

Grape Pricing District Workshop

December 17, 2019 Sacramento, CA

Welcome

► Introductions

- CDFA Jeff Cesca, Director of Marketing Services
 Kathy Diaz, Special Assistant, Marketing Services
- USDA/NASS Gary Keough, Director California Field Office (Pacific Region)
 Brenda Hill, Deputy Director
 Jennifer Van Court, Agricultural Statistician
 Lena Schwedler, Agricultural Statistician

Purpose of Workshop

- ▶ CDFA received a petition requesting a regulatory change to the Grape Pricing Districts utilized in the preparation of the annual Grape Crush Report.
- ▶ Specifically, a change to the boundary definition of Grape Price District 5 which also impacts the boundary definition of Grape Price District 17, which includes the Ryer Island region.
- ▶ Opportunity for the petitioner (Suisin Valley Vintners and Growers Association) to present, and allow for the public/industry to provide input to the proposed change.
- ▶ USDA-NASS has performed a comparative analysis - will present findings.
- ▶ Overview of the regulatory process.

General Housekeeping

- ▶ Allowed 2.5 hours (till 4:00 pm) for the workshop
- ▶ Those wishing to speak during the public comment period, please sign up; we will take speakers in order of sign up
- ▶ Before speaking, state: 1) name; 2) entity you are representing; and 3) your position on the proposal - i.e., For; Against; Neutral
- ▶ Workshop is being recorded
- ▶ Not anticipating a break
- ▶ Restrooms are down the hallway
- ▶ Website for additional information: www.cdfa.ca.gov/mkt/grapepetition

Presentations / Public Comment

- ▶ Suisun Valley Vintners and Growers Association (up to 45 minutes)
- ▶ USDA/NASS (up to 45 minutes)
- ▶ Public Input (30+ minutes)
- ▶ Regulatory Process (15 minutes)

SVVGA Petition CA Grape Price District 5



**CDFA WORKSHOP
SACRAMENTO, CA
DECEMBER 17, 2019**

Petition Purpose



- Petitioner, Suisun Valley Vintners, and Growers Association seek specific amendment in current District 5 eastern boundary at the southwestern tip of Ryer Island north to the Solano Yolo County line using Hwy 84 as the new eastern boundary of District 5
- This boundary change will result in the transfer of this subject area into District 17.

Amendment Purpose



- The purpose of this amendment in the boundary is to address significant negative economic impacts in price discovery for wine grapes in Grape Pricing District 5 due to averaging of achieved market rates from existing non-comparable market regions.
- Such amendment seeks to re-balance grape market pricing averages to consistency within each separate market region.
- Such amendment seeks fairness in price discovery which impacts; contracts, crop insurance & valuation

Area of Impact



- The impacted area is subject to significant geographic, geologic, and climate differences that result in significantly lower market price discovery than existing in the primary western viticulture region of District 5 (Solano County).
- This isolated area of District 5 viticulture is directly tangent to and consistent with District 17.

Additional Fairness Purpose



- The petition purpose further remedies the single case anomaly of California coastal wine grape pricing being averaged with interior wine grape pricing within the same grape pricing district. In the scheme of California grape market pricing this remedies a basic issue of fairness to impacted producers and processors

District Price Discovery



- Many other grape pricing districts have variable levels of market-driven price within their boundary. They are generally composed of the same growing parameters, quality, and yield standards. This practice has resulted in reasonable average price discovery.
- Within District 5 there is a considerable divergence of all such conditions which formulate price/demand.
- Market rates (Ryer estimates) reflect this and also appear in line with District 17 average rates.

Remedy Sought



- This amendment is sought to realign this boundary section to bring better order to District averages in both District 5 and consequentially, District 17.
- Existing reference points of boundary amendment all have existing legal reference points and are consistent to existing boundary demarcations.

Allied Price Discovery Analysis

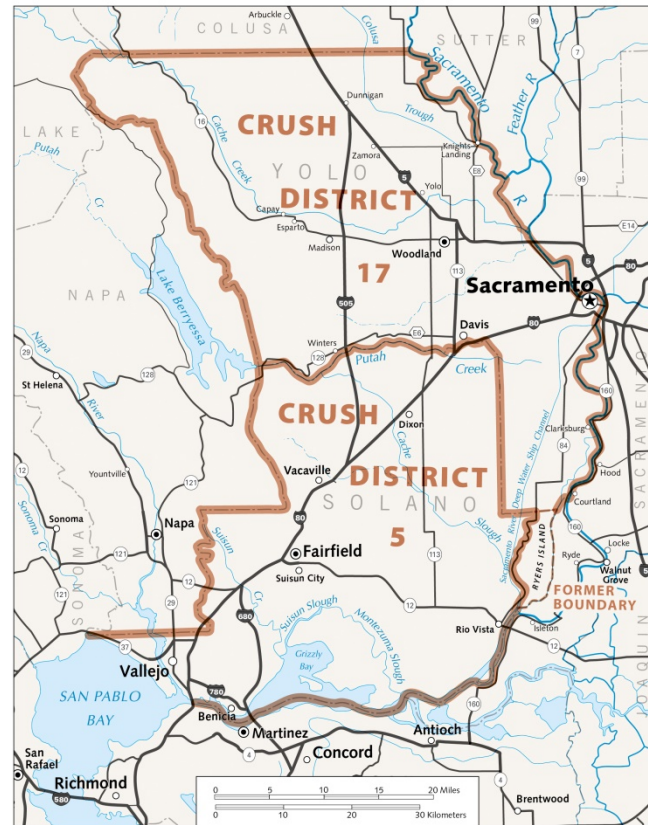


- Jeff Bitter
- President
- Allied Grape Growers
- Third party price discovery player, statewide industry membership, industry recognized expert on grape price discovery.

