“Realizing the Heritage” – a UC Davis Study –

Presentation to the Agricultural Advisory Committee

3/22/2022

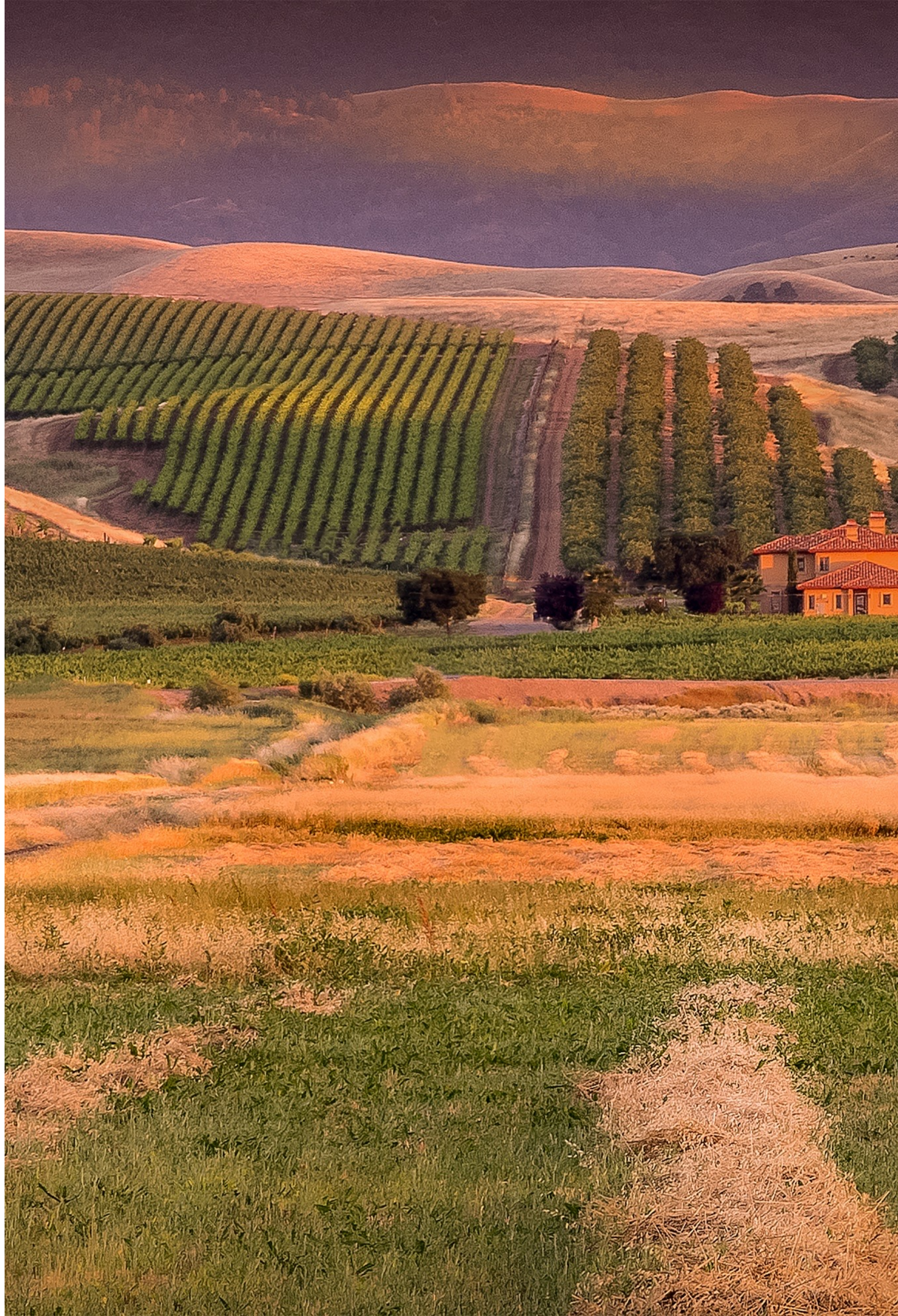
Background

The Tri-Valley Conservancy commissioned research with UC Davis in January 2020.

The purpose was to create an impartial assessment of the economic viability of the Livermore Valley Wine Region.

