



November 11, 2018

Representative Mike Thompson
U.S. House of Representatives
Washington, DC 20515

Dear Representative Thompson:

We, the undersigned, are writing to you on behalf of the many winegrape growers in Northern California who were adversely affected by wildfires this past summer.

We understand Congress may take up a disaster assistance bill to aid the many agricultural producers and timber operators affected by devastating hurricanes that swept through the Southeast United States. We urge the inclusion of California winegrape growers in any disaster assistance bill that may move forward. Many California growers, especially in hard hit Lake and Mendocino counties, experienced substantial economic losses directly attributable to wildfires.

The annual winegrape crops in Mendocino and Lake counties typically produce \$120 and \$75 million in revenue, respectively. This year, persistent exposure to heavy smoke, produced by uncontrolled wildfires, resulted in substantial losses to winegrape growers in Lake and Mendocino counties. Survey efforts indicate growers in Lake County suffered losses of at least \$37.1 million and a soon to be completed survey in Mendocino County is expected to confirm growers in that county also suffered extensive losses. We will update you on growers' losses in both counties as new data is received.

When grapes subjected to heavy smoke exposure are processed into wine a matrix of compounds may be released that impart smoky, ash-like aromas and taste to the resultant wine. Unfortunately, there is a lack of scientific understanding about how these compounds interact with one another and the winemaking process. In fact, experience has shown these smoke compounds can release over time as a wine ages, thus a wine that is drinkable soon after bottling may become progressively less palatable as smoke compounds release over time. Consequently, many wineries are reluctant or altogether refuse to accept winegrapes that have received smoke exposure.

This harvest season, many growers in Lake and Mendocino counties received notice from their winery customers that their grapes would not be accepted due to concerns over smoke exposure. Without a market, many growers were forced to leave their crops in the vineyard. In some instances, wineries were willing to accept smoke exposed grapes, but only at steeply discounted prices. In these cases,

wineries believe they can utilize less heavily smoke exposed grapes, but only with additional handling and management attention.

Finally, some growers who were unable to sell their grapes, opted to convert their grapes to wine on their own. These growers hope to recover the revenue they would have received from the sale of their grapes by making bulk wine and selling that wine at a later date. However, since so little is known about smoke exposure in grapes and how it affects wine, it's entirely possible these growers will not only lose the revenue associated with the sale of their grapes but also the investment and storage costs associated with making bulk wine. The losses these growers incurred won't be known until one to two years from now.

We know of significant numbers of growers in each category – 1) those who were unable to harvest their grapes, 2) sold their grapes at a steep discount, or 3) rather than leave the grapes in the vineyard, decided to make bulk wine for sale at a later date. We urge your support for a disaster assistance bill that addresses smoke exposure related losses for growers in each category.

Wildfires in the Western United States are increasing in frequency and intensity and occurring with greater regularity near winegrowing regions. We urge your support for a disaster assistance package that assists California winegrape growers as follows –

- Extend the Wildfire and Hurricane Indemnity Program (WHIP) to cover 2018 wildfire related losses in California, including losses attributable to smoke exposure. Also, WHIP eligibility should be adjusted to accommodate growers' losses that may not be fully realized until 2020, when bulk wine made from affected grapes is marketed.
- Promote greater utilization of federal crop insurance among winegrape growers by establishing clear, effective standards around smoke exposure claims and fund an aggressive outreach and education program on the benefits of crop insurance coverage.
- Provide \$5.25 million of new funding to support intensive research on smoke exposure and winegrapes. Such research will help limit future smoke exposure related losses.

A one-page attachment included with this letter further details our request for disaster assistance.

We sincerely appreciate your active leadership and continued interest in the success of California's wine industry. Thank you for considering the needs of those growers affected by wildfires in this and future years.

Sincerely,




John Aguirre, President
California Association of Winegrape Growers



Debra Sommerfield, Executive Director
Lake County Winegrape Commission



Frost Pauli, President
Mendocino County Farm Bureau



Bernadette Byrne, Executive Director
Mendocino Winegrowers, Inc

Brenna Sullivan, Executive Director
Lake County Farm Bureau



Disaster Assistance for Wildfire Losses in 2018

This year California endured the largest wildfire in the state's history. Cal Fire, California's leading fire response agency, reported on August 31, 2018 the agency had responded to over 4,434 fires which burned 876,428 acres, compared to 4,170 fires and 228,803 acres in 2017. The magnitude of wildfires this year was enormous and produced wide ranging adverse effects on the environment and our communities, including significant economic losses for California's winegrape growers.

