FEEDING OUR COMMUNITIES

A Call for Standards for Food Access and Job Quality in Los Angeles’ Grocery Industry

COMMUNITY CERTIFIED

A report of the Blue Ribbon Commission on L.A.’s Grocery Industry and Community Health

July 2008
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Quality Markets For All

By Rabbi Linda Bertenthal and Reverend Norman Johnson

A little more than a year ago, a Blue Ribbon Commission on L.A.’s Grocery Industry and Community Health examined the status of the neighborhood grocery store and its role in the health of our city.

At the time, Los Angeles’ three major grocery chains were entering talks with their employees to renegotiate the region-wide two-tier contract of 2004, which created separate classes of people doing the same work. Based on both public testimony and an exhaustive study by Ken Jacobs, Director of the UC Berkeley Center for Labor Research and Education, the Blue Ribbon panel found the 2004 agreement to be a significant burden on families and communities as it substantially moved industry workers outside the ranks of the middle-class.

The Commission also discovered what many underserved communities have known for too long: the double standard symbolized by the two-tier contract is equally applicable to the issue of food access. Indeed, many Los Angeles neighborhoods have become virtual “food deserts” (an often-used description for neighborhoods with limited or no grocery stores) – and in the rare case where a grocer has opened stores in these communities, the variety and quality of the food, as well as its job standards, are often much poorer than that of more affluent neighborhoods.

Fortunately, after enormous effort on all sides, common ground was found on the contract front as Southern California’s leading grocery chains and 70,000 grocery workers reached a new agreement that eliminated the costly two-tier system, reduced the waiting period for health insurance and provided wage increases. Despite that progress, chronic double standards persist in Los Angeles’ grocery industry and the sector remains at a crossroads.

Today, Los Angeles is witnessing an expansion of supermarkets, ranging from Whole Foods to Tesco’s Fresh & Easy to independent grocers. While potentially promising, these business models threaten to undermine the standards established with the new agreement and could exacerbate the inequities that exist between our food deserts and more affluent communities.

Given this daunting and growing prospect, it was critical that this Commission reconvene to continue its examination of the increasingly polarized industry – one that is dividing Los Angeles into two separate communities. One is fresh foods-privileged with a concentration of quality markets that provide healthy choices. The other is fresh foods-deprived with an abundance of unhealthy snacks and fast food restaurants.

The findings and recommendations of this report reflect the public testimony submitted in May 2008 by members of the public including researchers, grocery workers and community stakeholders. It is unfortunate that no major grocery retailer accepted our invitation to participate in the public event.

We can only hope to achieve and protect goals – like food access for a child in South L.A., healthcare for grocery workers and their families in the Northeast San Fernando Valley, or confidence in the quality of fresh food in a store in East L.A. – if city leaders, the industry and the public work together to establish and maintain basic standards for the entire city. It is our hope that the findings and recommendations presented here provide guidance towards the development of such standards.
The commissioners would like to acknowledge the community, religious and civic leaders, experts and workers who testified at the hearing. Without their expertise, insight and pertinent testimony this report would not be possible. We also thank the individuals who spoke at public comment for their contributions. Their comments provided further insight and depth to the discussion on food access and job quality in the grocery industry.

We would be remiss if we did not express our gratitude to Reverend Charles Blake II and West Angeles Church of God in Christ for the use of their space. We also thank Ralphs supermarket for their donation of food. We also want to thank Josue Bustos for creating an inspiring cover for this report and the House of Printing for producing the final product.
The Southern California food retail business is a $31 billion industry that operates over 2,600 stores and employs over 160,000 workers. Supermarkets play a key role in the region, both as employers and as the primary source of food for residents. Because of the industry’s vital role in the local economy, the decisions of store executives and trends in the industry have a significant effect on entire communities who rely on the jobs and services provided by grocery stores.

In 2007, grocery workers and the major unionized grocery chains, Ralphs, Vons and Albertsons, were in deep negotiations over the sustainability of a “two-tier” system which created separate classes of people doing the same work. In 2004, grocery executives claimed that low-cost food retailers put pressure on them to cut costs in order to stay competitive. Workers were adamant that the grocery industry should remain a source of good jobs. Fortunately, by the end of 2007, both sides signed a new contract which put an end to the two-tier worker system in which new workers were subject to a different pay and benefit scale than veteran employees.

But while workers won an important victory, one year later, communities fighting to increase access to healthy foods have seen little change. Entire communities in Los Angeles remain without adequate supermarkets to meet neighborhood needs. A recent slump in the U.S. economy and spikes in the cost of food and fuel have affected all Americans. Undoubtedly this has been more acutely felt in underserved communities where families are faced with unacceptable choices: drive farther to buy groceries, pay higher prices at inferior markets or eat unhealthy fast food.

The Commission is also confronted with changing trends in the industry, new grocers entering the Los Angeles market and the proliferation of a new store format. These developments in the industry create new challenges for communities and workers.

However, the right to food and high community standards remain at the center of this year’s convening of the Blue Ribbon Commission. The hearing on May 8, 2008 brought together community, religious, civic and business leaders, researchers and workers to evaluate the current situation that we are in now, paying particular attention to the myriad problems created by the imbalanced distribution of grocery stores. This report presents the findings and recommendations from that hearing on the state of the grocery industry, the conditions for workers and the continuing problem of access to healthy food.