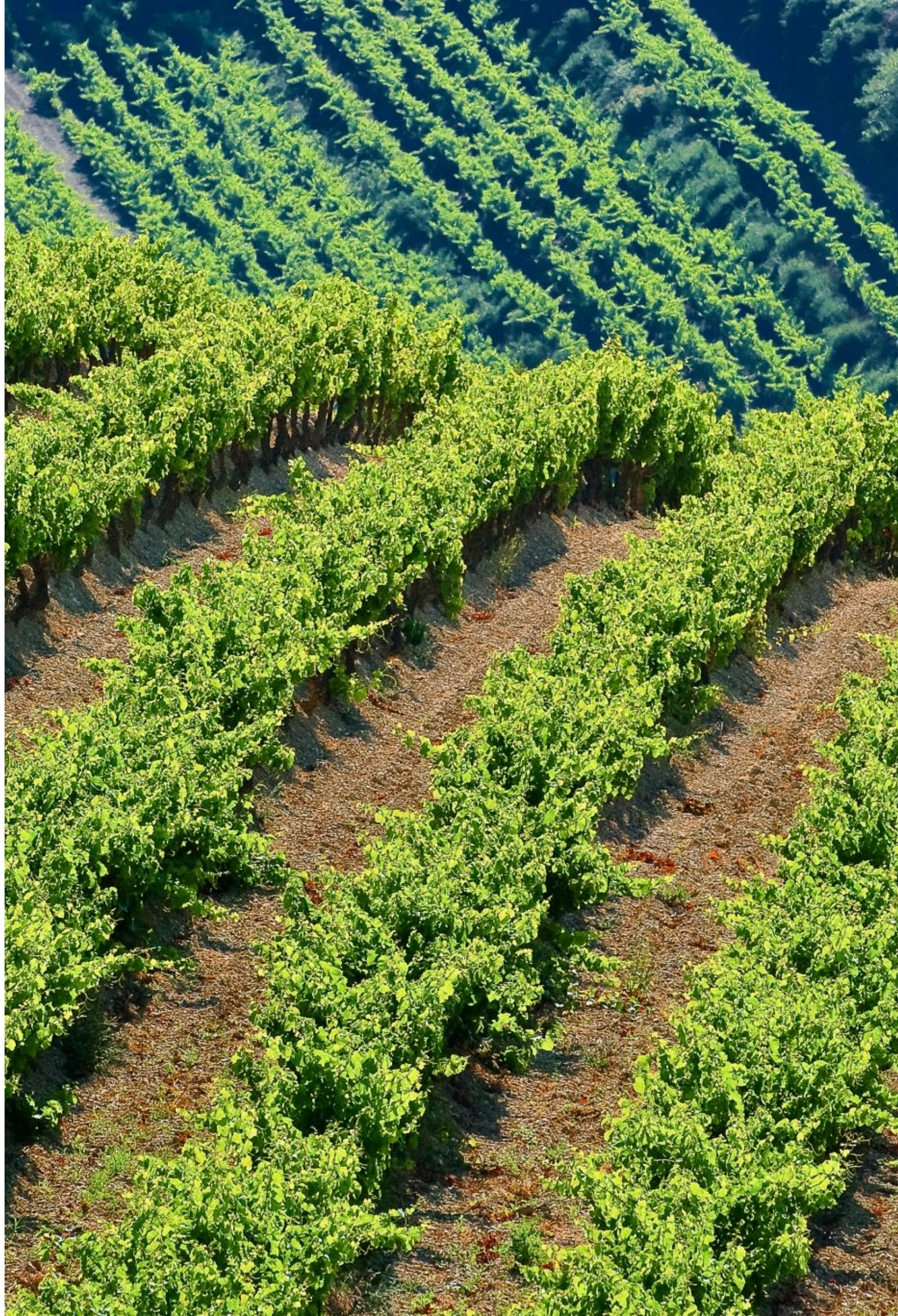
We were seeking:

- A look at the Past, Present and Future
- To identify measurable and achievable goals to support the South Livermore Valley Area Plan
- To build broader public understanding of the Tri-Valley Conservancy's strategies and their relationship to a successful implementation of the SLVAP



Tri-Valley Conservancy

- Founded over 25 years ago as part of the South Livermore Valley Area Plan as a Land Trust to protect and preserve open space and vineyards
- One of the goals of the SLVAP was to achieve a critical mass of 5,000 vineyard acres to be recognized as a premiere wine growing region
- Currently there are 2,800 acres of planted vineyards
- 1,600 of these vineyard acres were planted as "mitigation" for housing development
- The Tri-Valley Conservancy is committed to the successful implementation of the SLVAP and is taking critical steps to increase its economic feasibility



