

Food Manufacturing and Distribution Industry Sector in Otay Mesa



San Diego's Voice for
Binational Business
South County Economic Development Council

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**SECTION 1
INTRODUCTION**

Section 1

Introduction

INTRODUCTION

The food manufacturing and distribution industry study was conducted by the South County Economic Development Council (SCEDC) through a grant from the San Diego Workforce Partnership (SDWP). The purpose of the study is to increase the understanding of the issues and needs of the food manufacturing and distribution industry and quantify its economic impact on the San Diego region. The study area is the Otay Mesa Community (ZIP Code 92154). Otay Mesa is a community of the City of San Diego and is located in South San Diego County near the United States-Mexico International Border.

SCOPE OF WORK

The SCEDC retained the SANDAG Service Bureau to work collaboratively with the SCEDC to produce a profile of the food manufacturing and distribution industry sector in the South San Diego region. The study focuses on those relevant firms located in the community of Otay Mesa. The goals of the study are to:

- Validate and understand the food processing industry in the Otay Mesa Community.
- Estimate the economic impact of the industry in the San Diego region.
- Assess potential synergies between companies.
- Understand the individual needs of the companies so that the SCEDC can develop streamlined activities to assist the companies.
- Develop information that can be used in a marketing strategy for advancing the food processing industry in the region.

A total of 17 employer interviews were conducted between January and March 2010. Employers were asked questions about what brought their company to Otay Mesa, their business operations, and workforce needs. The technical report summarizes and analyzes data gathered from the interviews.

ORGANIZATION OF THE TECHNICAL REPORT

The technical report is divided into three sections. The first section presents the industry profile, which contains the highlights of the study. The SCEDC plans on producing a document for the general public based on this profile. The next section presents the summary of key findings learned through the employer interviews. The last section examines the economic impact of the food manufacturing industry section on the San Diego region. In addition, the Appendix includes employer interview questions, summary information of the employer responses, occupational wage data, and a glossary.

SECTION 2
OTAY MESA FOOD MANUFACTURING AND DISTRIBUTION
INDUSTRY SECTOR PROFILE

Section 2

Otay Mesa Food Manufacturing and Distribution Industry Sector Profile

OVERVIEW

Firms in the food manufacturing and distribution industry sector link farmers and other agricultural producers with consumers. They do this by processing raw fruits, vegetables, grains, meats, and dairy products into finished goods ready for the grocer or wholesaler to sell to households, restaurants, or institutional food services. Several firms in this industry sector are located in the Otay Mesa Community primarily due to the availability of industrial space, affordable price of land, and proximity to the United States-Mexico International border.

EMPLOYMENT

The San Diego region is home to more than 550 firms in the food manufacturing and distribution industry sector employing approximately 12,600 workers. In the Otay Mesa Community, it is estimated that 38 firms specialize in the food manufacturing and distribution sector and employ more than 1,500 workers. Otay Mesa firms in the industry sector can be grouped into three segments: food manufacturing, wholesale food distribution, and warehousing and storage.

	2008 Estimates of Firms and Employment					
	San Diego Region		South County		Otay Mesa	
	Firms	Jobs	Firms	Jobs	Firms	Jobs
Food Manufacturing	175	5,050	33	1,190	7	1,020
Wholesale Food Distribution	283	4,700	76	880	30	460
Warehousing and Storage	100	2,880	30	490	1	60
Total	558	12,630	139	2,560	38	1,540

Source: Estimates Compiled by SANDAG

In the San Diego region, the food manufacturing segment comprises 175 firms and provides 5,050 jobs. In the Otay Mesa Community, food manufacturing activities are concentrated in tortillas and frozen foods, cheese and dairy products, and baked goods. Local research estimates that seven food manufacturing firms are located in the Otay Mesa community employing more than 1,000 workers. Employment at individual firms range from fewer than ten employees to more than 300 employees.

The wholesale food distribution segment in the San Diego region comprises 283 firms and provides about 4,700 jobs. In the Otay Mesa Community, wholesale food distribution activities are concentrated in the distribution of fresh fruits and vegetables. According to employer interviews and local research, many of these firms obtain their produce from suppliers in Baja California and Western Mexico and sell it to wholesalers in the United States. A few firms specialize in the wholesale distribution of fresh or frozen

Section 2
Otay Mesa Food Manufacturing and Distribution
Industry Sector Profile

meat and poultry products. While the fruit and vegetable wholesalers import their supplies from Mexico, these firms typically buy their products such as meat, pork, and poultry from suppliers in the United States and export the products to northern Mexico for distribution to food stores and restaurants as well as schools and correctional facilities.

Local research estimates that about 30 wholesale food distribution firms are located in the Otay Mesa Community and employ approximately 460 workers. Firm size ranges from small firms with fewer than five employees to larger firms with more than 100 employees.

In the San Diego region, the warehousing and storage segment comprises 100 firms and provides 2,880 jobs. This industry includes general warehousing firms as well as those specializing in refrigerated warehousing. (Only five firms in the San Diego region specialize in refrigerated warehousing.) In the Otay Mesa Community, one local firm is classified in the segment. It works with local food manufacturing and wholesale distribution firms to provide cold storage and freezer services.