**Key Findings**

1. Continuing consolidation of the grocery industry threatens to further exacerbate the problem of food deserts.

2. Low-income communities across Los Angeles are virtual food deserts with fewer grocery stores and
lower quality food options than what is available in higher-income neighborhoods. Food deserts, the result of grocery red-lining, contribute to a health crisis by depriving entire communities of adequate healthy food options.

3. Grocery stores in low-income communities pay lower wages than stores located in higher-income neighborhoods.

4. Grocery stores in low-income areas are less likely to have programs that minimize the environmental consequences of doing business in the community or empower residents to make environmentally sound decisions that improve their neighborhood.

5. Working class and low-income communities have tremendous buying power and can support grocery stores.

6. Small format stores offer opportunities to bring markets into dense urban areas. However small stores can still have a significant cumulative impact on the environment and job quality because they require minimal public review and can locate in more places.

7. The Los Angeles grocery industry has traditionally been a source of stable, middle-class jobs. Companies that pay living wages and offer affordable health care are engines of neighborhood economic development.

8. The new grocery worker contract addresses inequities created by the 2004 contract with Ralphs, Vons and Albertsons and is an important step towards restoring middle-class jobs across the industry.

9. Grocery workers employed by union markets are trained professionals who are held to high standards for public health and food safety.

10. Trends in the grocery industry, such as declining wages and increasing use of self-checkout, jeopardize the quality of services provided by professional employees and degrade a source of good jobs.

11. Community organizations have been at the forefront of innovative and successful efforts to bring healthy food options to underserved communities.

Recommendations

City Leaders

Hold hearings to examine the impacts of the grocery industry on the local economy.
As a first step, the Los Angeles City Council should hold hearings on a soon to be released study by Rodino Associates on the grocery industry, commissioned by the Housing, Community and Economic Development Committee of the City Council in March 2007. These hearings should also examine the economic loss to communities of color as a result of grocery red-lining.

Find creative incentives to attract “high road” grocers.
We recommend that the City Council investigate incentives for responsible companies willing to work in partnership with the city, the community and workers. These incentives should be paired with basic
quality of services standards. The incentive program could build on the business incentive and marketing plan initiated by Council Members Jan Perry and Bernard Parks, which the City Council approved in November 2006. City agencies should look beyond city funding sources to include state, federal and private funding. Incentive packages should also be broadened to support a wide spectrum of food providers such as cooperatives and urban farms.

**Establish a policy to create basic standards for grocery operations across the city.**

While incentives are an important tool in the city’s arsenal, the city should also introduce a city-wide policy that establishes basic standards for grocery operations in Los Angeles. As this report demonstrates, the problems of declining job quality and lack of adequate food access are not isolated to one community. These are problems that afflict the entire city. This policy should create a mechanism for more equitable distribution of grocery stores, require major and independent grocery retailers alike to meet basic quality standards for service to all communities, and establish professional job standards to protect workers and the public at large.

**Industry Leaders**

**Maintain consistent standards for quality throughout the city.**

All residents of Los Angeles should be able to shop in high quality stores regardless of where they live. Stores should provide similar variety and selection, decent levels of cleanliness and professional employees who are trained to safeguard the public’s health and safety. We ask that store executives conduct an internal review of company policies to ensure that the quality of all stores is consistently high.

**Provide affordable, quality health benefits to all employees.**

Grocery stores are operating profitably in Southern California. Companies must now behave as responsible merchants and take the necessary steps to protect the health of workers and their families. We call on all grocery stores to offer affordable, quality healthcare for workers and their families. According to the UCLA Center for Health Policy, over a million residents in Los Angeles County are uninsured. This health crisis could be greatly alleviated if all grocery companies follow the high standard established by companies such as Ralphs, Vons and Albertsons.3

**Engage community stakeholders.**

There is a proven track record, in Los Angeles as well as in other cities across the nation, demonstrating the successes of creating strong partnerships with communities. Engaging community stakeholders to clearly identify and address the concerns and needs of all parties will lay the foundation for a real partnership.

**Locate stores in underserved neighborhoods.**

Residents of South and East Los Angeles and parts of San Fernando Valley must often drive for miles to shop for low-cost, healthy food. That money should remain in their local communities and provide jobs for their residents. Grocery stores have historically been the heart of many neighborhoods – nourishing communities by offering healthy foods, sustaining communities through good jobs and generating tax revenue. We challenge grocery stores to take up this mantle once again and locate at least one new store in each of the underserved communities identified in this report. Grocery stores should no longer simply use the rhetoric of “neighborhood markets” and “good neighbors” without fulfilling these promises.
The Southern California food retail business is a $31 billion industry that operates over 2,600 stores and employs over 160,000 workers. Supermarkets play a key role in the region, both as employers and as the primary source of food for residents. Because of the industry’s vital role in the local economy, the decisions of store executives and trends in the industry have a significant effect on entire communities who rely on the jobs and services provided by grocery stores.

In 2007, grocery workers and the major unionized grocery chains, Ralphs, Vons and Albertsons, were in deep negotiations over the sustainability of the “two-tier” system and the future of grocery jobs in Southern California. Executives claimed that low-cost food retailers, such as Wal-Mart, put pressure on them to cut costs in order to stay competitive. Workers were adamant that the grocery industry should remain a source of good jobs. The outcome of those negotiations would determine not only the future of workers covered under the union contract - but all workers across the industry - because of the significance and size of the three largest grocers.