Realizing the Heritage

Grape Growing and Winemaking in the Livermore Valley

The Authors are

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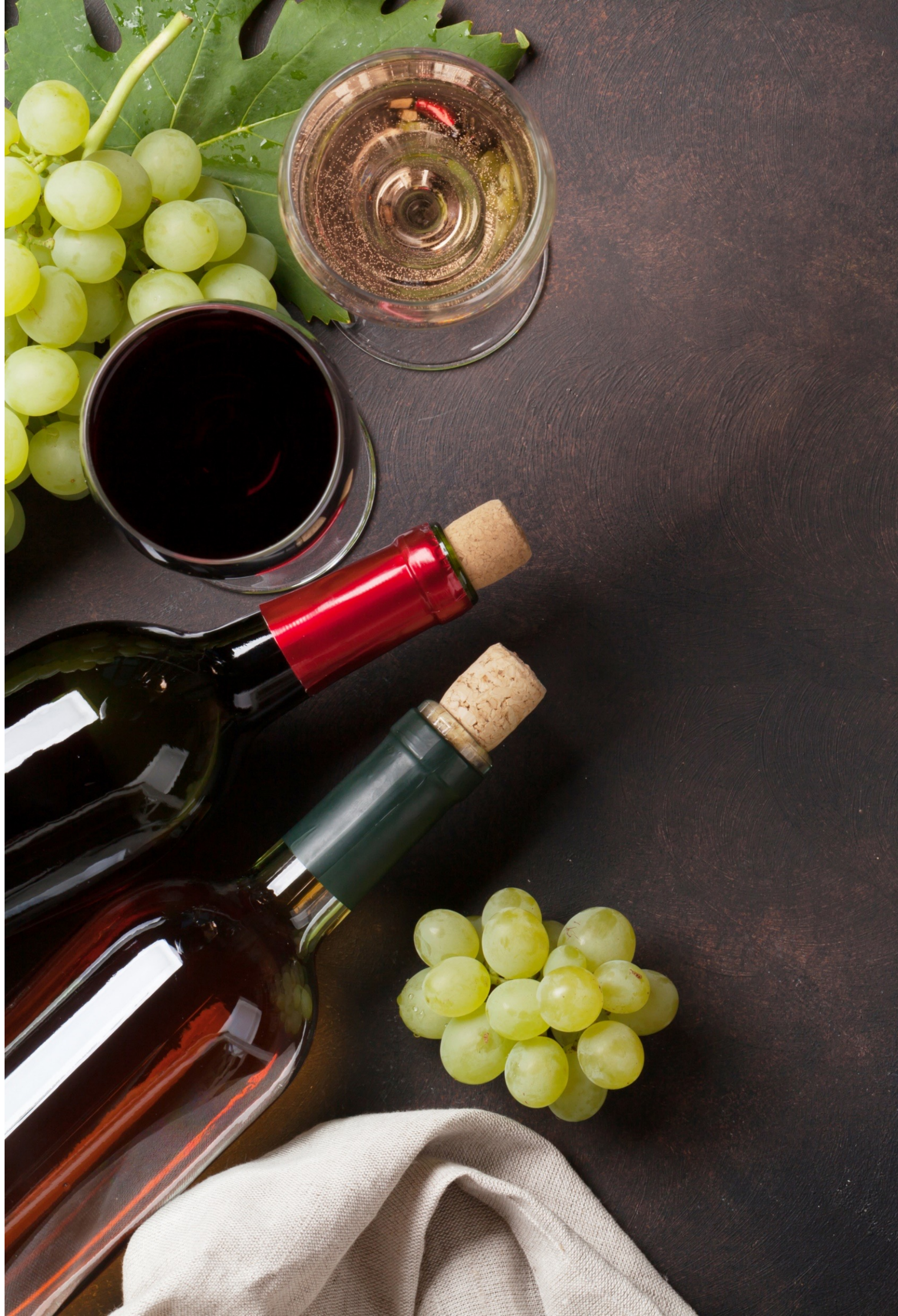
Prepared to provide actionable information for public and private decision makers in the Livermore Valley Wine region