SALARY AND BENEFITS

Salary data for the food manufacturing, wholesale food distribution, and warehousing and storage industry segments vary by occupational group. In each of the three segments, the highest paying occupational groups tend to fall in management occupations and professional/technical occupations. Installation, maintenance, and repair occupations also offer high wages.¹

2009 Annual Wage Ranges (San Diego Region)						
	Food Manufacturing		Wholesale Food Dist.		Warehousing and Storage	
	Low	High	Low	High	Low	High
Total All Occupations	\$19,513	\$34,465	\$24,178	\$53,132	\$25,548	\$42,018
Management	\$72,716	\$150,162	\$86,108	\$160,521	\$56,390	\$127,179
Professional/Technical	\$46,482	\$67,212	\$53,259	\$70,764	\$34,734	\$65,744
Administrative Support	\$24,473	\$44,877	\$27,018	\$40,424	\$25,112	\$38,655
Sales and Related	\$17,891	\$33,797	\$43,171	\$71,830	\$22,109	\$36,217
Installation, Maintenance & Repair	\$37,009	\$62,359	\$29,106	\$47,439	\$35,747	\$57,746
Production	\$19,881	\$30,783	\$20,125	\$32,459	\$23,366	\$36,708
Transportation & Material Moving	\$18,483	\$31,378	\$21,818	\$42,745	\$24,458	\$37,917
General/Unskilled	\$18,238	\$23,454	\$24,584	\$36,244	-	-

Source: California Employment Development Department, Labor Market Information Division; compiled by SANDAG

In the Otay Mesa Community, nearly all of the firms interviewed offer paid holiday/vacation to their full-time employees and most firms offer paid sick time. Many employers provide paid or discounted medical insurance for employees and some plans cover the families of employees as well. Some firms provide paid or discounted dental insurance to their employees and families. Some employers provide a retirement saving plan or 401k type of plan.

Fewer than half of the firms hire part-time workers, but for those that do, the employers reported part-time workers work about 20 hours per week on average. Vacation, sick leave, and medical benefits typically are not offered to part-time employees.

¹ Salary ranges for Sales Reps tend to be higher than shown in the "sales and related occupations" category. For instance, wages for Sales Reps range from \$57,750 to \$100,010 in the food manufacturing segment. All salary data are for the San Diego region.

ECONOMIC IMPACT OF OTAY MESA FOOD MANUFACTURING SEGMENT

From an economic perspective, the Otay Mesa food manufacturing segment employs about 1,000 employees and provides more than \$41 million in payroll and nearly \$184 million in economic activity for the San Diego region each year (direct impacts).²

The food manufacturing segment could generate additional economic activity as a result of the goods and services that it purchases from local vendors (indirect impacts). If the food manufacturing segment were to purchase a large amount of its supplies from local firms, then approximately 430 additional jobs, nearly \$25 million in payroll, and approximately \$74 million in economic activity could be generated in the region. A third impact could occur through the local spending of its employees (induced impacts). If employees were to spend their disposable income locally, then additional impacts as shown in the table could be realized.

In total, if the amount of locally supplied products to the food manufacturing segment is maximized, along with a further inducement of employees to spend their disposable income locally, the food manufacturing segment could have a potential impact of more than 1,800 jobs, more than \$83 million in payroll, and approximately \$307 million in economic activity. Furthermore, if all these conditions are satisfied the food manufacturing segment could contribute approximately \$32 million in the form of local, state, and federal taxes.

Economic Impact of the Food Manufacturing Industry Segment				
	Direct	Indirect	Induced	Total
Employment	1,023	426	384	1,833
Wages	\$41,473,000	\$24,794,000	\$16,802,000	\$83,070,000
Output	\$183,546,000	\$73,581,000	\$49,582,000	\$306,709,000
Taxes				\$31,815,000

Source: SANDAG Service Bureau
Note: Totals may not add due to rounding

² The economic impact analysis is focused on the food manufacturing segment rather than the entire food manufacturing and distribution sector. This segment is an economic driver in the San Diego region and there is a concentration of employment in Otay Mesa. The analysis is based on those food manufacturing firms located in the Otay Mesa Community (ZIP Code 92154). The analysis was conducted using the IMPLAN economic impact model and it is based upon the Otay Mesa food manufacturing segment's approximately 1,000 employees. Results could reoccur on an annual basis given that the structure of the economy does not change significantly and that direct employment remains at the same level.

SECTION 3
SUMMARY OF KEY FINDINGS

Section 3

Summary of Key Findings

Firms in the food manufacturing and distribution industry sector link farmers and other agricultural producers with consumers. They do this by processing raw fruits, vegetables, grains, meats, and dairy products into finished goods ready for the grocer or wholesaler to sell to households, restaurants, or institutional food services. Wholesale distributors are often located close to their sources of supply.

In the Otay Mesa Community, firms involved in the food manufacturing and processing industry sector can be grouped into three industry segments:

- Food Manufacturing
- Wholesale Food Distribution
- Warehousing and Storage

As part of this study, the South County Economic Development Council (SCEDC) conducted employer interviews to obtain information on the issues and needs of employers in the industry. All of the firms that were interviewed operate their businesses in Zip Code 92154. A total of 17 firms participated in the interview process or completed the questionnaire (see Appendix A). The following sections summarize information learned from both the interview process and secondary data obtained from governmental or other sources. A matrix of the key findings is included in Appendix B.

EMPLOYMENT AND SALARY INFORMATION

Food Manufacturing Segment

According to the California Employment Development Department (EDD), the food manufacturing segment in the San Diego region comprised 175 firms and 5,050 jobs in 2008. Annual wages for all occupational groups in the industry range from \$19,500 to \$34,500. Executive-level management occupations pay higher, ranging from \$72,700 to \$150,200, while wages of general or unskilled workers range from \$18,200 to \$23,500. Production occupations comprise the largest occupational grouping, representing more than 50 percent of all of the jobs in the industry. Annual wages of production workers ranges from \$19,900 to \$30,800. (See details in Appendix C.)