In March of 2007, the Blue Ribbon Commission invited researchers, grocery workers, community members and supermarket industry representatives to speak on why the grocery industry was changing its practices. Speakers testified on the effects of a two-tier worker system, which created separate classes of people doing the same work, and on the problem of grocery red-lining, which leaves communities without access to healthy food options. The findings and recommendations from that hearing helped highlight the detrimental impact of those changes on workers, the industry and communities.

Fortunately, by the end of 2007, both sides signed a new contract which put an end to the two-tier pay and benefit system. This change meant that workers hired after 2004 would be eligible for the higher pay scale and affordable health benefits that had only been available to veteran employees under the 2004 contract. All workers also immediately received a pay raise and reduced waiting periods for healthcare. The impact on workers, their families and the industry was dramatic.

But while workers won a significant victory, one year later communities fighting to increase access to healthy food have seen little change. Entire communities in Los Angeles remain without adequate supermarkets to meet neighborhood needs. A recent slump in the U.S. economy and spikes in the cost of food and fuel have affected all Americans. Undoubtedly this has been more acutely felt in underserved communities where families are faced with unacceptable choices: drive further to buy groceries, pay higher prices at inferior markets or eat unhealthy fast food.

In addition, the Commission is also confronted with changing trends in the industry, new grocers entering the Los Angeles market and the proliferation of a new store format. These developments in the industry create new challenges for communities and workers.
However, the right to healthy food and high community standards remains at the center of this year’s convening of the Blue Ribbon Commission. The hearing on May 8, 2008 at the West Angeles Church of God in Christ brought together community, religious, civic and business leaders, researchers and workers to evaluate the current situation, paying particular attention to the myriad problems created by the imbalanced distribution of grocery stores. This report presents the findings and recommendations from that hearing on the state of the grocery industry, the conditions for workers and the continuing problem of access to healthy food.
1 Continuing consolidation of the grocery industry threatens to further exacerbate the problem of food deserts.

- For decades, grocery red-lining has deprived urban areas and low-income communities of healthy food options and stable middle-class jobs. The grocery gap – and the healthy food access crisis it has created – has persisted despite revitalization and population growth in L.A.’s underserved communities, testified Amanda Shaffer, author of *The Persistence of L.A.’s Grocery Gap* and researcher at Occidental College’s Center for Food and Justice.

- According to Shaffer, while there have been efforts to encourage supermarket development in underserved communities, between 1995 and 2002 there was a net gain of one grocery store in riot-affected areas of Los Angeles. This reflects the continuing trend of supermarkets generally being built in the suburbs and more affluent areas while a negative stigma about inner-city and low-income communities persists.

- This trend has been exacerbated by the increasing consolidation of the industry, stated Shaffer. “Most recently, SuperValu bought local chains, Albertsons and Bristol Farms, and the outcome of that transaction was the closure of stores in South L.A. In addition, Albertsons stores in more affluent areas were converted into non-union Bristol Farms. In the end, this meant fewer stores in underserved communities and diminished job quality overall for the region,” she said.

2 Low-income communities across Los Angeles are virtual food deserts with fewer grocery stores and lower quality food options than what is available in higher-income neighborhoods. Food deserts, the result of grocery red-lining, contribute to a health crisis by depriving entire communities of adequate healthy food options.

- A recent analysis, conducted by Aiha Nguyen, Policy Analyst with the Los Angeles Alliance for a New Economy (LAANE), looked at five zip codes in each of the communities of East L.A., South L.A., Northeast San Fernando Valley and West L.A. to determine the number and type of markets serving these areas. The research found that all the stores in West L.A. were major chains or high-end and specialty markets. In contrast, stores in underserved communities tended to be discount stores, such as Food 4 Less, or independent markets like Vallarta.

“Food is a right. The reality is that we have no more fundamental issue in our communities and in our world than the issue of food.”

Reverend Norman Johnson
First New Christian Fellowship Missionary Baptist Church
• The analysis also found that in the South L.A. study area, there were just four supermarkets (including major chain and discount) in all five zip codes. West L.A. had more major chain markets than East L.A., South L.A. and the Northeast San Fernando Valley combined.

• The lack of healthy food options in underserved communities is a moral issue. “Food is a right. The reality is that we have no more fundamental issue in our communities and in our world than the issue of food,” said Reverend Norman Johnson with First New Christian Fellowship Missionary Baptist Church.

• According to Alex Reza with the Mexican American Political Association (MAPA) – San Fernando Valley Chapter, major chains have continued, despite a weak economy, to open boutique markets and upgrade existing markets in areas with an abundance of quality grocery options, while communities of color suffer from a chronic shortage of full-service grocery stores.

• The few stores that do exist in working class neighborhoods are typically lower quality stores or independent markets that are less well-maintained and offer few supplemental services and limited healthy food options, claimed Reza.