Highlights from the study

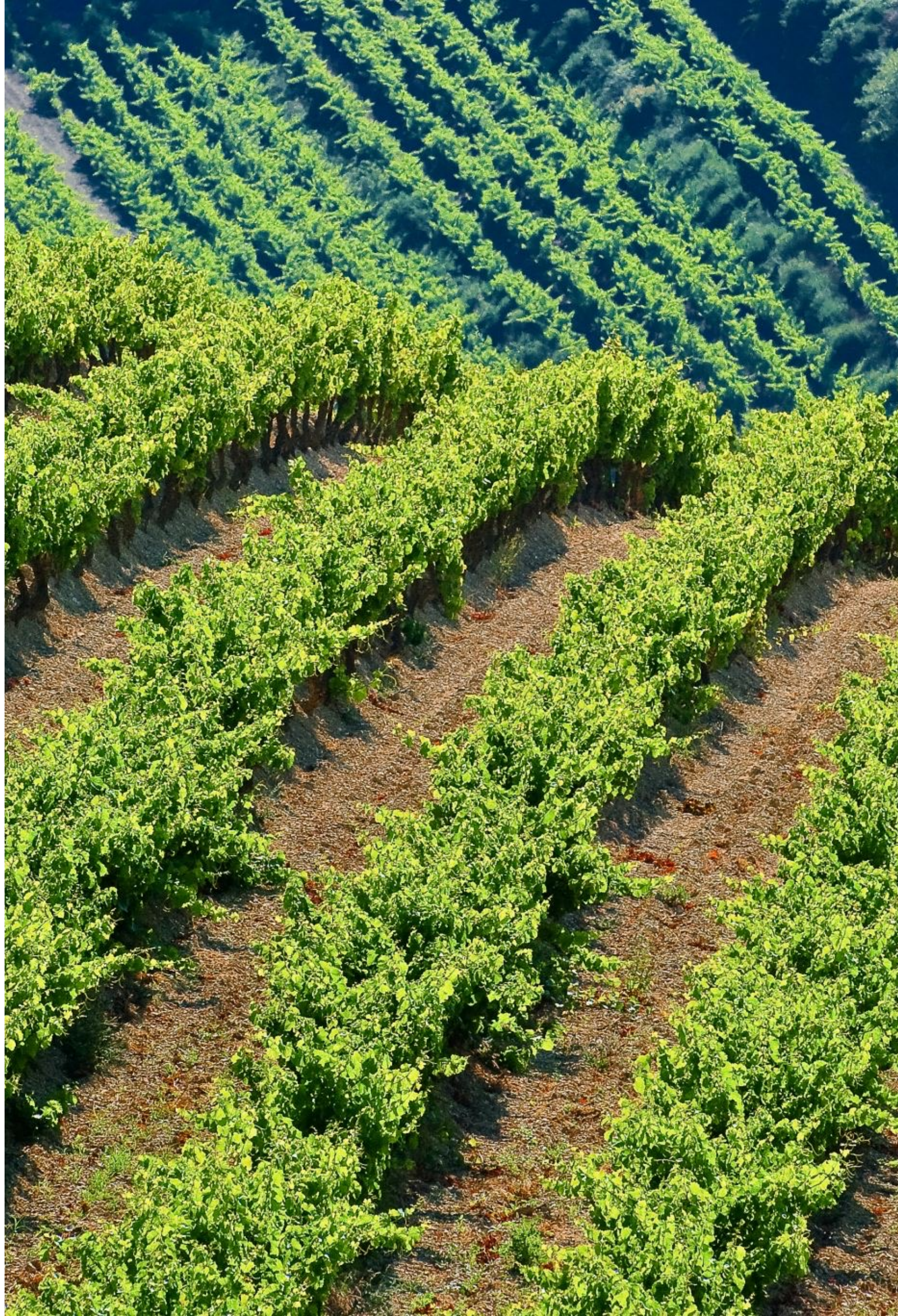
- The Livermore Valley AVA has the right combination of soil, climate, water and expertise (history) to grow world class wine grapes
- South Livermore Valley has ~7,000 acres suitable for commercial agriculture
- There are 48 “active” wineries in the Livermore Valley AVA serving a market of approximately 6 million people within a one-hour drive.

So why have we not achieved the 5,000 acres of cultivated viticulture?



Key Findings

- Livermore AVA does not have a reputation to distinguish it from other grapes grown in the Coastal Region
  - Livermore's 2800 acres is only 2.3% of the ~120,000 California vineyards with similar climate and other requisite conditions
- Livermore's grapes come from 125 vineyards, 104 of these are less than 20 acres
- 22 of the 48 Livermore wineries produce less than 2000 cases
- Two wineries, Wente and Concannon produce over half of all the Livermore wine – also the only two with national distribution
- The region lacks the Infrastructure to support Agritourisim
- Many of Livermore's independent vineyards were not profitable in 2019 and 2020
- 2/3 of current vines will be removed by 2030 unless action is taken



