and, in doing so, generate a commitment to changing it.  

The MFA is a non-profit corporation with a 14-member board of directors. The Association strives for gender balance and geographic representation; at least one third of the members must represent rural interests and at least one third must represent urban interests. Directors are elected by the membership and serve staggered three year terms. After meeting quarterly for several years, directors recently decided to meet on a monthly basis. The staff includes three full-time and three part-time employees.
The primary source of funding is grants. The MFA receives a significant grant from the Minnesota Environmental Fund, which collects and allocates money through payroll deductions. Additional sources of revenue include dues from MFA's 350 members and publication sales.44

Programs and Accomplishments
Specific programs illustrate MFA's innovative approach to addressing broad food system issues.

1. Since 1986, MFA has been working with other organizations to promote the teaching of sustainable agriculture at Minnesota's College of Agriculture. Working with this coalition, the school is creating an Institute for Sustainable Agriculture within the university.

2. In response to concerns of urban-rural dialogue participants, the MFA has studied the impact of bio-technology on the food system and examined the community accountability of the Land Grant System in determining agricultural research priorities.

3. The MFA established a member-sponsored "Jubilee Fund" to support food-related micro-enterprise. This project was not as successful as hoped, however, largely because the MFA did not have the resources necessary to market the fund to potential investors and recipients. Although the fate of the fund is still in the air, one option considered is using it to finance community-supported agriculture (CSA) projects.

4. MFA was contracted by the City of St. Paul to write the St. Paul Food Policy, which led to the formation of the St. Paul Food and Nutrition Commission. The MFA continues to provide support and consulting services to the Commission.

5. MFA conducts research and publishes a "Green Paper Series" and other reports on statewide issues related to food and agriculture. The bi-monthly MFA Marketing Digest offers articles of interest and notices about research projects and upcoming conferences.45

Formation and Structure of the St. Paul Food and Nutrition Commission
Mission: The goals of the Municipal Food Policy are to:

1. Assure that all Saint Paul citizens have access to safe, affordable
and nutritious food.

2. **Protect and strengthen the region’s capacity to supply safe, nutritious and affordable food to Saint Paul citizens.**

3. **Assure that the Saint Paul Municipal Food Policy is implemented upon its adoption by the City Council and that it is periodically reviewed and updated as appropriate.**

The fight to keep St. Paul’s Farmer’s Market not only planted the seeds for the state-wide MFA, but also encouraged the development of a city-wide coalition of food and agriculture interests. At the same time, a series of other events in the early 1980s also played a part in the creation of the Food and Nutrition Commission (FNC). These included Mayor George Latimer’s initiation of a Home Grown Economy project encouraging the use of local resources, and the city’s participation in a U.S. Conference of Mayors’ project centered on food issues. Then, in 1984, the Mayor called an Ad Hoc Taskforce on Municipal Food Policy, chaired by then city councilperson (and now mayor) Jim Scheibel. Taskforce hearings generated a number of specific recommendations, including the creation of a Food and Nutrition Commission. The city council adopted the resolutions in 1985, and a nine-member Commission was formed. With assistance from the MFA, the FNC developed a Food and Nutrition Policy for the City of St. Paul in late 1987.

The description by Kenneth Dahlberg (who has been analyzing food policy councils across the country) of the operational difficulties the FNC has encountered is instructive for all organizations considering similar efforts. One key problem was procedural: the FNC was created by resolution rather than ordinance. As a result, it functioned as a mostly-volunteer advisory group without office or staff. Although it was eventually assigned to the St. Paul/Ramsey County Nutrition Program, it was accepted somewhat reluctantly because it came with no additional resources.

The FNC finally began to come to life in 1990, largely due to the appointment of a new Director of the Nutrition Program and the MFA’s participation in a review of the organization. Since then, the FNC has clarified its objectives and developed a work plan. In addition, it has elicited more formal city support. In July, 1992, the city council passed an ordinance establishing the FNC as an official advisory body to the mayor and city council with budget, staff and review powers.

The ordinance increased the size of the Commission to 11 members, all of whom are appointed by the Mayor (with the Commission’s recommendations) and approved by the City Council. The members, who are unpaid volunteers, serve staggered three year terms. The ordinance does not mandate broad representation of interests, but states only that: "All members shall be residents of the City of Saint Paul or be interested in and knowledgeable of the Saint Paul food and nutrition concerns." However,
according to the FNC's staff person, Joanne Kendrick, the Commission aims for gender, geographic and racial balance.

Commission members are required to meet at least once per quarter, but typically meet each month for one and one half to two hours. Although the ordinance states that a budget request is to be submitted annually "for suggested inclusion in the City's budget," no funds have been allocated and its financial status remains uncertain. Kendrick was assigned to the Commission per the ordinance, and must balance this position with her full-time work as nutritionist. As a result, she is limited in the amount of time she can devote to FNC programs.  

**Programs and Accomplishments**

Saint Paul's Municipal Food Policy was developed by the Minnesota Food Association for the FNC in 1987. It is a visionary and comprehensive document which identifies a set of issues and objectives related to the FNC's two principle goals. A separate report outlines very specific implementation strategies for achieving these objectives. For example, with regard to the first goal of ensuring access to food, implementation strategies address physical proximity to food outlets, programs to reduce food expenditures and nutrition education campaigns. Specific suggestions include: (1) developing grocery stores in underserved areas; (2) improving transportation to existing low-priced stores; (3) organizing buying clubs and establishing a computerized ordering and delivery service; (4) making WIC coupons available for use at the Farmers' Market; (5) increasing advertising for organic and low-pesticide locally-grown foods; and (6) educating consumers about nutrition through retail stores, restaurants, institutions, the media and school curricula.  

The second goal is to strengthen the food capacity of the region. The implementation strategies for this objective are equally extensive and include: (1) establishing long-term gardening sites, some of them within or near public housing developments; (2) creating a full-block food-production demonstration project; (3) evaluating and improving farmland preservation programs; (4) reducing soil loss and eliminating water pollution from agriculture and lawn chemicals; (5) increasing consumption of locally-grown produce through additional farmers' markets, and encouraging "buy-local" programs at retail outlets and institutions; (6) developing food-related micro-enterprises, particularly for youth, elderly and the disabled; and (7) minimizing food-related waste through expanded composting programs and reduced product packaging.  

Although the goals are clear and the strategies specific, FNC's limited resources have not been adequate to allow for their implementation. According to Joanne Kendrick, the group would like to put more energy into these strategies, but is constrained by resources. This is evident in the Commission's 1992 year-end review, which states: "While the areas of agriculture/food systems and school curriculum proved to be 'too big' to tackle, discussion did
begin on gardening, and two hunger focus groups were convened. Until additional resources are allocated to the Commission, it is likely that accomplishments will be small and incremental.

The FNC’s current workplan includes sponsoring Hunger Update meetings (formerly focus groups) twice a year, collaborating with other groups in expanding community gardens and assessing food access problems. The FNC also has been involved in the following activities:

1. Developed the "Food and Nutrition Honor Roll" commending individuals and organizations for providing nutrition education, serving healthy meals and promoting Minnesota-grown foods, among other contributions. The FNC worked with a variety of food-related interests, from grocers to nutritionists, to make recommendations to the City Council. Awards were presented by the Mayor.

2. Developed and distributed a flier for elderly residents providing information on nutrition programs.

3. Contracted with the Minnesota Food Association to prepare background papers on the local food system.

The St. Paul FNC demonstrates both the constraints and possibilities of a municipal food policy council. Although its goals are ambitious and well-conceived, there is slim hope of fulfilling them without adequate staffing and funding. Perhaps the recommendations from Dahlberg’s report, and continued assistance from the Minnesota Food Association, will generate the support necessary to allow the FNC to fulfill its mission.

While the FNC is not yet living up to its potential, its relationship to the Minnesota Food Association suggests an interesting model for state-local/public-private collaboration. Given the local and regional ramifications of food system operations, and the public and private dimensions of food policy, these organizational linkages should be strengthened.

TORONTO FOOD POLICY COUNCIL

Mission: TFPC will work to develop a just and environmentally sustainable food system for all Torontonians.

This mission encompasses two operational goals:

1. To end hunger and the need for a food distribution system based on charity, and

2. To promote food production and distribution systems which are
equitable, nutritionally excellent, and environmentally sound.\textsuperscript{57}

Toronto's municipal food policy effort has had a relatively brief history. It was selected as a case study example in this report for two reasons: (1) it represents perhaps the most holistic approach to reforming the food system and alleviating its negative consequences, and (2) it demonstrates the important role a committed, proactive government can play in planning for food security.

**Formation and Structure of the Toronto Food Policy Council**

Toronto's integrated approach to food policy is supported by the city's overall commitment to public health. The city's health policies are based on the concept "that human health is influenced by a range of factors including human biology, life style, social and physical environments, and the administration of health care."\textsuperscript{58} Consequently, the Department of Public Health addresses a wide range of health-related issues. This holistic view is encouraged throughout city government to promote "an over-all 'healthy public policy.'" This perspective, combined with growing concern over hunger problems and the negative economic and environmental effects of agriculture, were addressed in the city's public health planning process, Healthy Toronto 2000. The report produced from this process expressed concerns about the food system and the needs of low-income residents and recommended the creation of a Food Policy Council.\textsuperscript{59}

In following up on this recommendation, the Board of Health listened to presentations and gathered written testimony from a variety of organizations regarding the potential goals of such a council. The Board then established a Food Policy Implementation Sub-Committee to provide recommendations on the structure, membership, mission and required resources for a Food Policy Council. The Sub-Committee developed a proposal and solicited comments from a broad range of public and private organizations. It then presented recommendations to the Board of Health, which were subsequently adopted by the Board and City Council in late 1990.\textsuperscript{60}

The TFPC currently operates as a sub-committee of the Board of Health. It is unique among city sub-committees in that it has staff assigned to it and operates with a degree of independence that most do not have.\textsuperscript{61} Its 19 members include a wide range of interests from within and outside government, including business, Labour, advocacy groups, the food industry, the Board of Health and the Board of Education. It is co-chaired by a City Councillor and a community member.\textsuperscript{62} The FPC was conceived as a temporary project, an experiment with no precedent; as such, it is uncertain how long it will continue to exist. Compared to most food policy councils, its budget has been fairly substantial; however, the budget has been reduced each year (from $225,000 in its first year to $175,000 in its third).\textsuperscript{63}
Programs and Accomplishments

Although initially focused on hunger, the Toronto Food Policy Council views food security in a broader sense, as evident in its literature: In establishing the TFPC, the City is recognizing its historic interest in the role of food as an important component of a healthy urban environment. The food system has major impacts on urban employment, solid waste management, transportation, health and well-being, and the larger ecosystem.\textsuperscript{64}

Specific functions of the council include: reviewing existing programs, researching food policies in other locations, recommending policies to the City Council, working with other organizations on food system and nutrition education programs and serving as an advocacy group for food that is "culturally acceptable and affordable."\textsuperscript{65}

Despite its brief history and small, three-person staff, the TFPC has developed a number of innovative programs and has enjoyed good access to both community groups and government. Specific projects include:

1. **Food Policy.** The TFPC developed a "Declaration on Food and Nutrition" to encourage coordination of government efforts and public involvement in addressing hunger and other food-related issues. The City Council adopted the Declaration in November, 1992.

2. **Field to Table.** This program is designed to improve access to nutritious, locally-grown food for low income residents. There are two elements: a food truck serving primarily the elderly and disabled and a pre-order service for community groups and other organizations. According to MacRae, their community markets, set up in low-income housing projects, have been very successful in meeting food needs, creating a social center and reclaiming lobbies from drug dealers. The Field to Table steering committee is evaluating other distribution models to expand access to food.

3. **Urban Gardening.** The Council conducted a study of gardening programs and established a School Gardening and Composting Committee and a Rooftop Gardens Technical group to explore the feasibility of developing such programs.

was to bring together a broad array of food-related interests and
develop innovative strategies to reduce hunger.

5. **Public Education.** The Council has produced a number of
policy papers and reports concerning all of the projects mentioned
above as well as student nutrition programs, agriculture land
preservation and others.  

The Toronto Food Policy Council's programs are rooted in the concept
of a "healthy city" -- one in which healthy citizens live and work in a healthy
environment. A sustainable food system is central to this broad vision of public
health. One outcome of the "Beyond Food Banks" conference was a shared
interest in reframing poverty and hunger as a health issue. Because nutritious
food is critical to good health, the government has a critical role to play in
ensuring every citizen's right to food. Food policy is not only equitable, it is
economical, particularly where health care is publicly funded.

**CASE STUDY SUMMARY**

Despite the variety of organizational forms and program initiatives,
many food policy members view their missions in a similar way. They are
facilitators, bringing people together who otherwise would never have occasion
to meet, much less sit down and talk about their concerns. Anne de Meurisse of
the Minnesota Food Association noted that the organization's accomplishments
cannot be measured in conventional terms of programs developed, policies
created or people served. Rather, its mission is to initiate dialogue, and it has
been highly effective in inducing constructive discussions among very disparate
groups.

Patrick Temple-West (who hopes to resurrect Philadelphia's Food and
Agriculture Task Force) also stressed the importance of bringing people
together. He views the role of the food council as a catalyst, generating ideas
for projects and programs which organizations with appropriate levels of
expertise can then implement. He believes such organizations are more
effective in initiating projects than in trying to execute or manage them.

Hartford's Mark Winne expressed a similar viewpoint. He regards food
policy as a still-evolving concept. Until it becomes more clearly defined, the
food council's most important role is to start asking questions about existing
programs and how they can be coordinated and improved. He noted that people
tend to become locked into particular ways of thinking about food issues.
Asking questions helps to break down these barriers so that creative solutions
can be developed.

Rod MacRae views the Toronto Food Policy Council as a collaborator
and broker, initiating programs which, once operative, can be taken over by
other organizations. He noted that many people do not think of the food and
agriculture implications of their decisions; the concepts promoted by the council are entirely new to them. The food policy council helps people to see these issues in new ways.

Have there been any efforts to create food policy councils in Southern California? What would be the role of such an organization in Los Angeles? We turn to these questions in the next section.

16.4 FOOD POLICY IN LOS ANGELES

There are a variety of non-profit organizations involved in anti-hunger efforts, homeless assistance, community development, urban gardening and environmental protection throughout the state. There also are numerous private and public institutions providing health and nutrition counseling, economic development assistance, land use and transportation planning. In addition, there are many individuals, businesses and industry associations involved in agriculture and food production, distribution and marketing. Despite the interlinked nature of all of these operations, however, efforts to build coalitions generally have been narrow in scope or limited in duration. This section will describe two such efforts, one state-wide and the other local.