• Reverend Lewis Logan of Bethel African Methodist Episcopal Church of Los Angeles added, “What becomes apparent is that there have been a number of decisions made by the industry about placement and cleanliness. Stores [in low-income areas] are often substandard… the quality of food, the diversity of product[s], the cleanliness, the presence of help and assistance within the store, and the types of food itself are different.”
A study by the Prevention Institute, a national nonprofit dedicated to community health, found that convenience stores, mostly in low-income and working class neighborhoods, on average offered one sixth the selection of vegetables, one third the selections of fruits and one ninth the selection of meat as a full service grocery store.8

In 2003, a coalition of community organizations studied the nutritional environment in underserved areas of Los Angeles compared to higher-income West L.A. The project found that stores in underserved areas were markedly less likely to have common healthy food options such as low-fat milk, whole wheat bread and diabetic-safe foods.9

According to the Prevention Institute, a consequence of poor quality food options in underserved communities is higher rates of health problems, including obesity and malnutrition. Families with limited access to healthy food options must rely on high-calorie, low-nutrient processed foods.10

Other research shows that rates of cardiovascular disease and diabetes, two health problems highly correlated to diet, are disproportionately high among minority groups relative to their population.
Forty-four percent of African Americans have cardiovascular disease while nine percent have diabetes. Thirty-two percent of Latino residents in Los Angeles County have cardiovascular disease and eight percent have diabetes.\(^{11}\)

- Alex Reza testified on the devastating effects of food insecurity on school children, “In my 30 years as a teacher in Mission Hills, I saw children impacted by second-class food options. Study after study shows that children deprived of healthy food choices are less prepared for school.”

3 **Grocery stores in low-income communities pay lower wages than stores located in higher-income neighborhoods.**

- Employment data from the state of California found that stores located in the neighborhoods of East L.A., South L.A. and the Northeast San Fernando Valley pay their employees $7,000 less a year, on average, than stores in West L.A., according to written testimony submitted by Joaquin Calderon with the UCLA Center for Labor Research and Education.\(^{12}\)

- Calderon explained that food desert communities have more independent grocery stores and fewer union grocery stores that pay livable wages. Another consequence of fewer union and major chain stores is that employees at stores in East L.A., South L.A. and the Northeast San Fernando Valley are less likely to have affordable health care through their employer.

- “As the major chains disinvest in lower-income communities, they continue to expand in more affluent areas, taking higher paying jobs with them and away from those who need these jobs the most,” stated Calderon.

4 **Grocery stores in low-income areas are less likely to have programs that minimize the environmental consequences of doing business in the community or empower residents to make environmentally sound decisions that improve their neighborhood.**

- In written testimony submitted after the hearing, Nury Martinez, Mayor of San Fernando, expressed concern that, while major and boutique chains are offering customers in middle and upper-income neighborhoods incentives to live green, the same options are not available to residents in lower-income areas. “Our communities deserve the same environmental standards that wealthier neighborhoods receive and we want the opportunity to make environmentally responsible choices. I can have an individual impact by recycling and buying food that hasn’t been flown thousands of miles. However, we can only do this if the option is available to us.”

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Key Findings
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Community research conducted by UCLA Sustainable Urban Network (SUN) students and USC Student Coalition Against Labor Exploitation (SCALE) students sheds light on the environmental disparities caused by grocery red-lining. The students surveyed 19 stores, five stores in each neighborhood of East L.A., West L.A. and the Northeast San Fernando Valley and four stores in South L.A. The research found that despite growing concerns regarding plastic bag waste, and a recent California law requiring stores to sell reusable bags and offer plastic bag recycling, some stores in working class neighborhoods did neither, making these stores out of compliance with a recent California law.

SUN and SCALE also found that even common practices, such as offering compact fluorescent light bulbs (CFLs), were not universally adopted. CFLs are a simple way for families to reduce energy use and save money. While most stores surveyed did sell CFLs, the only stores not to offer CFLs were located in lower-income areas.

The SUN and SCALE research also discovered that stores in underserved neighborhoods had limited organic food options and rarely had signage indicating that products were locally sourced, even though demand for these types of products has risen. Only one store in East L.A. had more than one or two organic options, while just two out of five Northeast San Fernando Valley stores offered any organic choices. In one South L.A. store, the only organic item found by surveyors was butter.

Ralphs, Vons and Whole Foods were the only stores found to compost or donate much of their food waste. Again, these stores were overwhelmingly located in affluent areas according to Aiha Nguyen with LAANE. A review of grocery stores in these neighborhoods found just three Ralphs and Vons markets located in all three underserved areas combined. In comparison, West LA had 10 Ralphs,

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**Table 1. Grocery Stores in Low-Income Neighborhoods are Less Likely to have Products and Services that Reduce Environmental Impacts**

<table>
<thead>
<tr>
<th>Store Location</th>
<th>Compact Fluorescent Light Bulbs (CFLs)</th>
<th>Locally Sourced Products</th>
<th>Organic Products</th>
<th>Reusable Bags for Sale</th>
<th>Donate or Compost Food</th>
</tr>
</thead>
<tbody>
<tr>
<td>South L.A. (out of 4 stores)</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>East L.A. (out of 5 stores)</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Northeast San Fernando Valley (out of 5 stores)</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>West L.A. (out of 5 stores)</td>
<td>4*</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

* The only Trader Joe’s included in this survey did not sell any light bulbs.

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“Our communities deserve the same environmental standards that wealthier neighborhoods receive and we want the opportunity to make environmentally responsible choices. I can have an individual impact by recycling and buying food that hasn’t been flown thousands of miles. However, we can only do this if the option is available to us.”

Nury Martinez
Mayor of San Fernando

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Vons and Whole Foods markets.  

- Upgrading delivery trucks is also key to reducing pollution. Ralphs has committed to increasing fuel-efficiency while Whole Foods and Vons have begun using cleaner bio-diesel blend fuel. However, Albertsons and non-union stores, the stores most likely to be found in low-income areas, have no such programs, according to SUN and SCALE.

- Low-income communities suffer from higher rates of asthma and other respiratory problems caused by pollution. Efforts to convert polluting delivery trucks, which often drive through residential neighborhoods and near schools, would be a significant step towards reducing environment burdens that disproportionately affect these communities, stated Mayor Martinez.