In the Otay Mesa Community, food manufacturing activities are concentrated in tortilla and frozen foods, cheese and dairy products, and baked goods. Local research estimates that seven food manufacturing firms are located in the Otay Mesa Community employing more than 1,000 workers. Employment at individual firms range from fewer than ten employees to more than 300 employees.

Wholesale Food Distribution Segment

The California EDD estimates that the wholesale food distribution segment in the San Diego region comprised 283 firms and 4,700 jobs in 2008. Annual wages for all occupational groups in the industry range from \$24,200 to \$53,100. Executive-level management occupations pay higher, ranging from \$86,100 to more than \$160,500. Transportation and material moving occupations (such as truck drivers and forklift operators) is the largest occupational grouping, representing nearly 50 percent of all the jobs in the industry sector. Annual wages of transportation and material moving occupations range from \$21,800 to \$42,700. (See details in Appendix C.)

In the Otay Mesa Community, wholesale food distribution activities are concentrated in the distribution of fresh fruits and vegetables. According to employer interviews and local research, many of these firms obtain their produce supplies from Baja California and western Mexico and sell them to wholesalers in the United States. A few of the firms are vertically integrated in that they own or operate the agricultural operation in Mexico.

A few firms specialize in the wholesale distribution of fresh or frozen meat and poultry products. While the fruit and vegetable wholesalers import their supplies from Mexico, these firms typically buy their products such as meat, pork, and poultry from suppliers in the United States and export them to northern Mexico for distribution to food stores and restaurants as well as schools and correctional facilities. Other firms specialize in other food wholesaling.

Local research estimates that about 30 wholesale food distribution establishments are located in the Otay Mesa Community employing approximately 460 employees. These firms in the Otay Mesa Community range from small firms with fewer than five employees to larger firms of more than 100 employees.

Warehousing and Storage Segment

In the San Diego region, the warehouse and storage segment comprised about 100 establishments in San Diego region in 2008 and provided 2,880 jobs. This industry includes general warehousing firms as well as those specializing in refrigerated warehousing. Annual wages for all occupational groups in the industry range from \$25,500 to \$42,000. Executive-level management occupations pay higher, ranging from \$56,400 to over \$127,200. Transportation and material moving occupations (such as truck drivers and forklift operators) is the largest occupational grouping in this industry, representing more than 50 percent of all the jobs in the industry sector. Annual wages of transportation and material moving range from \$24,500 to \$37,900. (See details in Appendix C.)

In the Otay Mesa Community, one local firm is classified under this category as it specializes in refrigerated and freezer storage and works with local food manufacturing and wholesale distribution firms to store their products. Employment at this firm falls in the range of 50 to 100 employees.

BENEFITS INFORMATION

All Segments Combined

Based on information gathered through the employer interviews, almost all of the firms offer paid holiday/vacation to their full-time employees and most firms offer paid sick time. Many employers

provide paid or discounted medical insurance for employees and some plans cover the families of employees as well. Some firms provide paid or discounted dental insurance to their employees and families. Some employers provide a retirement savings plan or 401K type of plan.

Fewer than half of the firms hire part-time workers, but for those that do, the employers reported part-time workers work about 20 hours per week on average. Vacation, sick leave, and medical benefits typically are not offered to part-time employees.

COMMON CONCERNS/NEEDS

The following challenges or concerns about the current business location were mentioned during the interviews:

- Border wait times
- Construction of State Route (SR) 905
- Truck traffic and congestion
- Transportation infrastructure limitations (lack of railway to east; inadequate northbound infrastructure)
- Lack of mass transit for transporting employees to and from work
- Potential rezoning from industrial use to residential use
- Fuel costs

The following hiring issues or concerns were mentioned during the interviews:

- Difficulty finding qualified workers such as Quality Control/Quality Assurance workers with experience in the industry. Other occupations difficult to fill included maintenance workers and cost accountants.
- Overqualified employees take jobs and then leave when a better opportunity becomes available
- Lack of mass transit for transporting employees to and from work

Many employers responded that they did not have any current training needs. Some explained that vendors provide free training or that their training is conducted in-house. Specific training needs that were mentioned during the interviews included:

- First Aid and CPR
- General safety, including hazardous materials
- Hazardous materials safety
- Safety classes for forklift operation (certification)
- FDA regulations

POTENTIAL SYNERGIES (BUYER/SUPPLIER CONNECTIONS)

Findings from interviews—Food Manufacturing Firms

- Food manufacturing firms stated that the availability of industrial space and/or the affordable price of land were an important factor in their decision to establish their operation in Otay Mesa.
- Food manufacturing firms stated that San Diego region does not produce the raw materials that are needed in the food manufacturing industries, e.g., flour, grain, meat, and dairy products, so they go outside the region.
- For the most part, the food manufacturing firms do not have buyer/supplier relationships with other firms in Otay Mesa or San Diego region. They reported that their suppliers are located outside the region and often outside California.
- Food manufacturing firms may use cold storage facilities outside of their own operations.
- Some food manufacturing firms have similar labor force needs.
- Most food manufacturing firms belong to a business or trade association.

Findings from interviews—Wholesale Food Distribution Firms

- Most of the wholesale food distribution firms interviewed stated that proximity to the border was an important factor in their decision to establish their operation in Otay Mesa because either their suppliers or buyers were in Mexico.
- Many of the wholesale food distribution firms were concentrated in fresh fruit and vegetables. Many of their produce suppliers are located in Baja California or western Mexico and they sell through wholesalers in the United States.
- Some wholesale food distribution firms buy products such as meat, pork, poultry, and gourmet foods from suppliers in the United States and export them to northern Mexico for distribution to food stores and restaurants as well as schools, jails, and hotels in Mexico.
- A few wholesale food distribution firms utilize local cold storage firms for cold storage or blast freezing of products.
- More than half of the wholesale food distribution firms belong to a business or trade association.