THE CALIFORNIA INNER CITY FOOD TASK FORCE

One of the more comprehensive approaches to food security planning was led by Public Advocates in 1979. This San Francisco-based public interest law firm joined forces with the Inner City Food Coalition, a group of 14 organizations from across the state, to address the problems of food access for the urban poor. The Coalition, which included representatives from the Urban League, the Gray Panthers, Food Policy Project and the Interfaith Hunger Coalition, collaborated on strategies to involve government and industry in inner city food issues. At the same time, Public Advocates' staff worked with economic, nutrition and community development specialists to assess the dimensions of food access problems and collect information on effective programs and policies around the country.67

With this information, Public Advocates wrote a 50 page administrative petition to then-Governor Brown on behalf of the Coalition. The petition discussed how such problems as inner city supermarket abandonment, poverty and lack of transportation impacted the urban poor. It then identified community-based, self-help strategies for change, such as farm-to-consumer direct marketing, food cooperatives, urban agriculture and joint ventures involving supermarkets, government and the community. The petition asked for state government's support in such efforts. In addition to the petition, Public Advocates sent a telegram to the governor requesting a meeting within two weeks, with a copy to a local reporter who followed related issues. When the two-week period passed without a response, Public Advocates set a filing date for the petition and held a press conference to announce it. Because of previous
publicity concerning the telegram and petition, the event received wide media coverage. 68

Public Advocate's media tactics proved effective. The day after the petition was filed, Governor Brown called together cabinet members to respond. The result was the creation of an Inner City Food Task Force, comprised of cabinet-level officials from the Department of Consumer Affairs, Economic and Business Development, Food and Agriculture, Finance, Business and Transportation, Employment Development, Health and others. The Task Force was directed to work with private industry and community organizations to develop programs to address food access problems of the urban poor. 69

Initial efforts focused on developing food cooperatives and expanding farmers' markets into inner city neighborhoods. With regard to the latter, the Task Force established a co-op technical assistance team. Supported by the National Consumer Cooperative Bank, CETA funds, donations from major grocery stores and others, the team established food cooperative pilot projects in three disadvantaged neighborhoods: San Francisco's South of Market district (1980), West Oakland (1981) and Watts (1981). 70 Despite the ambitious plans of the California Inner City Food Coalition, however, these efforts never materialized into a comprehensive, state-wide food security planning policy.

THE LOS ANGELES HUNGER TASK FORCE

Los Angeles forays into food policy development primarily have centered on hunger rather than the larger systemic issue of food security. As a result, attempts to build coalitions have brought together a fairly limited range of interests -- public officials on one side and anti-hunger advocates, health and nutrition specialists and emergency food providers on the other. Although all of these groups should be included in food policy planning, the net needs to be thrown much wider.

Former City Councilperson Robert Farrell was the chief proponent of city intervention in hunger problems. In 1989, he convened a Public Hearing on Hunger in Los Angeles. Speakers included people who faced the problems and consequences of hunger on a daily basis, namely, emergency food providers from community and faith-based organizations, homeless assistance organizations, community activists, legal assistance providers, health care professionals and others. They spoke about issues of hunger and inadequate nutrition in the city and the need for government to deal with such problems. 71

The hearing produced recommendations to the city in three areas: (1) public education and advocacy, (2) delivery system planning and development, and (3) long term solutions. The first area included recommendations that the city provide services to ensure that all people receive the benefits to which they are entitled; that the city lobby state and federal government to increase funding for assistance programs; and that they develop a public education program to raise awareness of the problem of hunger. In the second area, policy
recommendations included establishing a voluntary advisory council and
information clearinghouse within the city; supporting nutritional monitoring
programs; and placing food services close to public medical facilities. Finally,
long-term solutions included city support for affordable housing programs,
employment training, child care and transportation subsidies for low-income
residents.\(^2\)

Councilperson Farrell pushed for the creation of a City Hunger Task
Force. The Community Development Department (CDD) received funds to
start this process, but the effort has stalled. Farrell has since left office, and
other city council members do not seem to share his enthusiasm for the project.
As Gene Boutillier, moderator of the Public Hearing, describes it, the city
"went through the motions" in establishing the Task Force "but with no
passion."\(^3\) In initiating the Task Force, the Community Development
Department identified two organizations to lead the effort. One was described
as a "high-profile consulting firm" with little experience in food issues. The
other was the Interfaith Hunger Coalition, which was asked to work within the
plan developed by the consulting firm. IHC declined the offer, and the
consultant later pulled out of the project. The city has since returned to IHC for
assistance.\(^4\)

As currently envisioned, the Hunger Task Force would not be equivalent
to a food policy council. Its mission, while important, is narrowly defined.
Moreover, according to Boutillier, its position within the CDD would not be an
optimal one. Although the highest staff levels of CDD are very committed to
their work, they do not receive adequate financial or political support from the
city. The Task Force therefore would have limited resources and visibility.
Boutillier, in fact, questions the wisdom of establishing a food policy council
within city government, given issues of bureaucracy, budget deficits and
prominence. He believes an independent, private sector organization -- which
could work at the state and national level as well as at the local -- would be
more effective.\(^5\)

THE ROLE OF A LOS ANGELES FOOD POLICY COUNCIL

As we have seen from the case studies, the food policy concept is a
young one; as such, it is still growing and changing. There is no ideal model
to emulate, nor should there be, given the unique circumstances within which
each operates. Nonetheless, there is much to learn from existing examples.
The programs developed, policies formed and mistakes made by each offer
lessons and guidelines in developing a food policy council in Los Angeles.
Although there are critical issues of organizational structure, administration and
funding to be addressed, these should be put aside for the moment to answer
two more fundamental questions:

(1) Does Los Angeles need a food policy council?
(2) If so, what would it do?

Based on the findings of this study, the first question is easy to answer. Given the enormity of food system problems in the area, Los Angeles needs a food policy council. We have demonstrated throughout this report that the basic human need for food is not being met through existing channels. Significant numbers of people are going hungry. Many have health problems due to poor diets. Some have difficulty getting to food stores because of limited transportation options. Some pay higher prices for lower quality food. In some cases, programs to relieve these problems exist but are not widely available or sufficiently publicized (for example, grocery van services, farmers' markets and small-store wholesale operations). Moreover, there are negative environmental consequences of the food system -- pollution, pesticides, food and packaging waste and excessive energy use, among them -- which are not being addressed. As part of the larger food system, all of these issues are connected. In order to develop long-term solutions, a framework for policy must be developed which recognizes these links and brings together all stakeholders. This is the role of the food policy council.

This leads to the second question. In this case the answer is more complex. The specific functions of the food policy council would depend on how its role is defined. As we have seen, existing models show significant variation. The food policy council might serve as a catalyst, facilitating dialogue which leads to policies and programs that other organizations implement. It might develop programs, provide technical assistance or serve as a conduit for funds which it allocates to various projects. It might be a research organization, an information clearinghouse or an advisory group, offering policy recommendations and serving an advocacy role. And it might combine several or all of these functions.

The variety of roles suggests an even broader range of implementation strategies. What would a Los Angeles Food Policy Council do? Some of the possibilities are outlined below:

1. **Identify and map existing food resources.** A Council should compile a directory of all food-related resources within the city. This might include food stores (above a certain size), emergency food providers, food co-ops and buying clubs, farmers' markets, community gardens and WIC and food stamp offices. The directory should be keyed to a map, possibly using Geographic Information Systems (GIS), and combined with demographic data. This would not only provide important information for residents and community organizations, but would also help public agencies to evaluate gaps in service and businesses to identify investment opportunities.
2. **Address Gaps in Service.** Using the maps and directory, a Council could identify underserved areas. Depending on the needs (e.g., more farmers' markets, more supermarkets, etc.), it could bring together the appropriate organizations to discuss possible actions and alternatives.

3. **Expand Health and Nutrition Education Programs.** A Council should explore cooperative arrangements among hospitals, clinics and health care providers and grocery stores, farmers’ markets and schools to provide nutrition counselling, purchasing and cooking information and health testing services.

4. **Expand Direct Marketing Opportunities.** In addition to facilitating development of additional farmers' markets, a Council might explore opportunities for direct buying from city government, hospitals and other institutions as well as restaurants and small markets. It could start a "Buy Local" campaign. It could study the obstacles to sustainable agriculture and identify ways to support organically grown products.

5. **Promote Urban Food Production.** A Council could identify and support entrepreneurial opportunities in food growing and processing within inner city areas. It could bring resources together to address obstacles and facilitate development, and explore the possibility of establishing a revolving loan fund for such projects.

6. **Facilitate Cooperative Buying Arrangements.** A Council could encourage collaborative buying among a variety of groups, including coordinated food pantry purchases, resident-based buying clubs, retail food cooperatives and cooperative wholesaling operations for small stores.

7. **Evaluate and Coordinate Public Programs.** A Council should examine city and county programs related to hunger and nutrition and identify voids and duplications. It should develop a plan to coordinate efforts in an efficient and effective way.

8. **Encourage Supermarket Joint Ventures.** A Council could identify opportunities for CDC co-ownership of supermarkets and supermarket-anchored centers. It could work with the city planning department to develop strategies to encourage such efforts, including fee reductions, permitting assistance,
employment training and other incentives.

9. **Explore Land-Banking Opportunities.** A Council could work with other groups to determine feasibility of establishing a land trust for food-related (and other) developments, including grocery stores and community gardens, to address problems of speculation and inflated land prices.

10. **Develop Transportation Solutions.** Work with local food stores, planning departments and transportation agencies to address issues of access to food stores, public assistance offices, food pantries and other services.

This list is not meant to be exhaustive, but rather illustrative. The scope of actual projects needs to be determined by earlier decisions concerning the food policy council’s mission, organization and connection to local government. These decisions require careful study and should be the product of meetings with all interested parties. The first step, then, is to bring these parties together. We believe this can be accomplished through a regional food system conference involving all stakeholders, from grower to consumer. The purpose of the conference would be to facilitate dialogue, educate, and explore options for the creation of a local food policy council.
16.5 SEEDS OF NATIONAL SUPPORT

No matter how comprehensive in vision or skilled in approach, local organizations cannot entirely reshape the food system. There are too many external forces -- from federal agriculture policies to changes in global food demand -- which affect it. At the same time, federal agencies responsible for the nation’s food and agriculture programs are not flexible enough to adapt policies to the disparate needs of local areas. If we are to develop a sustainable food system, one which uses resources efficiently, distributes them equitably and is environmentally sound, a partnership is needed. The food policy council can serve as the link between federal policies and local needs.

Recent legislation acknowledges the importance of this federal-local connection. The "Hunger-Free Communities" concept included in the "Freedom from Want Act" (and later introduced as a freestanding bill) outlines a 14-point plan which community coalitions can use to improve local food security. While this approach does not absolve the federal government from responsibility, it recognizes the limits to national policy. Although the bill defines local coalitions rather narrowly (primarily as community groups and local government) and does not address some important food system issues (for example, agriculture and the environment), it is a good starting point. The Concurrent Resolution outlining the 14 points is presented below:

... it is the sense of the Congress that a community should work toward-

1. having a community-based emergency food delivery network that coordinates the services of programs such as food pantries, food banks, and congregate meals facilities;

2. assessing food insecurity problems and evaluating existing services in the community to determine necessary strategies for responding to unmet needs;

3. establishing a group of individuals, including low-income participants, to develop and to implement policies and programs to combat food insecurity, to monitor responsiveness of existing services, and to address underlying causes and factors related to hunger;

4. participating in federally-assisted nutrition programs that should be easily accessible to targeted populations, such as the Federal programs that provide school breakfast, school lunch, summer food, child care food, and food for homeless and older individuals;
5. effectively integrating public and private resources, including local businesses, to alleviate food insecurity;

6. having an education program about food needs of the community and the need for increased local citizen participation in activities to alleviate food insecurity;

7. having available information and referral services for accessing both public private programs and services;

8. having initiatives for alleviating food shopping constraints through the development of creative food resources such as community gardens, buying clubs, food cooperatives, community-owned and operated grocery stores, and farmers’ markets;

9. carrying out activities to identify and target food services to high-risk populations;

10. having adequate transport and distribution of food from all resources;

11. coordinating food services with park and recreation programs and other community-based outlets to which residents of the area would have easy access;

12. improving public transportation to human service agencies and food resources;

13. having nutrition education programs for low-income citizens to enhance good food-purchasing and food-preparation skills and to heighten awareness of the connection between diet and health; and

14. having a program for collecting and distributing nutritious food, either agricultural commodities in farmers’ fields or foods that have already been prepared, that otherwise would be wasted.76

The food policy council can serve as the central coordinating body for these and other efforts. It would provide an effective and efficient mechanism for guaranteeing that national policy is appropriately translated into local action that meets community needs and provides for food security. With federal support, Los Angeles can serve as a model of national-local collaboration in
developing a comprehensive, whole-systems approach to food security planning. The USDA should use this opportunity to develop this partnership, and provide political, technical and financial support for the creation of a Food Policy Council in Los Angeles.

With federal support, the food policy council would benefit from some government authority while to some degree avoiding local politics and bureaucracy. Although representatives of local government should be directly involved in the council, a semi-autonomous organization is likely be more effective than one which is appended to the city’s elaborate organizational chart. Given the broad geographic reaches of the food system, the local council eventually should be expanded into a network which encompasses regional, state and national councils as well.
Endnotes

1. For the sake of simplicity, the term food policy council or food council will be used throughout this report. Actual organization names vary and include food policy commission, food system, food association, etc.


6. Interview with Mark Winne, Director, Hartford Food System, Hartford, CT, May 1993.

7. Testimony of Mark Winne, Director, Hartford Food System, before the House Select Committee on Hunger, September 30, 1992.


10. Interview with Anne de Meurisse of the Minnesota Food Association, May 1993.


25. Interview with Mark Winne, April and May 1993.


28. Winne, p. 16.

29. Interview with Mark Winne, April and May 1993.

30. Hartford Food System. "Hunger in Hartford: Towards a Solution;" Testimony of Mark Winne; Conversation with Mark Winne.


32. City of Hartford, p. 3.32.

33. Interview with Mark Winne, April and May 1993.

34. Interview with Mark Winne, April and May 1993.


37. Interview with Mark Winne, April and May 1993.

38. MFA Digest, quarterly publication of the Minnesota Food Association, St. Paul, MN.


43. Minnesota Food Association Bylaws, Approved October 27, 1983, and conversation with Anne de Meurisse.

44. Interview with Anne de Meurisse, May 1993.

45. Taylor, pp. 14-15, MFA Digest, and conversation with Anne de Meurisse.


47. Dahlberg, Kenneth A. "Report and Recommendations on the Saint Paul, Minnesota Food System." March 1992, pp. 3-4. This is the second of six reports on local food systems supported by the National Science Foundation (the first was on the Knoxville Food Policy Council).