Region Map



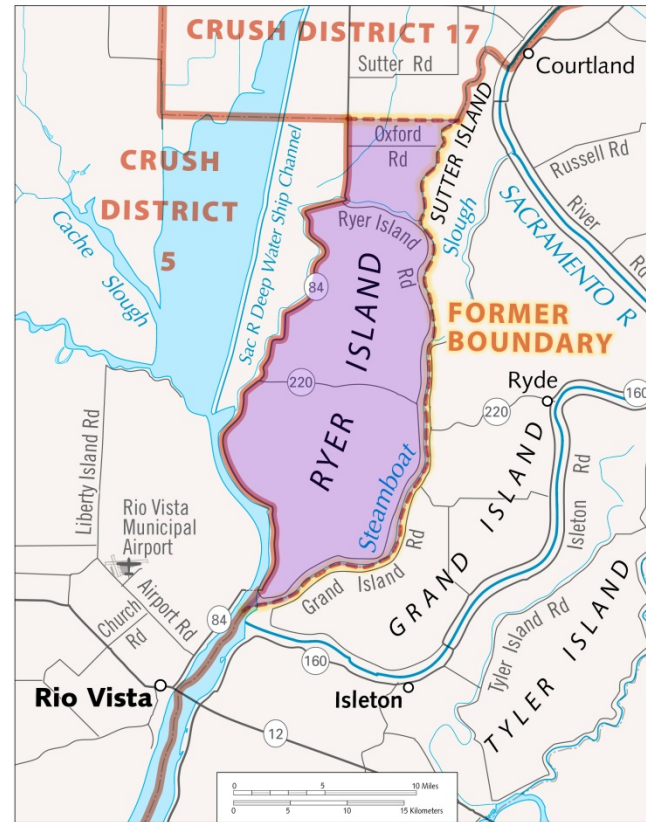
CRUSH DISTRICT BOUNDARY CHANGE



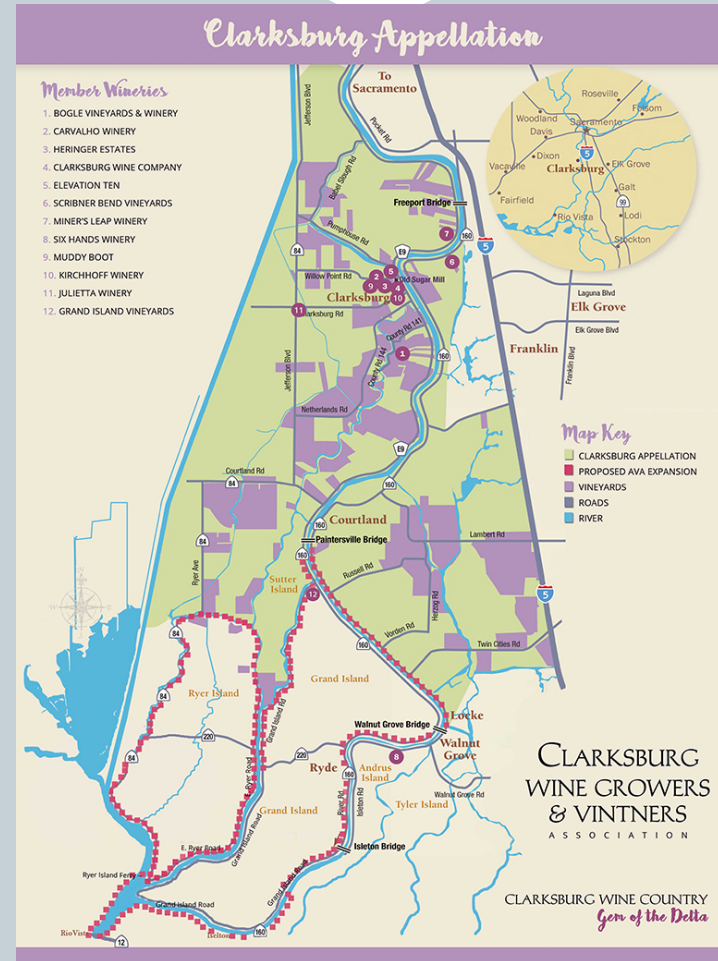
Color Area Represents Change



CRUSH DISTRICT BOUNDARY CHANGE DETAIL



Context to District 17 Market Position

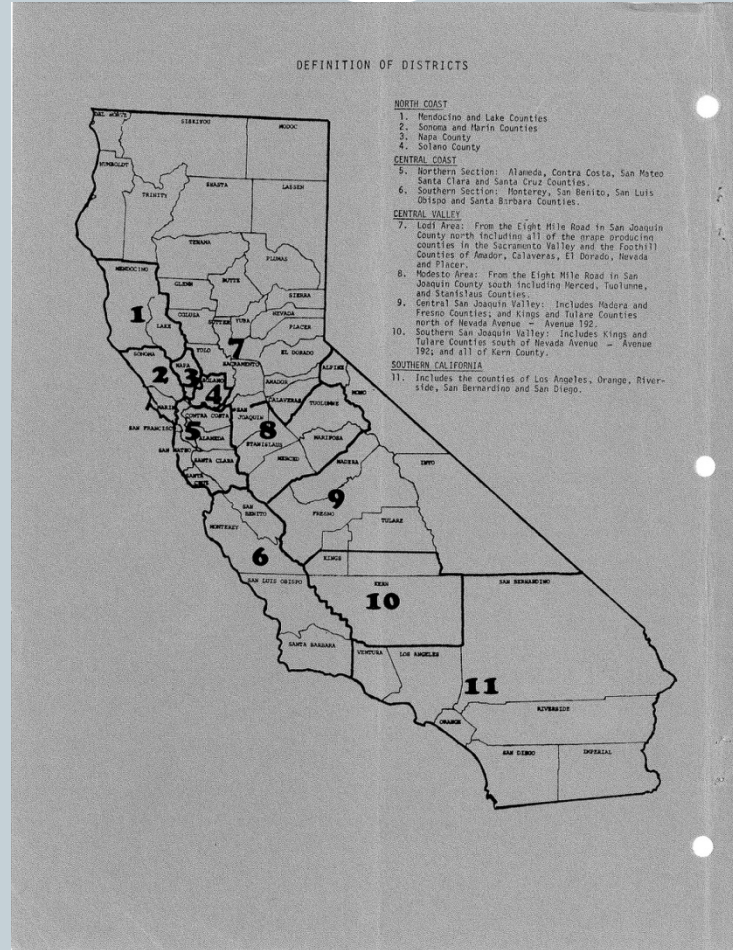


Origination of Districts and Reports



- Authorization for grape pricing districts was prescribed in the establishment of regulations under CA Food and Agricultural Code Section 55601.5 and shall be known, and may be cited as, the “Clare Berryhill Grape Crush Report Act of 1976” (Full-text Addendum A)
- *California Food & Agricultural Code Section 55601.5 (i)(3) defines “Grape-pricing district” as “a district used by the federal-state cooperative market news services, as provided in Section 58231.”*

That Map



Boundary has been change agent



- In the 40+ years since the adoption of the “Berryhill Act,” the industry has greatly expanded in scope and economic importance, leading to several regions believing boundary changes were needed. To date, amendments to the original code have resulted in 17 current Districts from the original 11.

History of Change



- Grape price district boundary has been amended three times since inception under Berryhill Act of 1976.
- The number of Districts expanded from 11 to 17, much focused to this same region but over 30+ years ago.
- While actual OAL records approving boundary amendment have been retrieved from CA State Achieves, no documentation of rationale has been found to date.

Specific Incidences



- On 7-13-1979 CA CCR Title 3 Division 3 Chapter 2 Article 1 (Section 1700) was amended to establish 16 districts. The new districts were created with subdivision in the lower San Joaquin Valley and Southernmost California.
-
- On 8-20-1980, Section 1700 was again amended to create District 17 (Register 80, No. 34).
-
- On 7-24-1985, Section 1700 was further amended describing the District 17 boundaries and citing the Solano County line as a boundary.
- **These are the current amendments as of 7-12-2019 per Register 2019, No. 28.**

Specific Address Sought



- Petitioner seeks amendment of the boundary between Grape Pricing District 5 and District 17 to become California State Highway 84 from its crossing of the Solano County Yolo County line, south onto Ryer Island and ending at the southern terminus of Hwy 84 on Ryer Island, and then reuniting with the Solano County line.