Potential synergies or linkages findings identified through the interview process:

- It appears that food manufacturing firms' connections to other local firms is limited.
- Some food manufacturing firms may have informal shared labor force.
- The availability of industrial space and/or the affordable price of land are important in bringing food manufacturing firms to Otay Mesa.
- The United States-Mexico International border and being near Otay Mesa commercial border crossing is important linkage for wholesale food distribution firms.
- Wholesale food distribution firms have strong linkages to fruit and vegetable suppliers in Mexico and sell the produce through wholesalers.

- Many food distribution firms sell products in the United States through a wholesaler.
- Wholesale food distribution firms specializing in protein products (such as meat and poultry) have strong linkages to buyers in northern Mexico.

KEY FINDINGS THAT MAY CONTRIBUTE TO A STRATEGY FOR EMPLOYER ATTRACTION AND INDUSTRY GROWTH

- Facilitate increased awareness of each other's business operations to encourage relationships and develop potential synergies.
- Improve the supply and distribution chain by increasing awareness of each others needs and products and services (e.g., sources of packaging materials and related products with firms in local area).
- Seek opportunities for bringing segments together and learn about each others' needs or new developments or new technologies to help facilitate relationships to maximize potential economic opportunities.
- Increase awareness of the industry among other industry firms, other firms in South County, and in the general community.
- Attract firms that support the industry sector.
- Seek resources to market and enhance the growth potential of the industry sector.
- Formalize the industry sector and recognize it as an important industry in the community.
- Seek opportunities to align this industry sector and provide services to maximize efficiencies in the industry (e.g., coordinated safety or other training opportunities or shared costs of training or recruitment).
- Support businesses by disseminating information about tax credits and other incentives to increase awareness of these opportunities and seek to create new opportunities that support this industry sector. This could include helping the businesses access capital and business planning and market research sources.
- Provide assistance with government contracting processes to help employers understand the requirements and expand their customer base.
- Share information about port of entry and transportation infrastructure improvements (e.g., bus rapid transit, SR 905, and SR 11 and Otay Mesa East Port of Entry) to keep employers informed.
- Work with the industry to facilitate and help resolve other infrastructure issues.
- Provide a forum for employers to discuss common issues and work toward solutions.
- Work with employers to define their needs for future action.

SECTION 4
ECONOMIC IMPACT ANALYSIS

Section 4

Economic Impact Analysis

This economic impact analysis was prepared for the Otay Mesa Food Manufacturing Industry Segment. It is based on those food manufacturing firms located in the Otay Mesa Community (ZIP Code 92154). The analysis was conducted using the IMPLAN economic impact model and it is based upon the Otay Mesa Food Manufacturing Segment's approximately 1,000 employees.¹ The analysis estimates the direct impact from the operation of the food manufacturing firms as well as the potential impact from local supplier interactions and employee purchases.

From an economic perspective, the Otay Mesa Food Manufacturing Segment employs about 1,000 employees and provides more than \$41 million in payroll and nearly \$184 million in economic activity for the San Diego region each year.

The approximately \$184 million in economic activity of the Food Manufacturing Segment has the potential to support other local industries. As a result of its day-to-day operations, the Food Manufacturing Segment could generate nearly \$25 million in annual payroll and approximately \$74 million in additional economic activity at other local companies (indirect impact). This \$74 million can be considered the result of the goods and services that the Food Manufacturing Segment could purchase from local vendors. Some industries that could be affected by this include wholesale trade, truck transportation, animal production, and other support food manufacturing companies. Overall, an estimated 430 additional jobs could be generated if Otay Mesa's food manufacturing companies purchased more of their supplies from local firms.

In addition to these impacts, the Food Manufacturing Segment also has the potential to impact the region through the local expenditures of its employees (induced impacts). The Food Manufacturing Segment's \$41 million payroll could generate an additional \$50 million in economic activity in the region through local spending of its employees. This induced effect could generate more than 380 jobs and nearly \$17 million in additional payroll for the region. Some industries that would be affected by this include food service and drinking places, food and beverage retail stores, and other miscellaneous retail establishments. These estimates are based on the assumption that the Food Manufacturing employees reside in the region or if not, do a significant amount of shopping in the region.

Additionally, if all these conditions are satisfied, the Food Manufacturing Segment could contribute approximately \$32 million in the form of local, state, and federal taxes.

¹ The economic impact analysis is focused on the food manufacturing segment rather than the entire food manufacturing and distribution sector. This segment is an economic driver in the San Diego region and there is a concentration of employment in Otay Mesa. The analysis is based on those food manufacturing firms located in the Otay Mesa Community (ZIP Code 92154).

Section 4
Otay Mesa Food Manufacturing Industry Segment
Economic Impact Analysis

If the amount of locally supplied products to the Food Manufacturing Segment is maximized, along with a further inducement of employees to spend their disposable income locally, the Food Manufacturing Segment could have the following potential impact on the San Diego region each year:²

	Direct	Indirect	Induced	TOTAL
Employment	1,023	426	384	1,833
Wages	\$41,473,000	\$24,794,000	\$16,802,000	\$83,070,000
Output	\$183,546,000	\$ 73,581,000	\$49,582,000	\$306,709,000
Taxes				\$31,815,000

Note: Totals may not add due to rounding

Given an investment of \$10 million toward direct food manufacturing output, the Otay Mesa Food Manufacturing Industry Segment's potential regional impact is shown below.