> “Store executives say it costs too much to operate in our communities and that they won’t make a profit. This is not the truth… Our community, and communities in East L.A. and the Northeast San Fernando Valley, can support grocery stores.”

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5 Working class and low-income communities have tremendous buying power and can support grocery stores.

- According to Manuel Hernandez, Community Organizer with Action for Grassroots Empowerment and Neighborhood Alternatives (AGENDA), market research by the Community Redevelopment Agency of Los Angeles (CRA/LA) shows that neighborhoods in South L.A. spend more on retail services than residents in neighborhoods like Santa Monica, Pasadena and Thousand Oaks.

- According to the CRA study, in 2004, residents living in the South L.A. zip code of 90011 spent $203 million on retail services. This is nearly four times as much as residents living in the Santa Monica zip code of 90406, continued Hernandez.

- Mr. Hernandez refuted claims that stores in low-income and working-class neighborhoods are unprofitable. “Store executives say it costs too much to operate in our communities and that they won’t make a profit. This is not the truth… Our communities, and communities in East L.A. and the Northeast San Fernando Valley, can support grocery stores.” In particular, according to the study, South L.A. residents spend $119 million to $260 million each year just on food to be eaten at home. However, these dollars are lost to the area because residents must travel outside of the neighborhoods to buy basic goods.
Reverend Lewis Logan added that grocery store executives, who are not representative of the community, are making decisions based on unfounded and biased assumptions that devalue and disparage minority and low-income communities.

Small format stores offer opportunities to bring markets into dense urban areas. However, small stores can still have a significant cumulative impact on the environment and job quality because they require minimal public review and can locate in more places.

According to Amanda Shaffer, small format stores are quickly becoming a trend in the United States. Approximately half the size of a regular supermarket, a smaller format store offers products similar to those at traditional supermarkets but with limited variety and selection. These stores also rarely have supplemental services such as service delis, meat departments or pharmacies. Several major food retailers, including Safeway, Whole Foods, Wal-Mart and Tesco’s Fresh & Easy, have opened or plan to open small format stores within the next year.

Occidental College’s Urban and Environmental Policy Institute has examined how stores can be more successful in dense urban areas where land is expensive, and have suggested that small format stores might be a good fit.

However, Shaffer cautioned that smaller markets can still transform a community much like a big box store because smaller stores are subject to less public review and can open in more places. The concern is that stores will not meet the needs of underserved communities if the public is not able to provide input. For a large food retailer willing to put significant capital into this concept, like Tesco, the impact could be equivalent to that of a Wal-Mart Supercenter.

The Los Angeles grocery industry has traditionally been a source of stable, middle-class jobs. Companies that pay living wages and offer affordable health care are engines of neighborhood economic development.

According to Kathy Finn with the United Food and Commercial Workers (UFCW), Local 770, nearly 70,000 grocery workers in Southern California are covered by a union contract, which guarantees that workers earn living wages with affordable health care for themselves and their families.

The grocery industry offers good jobs for residents with a high school degree or less. Research shows that sixty-eight percent of grocery workers have a high school education or less, according to testimony submitted by LAANE researcher Aiha Nguyen. This is over twenty percent points higher than all industries in Los Angeles County.
News sources have reported on the profitability of the three unionized chains. In 2005, the L.A. Times reported that Kroger’s (which owns Ralphs) net income increased by thirty-eight percent; in 2007, profits climbed ten percent. SuperValu executives expected the company’s buyout of Albertsons to boost earnings into the double digits in 2007 and the company also expects record sales and earnings for 2008. Finally, in 2006, Safeway’s (owner of Vons) fourth quarter profits climbed seventy-seven percent, its the best year since 2001. The company’s success continued into 2007 when it reported earnings increases of thirteen to eighteen percent.

The new grocery worker contract addresses inequities created by the 2004 contract with Ralphs, Vons and Albertsons and is an important step towards restoring middle-class jobs across the industry.

In 2004, following the longest labor dispute in Southern California’s history, the leading grocery chains implemented a two-tier wage and benefit system that offered lower wages and benefits for new employees and created separate classes of people doing the same work, according to Kathy Finn with UFCW Local 770.

After months of negotiation, Southern California’s leading grocery chains and 70,000 grocery workers reached a new agreement which reversed the downward decline in job standards, according to Finn. Most importantly, the new contract eliminates the costly and divisive two-tier wage and benefit system. An end to the two-tier system meant that all new hires receive equal pay for equal work, said Tony Mays, a Meat Department Manager for Vons.

According to Kathy Finn, under the new contract, all workers – veteran and second-tier – immediately received a pay raise for the first time in five years. An affordable family health plan was also restored for all workers and their families. Furthermore, employees and their children become eligible for healthcare in half the time and spouses also saw shortened waiting periods under the 2007 contract (see Table 2).

