



A 2017 GROWING SEASON REPORT BY ALLIED GRAPE GROWERS

SUISUN VALLEY

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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.

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Suisun Valley Report

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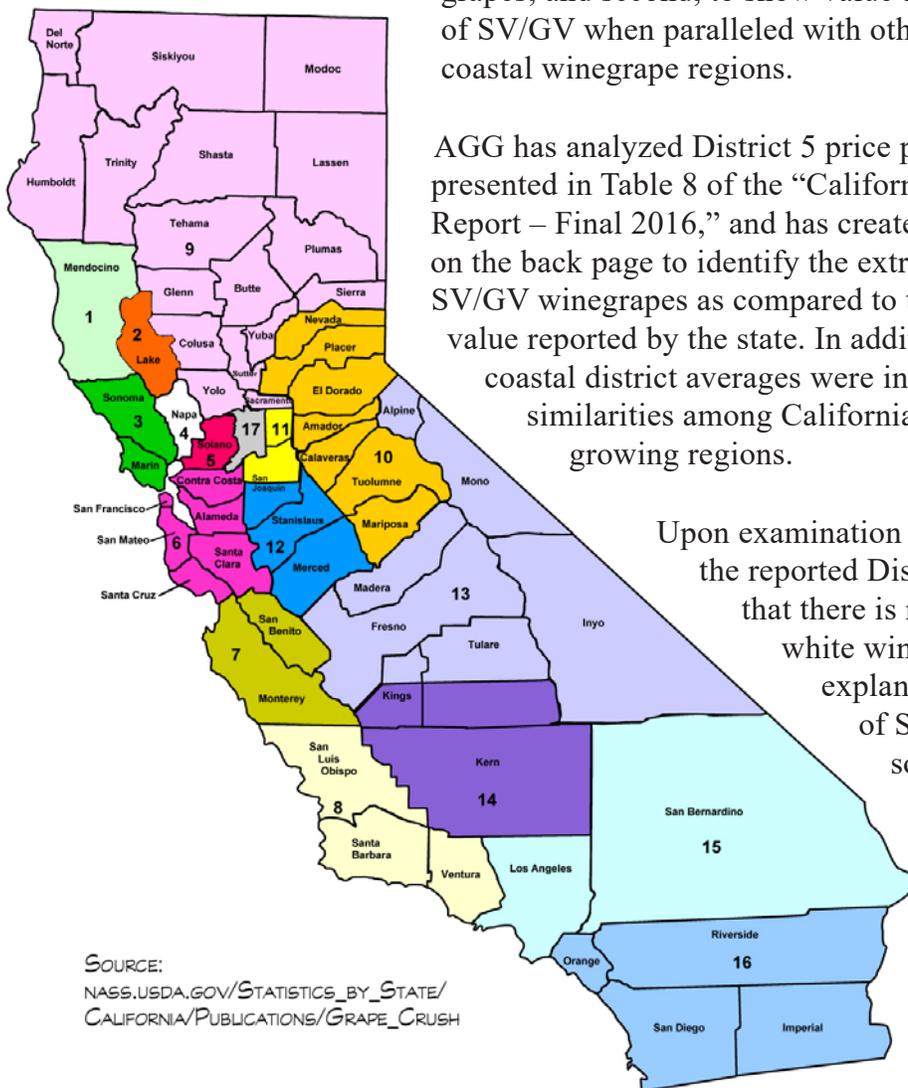
Unfortunately the state's crush districting does not distinguish these geographically unique areas when collecting and reporting market and supply data for District 5. Therefore, the state's reported numbers for the district include areas of Solano County (particularly eastern Solano County) that, from a viticultural and marketing perspective, are more closely associated with California's Delta than California's North Coast.

Specific price data reported from buyers in the 17 grape pricing districts are averaged by variety and district. Because of the differences between the grape growing regions of western and eastern Solano County, such reported average prices cannot always be used to indicate true value of SV/GV grapes in the marketplace. The intent of this summary is two-fold: first, to more accurately define the worth of SV/GV grapes; and second, to show value and comparability of SV/GV when paralleled with other major California coastal winegrape regions.

AGG has analyzed District 5 price point purchase data, presented in Table 8 of the "California Grape Crush Report – Final 2016," and has created the table shown on the back page to identify the extrapolated value of SV/GV winegrapes as compared to the averaged district value reported by the state. In addition, "comparable" coastal district averages were included to show similarities among California's coastal winegrape growing regions.

Upon examination of the extrapolated values versus the reported District 5 averages, it is obvious that there is much more disparity between white winegrapes than red winegrapes. The explanation is simple. The eastern side of Solano County, because of its rich soils and cool, foggy Delta influence, is not well suited for many of the traditional Bordeaux varietals, therefore little or none are grown there. As a result, the reported district averages for these varietals are mostly representative of those grown in SV/GV.

