



Bill Lovejoy/Sentinel photos

Araceli Cisneros harvests portabella mushrooms at the Monterey Mushrooms farm in Royal Oaks.

# Caps off to local grower

Watsonville's Monterey Mushrooms farm is an industry leader

By **CHANDLER HARRIS**  
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## WATSONVILLE

**T**hrough the rural back roads of Watsonville, past family farms in the remote Royal Oaks community, is the largest mushroom farm in North America.

With its drab, triangular warehouses next to towers of hay bales, the hidden 297-acre mushroom farm grows 700,000 pounds of mushrooms a week and nearly 40 million pounds of mushrooms each year, distributing them throughout the Western United States.

"It doesn't really matter where the customer is, we'll be able to supply them mushrooms," said David Fullington, general manager of the Royal Oaks Monterey Mushrooms farm.

With farms throughout the United States, Canada and Mexico, Monterey Mushrooms has grown from one small farm to the largest grower, shipper and national marketer of fresh mushrooms in North America.

The moderate temperatures of California's Central Coast provide Monterey Mushrooms with some of the best growing conditions for its mushrooms.

"The mushrooms like it between 60 to 62 degrees, smack dab between the high and low in this area, so this climate is perfectly suited to growing mushrooms," Fullington said.

On the Central Coast, there are Monterey Mushrooms plants in Watsonville, Morgan Hill and San Juan Bautista that grow a total of 70 million pounds of mushrooms each year and employ 1,400 people. The company employs 4,000 people worldwide.

Monterey Mushrooms got its start in 1971 when it was owned by David and Roy Claussen, who ran it as a family farm growing mushrooms outside Watsonville. In 1975, it was purchased by AMFAC Corp.

## From a single farm

Shah Kazemi, the current owner and president of Monterey Mushrooms, began working for AMFAC when the company bought his family's Richland, Wash., potato farm in 1974. Kazemi's family immigrated to America in 1960 from Iran. He earned degrees in industrial engineering, mechanical engineering and a master's in business administration at the University of Washington.

Kazemi began working for Monterey



Portabella mushrooms grow well on the Central Coast, thanks to the area's climate.

## Monterey Mushrooms

**WHAT:** Grower, shipper and national marketer of fresh mushrooms, established in 1971 as a single farm near Watsonville.

**CORPORATE HEADQUARTERS:** 260 Westgate Drive, Watsonville.

**LEADERSHIP:** President and Chief Executive Officer Shah Kazemi, Chief Financial Officer Ray Selle.

**BACKGROUND:** Once part of the mushroom business of bankrupt conglomerate AMFAC, the division was acquired in 1988 by a group led by Kazemi. The company's biotechnical group includes spawn supplier Amycel and nutritional supplement pioneer Spawn Mate.

**INTERESTING FACTS:** Monterey Mushrooms is the largest mushroom grower and distributor in North America.

**FINANCIALS:** \$350 million in revenue in 2003. Of the 844 million pounds of mushrooms sold in the United States last year, 215 million pounds came from Monterey Mushrooms, which sell for an average \$1.55 per pound.

**FRESH FARMS:** Orlando, Fla.; Princeton, Ill.; Royal

Oaks; Las Lomas; Morgan Hill; Arroyo Grande; San Miguel, Mexico; Vancouver, British Columbia; Madisonville, Texas; Loudon, Tenn.; Temple, Pa.

**PROCESSING FACILITIES:** Bonne Terre, Mo.; Royal Oaks; Ventura; Watsonville; San Miguel, Mexico; Temple, Pa.

**SPAWN & SUPPLEMENT MANUFACTURING PLANTS:** San Juan Bautista; Royal Oaks; New Albany, Ind.; Madisonville, Texas.

**INTERNATIONAL SITES:** Spawn production plant in Vendome, France, and mushroom supply sales office in France, the United Kingdom, the Netherlands, Belgium, Italy, Poland, Ireland, Spain and Canada. Monterey also has a fresh mushroom growing operation and processing facility in San Miguel, Mexico.