Specific Impacts



- The effect of this amendment will be to remove this region from District 5 with resulting subsequent absorption into District 17. This will result in grape lots received at market pricing every year to be tabulated by NASS in the data of District 17 and removed from the data of District 5.
- Such will remedy the defined problems of District 5 averaging and result in proper price discovery in each District providing a fair and transparent level playing field for those utilizing Crush Report averages in District 5 and District 17 :
 - to negotiate or reset contract grape pricing rate;
 - gain proper base pricing in crop insurance benefits;
 - realize proper asset valuation in banking and financial review.

Further Impacts



- Crop insurance valuation levels for benefit calculations utilize average price derived by Crush District Average
- Growers buying up to 85% coverage can insert contract pricing with validations
- Growers buying Catastrophic coverage (CAT) at fixed policy rate must use only average price discovery.
- The Amendment will provide proper price discovery for the majority of District fruit to establish District average price

Asset Valuation Impacts



- Direct evidence has surfaced of financial institutions, who providing focused lending to vineyard and winery where land and asset values are calculated, the use of Grape Price District averages is a specific variable in valuations.
- The Amendment remedies considerable unfair valuation impacts from use of current data.

Net Economic Impact Estimate



	Ryer Island Estimated Revenue annually**	District 17 Revenue- Current Boundary*	District 17 Revenue with proposed boundary change***	District 5 Revenue- Current Boundary*	District 5 Revenue with proposed boundary change***
White grapes	\$3,135,922.20	\$56,223,616.30	\$59,359,538.50	\$10,641,381.50	\$7,505,459.30
Red grapes	\$2,586,036.00	\$30,693,260.70	\$33,279,296.70	\$9,678,565.10	\$7,092,529.10
Total	\$5,721,958.20	\$86,916,877.10	\$92,638,835.30	\$19,719,946.60	\$13,997,988.40
Net Change			\$5,721,958.20		-\$5,721,958.20
			6.58%		-29.02%

Methodology of Calcs



- Methodology of calculations
- * (Price per ton averages x tonnage measured) = gross revenues
- ** (Extrapolated price per ton x pro rated estimate tonnage) = Ryer Net Revenue
- *** Gross Revenue +/- Ryer Net Revenue
- Would Welcome NASS review and any restatement, they are the source of all data used.