<table>
<thead>
<tr>
<th>Tony Mays</th>
<th>Vons Meat Department Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The two-tier was hard living. The money I was making wasn’t making it happen and I couldn’t afford a room for my son or healthcare. But we, as a union, fought and won a new contract… Now my son has his own room, which makes me proud. He has adequate healthcare.”</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. The 2007 Union Grocery Contract Dramatically Improved Compensation for All Workers

<table>
<thead>
<tr>
<th></th>
<th>2004 Contract</th>
<th>2007 Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Wage</td>
<td>$15.10 (only workers hired before 2004)</td>
<td>$18.80 (all workers)</td>
</tr>
<tr>
<td>Health insurance waiting period for worker</td>
<td>1 year</td>
<td>6 months</td>
</tr>
<tr>
<td>Health insurance waiting period for children of workers</td>
<td>30 months</td>
<td>6 months</td>
</tr>
<tr>
<td>Health insurance waiting period for spouses of workers</td>
<td>30 months</td>
<td>24 months</td>
</tr>
<tr>
<td>Workers eligible for the affordable healthcare plan*</td>
<td>Workers hired before 2004</td>
<td>All workers</td>
</tr>
<tr>
<td>Contribution to employee pension</td>
<td>$0.80 per hour worked</td>
<td>$1.20 per hour worked</td>
</tr>
</tbody>
</table>

* Under the 2004 contract only employees hired before 2004 received free affordable healthcare through the union health plan. Under the 2007 contract, all workers are eligible for the very affordable healthcare plan.
For many second tier workers like Tony Mays, the right to have a voice in the workplace makes it possible for them to strive for better jobs that afford them the opportunity to provide for themselves, their families and communities.

Mays also noted that while the major chains reached a fair agreement with their employees, grocery workers in non-union stores don’t have the ability to bargain for better wages and benefits.

Grocery workers employed by union markets are trained professionals who are held to high standards for public health and food safety.

- According to Jackie Gitmed, a 32-year veteran cashier with Ralphs, workers receive initial and ongoing training. As a result of these comprehensive trainings, workers across all departments in union grocery stores are professionals in their industry.

- Cashiers receive regular training to ensure they know how and when to ask for identification and when to refuse to sell alcohol to people who appear under-aged or intoxicated, testified Gitmed.

- According to Michael Hollon, an aide to Assembly Member Hector De La Torre, preventing under-aged drinking and maintaining high community standards is a public safety concern. Well-trained cashiers are on the frontline of preventing the illegal sale of alcohol. Because public safety is undermined by the growing prevalence of self-checkout registers, the Assembly Member plans to introduce statewide legislation on the matter. Tasking one cashier with monitoring four or more check stands provides too many opportunities for abuse, said Hollon.

- Workers in the produce department are well versed in state regulations for temperature control and company policies regarding proper food display and cross contamination, according to Gitmed.

- Jackie Gitmed testified that some union workers receive levels of training mirroring that of other professions including police and fire.\(^{27, 28}\) For example, butchers must have 4,000 hours of classroom and on the job training before they are allowed to handle meat.

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**Figure 5. Union Butchers Receive Extensive Training Similar to Other Professions**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Hours of Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Officer</td>
<td>2,912</td>
</tr>
<tr>
<td>Union Butcher</td>
<td>4,000</td>
</tr>
<tr>
<td>Firefighter</td>
<td>6,000</td>
</tr>
</tbody>
</table>

Source: Joint Apprenticeship Committee, UFCW Local 324; Los Angeles Police Department; California Fire Fighter Joint Apprenticeship Committee.\(^{29}\)
“Realistically, our city can’t continue to count on professionalism in this industry if there is no potential for a career,” said Gitmed. Elvira Barragan, a Floral Department Manager for Albertsons added, “If I go to a Vallarta to work, I’ll make less money, despite my experience, despite my skills.”

Elvira Barragan
Albertsons Floral Department Manager

10 Trends in the grocery industry, such as declining wages and increasing use of self-checkout, jeopardize the quality of service provided by professional employees and degrade a source of good jobs.

- In Los Angeles County, grocery worker wages have steadily fallen since the turn of the century, according to Aiha Nguyen with LAANE. According to the Employment Development Department, since 2000, wages in Los Angeles County have fallen 15 percent.  
  
- Non-union grocery companies depress the good wages and benefits that are offered by union grocery stores, Nguyen explained. In 2004, as grocery stores began their negotiations with workers, company executives claimed they needed to cut costs in order to compete with Wal-Mart. A 2007 study by the UC Berkeley Center for Labor Research and Education found that the entry of a Wal-Mart in a market often resulted in a decline in wages of all retail workers in that market. 
  
- Grocers are also cutting back on labor by using self-checkout systems, according to Nguyen. Market research shows that a quarter of all grocery retailers now have self-checkout stands. In 2006, consumers spent over $137 billion on self-checkout transactions at retailers, up twenty four percent since 2004.

Kathy Finn
Director of Collective Bargaining with UFCW Local 770

“The implications of that choice will extend past L.A. or the boundaries of Local 770… because this city is a laboratory – or the petri dish – of this industry… Therefore, what happens here is likely to reverberate across the country.”

- The newest grocer to enter the United States, Tesco, is a prime example of the increasing use of self-checkout, Nguyen said. Tesco’s Fresh & Easy stores have no cashiers assigned to registers to ensure good service and accountability. Instead, all registers are self-checkout.

- Self-checkout may lower costs for companies, but it also erodes critical customer service provided
by professional employees and eliminates good jobs, said Nguyen. In particular, for customers with disabilities, a highly trained and effective workforce at the checkout stand is critical, testified Ismael Maldonado, a disability rights advocate from the San Fernando Valley.

- “For customers, cashiers largely ensure efficiency and convenience. But cashiers play a very important role in preventing the sale of alcohol to minors and others who shouldn’t be purchasing alcohol from getting access to it,” said Gitmed.

11 Community organizations have been at the forefront of innovative and successful efforts to bring healthy food options to underserved communities.