	Direct	Indirect	Induced	TOTAL
Employment	56	23	20	100
Wages	\$2,260,000	\$1,351,000	\$915,000	\$4,526,000
Output	\$10,000,000	\$4,009,000	\$2,701,000	\$16,710,000

Note: Totals may not add due to rounding

² Results could reoccur on an annual basis given that the structure of the economy does not change significantly and that direct employment remains at the same level.

GLOSSARY FOR ECONOMIC IMPACTS

Direct Impact: The expenditures occurring to a firm or set of firms in an industry or sector.

Employment: Full-time and part-time jobs.

Indirect Impact: The numerous business products, materials, and services required and supplied locally to support the direct expenditure.

Induced Impact: The expenditures of the wages and salaries of the employees involved in the direct and indirect activities.

Labor Income: All forms of employment income, including employee compensation and proprietary income. Employee compensation includes wages and salaries of workers who are paid by employers, including benefits. Proprietary income consists of income received by self-employed individuals, including private business owners.

Output: The value of all goods and services produced in the economy during the year.

Taxes: Receipts of local and state (non-education) taxes and federal (non-defense) taxes. Federal taxes include Corporate Profits Tax, Indirect Business Taxes (Custom Duty and Excise Taxes), Personal Tax (Income and Estate and Gift Taxes), and Social Insurance Taxes (Employee and Employer Contributions). State and local taxes include Corporate Profits Tax, Dividends, Indirect Business Taxes (Property, Sales, Severance, and Other Taxes and Motor Vehicle Licenses), Personal Tax (Estate and Gift, Income, Fishing/Hunting, and Property Taxes, Motor Vehicle Licenses and Fines/Fees), and Social Insurance Taxes (Employee and Employer Contributions).

APPENDIX A
EMPLOYER INTERVIEW QUESTIONS



San Diego's Voice for
Binational Business
South County Economic Development Council

1111 Bay Blvd. Chula Vista, CA 91911
Phone 619.424.5143 Fax 619.424 5738

Interview Questions

Food Manufacturing Industry Sector in Otay Mesa Area (ZIP Code 92154)

Interview Date: _____

Company: _____

Address, city, zip: _____

Contact Name _____ Title: _____

Phone number: _____ Fax Number: _____

Email: _____ Web address: _____

This interview is being conducted by South County Economic Development Council through a grant from the San Diego Workforce Partnership. The questions will help us learn more about the issues and needs of the food manufacturing industry in Otay Mesa. We will be asking questions about what brought your company to Otay Mesa, your business operations, and workforce needs.

BUSINESS LOCATION:

1) What year did you begin operating at this location? _____

2) Do you own or lease your existing facility? Own Lease

3) When you located to Otay Mesa, did you move into an existing facility or build-to-suit?
 Existing Facility Build-to-suit

4) Why did you locate your business in Otay Mesa?

(Prompts could include: Proximity to airport, proximity to customers, proximity to suppliers, labor force, infrastructure (utilities, water), proximity to international border, other)

5) Are you pleased with this location as a place to do business? Yes No
If yes, what are the top three benefits of this location?

If no, what are the top three issues facing your business at this location?

(Prompts could include: Competition, workforce, cost of health care, economy, cost of utilities, water, international border, other)

- 6) In the next 3 years, do you expect to expand this facility? Yes No
If yes, when do you plan to expand your facility? _____

BUSINESS OPERATIONS:

- 7) Sometimes firms tend to locate near each other due to shared linkages such as common labor pool, shared customers, similar production chain or to be near certain buyers or supplier. Do you feel there are linkages or synergies with other firms occurring in the Otay Mesa area? (or larger San Diego region?)

- 8) Tell us about your supplier network.

- 9) Is your firm purchasing significant services, products, or raw materials from outside the San Diego region?
 Yes No

If so, about what percentage of your purchases comes from outside the San Diego region? What are some of the reasons that you buy from outside of the region?

- 10) Tell us about your customer base? (What types of customers do you have?)

- 11) Do you sell your product through a wholesaler?
 Yes No

- 12) Who are the main players in this industry? What cities are they located in? Do you consider them competitors?

- 13) Is there a business or trade organization that your company belongs to? If so, what is the name(s)?

WORKFORCE:

14) How many total employees do you currently have on your payroll for this location?

No. of Total Employees	Full-time (>35 hr/wk)	Part-time	Avg. Hours per week for Part-time Employees (range ok)

(Number of hours per week for part-time employees is needed to calculate full time equivalent for economic impact analysis.)

The next two questions refer to specific occupational categories within your company. *(Give the Occupational Handout to the employer.)*

15) How many of your full-time employees are in the following occupations?

_____	Managerial	_____	Professional/ Technical	_____	Administrative/ clerical	_____	Sales
_____	Installation/ Maintenance	_____	Production	_____	Transportation & Material Moving	_____	General/ Unskilled labor

16) Please select the salary range that best represents the annual salaries of full-time workers in the various occupational categories shown on the handout. *(Refer to the Occupational Handout)*

17) Which of the following benefits does your company offer to full-time and part-time employees?