Estimated Changes in District Averages



	Estimated Ryer Avg per ton *	Dist 17 Avg per ton	Estimated Avg per ton with Ryer **	Dist 5 Avg per ton	Estimated Avg per ton without Ryer **
White Grapes	\$564.04	\$624.66	\$621.55	\$1201.86	\$1348.67
Red Grapes	\$809.17	\$748.31	\$752.40	\$1319.82	\$1707.01

Methodology of calculations

* Extrapolated estimate of Ryer avg per ton

**Estimated new District avg moving revenue and tons in or out of Districts

Petitioner Summation



- Grape price discovery under the CA Grape Pricing District mechanism is a highly critical financial reality impacting multiple aspects of producer and processor businesses.
- Modernizing the District boundary in this case is fundamental to fairness of price discovery
- Other solutions possible; splitting District 5 or retaining status quo do not address the existing issue of fairness to price discovery.
- An amendment to boundary provides resolution.

Exploring the Practical Impact of Adjusting the District 5/District 17 California Grape Pricing District Boundaries

**Jeff Bitter, President
Allied Grape Growers
December 17, 2019**

- **AGG's Interest in Boundary Change**
- **AGG's Efforts to Educate**
- **AGG's Findings: Current District Definitions vs. Adjusted Definitions**
- **Other Concerns**

AGG's Interest in Boundary Change

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- **AGG is a statewide marketer of winegrapes**
- **AGG is a known leader in industry data analysis and presentation**
- **AGG's membership in Solano County**
 - **Nearly 600 acres**
 - **Approximately 4,000 tons annually**
 - **Almost entirely within Suisun Valley and all within the "North Coast" Appellation**
 - **Smaller Family Owned/Operated Properties**
- **Dependence on Crush Report**
 - **What's the purpose of useless data?**

AGG's Efforts to Educate

AGG's Efforts to Educate



A 2017 GROWING SEASON REPORT
BY ALLIED GRAPE GROWERS

SUISUN VALLEY

AGG Staff

President & CEO
Nat DiBuduo

Vice-President
Jeff Bitter

Controller
Irene Ybarra

Accounting Manager
Alesia Zion

Office Administration
Marcia Silva

Coastal Grower Relations

Chad Clark,
Manager, North Coast

Matt Kerr &
Kevin Rogers,
North Coast

Interior Grower Relations

Emilio Miranda
Viticulturist - Madera Co.

Joe Osterman,
Northern Interior

Karl Lehman,
West Fresno Co.

Ed Nikssarian,
East Fresno Co./South

Main Office:
(559) 276-7021

Coastal Office:
(707) 433-6525

Allied Grape Growers (AGG) markets winegrapes on behalf of growers throughout various regions of California's Coast. One region that is of particular importance is within Solano County. This region includes Suisun Valley and smaller neighboring Green Valley (hereinafter referred to as SV/GV.)

This region is distinct in that it is the only area of Solano County that falls within the geographically defined boundary of the "North Coast" American Viticultural Area (AVA). In addition, these two valleys hold their own independent AVA designations – "Suisun Valley" and "Solano County Green Valley."

Although important from a product marketing standpoint, and particularly useful in developing consumer awareness, AVA designations are not the primary geographic tool used to identify California's winegrape growing districts for legislated data collection, analysis and presentation. In order for the Agricultural Statistics Service to collect and disseminate relevant California winegrape market and supply data, seventeen (17) grape crush pricing districts, as defined by the California Administrative Code, were created. District 5 is the grape crush district that includes all of (and only) Solano County.

The creation of the "Suisun Valley" and "Solano County Green Valley" AVAs, in addition to their inclusion in the "North Coast" AVA decades ago, portended to the differentiation of these small valleys when compared to the remainder of vast Solano County. But maybe more importantly, it more closely associates SV/GV with neighboring North Coast winegrape growing regions.

continued inside

AGG's Efforts to Educate

Coastal Districts Average Price Information - 2016 Crush

Major (recognized) Varieties Grown in SV/GV & Min. 100 Tons Reported in District 5	District 5 Solano County		True Extrapolated SV/GV Average	District 1 Mendocino County	District 2 Lake County	District 7 Monterey/ San Benito County	District 8 SLO/SB/ Ventura County
Chardonnay	\$887	X	\$1,208	\$1,265	\$1,259	\$1,320	\$1,458
Pinot Gris	\$676	X	\$1,085	\$1,499	\$1,200	\$1,207	\$1,339
Sauvignon Blanc	\$829	X	\$1,054	\$1,282	\$1,156	\$1,112	\$1,343
Viognier	\$629	X	\$998	\$1,240	\$771	\$1,655	\$1,518
White Riesling	\$847	X	\$1,315	\$1,863	\$1,466	\$1,039	\$1,099
Cabernet Sauvignon	\$1,971		\$1,971	\$2,058	\$2,343	\$1,318	\$1,596
Malbec	\$1,601		\$1,601	\$1,843	\$1,920	\$1,290	\$1,533
Merlot	\$1,341		\$1,341	\$1,232	\$1,390	\$1,084	\$1,104
Petit Verdot	\$1,885		\$1,885	\$1,927	\$2,200	\$1,319	\$1,663
Petite Sirah	\$1,299	X	\$2,086	\$1,726	\$1,880	\$1,266	\$1,473
Pinot Noir	\$856	X	\$1,034	\$2,919	\$2,063	\$1,899	\$3,008
Syrah	\$1,549		\$1,549	\$1,489	\$1,606	\$1,222	\$1,503
Zinfandel	\$1,054		\$1,054	\$1,598	\$1,595	\$1,609	\$1,479