- Community Services Unlimited, Inc. (CSU) operates a training program to teach residents how to run urban farms, operate incubator programs that help people start food-based enterprises and will soon begin a program to increase the availability of health food options at corner stores, stated Heather Fenney with CSU.

- According to Amanda Shaffer, other cities across the nation have successfully attracted grocery stores by aggressively engaging grocery executives, organizing a strong community base and providing real incentives for markets to locate in underserved areas. One example of this is the state of Pennsylvania, which has committed financing to encourage supermarkets to provide healthy, locally sourced food options to underserved neighborhoods (see text box Pennsylvania: A Model for Public Investment in Food Access).

- According to Aiha Nguyen, another example is the City of Rochester, New York. In Rochester, the city partnered with the community and a regional grocer to bring in four new stores. These markets have been a tremendous success with one of the stores recognized as the “highest grossing store of its kind in the entire chain,” according to Mayor William Johnson. This has also encouraged further investment in previously overlooked areas (see text box Rochester, New York: A Community and City Partnering to Ensure Equal Investment).

- While community organizations have introduced innovative models for increasing local food access,

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**Pennsylvania: A Model for Public Investment in Food Access**

Pennsylvania has made an impressive commitment to ensure equal access to healthy foods. Community advocacy, coupled with extensive research by the Food Trust, was essential to the creation of this innovative program which leverages financing to encourage supermarkets to provide healthy, locally sourced food to underserved communities throughout the state. The state-wide Fresh Food Financing Initiative (FFFI) is a public-private partnership that provides gap-financing for supermarkets. A $220 million “one-stop-shop for financing,” the FFFI works to enable quality markets to come into underserved areas. To date, the initiative has committed financing to 52 stores, leading to an estimated 3,333 jobs. Funds can be used to finance land acquisition, construction, remodels of existing stores, and equipment purchases.

The state provided $30 million in funding for the program, and $90 million was leveraged from private sources and New Market Tax Credits by the Food Trust, the Greater Philadelphia Urban Affairs Commission, and The Reinvestment Fund. Led by Governor Ed Rendell, the state’s First Industries economic-stimulus program leveraged $2.3 billion in grants and loans towards private sector investment, of which $100 million is designated for markets that agree to sell fresh, local produce in underserved areas.
Fenney made clear the challenges faced by community organizations due to the high cost of land, unpredictable funding streams and inadequate public awareness of such programs. She called on the city to provide incentives to a wide spectrum of food providers working to increase healthy food options in underserved communities.

- Manuel Hernandez commended the Community Redevelopment Agency’s efforts to highlight financing and planning incentives as a step in the right direction. However, he called on the city to take stronger measures to make grocery attraction a priority and to encourage the industry to engage in partnership with the community in that process.

Rochester, New York: A Community and City Partnering to Ensure Equal Investment

Residents in an underserved community of Rochester, frustrated with driving out of their community to buy healthy food or relying on unhealthy fast food to feed their families, began organizing to demand a neighborhood market. The group, Partners Through Food, conducted research to demonstrate the millions of dollars being spent by residents outside of the neighborhood and the need for a grocery store in the community. Despite the compelling research, businesses held fast to their belief that low-income communities could not support a grocery store. When a developer planned to build a social service agency on a proposed market site, and told community members “Face reality, there will never be a supermarket on that corner,” community members demonstrated in front of city hall to protest the project.

This action prompted the Mayor to engage the community and work with them to make healthy food access in underserved areas of the city a priority. The city assembled a competitive incentives package and the Mayor and community, together, approached company executives. Partners Through Food proposed and won assurances that the markets would hire workers from the local community. Through a combination of grants, loans, public safety initiatives and marketing, the city and grocer, Tops Markets, partnered to bring in four new markets to low-income areas and remodeled another store. These markets have been a tremendous success, with one store recognized as the “highest grossing store of its kind in the entire chain,” according to Mayor William Johnson. The stores have also encouraged more investment in previously overlooked areas.
Based on the testimony from the May 8, 2008 hearing of the Blue Ribbon Commission on LA’s Grocery Industry and Community Health, we find that across Los Angeles, the availability of fresh foods in quality grocery stores and the stability of middle-class jobs are directly related to the corporate decisions of major grocery chains. Company executives, in their quest for ever-greater profits, have made decisions that have led to an increasingly unlivable situation for workers and communities.

The impacts of grocery neglect in low-income and working class communities of Los Angeles are multi-faceted and devastating. Most egregious is the lack of full-service grocery stores. The lack of healthy food options contributes to preventable diet-related health problems. The refusal of major chains to locate in underserved communities deprives residents of quality foods, basic services, opportunities to lead sustainable lives, and finally, higher paying jobs that sustain their community.

Furthermore, while the major grocery chains have negotiated an agreement with workers that reverses the devastating effects of the two-tier wage and benefit system established in 2004, the threat of the Wal-Mart business model of low-wages and poorly-trained workers persists. In fact, with the expansion of existing non-union retailers and the entrance of new food retailers into the Los Angeles market, the downward pressure on good jobs has intensified. Again, those most likely to be impacted by low quality jobs are the communities that are left with irresponsible retailers that do not pay their workers livable wages and benefits, and fail to provide the levels of training that are the standard at union stores.

Individual city leaders have taken initial steps to examine the full impact of grocery red-lining practices and poor job quality on Los Angeles grocery workers, and community groups have engineered innovative ways of bringing quality foods to their neighborhoods. Conversely, we find that industry leaders have not been willing to address the issues identified in this report.