48. Dahlberg, p. 4.

49. Dahlberg, p. 4.

51. Interview with Joanne Kendrick, staff person to the Food and Nutrition Commission and nutritionist with the St. Paul-Ramsey County Nutrition Program, May 1993.
56. Dahlberg, p. 7.
57. Toronto Food Policy Council. Background materials (undated).
59. ibid.
60. ibid.
61. Conversation with Dr. Rod MacRae, Co-ordinator of the Toronto Food Policy Council, May 1993.
63. Interview with Rod MacRae, May 1993.
64. Toronto Food Policy Council. Background Materials (undated).
65. ibid.
66. Toronto Food Policy Council. Updates, meeting notes and background materials.
67. Community Nutrition Institute, p. 72.
68. ibid.
70. Community Nutrition Institute, p. 73.
72. Los Angeles City Council, p. 2.
73. Interview with Gene Boutillier, May 1993.
75. Interview with Gene Boutillier, May 1993.
Chapter 17

Creating Sustainable Cities - the Centrality of Food Security

*From an environmental perspective, Los Angeles-- once a garden-- has become an ecological apocalypse. No other point on the planetary surface consumes as much water and energy, pours as much concrete, radiates as much heat, emits as much smog, stores as much toxicity or generates as much waste per capita as metropolitan Southern California.*

--Mike Davis

17.1 **INTRODUCTION: ECOLOGICAL PROBLEMS WITH LOS ANGELES**

Despite Los Angeles' beautiful surroundings and fabled climate, it has become synonymous with environmentally disastrous development. Mike Davis, urban theorist, speaks of the eco-pocalypse of Los Angeles. Los Angeles' environmental problems are multiple, rooted in a perception of nature as existing outside the city, perhaps located somewhere near Yosemite or Baja. Nature within the city, an urban natural environment or "granite garden" is rarely thought of, and less frequently planned for. The ecological problems in Los Angeles are well-known: the smog, the polluted Santa Monica Bay, the oil refineries in the South Bay emitting carcinogens into residential neighborhoods. Los Angeles's environmental effects extend far beyond its furthest suburbs 75 miles from downtown. The coal fired power plants in the Four Corners region that provide Los Angeles with electricity pollute the air over the Grand Canyon. Homeowners, insist on maintaining a golf course type lawn in semi-arid Los Angeles, harm the ecological balance of lakes in the Sierras and the Colorado River. The mountains of solid waste produced in the city are deposited in the Mojave Desert in one of the world's largest landfills. Likewise, industrialized agriculture in the areas surrounding Los Angeles, which provide not only Los Angeles but also much of the country with produce has caused multiple forms of environmental degradation.

The case has been made multiple times about the connections between the lack of planning in Los Angeles, its dependence on automobiles, and the worst air quality in the country. Low-density housing in the city has resulted in the worst of both worlds for Los Angeles: a lack of community evident in the suburban neighborhoods combined with the lack of public open spaces within the city. Los Angeles has the third lowest park acreage per resident despite its massive Griffith Park. Yet even in New York or Chicago, which have even lower ratios of parks per resident, there are cohesive neighborhoods with a sense of community and services within walking distance. Los Angeles, with its separate residential and commercial districts, lacks these fundamental amenities. The continuing suburbanization of the city has intensified the absence of community. It also has impeded access to the most basic services for many of the city's
transportation-less residents. Low-density housing and auto-dependent services have made walking to neighborhood stores problematic.

This chapter examines the interplay between the ecological effects caused by Los Angeles’s ever-increasing landmass and reach for resources and the ecological structure of the metropolis itself. It identifies food as a core element connecting the structure of the city and its intra-urban and extra-urban environmental impacts. The structure of the food system has the potential to have either negative or beneficial environmental impact on the city and countryside. Food policy on a national and local level should have as one of its explicit goals the creation of more environmentally benevolent cities. Likewise, planning at the municipal level needs to promote environmental and societal sustainability as one of its basic tenets. In this context, food security and urban sustainability can be seen as fundamentally inseparable concepts.

This chapter provides a discussion of the historical and policy framework for the planning of the ecological city. It includes an examination of the meaning of sustainable development in an urban industrialized context. It concludes by arguing that food security becomes the conceptual link between environmental sustainability and justice-oriented community development.

17.2 THE SOLUTION: URBAN ECOLOGY & SUSTAINABLE CITY PLANNING

Driven by the tremendous expansion of industrialized urban areas in the last half of the 19th century, many writers have spoken of the need for ecologically and socially sound city planning.

Peter Kropotkin, a Russian geographer and anarchist writing in the last quarter of the 19th century, advocated autonomous self-reliant communities capable of combining the functions of city and countryside. He recognized the tendency toward overspecialization in both areas, with the city concentrating on industrial development, and the countryside focusing strictly on agricultural production. Integrating these land uses into a new type of settlement would provide psychological benefits to the city dweller while preventing the increasing marginalization of the countryside.²

Writing in England at the turn of the century, Ebenezer Howard proposed the Garden City as a marriage between town and countryside. He offered a critique of the ecological imbalances of the oversized industrialized city, while seeking to create a viable alternative. This alternative included detailed plans for parklands and greenbelts that would ring the city providing a space for recreation and agriculture.³ The garden city, however, was not perceived as agriculturally based, but rather as a "town planned for industry and healthy living of a size that makes possible a full measure of social life, but no larger."⁴

The garden city concept came into vogue in the United States in the 1920's to 1930's, in part due to the efforts of the Regional Planning Association of America.⁵ Howard's ideas were further developed in the plans for the new towns of Sunnyside in Queens, New York City and Radburn, New Jersey. These towns were designed to
incorporate more green space and pedestrian areas through innovative housing placement. Plans for Radburn included industry facilities and housing for workers as well as community land ownership and ecologically balanced land use.\textsuperscript{6}

Modern day sustainable city planning no longer focuses so much on combining the functions of the town and countryside, but in ameliorating the environmental impacts of urban areas, while providing for a more equitable society. In some planning circles, the development of community, a fundamental amenity of life in small towns, is a key component of sustainable urban development.\textsuperscript{7} Sustainable urban management challenges growth as the basic tenet of urban development. It instead advocates qualitative development and policies that promote resource protection. Some sustainability advocates argue that the sustainable city is based on the interplay of the following elements:

- Land use patterns that better integrate and balance needs for housing, transportation, jobs, and recreation;
- Efficient, low-polluting and productive industry and technology that provides the basis for economic prosperity;
- A decision-making process that addresses environmental problems more through prevention rather than through remediation;
- Resource pricing that takes into account the cost of resource depletion and pollution while creating a market for efficient non-polluting technology;
- A better distribution of the benefits of growth.\textsuperscript{8}

Sustainable city development, due to its broad nature, requires a coherent, integrated policy within municipal government. Because it seeks to remake cities at a fundamental level, this goal can not be achieved successfully on a piece-meal basis. Santa Monica, California represents one city which has proposed for itself a set of guiding principles from which it can blossom into a more sustainable city.

In these principles, Santa Monica commits itself to meet existing needs without compromising the ability of future generations to meet their own needs. The following is a description of these policies.

- The long-term impacts of policy choices will be examined.
- The integrity of the natural environment should be ensured; city decision making should be guided by a maximization of environmental benefits and a reduction of negative environmental impacts.
- Economic activity must not place an undue environmental burden on any geographic or socioeconomic sector of the population.

- All city decisions should reflect the city's environmental objectives.

- The city should take a lead role in creating environmental education opportunities in conjunction with local schools and colleges.

- The city recognizes the links between federal and state policy and the environmental impacts on a local level, and its policies should be developed to serve as a model to be emulated by other communities. Also, the city should act as an advocate for sustainable development programs on a national and state level.

- In light of limited resources, the city should evaluate the cost-effectiveness of its environmental programs.

- The city should adopt a procurement policy which takes into account environmental and social impacts across the globe.

17.3 SUSTAINABLE DEVELOPMENT AND FOOD SECURITY

The Earth Summit in Rio de Janeiro last year brought the concept of sustainable development into the public limelight. Everyone from President Bush to radical environmentalists agreed on the need to introduce sustainability into the economic system. "Sustainability" became a sort of buzzword, with distinctive meanings for different people. This study has sought to situate the need for sustainable development within an urban industrialized context, providing its own particular framework and assumptions, and defining food security in particular as integral to sustainable development and the creation of the ecological city.

WHAT IS SUSTAINABILITY AND HOW CAN IT BE MEASURED?

Sustainable development carries with it two basic notions. The term "sustainable" usually refers to development that is environmentally sustainable, as opposed to ecologically destructive practices, e.g. burning down the rainforest in Brazil for cattle production. "Development" usually is considered to occur in "developing" countries (otherwise known as Lesser Developed Countries). Development is not usually considered to take place in industrialized nations.9

Development should be seen as an on-going process which not only seeks to provide for people's basic needs, but also as the basis for the flourishing of human potential. Likewise, the environmental degradation that sustainable development seeks to avoid has been shown to be caused by societal factors and inequities.10 Sustainable development, as the embodiment of the promise of authentic development, must be
considered in social and political as well as ecological terms. That is, sustainable development in an urban First World context should also be considered in terms of a society's sustainability.

On an individual level, as the basis of human life, health status should be seen as a core measurement of development. An unhealthy populace can not meet its potential. As we situated the concept in Section 1, food security is perhaps the most fundamental element contributing to human health. A society without food security is an unsustainably developed society. In that sense, a sustainable development policy for Los Angeles should have as one of its central goals the improvement of food security in the inner city.

Food security takes into account both community and individual resources. As we have seen in previous chapters, the lack of food security in the inner city involves a lack of community control over its own resources. The civil disorders of April 1992 in Los Angeles portrayed a city where large portions of the community had been alienated from economic ownership, and where the city itself had emerged as blatantly unsustainable. Sustainable development necessarily involves social equity, and suggests the need for community-based ownership strategies, as well as openings in the political process to allow for grassroots participation in planning and policy making. These economic and political facets provide a common basis for the development of community.

Finally, sustainable development should integrate community development and human potentiality with a reharmonization of urban areas and the natural environment. The implementation of sustainable city principles in municipal policy has concurrent benefits for communities, individuals, and the urban environment. The improvement of food security represents one significant avenue through which these multiple benefits can be achieved.

Food security is more than a prerequisite of the sustainable city, it is a basic building block. The construction of alternative community-based institutions around food production and distribution, as discussed in Section 4, can contribute significantly to the reduction of negative human health impacts, the development of community, and the "ecologization" of the city.

The core elements of a food security approach are integral to this community and ecological focus.

Farmers' markets provide an incremental retail outlet for small regional farmers, promoting agriculture (the garden city) within the limits of the metropolis. They contribute to the lasting viability of the small family farmer and the continuation of an environmentally beneficial land stewardship ethic. They can provide inner city consumers with access to low-priced, high-quality, nutritious produce where access may otherwise be lacking. Farmers' markets also create a public space which fosters inter-ethnic communication and understanding.

Inner city community gardens furnish green space where it is sorely needed, yielding significant environmental and aesthetic benefits. They promote a sense of community ownership and control over its land, and can yield fresh, mostly organic...
produce to those whose diets may be severely inadequate.

Joint ventures provide an opportunity for community ownership with respect to food outlets. Through improved in-store nutrition education, they can also significantly improve the health of shoppers. Likewise, through the establishment of a van service, joint ventures can reduce automobile use, traffic, and air pollution.

17.4 CONCLUSION

As an extremely complex phenomenon, capable of dramatically changing the face of the city, sustainable city planning requires an integrated policy framework. As we saw with the Santa Monica principles, it necessitates the formulation of citywide priorities, and broad cross-agency cooperation. Similarly, the improvement of food security in the inner city requires an equivalent formulation of policy priorities and policy integration. The mechanism through which this process can occur is the Food Policy Council (see Chapter 16). The Food Council can ensure the coordination of all food-related policies within the region in order to most effectively promote the advancement of food security as a form of urban sustainable development. This intersection of urban sustainable development and food security ultimately represents and illustrates the potential for change for both the food system and urban communities in the years to come.
Endnotes

1. The Earth’s fertility unlocked through the development of agriculture has nourished the human race for thousands of years. Yet today we are sacrificing our ecological patrimony through the consolidation and centralization of our food systems. Unsustainable agricultural practices threaten society’s food security as well as poison the environment. The root cause of these environmental hazards can be located in the structure of modern industrialized agriculture and the decline of the connection between the farmer and the land. The concern voiced by one grower selling at a local farmers market when asked if he uses pesticides, "Why would I want to poison my family and the place where we live?" is not representative of a farm system operating under a land ethic that no longer the links the farmer and the land as mutually dependent.

As agriculture becomes increasingly industrialized, land, water, and labor are but inputs in a production process driven by market forces to maximize profitability. There are no economic incentives for the corporate farm to minimize environmental impact when that impact results in augmented profits.

Agricultural chemicals represent a basic input of industrialized agriculture. Pesticide usage, driven by a demand for cosmetically attractive food as well as the need to maximize production due to low profit margins, has been shown to be environmentally hazardous on a number of levels. Wildlife have been adversely affected by pesticide spraying throughout the years. Nematocides, such as EDB, and Telone have been found to be groundwater and air contaminants. Other pesticides such as methyl bromide are suspected to play a major role in the depletion of the ozone layer.

Many pesticides also have been recognized as harmful to human health. DBCP, another nematocide, was banned in 1977 after it was found to cause sterility in male factory workers. Other pesticides still in use continue to affect farmworker health in the United States. Migrant and seasonal farmworkers have extremely high rates of dermatitis due to contact with pesticides.

Fruit and vegetable production especially in California’s Central Valley depends on exploitation not only of natural resources but of human labor as well, in particular in the form of the cheap seasonal labor of migrant farmworkers. It is estimated that there are three to five million seasonal and migrant farmworkers in the U.S. Farmworkers represent perhaps the most exploited and unhealthy population in the country. One health expert characterized their living conditions as resembling those in a Third World agrarian country more than an industrialized country. Substandard housing, lack of access to health care and field sanitation facilities, extremely high rates of infectious diseases, especially tuberculosis, are all endemic among migrant farmworkers. The average life expectancy of migrant farmworkers is 46 years.