Benchmark Wine region Study #1

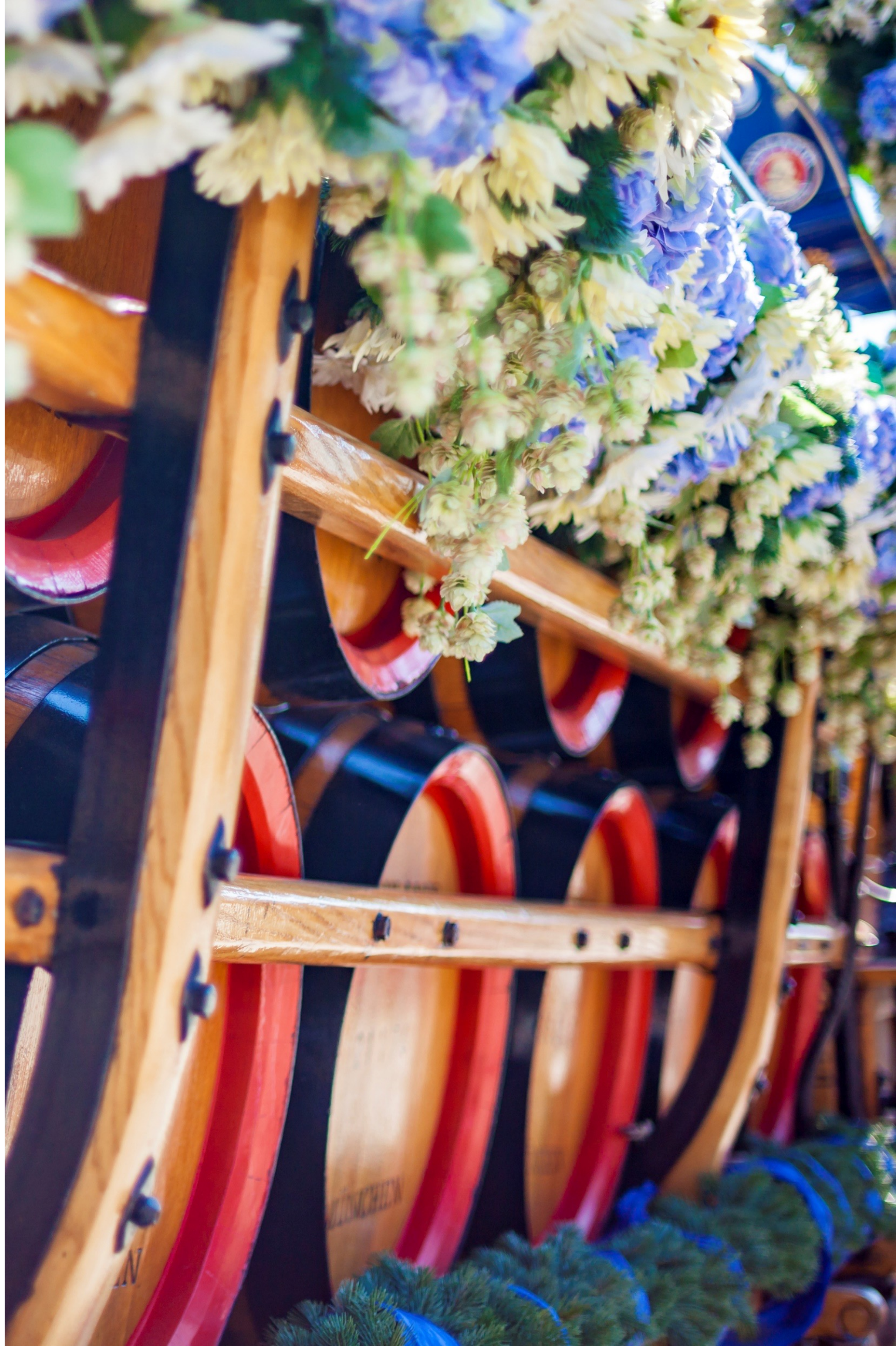
<ins>Santa Lucia Highlands (SLH)</ins> – Similar acreage as Livermore

- Succeeded in focusing on a then–emerging varietal (Pinot Noir) establishing a significant price premium over Monterey
- Major wineries with National Distribution have invested in SLH
- Attention to profitability - focus on vineyard layout and clonal selections and precision farming
- Median size of vineyards are 50 acres (80% of Livermore vineyards are less than 20 acres)

