

San Francisco Business Times - June 2, 2008

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SAN FRANCISCO
Business Times

Friday, May 30, 2008

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The other wine country

Some of Northern California's lesser-known vineyard zones

San Francisco Business Times - by [Chris Rauber](#)

If becoming another Napa Valley is the desired outcome for winemakers in several of the greater Bay Area's burgeoning wine countries, getting there is something like a heroic quest -- not an ambition for the faint of heart.

Jim McGrail, now a litigator in Livermore but formerly an Alameda County deputy sheriff for 14 years, is a case in point. He and wife Ginger, joined later by daughter Heather, have turned a hillside on the east end of Livermore into a 16-acre vineyard with views that encompass a vast swathe of the Livermore Valley.

At first, they sold their cabernet sauvignon grapes to the **Steven Kent Winery**, also in Livermore. That contract went elsewhere, but not before, in McGrail's words, Kent "made a fantastic cabernet and put this ranch on the map."

McGrail -- with a nudge from his friend Phil Wentz of Livermore's **Wentz Vineyards** -- started making his own wine, and is in the process of turning **McGrail Vineyards** into a full-fledged winery and tasting room. It's the 43rd winery in the fast-growing Livermore Valley region, according to the **Livermore Valley Winegrowers Association**, which had 17 wineries a decade ago and just five 30 years ago.

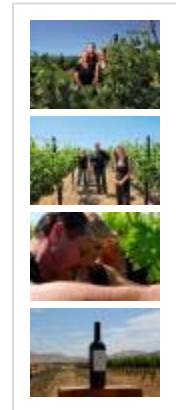
The McGrail winery officially opened April 12, after a "soft opening" a few months earlier to test the waters. "It's a work in progress," said Heather McGrail, the family firm's sales and marketing director.

Livermore tries to update

Livermore has been known for its wines since giants Wentz and Concannon got their starts in 1883. But Prohibition nearly did it in and until recently few of its smaller wineries had achieved stellar reputations. The valley also lacks many of the amenities -- such as high-end hotels and restaurants -- that may be essential to catching up with Napa and Sonoma as a destination and terroir appreciated by oenophiles.

But don't tell that to McGrail. He believes the solution is in the wine, not the region's infrastructure.

"The way to make Livermore Valley stand tall is by making excellent wine," he said. "That's



what we're all trying to do, and I think it can happen. We have everything Napa has, and then some."

He won't say how much he's invested in his enterprise, but he explained that it costs as much as \$14,000 to plant an acre, not counting irrigation costs in the dry Livermore hills, and that annual farming costs -- outsourced to Wente -- approach \$100,000. McGrail produced a tiny 2003 vintage, jumped to 585 cases for 2004, and expects to bottle about 1,900 cases of his 2005 release by the end of May, a tally that could jump to 3,000 cases the next time around.

In the meantime, the family hopes to be equipped to do the 2008 crush in-house -- rather than at Wente -- while deciding how much to invest in grape-crushing equipment of its own, which can run from \$150,000 to \$300,000.

McGrail admits it isn't easy to reach for the top from an appellation that still has a lot to prove to many observers.

Eileen Fredrikson, of Woodside's **Gomberg Fredrikson & Associates** wine industry consultancy, said areas like Livermore, Mendocino and Lake County are attracting attention in the broader wine universe.

"I can assure you that there are some sensational wines being made in the (Livermore) region," she said, mentioning Thomas Coyne, Steven Kent, La Rochelle, Bodegas Aguire, Page Mill, Mitchell Katz, **John Christopher Cellars**, **Cedar Mountain**, **Las Chenes Estate** and Wente Vineyards.

Fredrikson praised Wente's luxury Nth Degree cabernet sauvignon brand, a small production offering with high prices to match.

Lake County has ambitions

Lake County is another fast growing region with 22 wineries (18 with tasting rooms), up from just four in the early 1990s.

Fredrikson said the standouts remain **Steele Wines** and Jim Fetzer's **Ceago Vinegarden**, which attracts a number of well-heeled visitors, some of whom fly in on seaplanes and land on Clear Lake to taste his wines and visit his bio-dynamic vineyards. (Plans at Ceago also call for a restaurant, hotel and spa and nearby condominiums.)

Fredrikson isn't the only observer paying attention to Lake County. Its **Snows Lake Vineyard**, in the Red Hills Lake County American Viticultural Area, won a "great gold" and three other golds in Bordeaux, France, this year at the 15th annual **Concours Mondial de Bruxelles** international wine competition, one of eight U.S. wineries to win a total of 14 medals -- and the only one to win a great gold.

"There's a pioneering element to this area, especially in the Red Hills appellation," said John Adriance, chief operating officer at Snows Lake and a former controller and vice president for **Robert Mondavi Corp.** "(Lake County) reminds me of Napa Valley in the late 1970s and early '80s, when it was new. There's an awareness that something's going on up here."

The vineyard produces its own wines and sells grapes to customers like Beringer, Stag's Leap, **Rosenblum Cellars**, Dynamite Vineyards and Cakebread Cellars for a premium about 40 percent higher than Lake County's \$1,400 per ton average, according to Adriance. It has 810 planted acres, primarily with cabernet sauvignon, including one vineyard originally developed by Louis Martini, one of the first iconic Northern California wine producers to see the appeal of the county.

Many of the vines were planted 10 years ago and already have produced an equal number of vineyard-designated wines, said Snows Lake viticulturist Charlie Hossom, which he calls "quite an accomplishment for an area like Red Hills." That culminated last month in the Concours Mondial de Bruxelles' great gold for the 2005 Snows Lake "One," its premium home-grown cabernet.