Livestock production has also been cited as a primary environmental destroyer. Intensive production has resulted in severe ground and surface water
contamination; extensive grazing in Latin America for beef production has been cited as a source of deforestation of the rainforest. In the U.S., many groups have opposed grazing on federal lands as causing soil compaction, and a loss of wildlife habitat. Likewise, concerns have been voiced about the human health impacts of the consumption of beef from cows fed anti-biotics and hormones as is common practice in many cattle operations.

Other environmental and health problems associated with industrialized food production result from the excessive use of non-reusable, non-recyclable packaging materials, which aggravate cities' solid waste management problems. In addition, while the industry's increase in food processing may be a way of augmenting profits, it also produces less nutritious foods.

3. Howard, Garden Cities.
4. Forcing the Spring, forthcoming.
5. Forcing the Spring forthcoming.
6. Forcing the Spring forthcoming.
8. The Bottom Line.
10. Hecht, Fate of the Forest.
Section 5 Conclusion

As our understanding of the world has become more complicated, we have developed increasingly specialized ways in which to study it and ever more sophisticated tools with which to address its problems. Yet, despite the years of research and billions of dollars invested, we still cannot guarantee the fundamental human right to affordable, nutritious food. Just as increasing resources were dedicated to the elimination of hunger and poverty during the 1960s and 1970s, an integrated policy framework is imperative in addressing the intricate issues of the 1990s. The Food Policy Council, with its whole-systems approach, represents a strategic breakthrough in assuring the food security of inner city residents. Guaranteeing food security, in turn, is a basic step toward building a sustainable city.
CONCLUSION

Seeds of Change: Recommendations
With a change in administration and a retail food industry poised to return to South Central Los Angeles, the next years promise to be a time of opportunity for improving the food security of inner city residents. The new Clinton administration has shown initial interest to improving food security in urban areas. Not since the 1960s and 1970s, when the anti-hunger movement was at its peak, and the Kennedy, Johnson, and Nixon administrations committed ever increasing resources to the war on poverty and hunger, has the opportunity for significant change been so clear. In the 1990s however, our framework for action is no longer the elimination of hunger, but the establishment of food security. The struggle for food security builds upon the advances of the 1960s and 1970s. It involves the coordination and integration of those programs established during the War on Poverty into a coherent policy framework that effectively promotes food security through authentic community development and changes in the overall food system.

This report, Seeds of Change, has discovered a number of key points with regards to food security in the inner city. It has determined that there still exists severe hunger and nutritional related problems in the Inner city. The deepening recession in Los Angeles combined with federal cutbacks in food assistance programs have led to a exponential rise in demand on the emergency food system. Access and price also represent a significant problem for inner city residents. During the 1980s, while these cutbacks were occurring, the supermarket industry was restructuring, and abandoning the inner city. The return of various chain supermarkets to South Central Los Angeles, widely discussed as a step towards rebuilding LA, is driven primarily by market forces, and not as directly by good corporate citizenship. A price survey of supermarkets revealed that prices in inner city Los Angeles supermarkets are significantly higher than in suburban supermarkets. The lack of transportation alternatives also aggravates problems of access. A random phone survey of a South Central neighborhood revealed a high percentage of households without access to an automobile, which severely constrains shopping possibilities, and restricts grocery purchases.

The report also found that there exist a number of alternatives that provide the potential for significantly improving the city's food security, if greatly expanded and coordinated. A survey of farmers markets revealed that significant benefits accrue to both growers and shoppers in the form of increased income for farmers, and lower prices, high quality produce, and improved access for shoppers. Community gardens also were found to provide significant levels of nutritious fruits and vegetables for gardeners as well as recreational and environmental benefits. The establishment of joint partnerships between supermarket chains and community groups also was found to represent a viable alternative towards promoting a sense of community ownership and control. Finally, the report found that the lack of an overall food policy has hindered the development of an adequate food delivery system, and contributed to inefficiencies and inequities in the food system. The development of a Food Policy Council operating at the regional level and linked to federal food policy initiatives provides a significant first step in establishing a new basis for policy.

Following are a list of specific recommendations with which we can begin to
CREATION OF A FOOD POLICY COUNCIL

The Food Policy Council represents an innovative mechanism for coordinating and integrating the actions of disparate elements of the food system into a comprehensive whole. A Food Policy Council should be created in Los Angeles to develop policies and programs which are equitable, economically efficient and environmentally sound and which guarantee every citizen’s right to affordable, nutritious food. To this end, we recommend that:

- **A Food Policy Conference should be held in Los Angeles to raise awareness of food system issues.** The conference might be sponsored by a number of organizations, including the USDA, local government, private industry and non-profits. To this end, conference organizers should:

1. **Identify Stakeholders.** Speakers and attendees should reflect the multi-dimensional nature of the food system and might include, among others:
   
   a. Local and regional agencies involved in public health, planning, community development, economic development, environmental affairs, waste management, public works and agriculture
   
   b. Federal agencies involved in food and agriculture
   
   c. Non-profit hunger, poverty and nutrition advocacy groups and emergency food providers
   
   d. Community and faith-based organizations
   
   e. Urban gardening, greening and other environmental groups
   
   f. Farmers and other agriculture-related interests
   
   g. Food retailers and distributors, including small store owners, chain store representatives, food cooperatives and buying clubs and food workers unions
   
   h. Hospitals and health clinics
   
   i. Food processors and manufacturers
   
   j. Financial institutions, including community development banks, credit
unions and micro-enterprise assistance programs

k. Public utilities

l. Educational institutions involved in agriculture, planning, environment, business and related issues

2. **Determine Conference Agenda.** The conference could be organized around this study, and should include time for discussion to identify critical issues for follow-up. The creation of a Food Policy Council should be proposed as a means of continuing the dialogue, sharing information and working toward creating a sustainable food system. Attendees should be surveyed to determine their willingness to participate in it.

3. **Establish a Food Policy Task Force.** Based on the pool of interested persons identified through the conference, a diverse Task Force should be selected to work toward the goal of creating a Food Policy Council. This group would help define such critical issues as mission, organizational structure and relationship with local, state and national government.

- **A State-wide Food Policy Council should be created.** The effects of the food system clearly extend far beyond city boundaries. Therefore, a state-wide coalition should be created to address broader issues, such as the impacts of the state’s multi-billion dollar agriculture industry and the possibilities for expanding sustainable agriculture efforts.

- **The USDA should support a national network of Food Policy Councils.** Federal policies in such areas as agriculture, food assistance and health have enormous impact on state and local food systems. Local and state councils are well equipped to translate federal policies into appropriate local action, and can provide feedback to national agencies about which programs and policies are most effective. A national coalition of food policy councils, working with other advocacy groups, can be influential in developing federal policies for a sustainable food system.

**FOOD ASSISTANCE PROGRAMS**

The following recommendations related to food security have been separated by state and federal level, and then by program.
FEDERAL GOVERNMENT

Food Stamps
Increased participation and benefit levels can be seen in the light of economic development for California, bringing up to $1 billion per year into the state economy. Specific recommendations follow:

- Congress should pass the Mickey Leland Childhood Hunger Relief Act, first passed in the House in 1990, but dropped during the Budget Summit. Since food stamps are an entitlement program, the Leland Bill can only become law through cuts in existing programs or through additional revenue. Total cost for the Leland bill is approximately $9 billion over the five year period of FY 1993-1997. Over 90% of the benefits would be directed towards families with children.

- Only 60% of those eligible for food stamps receive them. Among the principal reasons for not participating in the program is ignorance of qualification, and the social stigma attached to receiving food stamps. Innovative grassroots outreach efforts abound, varying from hotlines to wallet sized information cards, to comprehensive guides of office locations and qualifications. Outreach efforts tend to be low cost and highly effective. Outreach efforts should be funded more heavily. Congress should appropriate $5 million in the FY 1994 Agricultural Appropriations Bill for food stamp outreach, and increase the DHHS' Community Food and Nutrition program to $20 million.

Women, Infants, and Children (WIC)
- Congress should fund WIC fully through a guaranteed phased-in appropriation through FY 1996, beginning with an appropriation of $3.29 billion in FY 1994 up from $2.86 billion in FY 1993. Funding over the current baseline would amount to $2.7 billion from FY 1994-1997, according to Clinton administration estimates. Thus would enable WIC to increase its participation to 80% of eligible persons. Because WIC serves a highly targeted population, it is highly cost effective, and deserves expansion. Full funding of WIC should be seen as an investment in the nation's children, and in reducing future health care costs.

- The USDA should reform the funding formula used to allocate food and administrative funding to states, so that CA. can catch up to similar caseload rates of other states.

Child Nutrition
- Allow sponsors in areas serving 1/3 or more low income children to participate
in the Summer Food Program rather than the current 50% requirement.

- The USDA should explore mechanisms to create a seamless unified child nutrition program to reduce administration cost and barriers to full school participation.

**CFNP**

- CFNP should be given high priority in the new administration's struggle to reduce hunger. **Federal funding levels for CFNP should be increased to $20 million for FY 1994.** It contains many desirable characteristics: flexible, cost-effective, and innovative. Additional CFNP monies could be utilized for greater coordination of public and private food and nutrition initiatives, the development of food policy councils on a local level, as well as food stamp outreach.

**TEFAP**

- Congress should increase funding to $220 million for commodity purchase and $50 million for administration costs for FY 1994 in the Agricultural Appropriations Bill.

**STATE OF CALIFORNIA**

**Food Stamps**

The State Department of Social Services should increase participation rates by removing barriers to access. Specifically the DSS should:

- Simplify the six page application, combining it with those used for Medi-Cal and AFDC.

- Eliminate monthly reporting, which is no longer required by the federal government.

- Increase accessibility by hiring more bilingual staff, providing more office locations, and keeping office hours that accommodate the working poor.

- Study the possibility of issuing food stamps by mail to save recipients' time.

- Expedite emergency service. Texas has a same day turnaround for food stamps; California should enforce its own 3 day limit.

- The state legislature should pass and the Governor should sign SB 640, which allows the state DSS to do food stamp outreach. The state is currently outlawed from doing food stamp outreach. This bill contains no funding
provisions.

**Women, Infants, and Children (WIC)**
- The CA. Department of Health Services should work towards improving the accessibility and convenience of clinics.
- The California Legislature should provide supplementary and contingency funding for WIC.
- The California Legislature should create a line-item in the budget so as to be able to provide funding for WIC when it become available.

**Child Nutrition**
- The CA. Department of Education should encourage school participation in the school breakfast program for all schools participating in the school lunch program. Full inclusion in the school breakfast program should be seen as an economic development issue, as it would bring up to $50 million in benefits to the state.

**AFDC**
- The state legislature should oppose further cuts in AFDC. It should restore past cuts as well as re-institute cost of living increases.

**Emergency Food System**

The following are recommendations to improve the emergency food system:

- A pilot program should be developed to establish a number of "gateway" food pantries. These pantries would provide clients with referrals to other services, such as WIC, AFDC, food stamps, and Medi-Cal. Other activities that these pantries should conduct (and all pantries should strive to do so) include nutrition education, developed in conjunction with public and private programs such as EFNEP, American Heart Association, and the American Cancer Society. Funding for this program should be minimal; possible sources could be food stamp outreach funds or CFNP (Community Food and Nutrition Program). The Interfaith Hunger Coalition might be one possible organizer of this program.

- All food pantries should strive to provide lists of the cheapest places to shop in the neighborhood as well as of local Farmers Markets and community gardens. Along these lines, those food pantries will available land and interest should experiment with the establishment of community gardens. Common Ground Gardening Program represents one resource towards which agencies may turn to assist in developing a gardening program.
Transportation consumes large portions of the budgets of the hungry. The MTA should make available reduced cost bus tokens to pantries so that clients do not have to walk long distances with heavy bags of groceries. Non-profit transit services should make their para-transit vans available during downtime to transport clients home from food pantries.

Food banks with the appropriate conditions should consider working towards establishing larger gleaning programs. Two obstacles remain: transportation, and labor. Free labor might be sought through a partnership with the county and state correctional departments, or regional high schools. Gleaners need not travel great distances. There are significant numbers of farms in Ventura, Riverside, San Diego, and San Bernardino Counties, as well as numerous orchards throughout LA County. Food banks in conjunction with Food Partnership should look towards expanding links with local trucking firms.

Interfaith Hunger Coalition and Southland Farmers Market Association should work together to coordinate the routine pick-up of surplus produce at all of the county's farmers markets.

**NUTRITION EDUCATION**

These recommendations are designed to improve the nutritional status of the inner city poor.

**FEDERAL GOVERNMENT**

- Congress should increase funding for EFNEP, whose budget has been frozen at $60 million throughout the 1980s. For FY 1994, it should be increased to the Clinton administration's request of $63.5 million. In the long-term, funding for EFNEP should be substantially enlarged.

- The Food and Nutrition Service of the USDA should actively encourage its food assistance and nutrition education programs to make cross-program client referrals.

- On a national level, a council to coordinate federal food and nutrition policy should be established similar to a Food Policy Council structure. The Food and Nutrition Service of the USDA should take the lead in organizing such a body.

**STATE OF CALIFORNIA**

- The state government should pass AB 2326 as the first step in establishing a
full-scale WIC Farmers Market Program in CA.

LOCAL GOVERNMENT

- LA EFNEP office should consider undertaking nutrition education activities on a larger scale.

- The Food Policy Council should undertake the coordination of nutrition education, food assistance, farmers markets, and community gardening activities in its jurisdiction.

- The Community Development Department of Los Angeles should re-fund the publication of the Interfaith Hunger Coalition's *How to Get Food and Money* as a valuable outreach resource for Los Angeles.

- Community organizations, governmental programs such as EFNEP (Expanded Food and Nutrition Program), and university public health departments should explore the possibilities of conducting wide-spread social marketing campaigns aimed at inner city residents.

- Supermarkets in the inner city should establish nutrition education campaigns in conjunction with public or non-profit nutrition education programs, such as the American Heart Association, American Cancer Society, or EFNEP, including price reductions and in-store video monitors to increase consumption of healthier foods. Likewise, supermarket pricing and sales policy in the inner city should promote the consumption of healthy foods, as determined by US RDA guidelines for fat, salt, and caloric intake.

AGRICULTURE

These recommendations are designed to make the food system more responsive to the consumer.

FEDERAL GOVERNMENT

- USDA needs to implement the "cosmetic appearances" provisions in the Fruit and Vegetable title of the 1990 Food, Agriculture Conservation and Trade Act mandated by Congress. This Act requires the USDA to conduct research "to investigate the extent to which grade standards and other regulations governing cosmetic appearance affect pesticide use in the production of perishable commodities", and contains a $4,000,000 appropriation authorization.