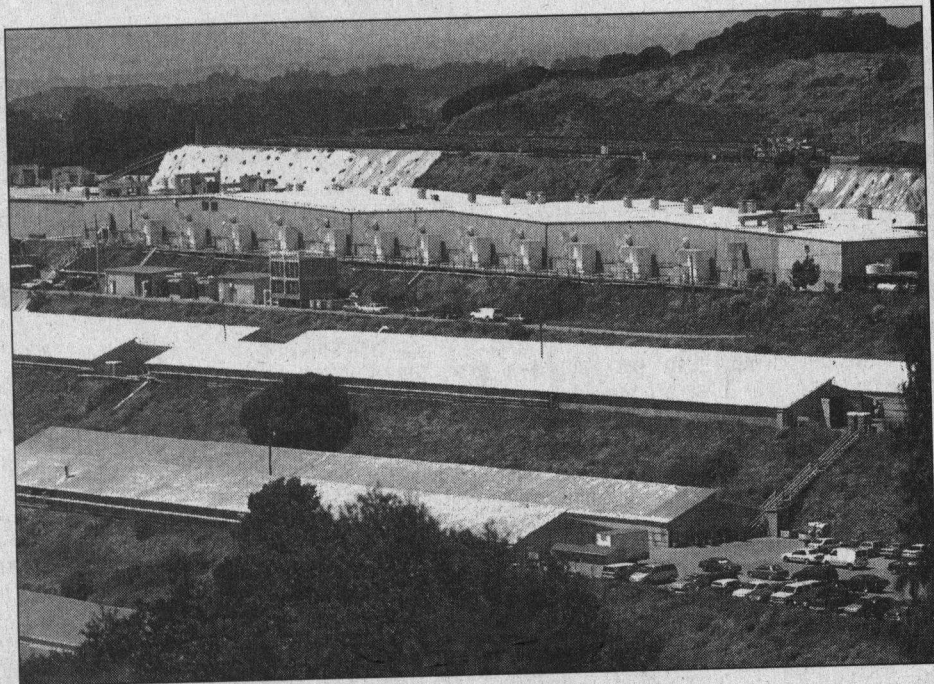
**PRODUCTS:** Fresh mushrooms constitute the majority of Monterey's marketing and sales. But its mushrooms also are used in sauces, marinades, dried, frozen, canned and in nutritional supplements.

**INFORMATION:** 763-5300; [www.montereymushrooms.com](http://www.montereymushrooms.com).



An overhead view of Monterey Mushrooms' operations plant near Watsonville. Roughly one-quarter of all mushrooms sold in the United States originate here.

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Sentinel



## Mushroom

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Mushrooms in 1980. Five years later when AMFAC began liquidating its assets, Kazemi bought Monterey Mushrooms, which, at the time, had annual sales of 12 million pounds of mushrooms at an average of a dollar a pound.

Through a number of acquisitions and gradual market dominance, Kazemi has built the company to where it is now: Of the 844 million pounds of mushrooms sold in the United States last year, 215 million pounds came from Monterey Mushrooms. The mushrooms sell for an average \$1.55 per pound.

"We've acquired other companies, been aggressive and taken big risks," Kazemi said. "Mushrooms are a very labor and management intensive business, and you have to make sure you have right team, commitment and discipline. You surround yourself with the right people and go for the gold ring."

The company's closest competitor, Money's Mushrooms in British Columbia, Canada, has annual sales of \$210 million, about \$140 million less than Monterey Mushrooms sales last year. Money's employs 3,000 people with operations in Canada and at nine locations in the United States.

Monterey Mushrooms supplies mushrooms to supermarkets and national food service and ingredient companies. Amycel, its biotechnical branch, sells the equivalent of mushroom seeds, called spawn, to growers

throughout the world. Monterey Mushrooms Spawn Mate division produces nutritional growing supplements and activators to mushroom growers worldwide.

### Branching out

Under Kazemi's guidance, the company has spread its operations overseas to include mushroom supply sales offices in France, the United Kingdom, Netherlands, Belgium, Italy, Poland, Ireland, Spain and Canada. They also have a spawn production plant in France and a growing and processing facility in San Miguel, Mexico.

The Royal Oaks facility is a mixture of magic and high technology, with advanced computers regulating the optimal temperatures in warehouses full of blossoming mushrooms in large trays.

Mushrooms begin with mushroom spawn that is planted into a grain compost mixture. After about 13 days mushrooms begin to appear and after another 15 days they are harvested. With an average 29-day grow to harvest yield, Monterey Mushrooms harvests year-round with substantial profits, Fullington said.

Monterey Mushrooms grows common white mushrooms and three varieties of brown mushrooms: portabellas, baby bellas and portaballenis, but has contracts with local farmers for gourmet mushrooms such as shitake, oyster, porcini, enoki and wood ear mushrooms, which they package and distribute.

And the shipping trucks arrive at the Royal Oaks facility daily

to haul boxes of mushrooms to destinations throughout California, Utah, Nevada, Arizona, Idaho and Oregon.

American's appetite of mushrooms has been sizable and has grown in demand since the mid-1990s with the increase in interest of larger portabella mushrooms.

"Fifteen to 20 percent of our sales is of portabellas," said Kazemi. "When you start from zero that's a significant growth for this category."

Portabella's have edged their way into culinary delights and vegetarian diets, with meaty portabella mushroom sandwiches taking the place of meat in some restaurants.

The low carbohydrate diet craze also has been a boon for the mushroom company since mushrooms, being a fungus, average 3 grams of carbohydrates per serving.

Monterey Mushrooms is campaigning the low carbohydrate point on grocery shelves and point of sale marketing with the slogan, "low in carbs, high in taste."

"We're seeing a continued increase in sales and continued interest in our mushrooms," Kazemi said. "Especially with the low carbohydrate craze, since mushrooms are very low in carbs."

Although his mushroom company is the largest in North America, with branches far and wide, Kazemi sees no need to bring his company public, preferring his company to remain under private caps.

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