"X" denotes difference between reported district average and extrapolated SV/GV average

AGG's Efforts to Educate

AGG's Analysis of 2018 Districts 5 and 17 Grape Pricing District Data (from 2018 Final Grape Crush Report)

Variety	Original D5	Projected D5	Original D17	Projected D17	Worst Case Scenario - D17	D5 % Change Projection	D17 % Change Projection	D17 % Change Worst Case	Notes
Albarino	\$ 1,180.15	\$ 1,300.36	\$ 687.88	\$ 687.72	\$ 687.72	10.19%	-0.02%	-0.02%	Small tonnage affected
Chardonnay	\$ 927.84	\$ 1,219.17	\$ 648.04	\$ 646.90	\$ 645.56	31.40%	-0.18%	-0.38%	Huge potential positive impact on D5, virtually no impact on D17
Chenin Blanc	\$ 422.00	\$ 789.81	\$ 454.83	\$ 451.32	\$ 451.32	87.16%	-0.77%	-0.77%	Huge potential positive impact on D5, virtually no impact on D17
Gewurztraminer	\$ 620.55	\$ -	\$ 573.25	\$ 579.28	\$ 573.25	N/A	1.05%	0.00%	Current D5 Gewurztraminer would be in D17
Pinot Grigio	\$ 700.84	\$ 1,421.46	\$ 624.63	\$ 622.58	\$ 622.48	102.82%	-0.33%	-0.34%	Huge potential positive impact on D5, virtually no impact on D17
Sauvignon Blanc	\$ 1,171.17	\$ 1,171.17	\$ 592.52	\$ 592.52	\$ 592.52	0.00%	0.00%	0.00%	No impact shown on this analysis but likely large impact in future
Symphony	\$ 270.00	\$ -	\$ 270.00	\$ 270.00	\$ 270.00	N/A	0.00%	0.00%	Current D5 Symphony would be in D17
Viognier	\$ 739.83	\$ 1,031.08	\$ 544.05	\$ 542.34	\$ 539.48	39.37%	-0.31%	-0.84%	Huge potential positive impact on D5, virtually no impact on D17
White Riesling	\$ 850.43	\$ 1,306.20	\$ 582.65	\$ 585.17	\$ 582.65	53.59%	0.43%	0.00%	Huge potential positive impact on D5, virtually no impact on D17
Barbera	\$ 1,147.14	\$ 1,147.14	\$ 1,521.40	\$ 1,521.40	\$ 1,521.40	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Cabernet Franc	\$ 1,872.88	\$ 1,872.88	\$ 856.17	\$ 856.17	\$ 856.17	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Cabernet Sauvignon	\$ 2,127.70	\$ 2,127.70	\$ 884.15	\$ 884.15	\$ 884.15	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Grenache	\$ 1,413.58	\$ 1,413.58	\$ 1,449.11	\$ 1,449.11	\$ 1,449.11	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Malbec	\$ 1,977.02	\$ 1,977.02	\$ 1,126.15	\$ 1,126.15	\$ 1,126.15	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Merlot	\$ 1,544.50	\$ 1,544.50	\$ 605.95	\$ 605.95	\$ 605.95	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Petit Verdot	\$ 2,065.52	\$ 2,065.52	\$ 1,643.94	\$ 1,643.94	\$ 1,643.94	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Petite Sirah	\$ 1,652.90	\$ 2,176.69	\$ 736.61	\$ 741.67	\$ 736.61	31.69%	0.69%	0.00%	Huge potential positive impact on D5, virtually no impact on D17
Pinot Noir	\$ 928.76	\$ 1,506.70	\$ 712.61	\$ 727.59	\$ 711.85	62.23%	2.10%	-0.11%	Huge potential positive impact on D5, virtually no impact on D17
Sangiovese	\$ 1,403.96	\$ 1,403.96	\$ 2,230.20	\$ 2,230.20	\$ 1,530.97	0.00%	0.00%	-31.35%	Only 65 tons with additional tons
Syrah	\$ 1,881.43	\$ 1,881.43	\$ 2,058.68	\$ 2,058.68	\$ 1,589.02	0.00%	0.00%	-22.81%	Only 85 tons with additional tons
Zinfandel	\$ 1,322.43	\$ 1,335.18	\$ 334.11	\$ 335.60	\$ 334.11	0.96%	0.45%	0.00%	Virtually no affect on pricing in either district

AGG's Findings

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Zinfandel	\$ 1,322.43	\$ 1,335.18	\$ 334.11	\$ 335.60	\$ 334.11	0.96%	0.45%	0.00%	Virtually no affect on pricing in either district

Understanding Impact on Neighboring District is Critical

AGG's Findings

An Example: Understanding the Methodology....