- Congress should require the USDA to lower cosmetic quality standards in federal grades for fresh fruit and vegetables to permit greater amounts of
surface blemished. During Congressional consideration of the 1990 Farm Bill, legislative provision to de-emphasize cosmetic quality in grade standards and marketing orders were dropped prior to the law's final passage.

- New standards of quality that do not rely exclusively on appearances need to be adopted at both the state and federal level. New guidelines should consider nutrition, good flavor and low pesticide residues as important criteria.

- USDA should promulgate a blanket exception from marketing orders for all organically grown produce.

- Consumers and produce buyers should be educated as to the health risks to both consumers and farm workers, and the unnecessary costs and the environmental destruction caused by chemicals used to insure cosmetically perfect produce. This consumer education could be funded by eliminating the millions of dollars in subsidies paid for overseas food advertising to companies like McDonald's by the USDA.

- Supermarkets should provide consumers with information on local, seasonal and organically grown produce. Requirements, such as year round availability and minimum size requirements, that preclude the purchase of organically grown produce should be relaxed. When organics are available, they should be clearly marked and displayed next to conventional produce, providing consumers with a clear choice.

- Consumer and small farm representatives should sit on the produce councils in order to democratize the marketing order process.

**STATE OF CALIFORNIA**

- Locally produced produce should be supported through institutional purchases of such produce by state, county, city agencies and local school districts.

- The Marketing Division of Los Angeles County Agriculture should support more direct sales from farmer to consumer—such as Farmers markets and subscription farming.

- Processor/packing house contractual specification should not encourage excessive use of pesticides. Growers should be allowed full control over decision making process regarding pesticide use.

**THE RETAIL FOOD INDUSTRY**
These recommendations are designed to increase access to healthy, affordable food while improving corporate accountability among supermarket chains through community participation.

- Following years of abandonment and avoidance of inner city neighborhoods, Southern California’s largest supermarket chains are announcing major plans for investment in low-income communities. While these plans are important in improving access to nutritious, affordable food, they also have significant community development potential. In order to channel these investments into an appropriate economic development strategy, community participation is critical. **Supermarket operators should reach out to community development corporations as possible joint venture partners and invite open public participation in the development and operation of stores.**

**VONS**

- Vons must make a more explicit commitment to invest in the community, and it must move faster and further than it is currently planning to do.

**SMALL STORE OPERATORS**

- **The Food Policy Council should investigate ways to enhance the ability of small markets to provide healthy, affordable food.** For example, the Council might encourage the development of additional wholesale operations serving small markets (along the PACE model), coordinate and promote area employment and management training programs, and develop a means to provide affordable insurance to small business owners. The wholesale operation could be operated through the Food Policy Council, a government agency, or a non-profit organization.

**URBAN AGRICULTURE**

The following is a list of recommendations which are meant to be illustrative of the changes necessary to bring about an expansion in urban farming activities.

**LOCAL GOVERNMENT**

- **An inter-departmental technical working group similar to that in Toronto should be established to assist in the development of urban agriculture.** It should be composed of representatives from all city departments as well as from the Food Policy Council. The group’s mandate should be to:

  1. Identify changes to planning and zoning barriers to community gardening
  2. DWP should charge all community gardens the Schedule F Irrigation rate, regardless of acreage.
3. Sponsor a land inventory analysis for community gardening sites.

4. Identify solutions to problems of garden siting such as soil contamination and electro-magnetic fields under power lines.

5. Propose a process to ensure that a percentage of land in new urban developments (e.g. Playa Vista), and subsidized housing, is set aside for community gardens.

6. Work with state and federal governments, on funding and other policy issues.

7. Identify ways to ensure the permanency of existing and future garden sites.

**A Community Coalition should also be formed to support the activities of the Inter-Departmental Working Group.** It should be composed of at a minimum LA Harvest, Common Ground, the Green Industry Council, PACE, TreePeople, Green Islands, Inter-Faith Hunger Coalition, Southland farmers Market Association, MetroFarm, recipients of the Urban Greening Initiative Funding, and LAUSD school garden supervisors. This coalition should:

1. Help to organize and incorporate a leading community organization dedicated to establishing community gardens.

2. Work with Trust for Public Lands to build in permanency to the garden sites.

3. Work with community groups, churches, and other organizations to promote community gardening as a positive event for the city.

4. Work with various governments and the Inter-departmental Working Group to reform regulations which impede gardening.

**Southland Farmers Market Association should petition the County Agricultural Commissioner to re-establish the Backyard Gardeners Program,** exempting urban gardeners from paying certification fees if the value of their produce falls under a certain limit.

**RLA's Small Business Task Force should actively encourage urban farming enterprises in affected areas as a form of environmentally sustainable economic development.**
In LA, street vending of non-processed agricultural items should be legalized in order to encourage the establishment of urban roadside produce stands.

Where necessary zoning regulations should be changed to allow for the siting of agricultural activities in city boundaries. Residents neighboring a proposed farm should retain the right to comment on its character.

STATE OF CALIFORNIA
- The Cooperative Medfly Project should relax medfly quarantine regulations for urban agriculture, especially community gardens.

- The state legislature should pass a hold-harmless clause for community gardens so that anyone injured on garden property could not sue the owner. This measure would save insurance costs per garden of about $150 per year.

FEDERAL GOVERNMENT
- The Farm Credit System should create and sell bonds whose revenues would be destined for loans to urban agricultural enterprises.

- Future public works programs in inner cities should consider urban agricultural enterprises.

DIRECT MARKETING
Following are specific recommendations for expanding farmers' markets, as well as ways in which farmers' markets can better serve their communities.

FEDERAL GOVERNMENT
- The USDA should provide funding for the establishment of farmers markets in California's inner cities, much in the same way that the state Department of Food and Agriculture provided funding to establish markets in the 1980s. This effort could be seen to act in conjunction with the Forest Service's Urban Greening Initiative.

- The USDA should take the initiative in coordinating direct marketing on a national level, as part of an effort to promote economically viable small farms and improve the nutritional status of inner city residents.

STATE OF CALIFORNIA
- California should reopen and provide adequate funding to the Office of
**Direct Marketing within the DFA.** Possible sources of revenue might include a self-imposed tax by direct marketing farmers, as well as the closure of agriculturally related tax loopholes.

- The California legislature should pass and the Governor should sign AB 2326 to establish a WIC Farmers Market Nutrition Program. The establishment of this program in California would greatly assist in the strengthening and creation of farmers markets in low-income neighborhoods in Los Angeles. (See Chapter 2 for a more detailed description of this program)

**LOCAL GOVERNMENT**

- The Cooperative Medfly Project should allow untreated fruit in medfly quarantine areas to be sold at farmers markets in quarantine areas. As the intent of the quarantine is to prevent pests from travelling from urban to agricultural areas, fruit both produced and consumed in urban areas should be exempt from treating requirements.

- The newly established Food Policy Council should work closely with Southland Farmers Market Association (SFMA) as well as other representatives of CFMs to actively promote the establishment and strengthening of farmers markets.

- The Office of the Mayor of Los Angeles should appoint a contact person to act as an ombudsman and advocate for farmers market within the city.

**MARKET**

- South Land Farmers Market Association (SFMA) should orient market managers to create a community information table at each market. At that table, it should provide information on nutrition education, (preferably in video or other entertaining format) designed in conjunction with such organizations as the American Heart Association, EFNEP, or the American Cancer Society, as well as referral information on community gardens, food stamps, WIC, emergency food pantries, Medi-Cal, and other social services. One possibility for distribution would be the Interfaith Hunger Coalition's "How to Get Food and Money."

- The Food Policy Council and SFMA should work with the California DSS (Dept. of Social Services), WIC clinics, food pantries, health clinics, and other community service agencies to make a listing of neighborhood farmers markets available and prominently displayed.

- SFMA should give publicity high priority, through training and
encouraging managers to improve advertising on a local level. Flyers
distributed/posted at churches, community agencies, laundromats, bakeries and
church bulletins all represent low-cost advertising methods. On a regional
scale, SFMA should make increased publicity one of its long-range planning
goals.

- SFMA, Interfaith Hunger Coalition, and the Food Policy Council should
apply for CFNP (Community Food and Nutrition Program) grants to
mount an aggressive publicity campaign, informing food stamp recipients
that their food stamps are redeemable at farmers markets.

COMMUNITY BASED DISTRIBUTION

These recommendations focus on ways to improve community based distribution
and production systems.

Despite a history troubled by internal conflicts and external competition, food
cooperaives offer a democratically-based, community-controlled alternative to
privately-owned food stores. When cooperative principles are balanced with good
business practices, co-ops are effective not only in meeting residents' needs for
affordable, nutritious food but also help to strengthen community ties and recycle
residents' dollars. We recommend that:

- **Groups interested in food cooperatives should proceed cautiously and begin
  with careful study.** As with any retail venture, co-op organizers need to
  research sites, conduct feasibility studies and develop business plans. At the
  same time, cooperatives are unlike other forms of retail, and organizers also
  must understand and commit to cooperative principles. Before beginning, they
  should consult with local resources such as Co-opportunity and the Cooperative
  Resources and Services Project and national organizations like the National
  Cooperative Bank and the National Cooperative Business Association in
  Washington, DC.

- **Co-op organizers might start with a buying club.** This would help to educate
  participants about cooperative principles and assess the level of interest in
  supporting a food co-op.

- **Local co-op information and technical assistance programs should be
  expanded.** An organization should be established to provide technical
  assistance in conducting feasibility studies, developing business plans, locating
  financing and getting management training. It also might develop training
  programs for people interested in the cooperative food industry -- arranging
  apprenticeships and/or raising money for scholarships to cooperative educational
  institutions. This organization might be created from the existing network of
non-profits, university programs and local co-ops active in this area.

- **A Food Policy Council should facilitate dialogue among cooperative stores, small stores and large chains in discussing distribution channels and developing a more sustainable food system.** There is much all sides can learn from each other. For example, there is a need to change the perception that organic produce and health foods are primarily a middle and upper class concern so that these foods can be more widely distributed at lower cost to consumers.

- **Educational programs should be developed which emphasize the transformative power of cooperatives as an instrument for social change -- as well as a viable business form.** Despite the troubled history of U.S. consumer cooperatives, they have proven to be a successful business form in many countries (including this one). Business education curricula should include segments on cooperative principles and operations.

- **The existing pantry network could facilitate group buying programs.** This effort can be pursued along two lines for separate purposes, as follows:
  1. Encourage cooperative buying among pantries to reduce costs of emergency food assistance.
  2. Facilitate the development of buying clubs for interested pantry users and nearby residents. This effort might include:
     a. Sponsoring meetings to assess the degree of interest
     b. Providing training
     c. Setting up computerized ordering system
     d. Coordinating orders with other groups
     e. Providing locations for delivery

- **Food Cooperatives should expand community outreach programs to educate consumers about cooperative principles and the social and environmental consequences of food choices.** In addition, they should revive efforts to develop cooperation among cooperatives to strengthen the movement and develop cooperative buying strategies to reduce costs.

**To foster micro-enterprise development:**

- A national, state and local commitment should be made to micro-enterprise development and assistance as a keystone of community economic development and food security policies and initiatives.

- The Los Angeles City Council should pass the special ordinance, permit street vending in special districts and in commercially zoned areas. "Most cities have found it more profitable to regulate street vending as a business. It
is much easier to collect taxes from legitimate, as opposed to gray-market vendors". (Task Force Report, 1990). Allocate sidewalk vending to individuals only, no subleasing, in order to avoid exploitation.

- The City of LA should support the establishment of communal kitchens. The City of Santa Monica provides a city run commissary for regulated street vending activity. These consist primarily of hotdog carts, one of which is run by a homeless shelter.

TRANSPORTATION

These recommendations form the basis for the creation of alternative public transit in Los Angeles.

- It is recommended that the Metropolitan Transit Authority immediately create an internal section focusing on food access issues for the urban poor. The purpose of this body will be to identify specific needs and create and implement creative solutions to the problems of access and mobility for the transit dependent.

- One scenario that could accomplish these goals is an intra-community shuttle service similar to the City of Los Angeles Department of Transportation DASH. The shuttle would be routed in a circular pattern that connects residential areas with food resources, with ancillary benefits accrued by connecting people with health and other services. This system would contrast with current regional mass transit that focusses on inter-community mobility and has numerous advantages as a transportation policy.

- MTA should conduct a needs assessment to identify those communities with critically low mobility or few local food outlets. Shuttle services should be implemented in those communities based on rider demand.

- Funding should be reapportioned within MTA's budget, with special emphasis on fiscal policy that serves the most riders per dollar and at the lowest cost. An immediate good faith gesture by MTA would be to divert discretionary funding from rail programs to community shuttles, followed by a thorough reanalysis of the potential of rail to address serious issues of access, mobility, and equity for the urban poor.

JOINT VENTURES

Joint ventures can be mutually beneficial arrangements for participating
organizations. They offer community support to the supermarket and/or development partner and generate income for community development projects while bringing needed goods and services to neglected areas. We believe such collaborative efforts should be encouraged and recommend that:

- **A Food Policy Council should be used to increase awareness of the joint venture concept.** The FPC could sponsor a workshop on joint ventures which brings together community development corporations, developers, store operators, public and planning officials and financing sources (including LISC) to increase understanding of opportunities and obstacles.

- **Opportunities for joint ventures involving small store operators and local entrepreneurs should be explored.** LISC's efforts are focused on large, experienced supermarket operators, leaving out the businesses which have long operated in inner city neighborhoods. The possibility of developing similar programs to assist local entrepreneurs with smaller stores and alternative formats should be studied.

- **Joint ventures should be used to expand the community service role of shopping centers.** In many communities, retail serves as a neighborhood social center. Community organizations involved in joint ventures can expand this role by, for example, sponsoring training programs and provide public information. Some of these efforts might be focused on food, nutrition and health, following the New Communities/Pathmark model.

- **The partnership agreement can be used to ensure that the developer or supermarket partner is responsive to community needs.** For example, the supermarket lease might stipulate that the store must hire a certain share of employees from the surrounding area, provide employment training and allow in-store health awareness programs.

**SUSTAINABLE CITY**

- **The City of Los Angeles should adopt sustainable city principles similar to those that the City of Santa Monica has proposed for itself.** Sustainability should be measured in terms of human health, community self-reliance, and environmentally sound practices. Improving food security in the inner city should be a core element of these principles.


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APPENDICES
Appendix 1:

Vons
APPENDIX I

VONS ASSETS

As of December 2, 1992.