Benchmark Wine region Study #2

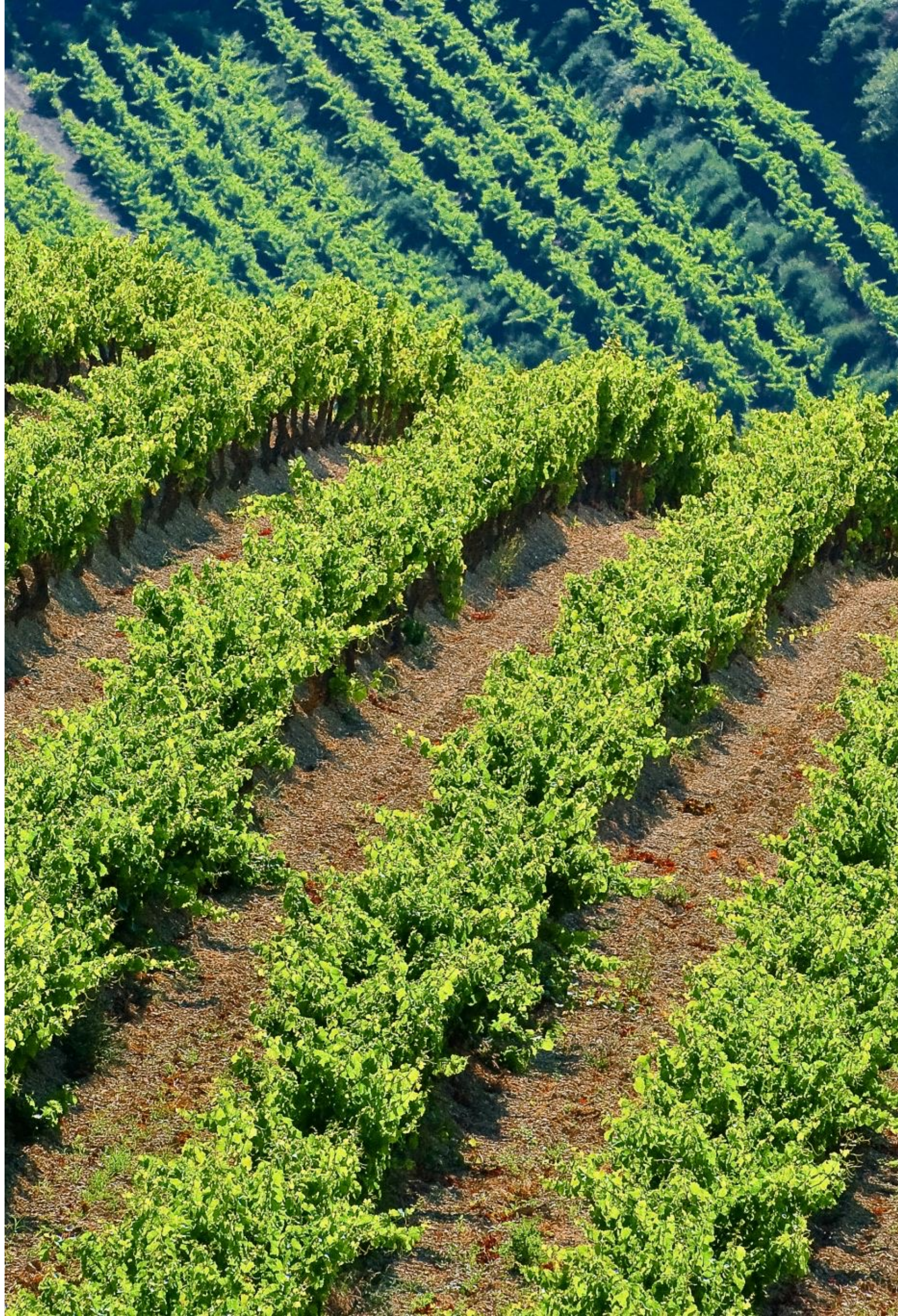
Temecula – Similar number of small wineries as Livermore

- Planted grapes instead of citrus since takes less water – individual property owners have no water rights and water comes from State Water Project
- Temecula has much more favorable zoning
- Wineries have event centers, restaurants, Bed & Breakfast businesses that can target the 20M SoCal consumers with their wine tourism
- Temecula Valley has grown without “wine industry” capital investment