***Data from Table 8 of the 2018 Final Grape Crush Report**

Chardonnay *	240.00	000100	448.5
	250.00	000100	75.9
	265.00	000100	581.5
	270.00	000100	269.7
	303.00	059693	117.4
	325.00	038300	526.7
	450.00	000100	40.5
	500.00	000100	306.2
	500.00	017200	433.6
	525.00	000100	390.5
	550.00	000100	1,801.9
	575.00	000100	589.1
	600.00	000100	7,486.2
	600.00	013900	96.9
	600.00	017200	107.3
	615.00	000100	1,756.9
	620.00	000100	2,827.2
	625.00	000100	11.5
	635.74	000100	79.1
	640.00	000100	2,729.4
	640.58	000100	530.4
	644.10	007600	503.2
	650.00	000100	4,219.8
	650.00	011300	399.3
	650.00	043900	313.3
	670.00	000100	2,027.5
	675.00	000100	190.3
	675.00	013800	575.1
	676.70	000100	348.1
	685.00	000100	275.8
	700.00	000100	2,856.4
	700.00	020900	2.1
	708.51	000100	68.6
	725.00	000100	817.0
	750.00	000100	4,086.5
	750.00	013400	741.0
	777.70	000100	302.7
	800.00	000100	1,867.9
	810.00	000100	696.5
	835.00	000100	432.5
	840.00	000100	1,326.5
	850.00	017200	47.5
	900.00	020800	33.7
	950.00	000100	176.5
	1,100.00	000100	13.8
	1,100.00	009400	8.5
	1,175.00	000100	8.0
	1,200.00	000100	10.4
	1,200.00	020800	1.1
	1,844.17	021000	3.0
Wtd. Avg. Base & Total Tons	648.04		45,711.9

Original District 5 Data

Original District 17 Data

AGG's Findings

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Chardonnay	\$ 927.84	\$ 1,219.17	\$ 648.04	\$ 646.90	\$ 645.56	31.40%	-0.18%	-0.38%	Huge potential positive impact on D5, virtually no impact on D17
Chenin Blanc	\$ 422.00	\$ 789.81	\$ 454.83	\$ 451.32	\$ 451.32	87.16%	-0.77%	-0.77%	Huge potential positive impact on D5, virtually no impact on D17
Gewurztraminer	\$ 620.55	\$ -	\$ 573.25	\$ 579.28	\$ 573.25	N/A	1.05%	0.00%	Current D5 Gewurztraminer would be in D17
Pinot Grigio	\$ 700.84	\$ 1,421.46	\$ 624.63	\$ 622.58	\$ 622.48	102.82%	-0.33%	-0.34%	Huge potential positive impact on D5, virtually no impact on D17
Sauvignon Blanc	\$ 1,171.17	\$ 1,171.17	\$ 592.52	\$ 592.52	\$ 592.52	0.00%	0.00%	0.00%	No impact shown on this analysis but likely large impact in future
Symphony	\$ 270.00	\$ -	\$ 270.00	\$ 270.00	\$ 270.00	N/A	0.00%	0.00%	Current D5 Symphony would be in D17
Viognier	\$ 739.83	\$ 1,031.08	\$ 544.05	\$ 542.34	\$ 539.48	39.37%	-0.31%	-0.84%	Huge potential positive impact on D5, virtually no impact on D17
White Riesling	\$ 850.43	\$ 1,306.20	\$ 582.65	\$ 585.17	\$ 582.65	53.59%	0.43%	0.00%	Huge potential positive impact on D5, virtually no impact on D17
Barbera	\$ 1,147.14	\$ 1,147.14	\$ 1,521.40	\$ 1,521.40	\$ 1,521.40	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Cabernet Franc	\$ 1,872.88	\$ 1,872.88	\$ 856.17	\$ 856.17	\$ 856.17	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Cabernet Sauvignon	\$ 2,127.70	\$ 2,127.70	\$ 884.15	\$ 884.15	\$ 884.15	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Grenache	\$ 1,413.58	\$ 1,413.58	\$ 1,449.11	\$ 1,449.11	\$ 1,449.11	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Malbec	\$ 1,977.02	\$ 1,977.02	\$ 1,126.15	\$ 1,126.15	\$ 1,126.15	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Merlot	\$ 1,544.50	\$ 1,544.50	\$ 605.95	\$ 605.95	\$ 605.95	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Petit Verdot	\$ 2,065.52	\$ 2,065.52	\$ 1,643.94	\$ 1,643.94	\$ 1,643.94	0.00%	0.00%	0.00%	Likely to have no impact on district pricing
Petite Sirah	\$ 1,652.90	\$ 2,176.69	\$ 736.61	\$ 741.67	\$ 736.61	31.69%	0.69%	0.00%	Huge potential positive impact on D5, virtually no impact on D17
Pinot Noir	\$ 928.76	\$ 1,506.70	\$ 712.61	\$ 727.59	\$ 711.85	62.23%	2.10%	-0.11%	Huge potential positive impact on D5, virtually no impact on D17
Sangiovese	\$ 1,403.96	\$ 1,403.96	\$ 2,230.20	\$ 2,230.20	\$ 1,530.97	0.00%	0.00%	-31.35%	Only 65 tons with additional tons
Syrah	\$ 1,881.43	\$ 1,881.43	\$ 2,058.68	\$ 2,058.68	\$ 1,589.02	0.00%	0.00%	-22.81%	Only 85 tons with additional tons
Zinfandel	\$ 1,322.43	\$ 1,335.18	\$ 334.11	\$ 335.60	\$ 334.11	0.96%	0.45%	0.00%	Virtually no affect on pricing in either district

AGG's Findings

AGG's Analysis of 2018 Districts 5 and 17 Grape Pricing District Data (from 2018 Final Grape Crush Report)