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning store count</th>
<th>Vons</th>
<th>Vons Food Pavilions</th>
<th>Tangie</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>Stores opened</td>
<td>-1</td>
<td>-1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Acquired stores (1)</td>
<td>120</td>
<td>25</td>
<td>11</td>
<td>146</td>
</tr>
<tr>
<td></td>
<td>Stores Closed or sold</td>
<td>-14</td>
<td>0</td>
<td>0</td>
<td>-14</td>
</tr>
<tr>
<td></td>
<td>substantial increase</td>
<td>225</td>
<td>67</td>
<td>25</td>
<td>317</td>
</tr>
<tr>
<td>1989</td>
<td>Stores opened</td>
<td>-1</td>
<td>5</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Acquired stores</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Stores Closed or sold</td>
<td>-10</td>
<td>-11</td>
<td>0</td>
<td>-21</td>
</tr>
<tr>
<td></td>
<td>substantial increase</td>
<td>221</td>
<td>42</td>
<td>25</td>
<td>333</td>
</tr>
<tr>
<td>1989</td>
<td>Stores opened</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Acquired stores</td>
<td>0</td>
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<td>0</td>
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<tr>
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<td>Stores Closed or sold</td>
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<td>-11</td>
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<td>-21</td>
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<td>209</td>
<td>62</td>
<td>26</td>
<td>323</td>
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<tr>
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<td>Stores opened</td>
<td>0</td>
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<td>1</td>
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<tr>
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<td>Acquired stores</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
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<td>-11</td>
<td>0</td>
<td>-21</td>
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<td>197</td>
<td>59</td>
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<tr>
<td>1991</td>
<td>Stores opened</td>
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<td>1</td>
<td>5</td>
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<td>-11</td>
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<td>0</td>
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<tr>
<td></td>
<td>Stores Closed or sold</td>
<td>-10</td>
<td>-11</td>
<td>0</td>
<td>-21</td>
</tr>
<tr>
<td></td>
<td>substantial increase</td>
<td>197</td>
<td>59</td>
<td>27</td>
<td>332</td>
</tr>
<tr>
<td></td>
<td>Vons</td>
<td>83</td>
<td>16</td>
<td>7</td>
<td>106</td>
</tr>
<tr>
<td></td>
<td>Vons Food Pavilions</td>
<td>26</td>
<td>0</td>
<td>0</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Tangie</td>
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<td>0</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>121</td>
<td>16</td>
<td>7</td>
<td>134</td>
</tr>
</tbody>
</table>

Average gross square feet

Average gross square feet: 29,000, 41,000, 40,900, 49,900, 33,800

(1) Acquisition of Safeway = 2.8 million square feet. There were 4.8 million square feet in the original Vons stores.

(2) Purchase of Williams Brothers stores January 1992.

Store Remodels and Upgrades

<table>
<thead>
<tr>
<th>Year</th>
<th>Remodels</th>
<th>Upgrades</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>1988</td>
<td>26</td>
<td>0</td>
<td>26</td>
</tr>
<tr>
<td>1989</td>
<td>32</td>
<td>82</td>
<td>113</td>
</tr>
<tr>
<td>1990</td>
<td>35</td>
<td>26</td>
<td>61</td>
</tr>
<tr>
<td>1991</td>
<td>40</td>
<td>26</td>
<td>66</td>
</tr>
<tr>
<td>1992 (2)</td>
<td>52</td>
<td>16</td>
<td>68</td>
</tr>
<tr>
<td>Total</td>
<td>185</td>
<td>154</td>
<td>339</td>
</tr>
</tbody>
</table>

(3) In 1992, VONS did not distinguish between upgrades and remodels.

The company completed 68 "remodels,"

Estimates of remodels and upgrades are based on company projections as reported in 1991.

VONS fell short of its goals, however,

it completed 68 (19 upgrades + 49 remodels) out of the projected 81 upgrades and remo
Appendix 2:

Price Comparison Survey
APPENDIX 2

Price Comparison Survey

2.1 PRICE COMPARISON SURVEYS

Literature Review

Scholars have often attempted to determine how inner city prices compare to suburban prices through comparison surveys. Different price studies have produced contradictory conclusions, although the majority of the surveys suggest that inner city food prices are more expensive than those found in the suburbs.

Alcaly and Klevorick

Alcaly and Klevorick asked "whether the urban poor pay more for food than do urban residents with higher income?" (p381). They surveyed 1056 stores in 46 neighborhoods in New York City in 1967. The surveyors priced 37 food items in 25 stores in each of the neighborhoods throughout the summer of 1967. They concluded that the price of the items in a store did not decrease as the income of a neighborhood rose, and may have even increased slightly (p388). In general, there appeared to be no correlation between income and prices; the highest $r^2$ was only approximately .20 (p388). But, the study did find a difference between prices charged by large stores and small stores (p393).

Alcaly and Klevorick noted that the lack of a link between income and price did not mean that a poor family paid the same for a market basket of goods as did a middle class family (p393). Furthermore, it was difficult to know where a poor family actually shopped. Low income shoppers may have had to shop more frequently at higher priced small stores as compared to middle income shoppers (p393). Furthermore, these smaller stores tended to carry fewer private labels than did chain stores in the suburbs; hence poor people did not have inexpensive food available to purchase. (p394). Poor people may also have purchased food that was of a lower quality than the middle income shoppers did (p394).

Kunreuther

Kunreuther hypothesized that there were two principal factors that affect price: store effect (the size of the store) and price effect (the size of the package) (p369). Kunreuther attempted to answer Alcaly's questions by querying whether these factors were more important than the income of the neighborhood. He studied the food prices of 8 items in five different sizes in eleven chain and eleven neighborhood stores in New Haven Connecticut in 1971 (p370). The study concluded that the price per unit of the good rose as the size of the package decreased, between 15% and 50%. The study also concluded that neighborhood stores charged significantly more for food than chain stores (pp370-371).

The study also attempted to control for the difference in the store effect and size effect between low income and middle income neighborhoods. The researchers
conducted door to door surveys of 78 households in three middle income neighborhoods and 81 households in three low income neighborhoods (p374).

The study found that the store effect was tremendously important. Poor people tended to shop in small neighborhood stores, because there were fewer chain stores in their neighborhood, and poor people tended to be less mobile. The low income group tended to travel an average of 1.9 miles to the store, while the middle income group averaged 3.6 miles (p376).

The size effect hypothesis was more difficult to test. The researchers did not have the ability to make detailed pantry searches to determine the actual size of the items purchased. Low income families tended to have a more restrictive per capita food budget than did middle income families. They also tended to have less storage space available, and purchase food more often (p378). Based on this information, the researchers concluded that the average purchase size tended to be smaller for low income families than for middle income families (pp376-377). Since the poor tended to buy more food at neighborhood stores, and buy smaller quantities of food, the Kunreuther concluded that the poor did pay more for food than did middle income households (p379).

MacDonald and Nelson

One of the most detailed studies was done by James MacDonald and Paul Nelson (1992), who used a USDA price survey of 332 stores in 10 cities, based on a market basket of over 600 items, at three different times during the year 1982. The analysis sought to determine "whether the market basket costs more in low-income neighborhoods than elsewhere."¹ The items within the basket were selected based on the probability of selection proportional to national sales. Stores were chosen on a random basis.²

The survey also matched price data to store specific information, including size, sales and location that was gathered in a separate survey. The study concluded that although there were differences in Standard Metropolitan Statistical Area (SMSA) means, most of the variation was within a given SMSA.

In general, prices in the central city averaged 4.2% higher than suburban areas. MacDonald and Nelson used regression analysis to conclude that the critical difference in prices was attributable to the proximity of warehouse stores.³ The researchers found there was no difference in results based on whether the market basket was based on actual food stamp purchases, or based on purchases suggested by the USDA Thrifty Food Plan.⁴ The study also found that it made no difference whether one shopped for a two person household or a four person household.⁵

The study attempted to account for differences in the cost of labor, insurance, store size, sales per square foot, services, household size, cars, and income. However, their statistical analysis of these factors proved inconclusive.⁶

Ambrose, Cotterill, Marion, and Neuhauser

There were several other studies that shaped the methodology used in the study we conducted, including Neuhauser 1988, Ambrose 1979, Marion et al, 1979, and Cotterill. Many of these price surveys had purposes other than determining the price
differential between the prices that poor people paid and the prices paid by the middle class. For example, Neuhauser sought to determine whether a person on General Assistance in Los Angeles could afford to purchase the Thrifty Food plan. Ambrose sought to determine if prices were more expensive in rural areas than in suburbs or cities. Marion and Cotterill were attempting to link prices to the concentration of chain stores in a given area.

2.2 PRICE COMPARISON SURVEY METHODOLOGY
The price comparison survey incorporates the findings and methodologies of previous surveys reviewed above.

Control Group Selection
The selection of the two groups was based on seven criteria. The object of the selection process was to select two different areas with precise demographic characteristics that could be used to make comparative analysis of supermarkets (over 20,000 square feet) between them and the Case Study Area.

1. One of the control groups must have a population that is 50% Latino. The research team wanted to be able to eliminate ethnicity as a confounding variable in the price comparison survey. Therefore, one control group must reflect the ethnicity found in the Case Study Area (74% Latino). This would assure that Latinos held a similar proportional share of spending power.

2. Both control groups must be within 30% of the County median income. The research team asserted that income was the determining factor in characterizing communities in Los Angeles as middle class or inner city. To determine if prices were different between inner city and middle class communities, each control group must be clearly differentiated from the Case Study Area, which is more than 50% below the County median income. To further establish an income differential between the control groups and the Case Study Area, at least one of the two groups must also be higher than the County median income.

3. The control group must be geographically discontinuous from both the Case Study Area and the other control group. The research team sought to eliminate geography as a confounding variable in the price comparison survey. By selecting non-adjacent communities the research team wanted to minimize the possibility of encountering similar price trends in adjacent communities and shopping across geographic community borders.

4. Both control groups must be incorporated municipalities. The research team wanted to maximize the ability to develop an accurate statistical profile for each community. By using incorporated municipalities, demographic data would not be interpolated by the research team and calculational errors would be minimized.

5. Each control group must have a narrow distribution of income within its geographic boundaries.
The research team sought to eliminate income disparity within an area as a confounding variable on food prices. If food prices are a function of income, it is possible that an area with high income differentials may have different food prices which would confound the mean food prices for the area.

6. **Each control group must have a population near 50,000.**
   The research team sought to eliminate population differences as a confounding variable on food prices. It was asserted that if food prices are a function of population, it is possible that population differences between areas would confound food prices. The research team asserted an acceptable population range would be 30,000-70,000.

7. **Each control group must have at least seven supermarkets.**
   The research team sought to eliminate the number of markets as a confounding variable on food prices. A control group with too few markets and one or more outliers would have a drastic effect on mean price calculations. The number of supermarkets frequented by residents from the Case Study Area was seven (see Household Survey).

   The team consulted with Leo Estrada, an expert demographer from UCLA and the Clinton nominee to head the U.S. Census Bureau, to make a first cut of potential Latino communities in Los Angeles that might qualify as control groups. Estrada recommended six different communities: Covina, Downey, Lakewood, Monrovia, Montebello, and Temple City that were incorporated municipalities that might meet the criteria.

   The research team used ethnicity as the primary filter to choose a control group that was similar to the Case Study Area. Montebello was selected based on its demographic characteristics (see table). The population numbered 60,000, with 67% of Hispanic origin. The median income of $31,443 was within 10% of the County median of $34,965 and had an acceptable income distribution. Montebello also contained eight different chain stores or independent supermarkets that were serviced by Certified Grocers of California (see Figure 4.1).

   **Figure 2.1  Supermarkets**

<table>
<thead>
<tr>
<th>Case Study Area</th>
<th>Lakewood</th>
<th>Montebello</th>
</tr>
</thead>
<tbody>
<tr>
<td>Viva</td>
<td>Albertsons</td>
<td>Super A</td>
</tr>
<tr>
<td>Jons-Pico</td>
<td>Vons Food &amp; Drug</td>
<td>Johnsons</td>
</tr>
<tr>
<td>Boys</td>
<td>Pavilions</td>
<td>Grocery Warehouse</td>
</tr>
<tr>
<td>32nd Street Market</td>
<td>Vons-Hardwick</td>
<td>Luckys</td>
</tr>
<tr>
<td>Ralphs-Figueroa</td>
<td>Ralphs-Paramount</td>
<td>Vons-Beverly</td>
</tr>
<tr>
<td>Jons-Adams</td>
<td>Ralphs-Del Amo</td>
<td>Tianguis</td>
</tr>
<tr>
<td>Numero Uno</td>
<td>Alphabeta</td>
<td>Ralphs-Whittier</td>
</tr>
<tr>
<td></td>
<td>Vons-Bellflower</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Smiths</td>
<td></td>
</tr>
</tbody>
</table>

Monrovia and Temple City were both eliminated because each municipality only contained one supermarket. Downey was eliminated due to its proximity to
Montebello. Finally, Covina was eliminated for similar reasons because like Montebello, it was also in the San Gabriel Valley.

Lakewood was selected largely due to its demographic variation from both the Case Study Area and Montebello. The population of 73,577 is slightly higher than the original criteria, but its low population of Hispanic origin (14.31%) contrasted with both other areas. The median income was $44,700, 28% higher than the County median of $34,965. In addition, Lakewood had nine chain supermarkets which would ensure a large sample size.

**Market Basket Selection**

The price comparison used the USDA Thrifty Food Plan for a family of two adults, one child between ages 6-8, and one child between the ages of 9-11 as the basis for the price comparison. To develop a preliminary list, the research team used the Thrifty Food Plan as a guide to develop a market basket of items. Researchers sought to develop a market basket of goods that could be found in all stores.

The survey also sought to determine if cultural food preferences would affect food prices. The research team contacted Eunice Romero Gwynn, an expert in Latino nutrition from the University of California at Davis Department of Nutrition, who identified foods that would be prevalent in a Latino diet. Based on her advice, the following foods were added to the survey: rice, pinto beans, corn tortillas, white bread, monterey jack cheese, cilantro, tomatoes, and chiles. Other items, such as chicken, that Gwynn considered Latino foods, were already on the list.¹⁸

The research team sought to control for variation and researcher error between brands and sizes of each food category at each store. Although a poor person might purchase the least expensive item in each category, the object of this survey was to compare the same items at each store and in each area. Therefore, the survey targeted the exact same item in all the different stores. In cases where brands varied considerably, such as meat and dairy, the survey targeted the store brand, or if there was no store brand, the least expensive brand.