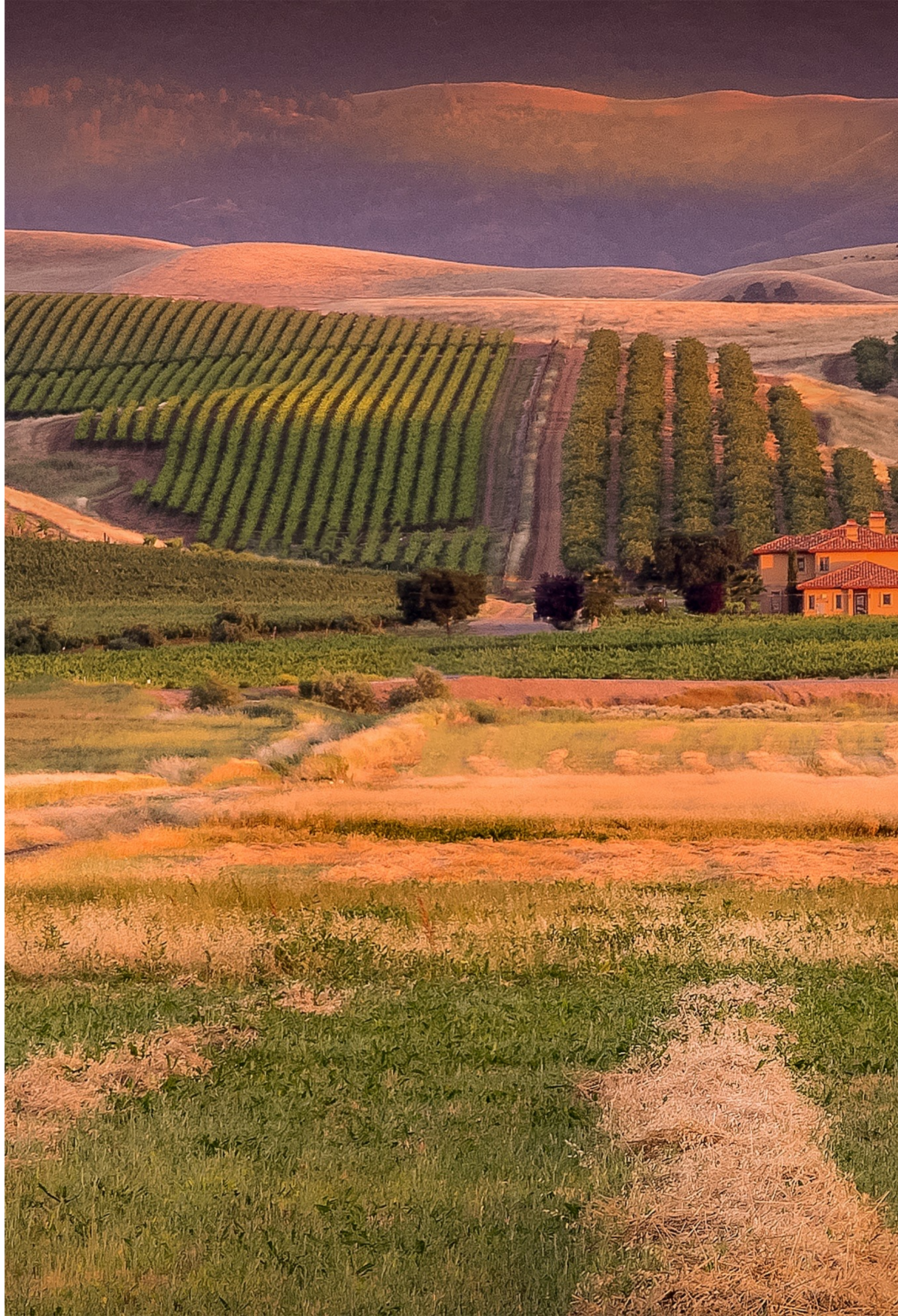
What needs to be done to revitalize the Livermore Valley Wine Country?

- Provide the economic justification to replant the 1,600 mitigation acres to sustain current acreage
- Achieve the 5,000 acre “critical mass” of vineyard acreage by attracting outside investment in prime farmland