Winegrape growers urge support for a federal disaster assistance package that addresses a variety of loss related issues associated with 2018 wildfires. Specifically, winegrape growers seek the following –

- Wildfire and Hurricane Indemnity Program (WHIP). USDA's WHIP should be extended to cover wildfire related losses experienced in 2018. Growers' losses attributable to wildfire related smoke exposure was significant.

Growers whose winegrapes were rendered unmarketable due to smoke exposure and elevated smoke compounds detected in grapes should qualify for coverage. Coverage should also extend to the many affected growers who experienced losses when forced to sell their grapes at a steep discount as well as those growers who sought to mitigate their losses by contracting with a 'custom crush' winery to process their grapes into bulk wine. Growers who chose to make bulk wine may not know until 2020, when they attempt to sell that wine, the full extent of their losses. The WHIP eligibility timeline should be adjusted to accommodate growers' losses that may not be fully known until 2020, when bulk wine made from affected grapes is marketed.

- USDA Risk Management Agency (RMA) and Crop Insurance. Disaster assistance should promote greater utilization of federal crop insurance among winegrape growers. This can be achieved by establishing clear, uniform standards around smoke exposure claims to include agreement on testing protocols to detect the presence of deleterious smoke compounds in grapes. Such standards, coupled with an aggressive grower outreach and education program, will promote higher rates of crop insurance coverage for growers in wildfire susceptible areas.

Also, numerous growers have complained that RMA significantly overstated estimated harvest costs for damaged winegrapes in Lake and Mendocino counties. RMA policy deducts estimated harvest costs from the final indemnity payment, assuming harvest costs were not incurred by growers unable to find a market for smoke affected grapes. Inflated assumptions about harvest costs results in a substantially reduced indemnity payment for growers. This needs to be remedied.

- Fund Research. Disaster assistance should provide \$5.25 million in new funding to support competitive research grants administered by USDA's National Institute of Food and Agriculture (NIFA). Research is needed to establish—
 - a. Baseline numbers for smoke related compounds in grape varieties by region. Certain compounds that cause smoky, ashy flavors and aromas occur naturally in grapes and the presence of these compounds can vary by variety and region, so it's important to establish baseline data to compare against grapes that have been exposed to smoke from wildfires;
 - b. Agreed upon, testing protocols for measuring relevant smoke compounds in grapes;
 - c. Threshold levels for a matrix of smoke compounds that can compromise the marketability of winegrapes. Research is needed to determine at the levels at which certain smoke compounds in winegrapes will compromise wine quality. Agreed upon thresholds would allow growers and wineries to determine whether smoke exposed grapes would result in: i) no risk of smoke affected wine, ii) a low-risk of smoke affected wine, or iii) a high-risk of smoke affected wine;
 - d. And, develop protective materials that can be applied in the vineyard to shield grapes from absorbing smoke taint compounds.

Focusing on the above research items will contribute greatly to minimizing future smoke exposure losses for affected winegrape growers.

For additional information concerning disaster assistance for California winegrape growers contact:

- Louie Perry, Cornerstone Government Affairs – (202) 448-9500 or lperry@cgagroup.com
- John Aguirre, California Association of Winegrape Growers – (916) 379-8995 or john@cawg.org

For information concerning Lake or Mendocino County winegrape growers you may contact:

- Debra Sommerfield, Lake County Winegrape Commission – (707) 279-2633 or debras@lakecountywinegrape.org
- Brenna Sullivan, Lake County Farm Bureau – (707) 263-0911 or lcfarmbureau@sbcglobal.net
- Devon Jones, Mendocino County Farm Bureau – (707) 462-6664 or director@mendofb.org
- Bernadette Byrne, Mendocino Winegrowers Inc. – (707) 901-7629 or byrne@mendowine.com