The research team attempted to pick the most common size and the most common brand of each product. This was based on Kunreuther’s study that low income people are often forced to buy the smaller sized products. If there was more than one common size, the smaller size was chosen. If there were three sizes, the middle size was chosen, and if there were four the second smallest was chosen.

After developing the preliminary list of approximately 75 items, the survey was pre-tested at four different stores; two in the Case Study Area, and two typical chain stores. The goal of the pre-test was to maximize the number of identical items that could be found in every store. Surveyors checked both the size and the label to determine that the products would be identical in as many stores as possible. The goal was to reduce the number of prices would have to imputed or discarded. The pre-test indicated that two of the original items selected would not be available at every store surveyed, therefore two alternate items in those categories were added. After the pre-test the survey list contained 77 different items.

In some instances, certain products, particularly meat, rice, tortillas, and dairy
products would be difficult to select and price. For those items, two alternate products were selected and priced, a named national brand and a store brand. Thus, for bacon both Oscar Meyer and the store's own brand were priced. In addition, there were eleven alternate items. Therefore, in order to obtain the prices on 77 different items, surveyors recorded the price of 88 total items; 77 different items and eleven alternates.

Price Calculations

Next, the survey team sought to determine the relative weight attributed to each food item. This process was crucial in determining the overall price of a market basket of goods since the impact of price differentials is a function of its weight in the market basket. For example, a small difference in the price of a staple has a much larger effect on the market basket than an item that is only rarely used or is used in small amounts.

The USDA Thrifty Food plan provided the general weights of each item. The research team determined the amount of a product that a family would buy, based on the general category for each item in the Thrifty Food Plan. The Thrifty Food Plan generally uses weights to measure quantity, although some items, such as milk, were priced by volume. The survey used a conversion formula to calculate the price by weight of certain items that were only sold by unit, such as produce and meat.

Researchers then computed the number of ounces of this product that was consumed by a family of four during one week. Researchers calculated the price per ounce of the item, based on the observed price for the enumerated size, and from that calculated the total price.

Price Survey Methodology

The study surveyed the prices in all the supermarkets located in Montebello and Lakewood, as well as the primary supermarkets for the Case Study Area. The survey examined the prices in 24 different stores: eight in Montebello, nine in Lakewood, and seven in and around the Case Study Area (see Household Survey).

All surveying was conducted on Sunday, May 2, 1993 to control for price variation related to day of the week or time of the month or year. Fifteen surveyors were briefed and trained to conduct the price survey, then divided into seven two-person teams and one one-person team. Each team arrived unannounced at the various markets and recorded the price of each item that they observed, each team visiting between two and four stores.

Surveyors were instructed that if they could not find the actual item listed, to record the price of the same product and the same brand in sizes both above and below the enumerated size. In addition, they were instructed to record the price of the same item in the same size, but of a different brand.

In cases where items were sold by unit, such as fruits and vegetables, each survey team was instructed to record both the price and the weight of three pieces. For items such as meat or dairy products, the price per pound was recorded. If the item was only sold by the unit, each team recorded both the weight and the package price.

Survey teams also noted qualitative descriptions and expiration dates of various
meats, dairy products, eggs, and produce. Each team also purchased eleven different fruits and vegetables from each store, based on those items that are most subject to variations in quality. Researchers met immediately after returning from the survey to visually inspect and taste the produce in an effort to control for quality.

**Price Conversions**

Of the 88 items originally on the price survey, thirteen items were eventually discarded because there were either too many missing data points or the alternate selection had more data points surveyed. Two items were completely eliminated from the survey due to missing data points while the remaining eleven items were alternate items that had been included to assure that at least one of the items would be surveyed. This left a price survey of 75 items. In addition, data from one of the 24 stores had to be eliminated, because it had too many missing items.

Of the 1,725 items that remained in the survey, researchers had to determine the prices of approximately 20 items by telephoning certain stores and returning to one store between Monday, May 3 and Wednesday, May 5. Due to a problem determining the price of white rice, an item of critical importance to both the overall market basket and the Latino market basket, researchers telephoned approximately seven stores to determine the price. This action produced the price of rice in 22 out of 23 stores that remained in the survey.

One of the stores from the Case Study Area was missing approximately ten items, due to shortages at the store. A research team returned to the store to price those items on Wednesday, May 5. These results were considered acceptable because regional price changes usually occur in conjunction with coupons in local newspapers and the mail, which is Thursday.

The research team then had to impute the price of approximately 35 items out of 1,725 (2.0%). Some of these items had to be imputed because the store did not carry the item. Occasionally, the research team imputed the price of an item, because the surveyor recorded inaccurate or incomplete information. Twenty-six different products were missing at least one price from at least one store, but no single product had more than three pieces of missing data. Sixteen stores were missing data, but no store was missing more than six pieces of data. Price imputations were based on the mean price calculated for all stores surveyed.

### 2.3 Price Survey Results

**Total Cost**

Comparisons of the Case Study Area versus the two control groups, Lakewood and Montebello, confirm that food prices are higher in the Case Study Area, but that independent stores in the area are very price competitive. The mean total cost for the test market basket for all 23 stores is $99.24. The total cost in the Case Study Area is $101.92, compared to $99.25 in Lakewood and $96.56 in Montebello. The study area is 2.7% and 5.6% higher than Lakewood and Montebello, respectively (see table).

The Case Study Area yields three of the four highest mean total costs in the entire survey at Boys, Ralphs, and Viva. Total costs range from $85.09 at Grocery
Warehouse in Montebello to $108.06 at the Boys in the Case Study Area. Costs total $107.62 at Ralphs and $105.44 at Viva (Pavilions in Lakewood is third at $106.99).

The difference in mean total cost between major chains ($99.52) and independent stores ($98.52) for the entire survey is miniscule, but within the Case Study Area the mean total price at chain supermarkets is $107.04, some $8.97 (9.1\%) higher than the independent stores ($98.07).

If the observed prices for one week are extrapolated for an entire year at all stores surveyed, the difference between the high and low observed market baskets is $1,194.44 per year (Boys versus Grocery Warehouse).

Likewise, the price difference between the high and low within the study area, extrapolated for one year, is $788.32 per year (Boys versus Numero Uno). This amounts to 5.3\% of the annual median income in the Case Study Area.

The only chain store that was a member of each study area is Ralphs, with one each in the Case Study Area and Montebello and two in Lakewood. Just as chain stores are more expensive than the independents within the study area, Ralphs is also more expensive in the Case Study Area compared to Ralphs in the two control groups. The total cost at the Ralphs on Figueroa is $107.62, whereas the two Ralphs in Lakewood are $103.93 (Paramount) and $100.97 (Del Amo). The Montebello Ralphs on Whittier is $102.02. Ralphs within the Case Study Area is between 3.6\% and 6.6\% higher than the Ralphs in the two control groups.

More significant than the observed price differences between areas is the proportion of median income spent on food. In the Case Study Area, the market basket costs 35\% of the median income ($5,300 per year), compared to 16\% for Montebello ($5021 per year) and 11\% for Lakewood ($5161 per year). Thus, not only are food prices higher in the Case Study Area but residents must pay a larger proportion of their income on food.

Each market basket is divided into seven subcategories plus one culturally specific subset, and analyzed. The subcategories are: produce, fruits, and vegetables; canned fruits, vegetables, and juices; frozen foods; dry goods, cereals, and breads; dairy and eggs; meat; and a miscellaneous other. The culturally specific subset contains foods that are prominent in Latino diets.

**Produce, Fruits, and Vegetables**

The mean cost for fresh produce, fruits, and vegetables for all stores is $14.22, with prices ranging from $10.46 (Tianguis) to $18.17 (Boys). The highest mean cost for this subcategory in the market basket is found in Lakewood ($15.23), followed by the Case Study Area ($14.06) and Montebello ($13.08). The Case Study Area is 1.1\% cheaper than the mean, 7.7\% cheaper than Lakewood, and 7.5\% more expensive than Montebello. (See qualitative analysis of produce, fruits, and vegetables.)

Produce, fruits, and vegetables account for 14.3\% of the cost of the market basket.

**Canned Fruits, Vegetables, and Juices**

The mean cost for canned fruits, vegetables, and juices for all stores is $6.18, with prices ranging from $5.09 (Grocery Warehouse) to $7.12 (Boys). The Case Study
Area fields the highest mean cost for this subcategory at $6.70, 11.6% higher than Lakewood ($6.00) and 13.9% higher than Montebello ($5.88).

Canned fruits, vegetables, and juices account for 6.2% of the cost of the market basket.

**Frozen Foods**

The mean cost for frozen foods for all stores is $3.34, with Montebello the cheapest at $3.05, 8.7% below the mean. The observed price range is $1.78 (Grocery Warehouse) to $4.02 (32nd Street Market). The Case Study Area ($3.48) and Lakewood ($3.46) are remarkably close, both 4.1% higher than the mean.

Frozen foods account for 3.4% of the cost of the market basket.

**Dry Goods, Cereals, and Breads**

The mean cost for dry goods, cereals, and breads is $23.81, with prices ranging from $20.69 (Grocery Warehouse) to $27.69 (32nd Street Market). The Case Study Area is highest at $24.88, 4.5% higher than the mean, 7.1% higher than Lakewood ($23.22) and 5.9% higher than Montebello ($23.49).

Dry goods, cereals, and breads account for the highest percentage of the total cost of the market basket at 23.99%.

**Dairy and Eggs**

The mean cost for dairy and eggs is $21.11, with prices ranging from $17.43 (Grocery Warehouse) to $23.49 (Pavilions). The Case Study Area has the highest mean at $21.84 (3.5% above the mean for all stores). Lakewood ($20.74) and Montebello ($20.84) are both below the mean, 1.8% and 1.3% respectively.

Dairy and eggs account for 21.3% of the cost of the market basket.

**Meat**

The mean cost for meat is $21.73, with little variation in mean cost between areas. Prices range from $18.77 (Vons Food and Drug) to $25.90 (Johnsons). Lakewood was the highest at $21.82, but the Case Study Area ($21.74) and Montebello ($21.61) are not far behind.

Meat accounts for 21.9% of the total cost of the market basket.

**Other**

The nebulous other category includes various miscellaneous and luxury items, with a mean cost of $8.85. Prices range from $7.92 (Albertsons) to $10.21 (Boys). The Case Study Area is 4.1% higher than the mean at $9.22, while both Lakewood ($8.76) and Montebello ($8.60) fall below the mean.

Other account for 8.92% of the market basket's total cost.

**Latino Foods**

Twenty three items constitute foods that meet the criteria for the Thrifty Food Plan and are considered culturally prominent among the Latino population. These items are not all inclusive of a generic Latino diet and do not account for cultural or
regional differences within the Latino population.

That said, Lakewood is by far the most expensive at $14.15, 6.0% above the mean, which is $13.35. In contrast, Montebello is much cheaper ($11.90), 10.9% below the mean. The Case Study Area is slightly higher than the mean (3.1%) at $13.77. Lakewood is 2.7% more expensive than the Case Study Area, whereas Montebello is 15.7% cheaper.

When the prices at independent stores are compared to chain stores, the chain stores are clearly higher than the independent stores. In the Case Study Area, independent stores are less expensive at $12.17, versus $15.89 for the chain stores, a 30.6% difference in favor of the independents. The same phenomena is observed in Montebello, with a 14.8% difference in the price of Latino foods. The Lakewood Control Group does not include any independent stores.

In one year (52 weekly trips to the market), customers shopping at chain stores within the study area would have to pay, on average, $193.44 more for these Latino foods compared to independent supermarkets.

The only chain store that is a member of each study area is Ralphs, with one each in the Case Study Area and Montebello and two in Lakewood. Although chain stores are more expensive than independents both within and outside of the study area, the Ralphs in the Case Study Area is comparable to its other stores in the two control groups. The cost of Latino foods at the Ralphs on Figueroa is $15.14, whereas the Montebello Ralphs on Whittier is cheapest at $14.87. The Lakewood Ralphs on Paramount ($15.02) and the Ralphs on Del Amo ($15.31) are 0.8% cheaper and 1.1% higher respectively.

Within the Case Study Area, Numero Uno has the lowest prices in this subcategory at $10.30, 44.4% less than the cheapest chain store, Viva. The highest prices recorded are at the Boys Market on Jefferson ($17.64), 25.5% higher than the mean for the area and 71.2% higher than Numero Uno.
Endnotes
2. ibid., 345-6.
3. ibid., 353.
4. ibid., 346.
5. ibid.
6. ibid., 357.
Appendix 3:

Household Survey
February 11, 1993

Interviewer's name: _______________________________ ID #: __________

Telephone #: (213) __________ 

Time beginning: ________am/pm

Time ending: ________am/pm

Total length of interview: ________ minutes

<table>
<thead>
<tr>
<th>Date</th>
<th>Day of Week</th>
<th>Time</th>
<th>Result</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td>AM</td>
<td></td>
<td></td>
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<td>3.</td>
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<td>4.</td>
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</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Result:
Completed.....................01  No Answer.........................07
Line busy......................02  Answering service/message......03
Wrong number...................03  Initial contact refused......09
Nonresidential #..............04  Terminated - Comment...........1
Not in service..................05  Call back arranged............1
Language Barrier...............06  Other............................1

Speaks English?  __ Yes

_____ No --> Language spoken: __________________
1. Good morning/afternoon/evening. My name is ... and I'm working on a research project at UCLA. We are conducting a survey on food shopping in your area. I would like to ask you some questions to make sure that you fall into our study area. Is this (repeat phone number)?

   ___ Yes
   ___ No --> I'm sorry, I must have dialed incorrectly. Thank you. [Terminate call]

2. Is this your home phone?

   ___ Yes --> Back this number, how many other phone numbers do you have in this household ___
   ___ No --> Does anyone live there?

   ___ Yes --> I would like to talk to the person who lives there.
   ___ No --> Thank you for your time, but we are only surveying residences. [Terminate call]

3. What is your zip code? [Do not read options]

   ___ 90006
   ___ 90007
   ___ 90011
   ___ 90015
   ___ 90021
   ___ Other --> Thank you for your time, but we are only surveying a particular area. [Terminate call]

4. Is this a house, apartment, or other kind of residence?

   ___ House/Apartment
   ___ Other:
           (If "group quarters" such as a hotel, fraternity, etc., TERMINATE CALL)
5. I need to speak to the person responsible for most of the food shopping in your household. Who would that be?

________________________ [If "me", skip to 6]

a. If the person named above is NOT the person you are currently talking to: I'd like to speak to him/her. Is s/he available?