(Note: full-time is >35 hours/wk)

	Full-time	Part-time
Paid holidays/vacation	[]	[]
Paid sick time	[]	[]
Paid or discounted medical insurance for employees	[]	[]
Paid or discounted medical insurance for families of employees	[]	[]
Paid or discounted dental or vision insurance for employees	[]	[]
Paid or discounted dental or vision insurance for families of employees	[]	[]
401 K / retirement savings plan	[]	[]
Other benefits	[]	[]

18) Are there hiring issues that are frustrating to you? (For example: No time to screen applicants, poor quality of applicants, benefits issues, dealing with temp agencies, etc.) Please describe.

19) Do you currently have any training needs? Yes No

If yes, what are they?

20) Workforce Outlook.

PLEASE INDICATE NUMBER OF POSITIONS IN EACH CATEGORY

Hiring	Administrative	Technical/ Production	Middle Management	Senior Management
Do you currently have any open positions? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Will you be hiring in the next 6 months? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Will you be hiring in the next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No				

PLEASE INDICATE NUMBER OF POSITIONS IN EACH CATEGORY

Layoffs	Administrative	Technical/ Production	Middle Management	Senior Management
Are you currently laying off? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Will you be laying off in the next 6 months? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Will you be laying off in the next 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No				

Reasons for layoffs (Please check all that apply):

- Downsizing Economy Plant closure Cut costs
 Other (Please explain) _____

BUSINESS ASSISTANCE PROGRAMS:

21) Do you use the following programs/services offered by the South County Economic Development Corporation and their partners?

	Yes	No	Aware of Program	More Information Requested
Workforce training/recruitment	[]	[]	[]	[]
Permit assistance	[]	[]	[]	[]
ADA tax credits	[]	[]	[]	[]
Enterprise Zone	[]	[]	[]	[]
Foreign Trade Zone	[]	[]	[]	[]
Connectory	[]	[]	[]	[]
Small business finance	[]	[]	[]	[]



Firm Name: _____

San Diego's Voice for
Binational Business

South County Economic Development Council
1111 Bay Blvd. Chula Vista, CA 91911
Phone 619.424.5143 Fax 619.424.5738

Occupational Data for the Food Manufacturing Industry Sector

How many of your full-time employees are in the following occupations?

_____ Managerial _____ Professional/Technical _____ Administrative/Clerical _____ Sales
 _____ Installation/Maintenance _____ Production _____ Transportation & Material Moving _____ General/Unskilled labor

Please mark the salary range that best represents the annual salaries of full-time workers in the following occupational categories:

Occupational Category	Annual Salary Ranges						
	\$16,000 – \$19,999	\$20,000 – \$34,999	\$35,000 – \$49,999	\$50,000 – \$64,999	\$65,000 – \$89,999	\$90,000 – \$150,000	More than \$150,000
Managerial							
Professional/Technical							
Administrative Support/Clerical							
Sales							
Installation, Maintenance, & Repair							
Production							
Transportation & Material Moving							
General/Unskilled							

Occupational Categories:

Managerial (Includes general and operational managers and executives)

Professional/Technical (Includes business and financial occupations such as accountants and purchasing agents, marketing specialists, computer specialists, and supervisors)

Administrative Support/Clerical (Includes order, sales, and shipping clerks, customer service reps, accounting clerks, receptionists, secretaries, and supervisors)

Installation, Maintenance, and Repair (Includes maintenance and repair workers, installers, and supervisors)

Sales (Includes sales reps and supervisors of sales reps)

Production (Includes bakers, food batchmakers, food operators, testers, production helpers, and supervisors)

Transportation and Material Moving (Includes drivers/sales workers, heavy or light truck drivers, tractor operators, packers, laborers, freight operators, and supervisors)

General/Unskilled labor (graders and sorters, janitors and cleaners, and supervisors)

Contact Person:

Cheryl Mason cma@sandag.org Phone: 619.699.1951 Fax: 619.699.1905

Cindy Gomper-Graves cindy@sandigosouth.com Phone: 619.424-5143 Fax: 619.424.5738

APPENDIX B
SUMMARY OF INTERVIEW FINDINGS

Summary of Interview Findings

Sector	Firm No.	Year moved to Otay Mesa	Reason	Pleased with location	Benefits of Location	Challenges of Location	Purchase Mostly Outside the region	Percent Inklages exist	Sell thru wholesaler	Hiring Issues	Comments	Training Needs	Comments	Plans for Expansion	Trade Org
Food Mfg	1	2009	EZ incentives; available industrial space	yes	Flexibility of facility with room to expand	Construction of SR905; truck traffic; lack of mass transit for employees	yes	-	yes	yes	OC difficult to find. Lack of public transportation led to losing a few employees during relocation	yes	First Aid and CPR; general safety; haz mat; safety for forklift drivers	yes, within 5 years	yes
Food Mfg	2	2007	Land prices were inexpensive	yes	Ability to consolidate; SR 905; tax credit programs	Potential rezoning from industrial use to residential use	yes	95%	yes	yes	Difficult to find quality control, maintenance, cost accountants	no	-	no	yes
Food Mfg	3	2002	Location and affordable	yes	Size of facility; access to employees	Not satisfied with northbound transportation infrastructure	yes	90%	no	no	-	no	-	no	no
Distribution	4	2006	Close to border	yes	Close to border, size of facility	Border wait times; SR 905 construction	yes	100%	no	no	-	yes	Safety and forklift operation and certification	no	yes
Distribution	5	2000	Close to border	yes	Access to freeway, little congestion; plenty of land to expand	-	yes	100%	yes	yes	Lack of public transportation for employees; overqualified employees that leave when find better opportunity	no	-	yes	yes
Distribution	6	2005	Price of land/building	yes	Price and access to SR 125	Fuel costs; truck traffic	yes	95%	no	yes	-	no	-	no	yes
Distribution	7	1994	Building appropriate for operation	yes	Close to border, space, freeway access	None	yes	100%	yes	no	-	no	-	no	no
Distribution	8	1988	Close to border	yes	Proximity to border; good business environment; close to majority of workforce	None	yes	95%	yes	no	-	no	-	no	yes
Distribution	9	2002	Close to border	yes	-	-	yes	90%	yes	no	-	no	-	no	no
Distribution	10	1998	Close to border	yes	Close to border, close to shippers and suppliers in Otay Mesa and Mexico	-	no	-	no	no	-	no	-	no	yes
Distribution	11	2005	Close to border	yes	Close to border	None	yes	100%	yes	no	-	no	-	no	yes
Distribution	12	1994	Close to border	Yes	Easy access	None	yes	95%	no	no	-	no	-	no	-
Distribution	13	2006	Close to border	yes	Close to border and customs facility and low cost of leasing	None	no	-	no	yes	Economic downturn has negatively affected demand for products so little hiring	yes	Training needs centered around FDA regulations	yes	no
Distribution	14	2006	Close to border	yes	Close to border, space available at location, convenience of it being near employees' homes.	-	yes	50%	no	no	-	no	-	no	no
Distribution	15	1997	Close to border	yes	Close to border, size of facility, ability to have cold storage	Infrastructure	yes	100%	yes	no	-	no	Some interest in safety training	no	no
Distribution	16	1991	Farm land	yes	Farm land on coast	-	yes	95%	yes	no	-	no	-	no	yes
Storage	17	1999 & 2009	Expanded to serve customers who were also expanding	yes	Near customers and amount of storage space at facility	Economy and no railway transportation to the east	n/a	-	n/a	no	-	no	-	no	yes

APPENDIX C
OCCUPATIONAL WAGES

San Diego County
Occupational Employment and Wages by NAICS

NAICS Code	Industry Description	Occupational Title	Region-wide Employment	Pct. Dist.	25th Percentile Annual Wage			50th Percentile (Median) Annual Wage			75th Percentile Annual Wage		
					Annual Wage	Annual Wage	Annual Wage	Annual Wage	Annual Wage	Annual Wage	Annual Wage	Annual Wage	Annual Wage
311	Food Manufacturing	Total all occupations	5,050		\$19,513	\$23,890	\$34,465	\$19,513	\$23,890	\$34,465	\$19,513	\$23,890	\$34,465
311	Food Manufacturing	Management Occupations	160	3%	\$72,716	\$96,312	\$150,162	\$72,716	\$96,312	\$150,162	\$72,716	\$96,312	\$150,162
311	Food Manufacturing	Professional/Technical Occupations	40	1%	\$46,482	\$53,768	\$67,212	\$46,482	\$53,768	\$67,212	\$46,482	\$53,768	\$67,212
311	Food Manufacturing	Office and Administrative Support Occupations	360	7%	\$24,473	\$33,066	\$44,877	\$24,473	\$33,066	\$44,877	\$24,473	\$33,066	\$44,877
311	Food Manufacturing	Sales and Related Occupations *	500	10%	\$17,891	\$20,440	\$33,797	\$17,891	\$20,440	\$33,797	\$17,891	\$20,440	\$33,797
311	Food Manufacturing	Installation, Maintenance, and Repair Occupations	140	3%	\$37,009	\$51,738	\$62,359	\$37,009	\$51,738	\$62,359	\$37,009	\$51,738	\$62,359
311	Food Manufacturing	Production Occupations	2,620	52%	\$19,881	\$23,555	\$30,783	\$19,881	\$23,555	\$30,783	\$19,881	\$23,555	\$30,783
311	Food Manufacturing	Transportation and Material Moving Occupations	780	15%	\$18,483	\$21,191	\$31,378	\$18,483	\$21,191	\$31,378	\$18,483	\$21,191	\$31,378
311	Food Manufacturing	General/Unskilled	350	7%	\$18,238	\$20,099	\$23,454	\$18,238	\$20,099	\$23,454	\$18,238	\$20,099	\$23,454
4244	Grocery and Related Product Wholesalers	Total all occupations	4,700		\$24,178	\$37,274	\$53,132	\$24,178	\$37,274	\$53,132	\$24,178	\$37,274	\$53,132
4244	Grocery and Related Product Wholesalers	Management Occupations	360	8%	\$86,108	\$104,904	\$160,521	\$86,108	\$104,904	\$160,521	\$86,108	\$104,904	\$160,521
4244	Grocery and Related Product Wholesalers	Professional/Technical Occupations	200	4%	\$53,259	\$62,323	\$70,764	\$53,259	\$62,323	\$70,764	\$53,259	\$62,323	\$70,764
4244	Grocery and Related Product Wholesalers	Office and Administrative Support Occupations	870	19%	\$27,018	\$33,564	\$40,424	\$27,018	\$33,564	\$40,424	\$27,018	\$33,564	\$40,424
4244	Grocery and Related Product Wholesalers	Sales and Related Occupations	710	15%	\$43,171	\$53,699	\$71,830	\$43,171	\$53,699	\$71,830	\$43,171	\$53,699	\$71,830
4244	Grocery and Related Product Wholesalers	Installation, Maintenance, and Repair Occupations	40	1%	\$29,106	\$38,385	\$47,439	\$29,106	\$38,385	\$47,439	\$29,106	\$38,385	\$47,439
4244	Grocery and Related Product Wholesalers	Production Occupations	220	5%	\$20,125	\$24,771	\$32,459	\$20,125	\$24,771	\$32,459	\$20,125	\$24,771	\$32,459
4244	Grocery and Related Product Wholesalers	Transportation and Material Moving Occupations	2,220	47%	\$21,818	\$26,169	\$42,745	\$21,818	\$26,169	\$42,745	\$21,818	\$26,169	\$42,745
4244	Grocery and Related Product Wholesalers	General/Unskilled	40	1%	\$24,584	\$29,666	\$36,244	\$24,584	\$29,666	\$36,244	\$24,584	\$29,666	\$36,244
493	Warehousing and Storage	Total all occupations	2,880		\$25,548	\$32,018	\$42,018	\$25,548	\$32,018	\$42,018	\$25,548	\$32,018	\$42,018
493	Warehousing and Storage	Management Occupations	200	7%	\$56,390	\$77,298	\$127,179	\$56,390	\$77,298	\$127,179	\$56,390	\$77,298	\$127,179
493	Warehousing and Storage	Professional/Technical Occupations	90	3%	\$34,734	\$45,919	\$65,744	\$34,734	\$45,919	\$65,744	\$34,734	\$45,919	\$65,744
493	Warehousing and Storage	Office and Administrative Support Occupations	660	23%	\$25,112	\$30,645	\$38,655	\$25,112	\$30,645	\$38,655	\$25,112	\$30,645	\$38,655
493	Warehousing and Storage	Sales and Related Occupations	60	2%	\$22,109	\$24,966	\$36,217	\$22,109	\$24,966	\$36,217	\$22,109	\$24,966	\$36,217
493	Warehousing and Storage	Installation, Maintenance, and Repair Occupations	-	-	\$35,747	\$45,893	\$57,746	\$35,747	\$45,893	\$57,746	\$35,747	\$45,893	\$57,746
493	Warehousing and Storage	Production Occupations	-	-	\$23,366	\$27,239	\$36,708	\$23,366	\$27,239	\$36,708	\$23,366	\$27,239	\$36,708
493	Warehousing and Storage	Transportation and Material Moving Occupations	1,600	56%	\$24,458	\$30,191	\$37,917	\$24,458	\$30,191	\$37,917	\$24,458	\$30,191	\$37,917