Variety	D5 % Change Projection	D17 % Change Worst Case	Notes
Albarino	10.19%	-0.02%	Small tonnage affected
Chardonnay	31.40%	-0.38%	Huge potential positive impact on D5, virtually no impact on D17
Chenin Blanc	87.16%	-0.77%	Huge potential positive impact on D5, virtually no impact on D17
Gewurztraminer	N/A	0.00%	Current D5 Gewurztraminer would be in D17
Pinot Grigio	102.82%	-0.34%	Huge potential positive impact on D5, virtually no impact on D17
Sauvignon Blanc	0.00%	0.00%	No impact shown on this analysis but likely large impact in future
Symphony	N/A	0.00%	Current D5 Symphony would be in D17
Viognier	39.37%	-0.84%	Huge potential positive impact on D5, virtually no impact on D17
White Riesling	53.59%	0.00%	Huge potential positive impact on D5, virtually no impact on D17
Barbera	0.00%	0.00%	Likely to have no impact on district pricing
Cabernet Franc	0.00%	0.00%	Likely to have no impact on district pricing
Cabernet Sauvignon	0.00%	0.00%	Likely to have no impact on district pricing
Grenache	0.00%	0.00%	Likely to have no impact on district pricing
Malbec	0.00%	0.00%	Likely to have no impact on district pricing
Merlot	0.00%	0.00%	Likely to have no impact on district pricing
Petit Verdot	0.00%	0.00%	Likely to have no impact on district pricing
Petite Sirah	31.69%	0.00%	Huge potential positive impact on D5, virtually no impact on D17
Pinot Noir	62.23%	-0.11%	Huge potential positive impact on D5, virtually no impact on D17
Sangiovese	0.00%	-31.35%	Only 65 tons with additional tons
Syrah	0.00%	-22.81%	Only 85 tons with additional tons
Zinfandel	0.96%	0.00%	Virtually no affect on pricing in either district

Other Concerns: Crop Insurance

Conclusion and Position:

**AGG supports the petition for change,
adjusting the District 5 and District 17
grape pricing district boundaries,
as submitted by the Suisun Valley
Vintners and Growers Association.**

**Jeff Bitter, President
Allied Grape Growers
December 17, 2019**

Price Change Analysis of the Proposal to move the boundary between

► Districts 5 & 17

National Agricultural Statistics Service

United States Department of Agriculture

Methods

- ▶ For the 2018 Grape Crush & Purchase Inquiry, 90 wineries reported 273 grape purchases from District 5.
- ▶ NASS re-contacted all 90 wineries to ask the location of each District 5 vineyard they purchased from.
 - ▶ 89 wineries answered, covering 272 of the 273 purchases reported for 2018. NASS assumed the remaining purchase was not from a vineyard on Ryer Island.
 - ▶ Of the 273 purchases from District 5, only 32 were from vineyards on Ryer Island. NASS moved these 32 purchases out of District 5 and into District 17 and recalculated weighted average prices for both District 5 and 17.
 - ▶ These 32 purchases accounted for 7,803.3 tons of the 18,983.9 tons of grapes purchased from District 5 in 2018.

Results for District 5

	D5 Actual	D5 Proposed	% Change
Tons Purchased - Total	18,893.9	11,180.6	- 41.1
Table 6 Price	\$ 1,053.98	\$ 1,316.13	+ 24.9
Tons Purchased - Red Wine	9,288.8	6,392.2	- 31.2
Table 6 Price	\$ 1,322.67	\$ 1,524.92	+ 15.3
Tons Purchased - White Wine	9,695.1	4,788.4	- 50.6
Table 6 Price	\$ 796.55	\$ 1,037.41	+ 30.2

District 5 Prices:

Varieties with a greater than 1% increase

	D5 Actual	D5 Proposed	% Change
Chardonnay	\$ 927.84	\$ 1,076.71	+ 16.0
Chenin Blanc	\$ 422.00	\$ 490.61	+ 16.3
Gewurztraminer	\$ 620.55	\$ 700.00	+ 12.8
Pinot Gris	\$ 700.80	\$ 1,273.65	+ 81.7
Pinot Noir	\$ 931.74	\$ 1,052.86	+ 13.0
Viognier	\$ 753.85	\$ 909.15	+ 20.6
White Riesling	\$ 850.43	\$ 1,306.20	+ 53.6

No varieties had a decrease in price of more than 1%

District 5 Prices:

Varieties that did not increase or decrease in price by more than 1%

- ▶ Albarino
- ▶ Barbera
- ▶ Cabernet Franc
- ▶ Cabernet Sauvignon
- ▶ Carignane
- ▶ Charbono
- ▶ Gamay Napa
- ▶ Graciano
- ▶ Grenache
- ▶ Grenache Blanc
- ▶ Malbec
- ▶ Malvasia Bianca
- ▶ Merlot
- ▶ Mourvedre
- ▶ Muscat Blanc
- ▶ Petit Verdot
- ▶ Petite Sirah
- ▶ Sangiovese
- ▶ Sauvignon Blanc
- ▶ Syrah
- ▶ Tempranillo
- ▶ Verdejo
- ▶ Verdelho
- ▶ Zinfandel

Results for District 17

	D17 Actual	D17 Proposed	% Change
Tons Purchased - Total	145,541.3	153,344.6	+ 5.4
Table 6 Price	\$ 639.00	\$ 641.00	+ 0.3
Tons Purchased - Red Wine	45,345.0	48,241.6	+ 6.4
Table 6 Price	\$ 713.11	\$ 722.91	+ 1.4
Tons Purchased - White Wine	100,196.3	105,103.0	+ 4.9
Table 6 Price	\$ 605.46	\$ 603.41	- 0.3

District 17 Prices:

Varieties with a greater than 1% increase

Variety	D17 Actual	D17 Proposed	% Change
Cabernet Sauvignon	\$ 884.15	\$ 930.72	+ 5.3
Gamay Napa	\$ 655.34	\$ 680.55	+ 3.8
Pinot Noir	\$ 727.04	\$ 738.58	+ 1.6