The elusive “triple bottom line” of higher standards producing a win for the city, business and community alike can only be achieved if all parties are at the table and engaged. Responsible growth of this vitally important sector cannot occur unless incentives are provided to grocery companies, mandates are issued by the city and demands by the community are met.
City Leaders

We believe that our city leaders should make the responsible growth of this industry a priority. City leaders should move quickly to bring new healthy food options to underserved communities and address the decline in job standards. Specifically, we request that the City Council:

**Hold hearings to examine the impacts of the grocery industry on the local economy.**

As a first step, the Los Angeles City Council should hold hearings on a soon to be released study by Rodino Associates on the grocery industry, commissioned by the Housing, Community and Economic Development Committee of the City Council in March 2007. These hearings should also examine the economic loss to communities of color as a result of grocery red-lining.

**Find creative incentives to attract “high road” grocers.**

We recommend that the City Council investigate incentives for responsible companies willing to work in partnership with the city, the community and workers. These incentives should be paired with basic quality of services standards. The incentive program could build on the business incentive and marketing plan initiated by Council Members Jan Perry and Bernard Parks, which the City Council approved in November 2006. City agencies should look beyond city funding sources to include state, federal and private funding. Incentive packages should also be broadened to support a wide spectrum of food providers such as cooperatives and urban farms.

**Establish a policy that creates basic standards for grocery operations across the city**

While incentives are an important tool in the city’s arsenal, the city should also introduce a city-wide policy that establishes basic standards for grocery operations in Los Angeles. As this report demonstrates, the problems of declining job quality and lack of adequate food access are not isolated to one community. They are problems that afflict the entire city. This policy should create a mechanism for more equitable distribution of grocery stores, require major and independent grocery retailers alike to meet basic quality standards for service to all communities, and establish professional job standards to protect workers and the public at large.

Industry Leaders

We call on all grocery chains to treat their workers and the communities they serve with dignity and respect. We call on the major unionized chains – Kroger, Supervalu, and Safeway – as well as new and expanding chains, such as Tesco’s Fresh & Easy and Whole Foods – to end the red-lining practices that have impeded Los Angeles for so long. Specifically, these companies should:
**Maintain consistent standards for quality throughout the city.**

All residents of Los Angeles should be able to shop in high quality stores regardless of where they live. Stores should provide similar variety and selection, decent levels of cleanliness, and professional employees who are trained to safeguard the public’s health and safety. We ask that store executives conduct an internal review of company policies to ensure that the quality of all stores is consistently high.

**Provide affordable, quality health benefits to all employees.**

Grocery stores are operating profitably in Southern California. Companies must now behave as responsible merchants and take the necessary steps to protect the health of workers and their families. We call on all grocery stores to offer affordable, quality healthcare for workers and their families. According to the UCLA Center for Health Policy, over a million residents in Los Angeles County are uninsured. This health crisis could be greatly alleviated if all grocery companies follow the high standard established by companies such as Ralphs, Vons and Albertsons.

**Engage community stakeholders.**

There is a proven track record, in Los Angeles as well as in other cities across the nation, demonstrating the successes of creating strong partnerships with communities. Engaging community stakeholders to clearly identify and address the concerns and needs of all parties will lay the foundation for a real partnership.

**Locate stores in underserved neighborhoods.**

Residents of South and East Los Angeles and parts of San Fernando Valley must often drive for miles to shop for low-cost, healthy food. That money should remain in their local communities and provide jobs for their residents. Grocery stores have historically been the heart of many neighborhoods – nourishing communities by offering healthy foods, sustaining communities through good jobs, and generating tax revenue. We challenge grocery stores to take up this mantle once again and locate at least one new store in each of the underserved communities identified in this report. Grocery stores should no longer simply use the rhetoric of “neighborhood markets” and “good neighbors” without fulfilling these promises.
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References


4. See footnote 1.

5. See footnote 2.


7. The study areas consist of five zip codes in East Los Angeles (90023, 90031, 90032, 90033, 90063), South LA (90003, 90011, 90018, 90037, 90062), Northeast San Fernando Valley (91325, 91331, 91340, 91402, 91405) and West LA (90024, 90025, 90035, 90064, 90067).


12. California Employment Development Department ES 202 Data from 2000 to 2006, NAICS code 44511. Annual wages are estimated from wage data for the third quarter of 2006. The analysis looked at five zip codes in each of the four areas of East Los Angeles, South LA and the Northeast San Fernando Valley (refer to endnote 3 for zip codes).

13. The geographic areas for each of these communities were defined by five zip codes. See footnote 3 for the zip codes. Only four stores were found in those five zip codes in South LA.

14. Plastic bag recycling was not found at one store in South LA and two stores in the Northeast San Fernando Valley.


16. Surveyors did not find any CFLs for sale a three stores in the Northeast San Fernando Valley.

17. See footnote 4 for the list of zip codes included in the study. These zip codes are consistent with those used by the UCLA SUN and USC SCALE survey.


19. See footnote 12.

20. See footnote 12.


28 According to the Los Angeles Police Department officer, in addition to six months of academy training, new recruits are subjected to a one year probation period which is considered on-the-job training. The total hours was calculated by adding up the number of hours required for the six month academy training (40 hours a week) and one year probation (a minimum of three, 12-hour days a week).

29 See Footnote 21.


39 See footnote 35.