Source: California Employment Development Department, Labor Market Information Division; compiled by SANDAG Service Bureau

Note: May 2008 Employment Estimates; 2009 Qtr 1 Wage Estimates. Employment totals may not add due to rounding

Note: * Sales representatives salary ranges are higher than the general "sales and related occupations" category, ranging from \$57,751 to \$72,528 to \$100,010.

Managerial (Includes general and operational managers and executives)

Professional/Technical (Includes business and financial occupations such as accountants and purchasing agents, marketing specialists, computer specialists, and supervisors)

Administrative Support/Clerical (Includes order, sales, and shipping clerks, customer service reps, accounting clerks, receptionists, secretaries, and supervisors)

Installation, Maintenance, and Repair (Includes maintenance and repair workers, installers, and supervisors)

Sales (Includes sales reps and supervisors of sales reps)

Production (Includes bakers, food batchmakers, food operators, testers, production helpers, and supervisors)

Transportation and Material Moving (Includes drivers/sales workers, heavy or light truck drivers, tractor operators, packers, laborers, freight operators, and supervisors)

General/Unskilled labor (Includes graders and sorters, janitors and cleaners, and supervisors)

APPENDIX D
GLOSSARY

Glossary

Employment

Employment is the total number of persons on payrolls of establishments or firms employed full or part time who received pay for any part of the pay period which includes the 12th day of the month. Temporary and intermittent employees are included, as are any workers who are on paid sick leave, on paid holiday, or who work during only part of the specified pay period.

Employer Responses:

The terms describing employers' responses used throughout the report are:

- All 100% of the employer responses
- Almost 80-99% of the employer responses
- Most 60-79% of the employer responses
- Many 40-59% of the employer responses
- Some 20-39% of the employer responses
- Few Less than 20% of the employer responses

Industry

A group of establishments or firms that produce similar products or provide similar services are classified into an industry. For example, establishments that manufacture food are classified in the same industry.

Industry Sector

In this report, a sector refers to the Food Manufacturing and Distribution Industry Sector, which is a combination of three NAICS codes: 311—Food Manufacturing; 4244—Grocery and Related Products Wholesalers; and 493—Warehousing and Storage.

Industry Segment

In this report, industry segment refers to the three NAICS codes that comprise the Food Manufacturing and Distribution Industry Sector. The three industry segments are: 311—Food Manufacturing; 4244—Grocery and Related Products Wholesalers; and 493—Warehousing and Storage. The report focuses on the Food Manufacturing and Distribution Industry Sector, but at times specific data by industry segment is presented.

North American Industry Classification System (NAICS)

The North American Industry Classification System was developed as the standard for use by Federal statistical agencies in classifying business establishments for the collection, analysis, and publication of statistical data related to the business economy of the U.S. NAICS was developed under the auspices of the Office of Management and Budget (OMB), and adopted in 1997 to replace the Standard Industrial Classification (SIC) system. NAICS is a two- through six-digit hierarchical

classification code system, offering five levels of detail. Each digit in the code is part of a series of progressively narrower categories, and the more digits in the code signify greater classification detail.

Occupational Wages

Occupational wage data in this report were developed by the California Employment Development Department (EDD) through a customized tabulation from the 2008 Occupational Employment Statistics (OES) survey. The EDD updated the wage data to the first quarter of 2009 by applying the U.S. Department of Labor's Employment Cost Index to the 2008 wages. Occupations are classified using the Standard Occupational Classification (SOC) codes.