No varieties had a decrease in price of more than 1%

District 17 Prices:

Varieties that did not increase or decrease in price by more than 1%

- ▶ Aglianico
- ▶ Albarino
- ▶ Aleatico
- ▶ Arneis
- ▶ Barbera
- ▶ Cabernet Franc
- ▶ Carignane
- ▶ Chardonnay
- ▶ Chenin Blanc
- ▶ Ciliegiole
- ▶ Cinsaut
- ▶ Cortese
- ▶ Falaghina Greco
- ▶ Fiano
- ▶ Gewurztraminer
- ▶ Graciano
- ▶ Grenache
- ▶ Grenache Blanc
- ▶ Gruner Vetliner
- ▶ Malbec
- ▶ Merlot
- ▶ Montepulciano
- ▶ Mourvedre
- ▶ Muscat Blanc
- ▶ Muscat of Alexandria
- ▶ Nebbiolo
- ▶ Petit Verdot
- ▶ Petite Sirah
- ▶ Pinot Gris
- ▶ Primitivo

District 17 Prices:

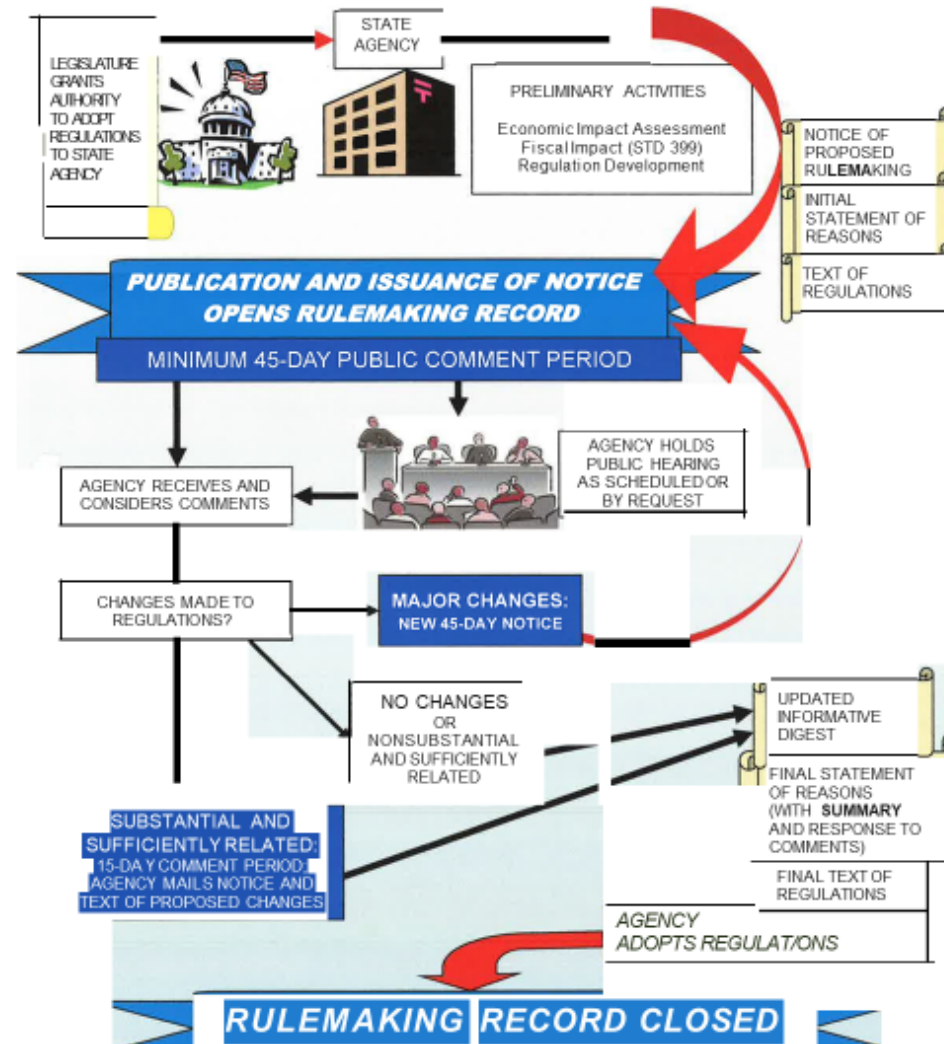
Varieties that did not increase or decrease in price by more than 1%

- ▶ Sangiovese
- ▶ Sauvignon Blanc
- ▶ Semillon
- ▶ Symphony
- ▶ Syrah
- ▶ Tannat
- ▶ Tempranillo
- ▶ Teroldego
- ▶ Trousseau
- ▶ Verdejo
- ▶ Verdelho
- ▶ Vermentino
- ▶ Viognier
- ▶ White Riesling
- ▶ Zinfandel

Public Comment

Overview of Regulatory Process

REGULAR RULEMAKING



Thank you!

- ▶ Official Record for the workshop will be open through Friday, January 10, 2020 - 5:00 pm
- ▶ Comments and input can be sent via:
 - ▶ Email: jeff.cesca@cdfa.ca.gov; Kathy.diaz@cdfa.ca.gov
 - ▶ Mail: CDFA- Marketing Services - 1220 N Street - Sacramento CA 95814 - Jeff Cesca
- ▶ Decision regarding next steps: February 2020 (anticipated)
- ▶ Thank you for your attendance and participation!