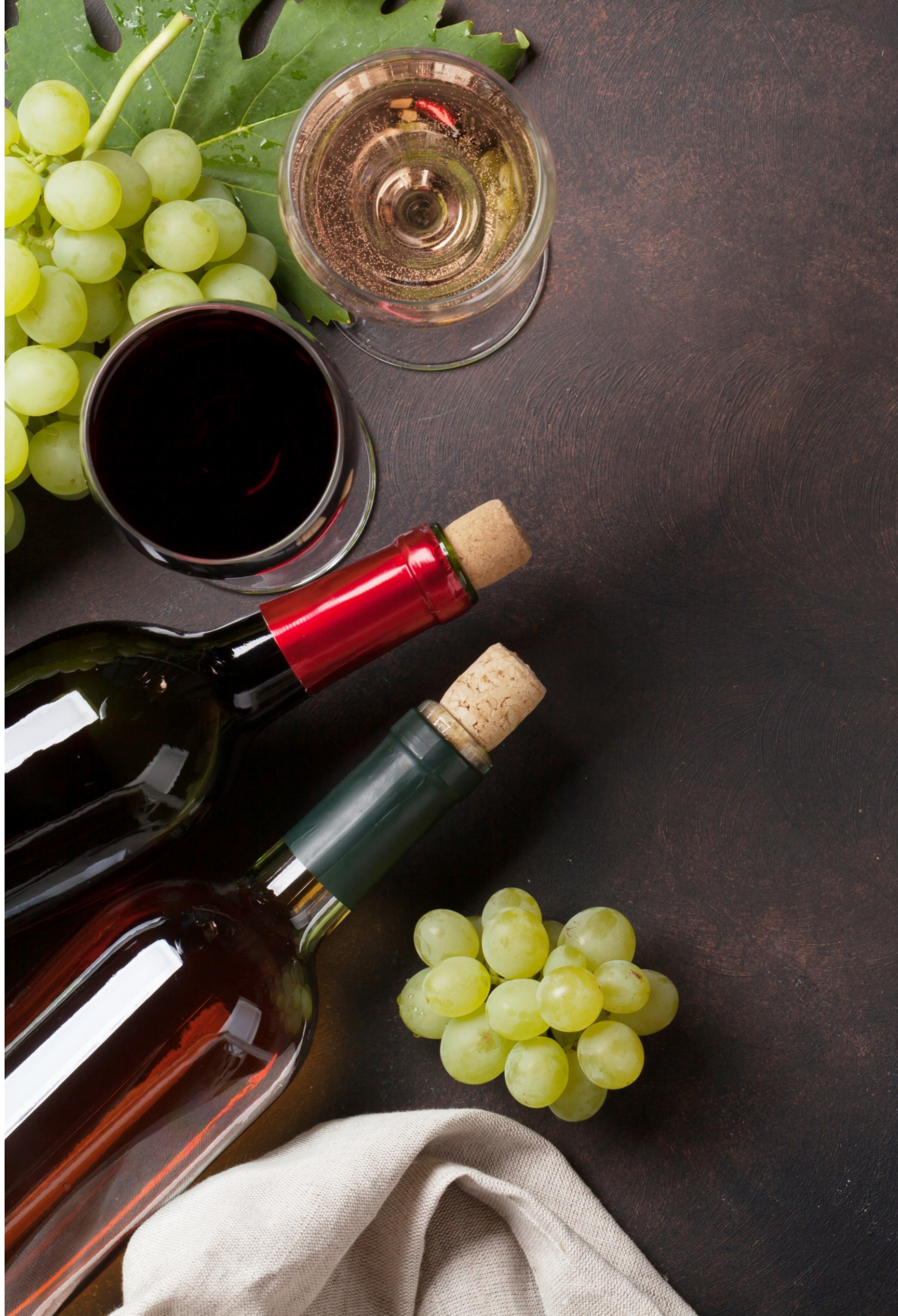
Recommendations from study to promote economically sustainable vineyards

- Enhance Wine Tourism by adding agriculturally related visitor-attracting retail per the vision of the SLVAP-Resort Hotel/spa, Bed and Breakfast Establishments, Tasting rooms
- Improve the quality and consistency of local wine
- Focus on a signature varietal(s) for the region
- Attract mid-sized wineries to invest in the region
- Clarify land use provisions and align them with SLVAP goals



Actions TVC is taking now

- Infrastructure is required to enhance wine tourism
  - TVC is working with the city of Livermore staff addressing the need to protect water quality and agriculture by extending the sanitary sewer line to a limited portion of the South Livermore Valley
    - Enable the expansion of cultivated agriculture and provide permitted SLVAP opportunities for visitor-attracting improvements to be made by property owners
    - Provide critical infrastructure needed to attract mid-sized wineries to the region
    - Support Agritourism for the region and enhance the reputation as a wine country destination
- TVC has partnered with the LVWA to establish a Wine Quality Alliance
  - To focus on improving the quality and consistency of local producers
  - To provide resources such as a Consulting Winemaker



Actions TVC is taking now

- Amendments to the SLVAP
  - TVC has proposed to the County of Alameda technical amendments to the SLVAP language to clarify permitted uses
- Requested a study of the efficacy of the SLVAP after 25+ years in effect
  - LAFCO is leading a retrospective study of both the SLVAP and Measure D