__ No → When is a good time to call back?

__________________________ am/pm [Terminate call]

__ Yes → (to new person) Hello, my name is ... and I'm working on a research project at UCLA. We are conducting a survey on food shopping in your area. I'd like to interview you; [skip to 6]

6. First I need to read you an "Informed Consent Statement":

I want to assure you that your participation in this survey is completely voluntary. You may refuse to answer any questions or you may refuse to participate altogether.

Your responses are strictly confidential and will be used to create statistical reports. Although the results of this study will be published, your individual participation will be kept confidential.

[CONTINUE WITH SURVEY]
First, I would like to ask some questions about where you buy your food that you prepare at home.

1. In the past two weeks, did you buy food from a large supermarket?
   ___ Yes [ask a,b,c,d]
   ___ No [skip to 2]

   a. Which supermarket(s) did you buy food from in the last month?
      Store #1 ____________________________
      Store #2 ____________________________
      Store #3 ____________________________

   b. How many times in the past two weeks did you buy food from _____ (#1)?
      _______ times

      How many times in the past two weeks did you buy food from _____ (#2)?
      _______ times

      How many times in the past two weeks did you buy food from _____ (#3)?
      _______ times

   c. How do you usually get home from the supermarket? Do you... (READ)

      ___ ___ ___ Drive yourself.
      ___ ___ ___ Get a ride.
      ___ ___ ___ Take a bus.
      ___ ___ ___ Walk.
      ___ ___ ___ Take a taxi. ---> With or Without a coupon?
      ___ ___ ___ Use a van service, or
      ___ ___ ___ Go some other way?

   d. How many minutes does it usually take you to get home from this (these) supermarket(s)?
      Store #1 ________ Store #2 ________ Store #3 ________
2. In the past two weeks, did you buy food from a small neighborhood market?

Yes [ask a,b,c,d]
No [skip to 3]

a. Which small market(s)?

Store #1 __________________________

Nearest intersection __________________________

Store #2 __________________________

Nearest intersection __________________________

b. How many times in the past two weeks did you buy food from this (these) small market(s)?

Store #1 ______

Store #2 ______

c. How do you usually get home from this (these) market(s)? Do you...

(READ OPTIONS)

#1 #2

- Drive yourself,
- Get a ride,
- Take a bus,
- Walk,
- Take a taxi, or ——> With/Without a coupon?
- Go some other way? __________________________

d. How many minutes does it usually take you to get home from this (these) market(s)?

Store #1 ______

Store #2 ______
3. As I read you a list of places, please tell me if you bought food for your household from any of them. In the last two weeks, have you bought food at a: (READ EACH)

<table>
<thead>
<tr>
<th>a. Grocery truck?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Ethnic/specialty store?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>c. Farmer's market?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>d. Warehouse store?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>e. Church group or food pantry?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>f. Liquor store?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>g. Restaurant/fast food/take out?</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

h. Is there any other place where you bought food in the last two weeks?

____ Yes —> Which place(s)? __________________________
________ No [skip to 4]

4. At which place do you buy most of your food?

____________________

I am going to ask you to rate qualities of the place where you buy most of your food. At the place where you buy most of your food...

5. Is the quality of the food:

____ Very good
____ Good
____ Fair
____ Poor
____ Very poor

6. Is the variety of food available:

____ Very good
____ Good
____ Fair
____ Poor
____ Very poor
7. Do you consider the prices to be:
   ___ Very high
   ___ High
   ___ Average
   ___ Low
   ___ Very low

8. How clean is the store? Is it:
   ___ Very clean
   ___ Clean
   ___ Fairly clean
   ___ Dirty
   ___ Very dirty

9. Is the store's security:
   ___ Very safe
   ___ Safe
   ___ Fairly safe
   ___ Unsafe
   ___ Very unsafe

10. Is there anything else that is important to you in choosing this particular store for your food shopping?

11. What is the most important reason that you shop at this store?

12. Is there a store where you'd like to shop for food but don't?
   ___ Yes -> Which one? [skip to 12]
   ___ No [skip to 12]

   a. What are some of the reasons why you don't go there? Is it because:
      READ OPTIONS

      ___ You do not have transportation.
      ___ The store is too far away.
      ___ The store's prices are too high, or
      ___ Some other reason?
13. Are there any stores in your neighborhood where you don't like to shop?
   ___ Yes -> Which one(s)?____________________ [skip to a]
   ___ No [skip to 14]

   a. What are some of the reasons why you don't like to shop there?
      Is it because: (READ OPTIONS)
      i. the food quality is poor, _____ Yes _____ No
      ii. the food selection is poor, _____ Yes _____ No
      iii. the prices are too high, _____ Yes _____ No
      iv. the store is dirty, _____ Yes _____ No
      v. the store isn't safe, or _____ Yes _____ No
      vi. some other reason(s)? _______________________

14. On average, how much does your household spend each week on groceries? Would you say: (READ OPTIONS)
   ___ Less than $25 a week;
   ___ $25-50 a week;
   ___ $50-100 a week;
   ___ $100-150 a week;
   ___ More than $150 a week?

15. In the last two weeks, have you or anyone in your household received:
   a. Food stamps? _____ Yes _____ No
   b. WIC Coupons? _____ Yes _____ No
   c. Food from any other source not mentioned? _____ Yes _____ No

      [If "yes" to c] From which type of food source?____________________

16. In the two weeks, were there any days that your household did not have enough money to buy food for a meal?
   ___ Yes -> How many days? ________
   ___ No
Now I would like to ask you some questions about problems you might have in shopping for food.

17. Does your household have a car available for food shopping on a regular basis?
   — Yes [skip to 18]
   — No [ask a]

   a. Do you have difficulty getting to and from the stores where you shop?
      — Yes
      — No
      — Sometimes

18. Do you have difficulty getting large amounts of groceries home?
    — Yes —> Why is it difficult? ______________________
    — No

19. Do you have enough space to store food at home:
    — Yes
    — No

20. Do you have a working refrigerator?
    — Yes
    — No

21. Do you have a working freezer?
    — Yes
    — No

22. Are any food prices for particular items always higher in your neighborhood compared to other areas?
    — Yes —> Which foods? ______________________
    — No
    — Don’t know
23. Are there any specific types of food that are not available in your neighborhood?
   ___ Yes [ask a]
   ___ No [skip to 24]

   a. Which foods are not available in your neighborhood? (DO NOT READ OPTIONS)
   ___ Fresh produce
   ___ Dairy products
   ___ Meats
   ___ Other __________________________

24. Do you have any other difficulties in obtaining food?
   ___ Yes —> What problems? __________________
   ___ No

New I'd like talk about some different ways of getting food.

25. In the past month, have you bought food from the farmer's market at St. Agnes Church on Adams and Vermont?
   ___ Yes [skip to 26]
   ___ No

   a. Why don't you go to the farmer's market? (DO NOT READ OPTIONS)
   ___ Don't know about it
   ___ Hours are not convenient
   ___ Don't have transportation
   ___ Some other reason ___________________

26. Have you ever participated in a food co-op or buying club?
(A co-op is an organization or store that is run by customers, and a buying club is a group of people who buy large quantities of food in order to get discounts.)
   ___ Yes —> Which? ________________________
   ___ No

27. If you could buy food at a discount from some organization, would you or anyone in your household be willing to volunteer 5-10 hours a month to work with this organization?
   ___ Yes
   ___ No
   ___ Don't know
28. Do you currently grow any of your own fruits and vegetables?

   — Yes  [skip to 29]
   — No

   a. Why not? (DO NOT READ OPTIONS)

   — No land
   — No time
   — Too much work
   — Don’t know how
   — Other: ____________________________

29. If there were a community gardening project in your neighborhood that provided you with training and a plot of land, would you be interested in participating and growing your own produce?

   — Yes
   — No

30. Of the following list of food stores, which would you like to have in your neighborhood? Would you like to have a:

   a. Community garden?      — Yes  — No
   b. Co-op/buying club?     — Yes  — No
   c. Farmer’s market?        — Yes  — No
   d. Ethnic/specialty food store? — Yes  — No
   e. Small neighborhood grocery store? — Yes  — No
   f. Warehouse store like Price Club or Fredco? — Yes  — No
   g. Full-service supermarket like Vons or Ralphs? — Yes  — No

   i. [IF TWO OR MORE "YES" ANSWERS:] Of those that you said you’d like to have, which one would you like to have the most? ____________________________

Finally, I would like to ask a few questions about you and your household.

31. What month and year were you born? ____________________________

32. Which ethnic or racial group do you place yourself in? Would you say:

   — White.
   — African-American.
   — Asian-American.
   — Latino.
   — Native American, or
   — Some other group? ____________________________
33. In which country were you born? _______________________
   
   a. (If not U.S.) What year did you come to the U.S.? ____________

34. How many years have you lived in this neighborhood? ____________ years

35. Do you work outside the home?
   
   ___ Yes —> ___ Full time (32+ hrs/wk) ___ Part time
   ___ No

36. How many years of school have you completed and received credit for? ____________ years of schooling

37. Including yourself, how many people usually live in your household? ____________ (If one, skip to 38)
   
   a. Of these people, how many are children:
      
      i. Under the age of 6? _______
      ii. Between 6 and 17? _______
      iii. Do any of these children receive food from a school breakfast or lunch program?
          ___ Yes
          ___ No
      iv. Is finding child care while you shop for food a problem?
          ___ Yes
          ___ No

38. When you shop, do you shop for all these people or only some of them?
   
   ___ All
   ___ Some —> How many? _______
39. In an average month in 1992, what was the take-home pay of all the members of your household. Was it under or over $2,000?

- under $2,000 [skip to a]
- over $2,000 [skip to b]

a. Was it under or over $1,000?

- under $1,000 [skip to 40]
- over $1,000 [skip to 40]

b. Was it under or over $3,000?

- under $3,000 [skip to 40]
- over $3,000 [skip to c]

c. Was it under or over $4,000?

- under $4,000 [skip to 40]
- over $4,000 [skip to 40]

40. What are the nearest major cross streets to your home?

_________________________ and _________________________

END OF SURVEY

THANK YOU, and I want to reassure you that all of your responses are strictly confidential.

Time Interview Finished: __________________________

The respondent is:  ___ Male  ___ Female
Appendix 4:

Urban Agriculture
Appendix

COSTS TO DEVELOP AND MAINTAIN 15 PLOT COMMUNITY GARDEN

Development Cost per Plot

<table>
<thead>
<tr>
<th></th>
<th>Wood</th>
<th>Soil</th>
<th>Fence</th>
<th>Tools</th>
<th>Total</th>
<th>Cost Per Plot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Cost</td>
<td>$75</td>
<td>$20</td>
<td>$2,200</td>
<td>$5</td>
<td>$2,700</td>
<td>$247</td>
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<td>15 Plot Garden 14' x 16'</td>
<td>$11.12</td>
<td>$300</td>
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<td>Over 8 years:</td>
<td>$463</td>
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Annual Cost to Maintain Garden

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<td>Annual Costs/plot</td>
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<td>$463</td>
<td>$125</td>
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<tr>
<td>Total</td>
<td>$823</td>
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Potential Value of production
Total square foot: 960
Using the conservative USDA formula:
Square Feet * $.85 * .7 * 1.2
$685 in production
$1,165 when adjusted for inflation into 1990 dollars (x1.7)
Appendix 5:

Farmers' Markets
This questionnaire is part of a research project sponsored by UCLA and Southland Farmers Market Association. The results may be used to open additional markets or improve existing ones. It is designed to evaluate the benefits of farmers markets to growers. Please fill it out as completely as possible.

1) How many years have you been selling at farmers markets in California?

2) Which farmers markets do you sell at?

3) How many acres is your farm?

4) Does your farm hire people outside the family to work?
   0 Yes   1 No

5) How many trucks from your farm sell at farmers markets in California?

6) Where is your farm located?
   Town ___________________________  County ___________________________

7) How many miles is it located from here?

8) What percentage of your farm's products do you sell at farmers markets?
   
   1  0-10%
   2  11-25%
   3  26-50%
   4  51-75%
   5  76-100%

9) Do you use chemical sprays?
   0 Yes   1 No

10) Do you use chemical fertilizers?
    0 Yes   1 No

11) Are you certified organic?
    0 Yes   1 No

11b) How?

12) Do you find that consumers at farmers markets are more concerned about pesticide usage or the appearance of produce?
    0 Pesticides   1 Appearance/Cosmetics
10. How many minutes does it take you to get to this market?

11. Where else do you buy produce?

(GET SPECIFIC STORE & LOCATION)

12. Would you be willing to pay extra for produce that was grown organically without chemicals or pesticides?
   0 YES
   1 NO

13. How do prices here compare to supermarket prices?
   1 MUCH LOWER
   2 LOWER
   3 ABOUT THE SAME
   4 HIGHER
   5 MUCH HIGHER

14. How much do you usually spend at farmers markets per trip?
   1 $1-9
   2 $10-20
   3 $20+

15. How much of your total food budget do you spend here?
   1 UNDER 1/4
   2 1/4-1/2
   3 1/2-3/4
   4 3/4- ALL

16. Do you receive food stamps?
   0 YES
   1 NO (if no, go to 17)

16b. Have you ever used food stamps at this farmers market?
   0 YES
   1 NO

16c. Why don't you use them here?

17. What could be improved with this farmer's markets?
   1 NOTHING
   2 CONGESTION
   3 PARKING/BUS ACCESS
   4 SECURITY
   5 HIGH PRICES
   6 QUANTITIES
   7 BETTER SELECTION/
   8 MORE FARMERS

18. Are there any products that you would like to see at
farms market that currently aren't being sold?
   1 BAKED GOODS
   2 HANDICRAFTS
   3 PREPARED FOOD
   4 OTHER FRUITS/VEGETABLES
   5 FISH
   6 MEAT
   7 LIVE PLANTS
   8 OTHER

19. Do you have trouble carrying your food home from the market?
   0 YES
   1 NO
20. What is your age?
1. UNDER 18
2. 18-35
3. 36-50
4. 51-64
5. 65+

21. What country were you born in? (If US go to 23)

22. How long have you lived in the U.S.?

23. What is the zip code where you live?

24. What is your ethnicity?
1. AFRICAN-AMERICAN
2. CAUCASIAN/ANGLO
3. HISPANIC/LATINO
4. ASIAN AMERICAN
5. MIDDLE EASTERN
6. NATIVE AMERICAN
7. OTHER

25. What was your monthly family income for 1992?
1. UNDER $750
2. $750-1500
3. $1500-2500
4. $2500-3500
5. $3500+
### CONSUMER SURVEY

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<td>Other fruits/vegetables</td>
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<td>42</td>
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<td>Meat</td>
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<td>Eggs</td>
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<td>Better freshness</td>
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