A winery will likely follow in good time, Hossom said; currently its wines are made at the **Hall Winery** in St. Helena, with help from consulting winemaker Dave Ramey. In the meantime, Snows Lake is focusing on improving its vineyard-designated wines and helping its high-end clients to improve their brands -- a slow and steady approach that appears to be paying off.

"The idea was to first show that Red Hills and Snows Lake can be successful in the market at a respectable price point, and we've been able to execute that," Hossom said. "You start small and look for traction, and we seem to be developing traction."

Build it and they will come

Whether in Lake County or Livermore, winery folks are thinking bigger and planning to create destinations that will attract wine lovers to their appellations.

Lake County revolves around Clear Lake, which natives are happy to describe as the state's largest natural lake. As recently as the mid-1990s, the county had just three wineries. But recently Ceago, an estimated \$10 million winery, **Wildhurst Vineyards**, **Brassfield Estate**, **Six Sigma**, **Shannon Ridge**, and a host of others have popped up, according to Shannon Gunier, director of the county's winegrape commission, which helps market the region's wine industry.

Local wineries pay a 1 percent fee on sales to support the commission, which spends roughly \$350,000 annually to market Lake County's wine industry; in contrast, Gunier said, Mendocino County spends roughly \$875,000 and Sonoma County about \$1.2 million.

Another challenge -- which links Lake County and Livermore Valley -- is a perceived lack of high-end amenities for visitors. "There's not a whole lot of places to stay," Gunier said, "and this is a tough place in the winter (to attract tourists). That's why our restaurants are a challenge."

Still, a few upscale options are available, including the Bungalow in Glenhaven, the historic **Tallman Hotel** in Upper Lake and Kelseyville's **Konocti Harbor Resort** & Spa, and wine industry boosters are working to improve the area's status as a wine-tourism destination.

Where are the amenities?

Clay Shannon, proprietor of Shannon Ridge Vineyards and Winery in Clearlake Oaks, recently bought the 240-acre **Rolling Knolls Vineyard** in Lower Lake. He hopes to open a tasting room later this year, and ultimately a winery, bed and breakfast, picnic areas, hiking and biking trails, horse stables, and an "old world" Italian-style combination gourmet deli, coffee shop and organic produce mart. The property features beautiful views of the Anderson Marsh, one of the largest wetlands in the state, and Shannon hopes it will help meet Lake County's glaring need for "good food, good places to stay and something fun to do."

His 420-acre Shannon Ridge vineyards and its tasting room, a revamped 125-year-old one-room schoolhouse, opened in mid-2007 in the middle of the town, a nondescript locale that cries out for further redevelopment. The family company employs 200 people who work its vineyards and non-grape ranches, and oversee wine production at custom-crush facilities it uses in Napa, Geyserville and at Kelseyville's Wildhurst Vineyards.

He sells a number of varietals, all in screwcap bottles, ranging from a new Kitchen Sink cabernet and several new reserve wines, slated for release in the fall, to a 2007 roussanne, an unusual Rhone varietal, that's won him high scores from wine critics and a "best in California" award, according to Shannon. Production overall is up to about 40,000 cases last year, from 14,000 cases in 2006, and his wines currently ship to 25 states.

But he's not satisfied with that, and has invested roughly \$20 million in his effort to put Shannon Ridge, and Lake County, on the world's wine maps. "Over the last eight weeks, I've been gone probably four, pouring our wine and talking about our story," in trips to Texas, the Carolinas, New Jersey, New York, Florida, Washington, Oregon and Southern California. "We're not Napa, we're new. People like our price points, people like our wine, and the philosophy is right."

Livermore looks ahead

As in Lake County, many winemakers in Livermore are looking to lure more visitors to their wineries, as well as attracting more aficionados to their wares. Near the head of that parade is Mike Callahan, who owns the newly opened **Ruby Hill Winery** in Pleasanton. A silent partner at the nearby **Mitchell Katz Winery**, he is also a commercial real estate developer at Livermore's Callahan Properties.

The old Mitchell Katz facility, destroyed by a fire, was rebuilt and reopened in late 2003, followed in January by nearby Ruby Hill. Both wineries boast giant event centers that are frequently booked for private and corporate events, including a recent **Chevron Corp.** shindig that attracted about 500 people.

Callahan purchased both properties from the Wentz family, and invested at least \$10 million in each of them, including the wineries, event centers, land, "all of that," he said, and for good reason. "People used to stick their noses up (at Livermore and Pleasanton). Now it's a sought-after location, and on a Saturday morning you can see the brides and grooms making the trek" to look at Ruby Hill or Mitchell Katz as potential wedding sites.

Which isn't to forget the wine itself. Callahan describes Ruby Hill as "a California boutique winery with a hint of Italy," and the new winery produced 5,000 cases last year and has plans

to double that figure in 2008. It makes 11 varietals, and later this year will introduce a pinot grigio.

Callahan's goal is to make 40,000 cases within five years -- and to help make Livermore a premier wine destination.

"My philosophy is that if we're successful, other people will copy us, and more capital will flow to this area to build bigger and better wineries, and we will elevate."

Chris Chandler, executive director of the Livermore Valley Winegrowers Association, said it's important for Livermore to keep its semi-rural atmosphere intact, but admits wine folks would love to see more accommodations in the vicinity.

That's not exactly central to Jim McGrail's vision of focusing on the wine itself, but insiders expect it'll take a bit of both stances to burnish Livermore Valley's brand and -- as in Lake County -- a few extra B&Bs and boutique hotels wouldn't hurt.

crauber@bizjournals.com / (415) 288-4946

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