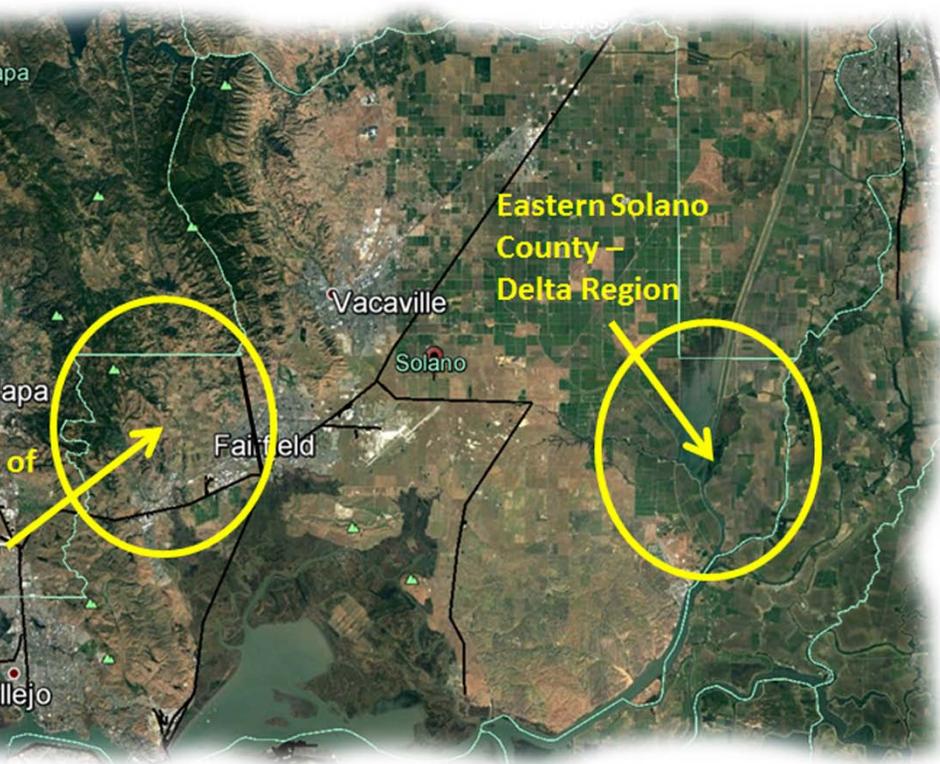
Grape Pricing Districts



SOURCE:
NASS.USDA.GOV/STATISTICS_BY_STATE/
CALIFORNIA/PUBLICATIONS/GRAPE_CRUSH



However, when it comes to the major white varieties as well as Pinot Noir and even Petite Sirah, there are substantial differences in the reported district averages versus the extrapolated values of SV/GV.



In summary, it is important to understand that the California Grape Crush Report, although a very useful tool, has its limitations. Beside the issue discussed in detail herein, the report only captures the reported “crushed” tons. Grapes that are shipped fresh to out-of-state markets or not reported by buyers will not be captured in the tonnage or prices listed.

Due to the entrepreneurial nature of some SV/GV growers over the last few years, many out-of-state markets have been opened up for these premium coastal grapes. There are now bonded wineries in all 50 states of the nation. Many of these wineries look to California for their grape supply due to the inability to reliably grow vinifera grapes in their own regions.

In addition, home winemaking is still a common practice throughout many ethnic communities from the Midwest to the Northeast. The “new” generation of these home winemakers is extremely interested in producing a premium product and seeking the quality differentiation provided by coastal winegrapes from recognized AVAs. As a result of these opportunities, the SV/GV region has become a recognized source for these out-of-state buyers.

It is safe to say that, without an economic premium to market grapes in this manner, they would be marketed within the state to purchasing crush facilities. Considering this, the true worth and sheer volume of SV/GV grapes would be reported as even higher if these shipments were taken into account.

A smaller but important issue contributing to the validity of average price data is the increasing amount of niche buyers purchasing small quantities of fruit at premium prices throughout the region. Many times these smaller buyers are unaware of the reporting requirements associated with winegrape

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Suisun Valley Report

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purchasing. The omission of these often “higher-priced” transactions contributes to lower-than-realistic average price expressions in the report.

The SV/GV region has experienced considerably improved marketplace notoriety over the recent years with advances in viticulture coupled with buyer willingness to purchase grapes. Considering the overall momentum and long term trends evident within the California wine industry, SV/GV region is poised for continued success.

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

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