



CALIFORNIA LEGISLATURE

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JOINT INFORMATIONAL HEARING **Senate Select Committee on California's Wine Industry** **Assembly Select Committee on Wine**

Fire and Water: Status on Wildfire Recovery and Report on Water Supply Issues for 2018

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BACKGROUND PAPER

Fire and Industry Recovery

A survey of over 200 vineyard and wineries across the North Coast from the Wine Business Institute (WBI) reports that 99.8 percent of vineyard acres were unaffected by the fires, and 99.5 percent of the total crop value for the 2017 vintage was recovered.

A majority of the programs that farmers and vineyards were able to utilize were made available through the United States Department of Agriculture (USDA) and the Farm Service Agency (FSA). Immediate needs for farmlands and crops were technical assistance. The National Resources Conservation Service (NRCS) reports a large number of site visits to help owners determine how to best protect their land. Over 300 site visits were done in Sonoma County. Debris and toxic substances from the fires infiltrating water systems through runoff was a chief concern.

Now, six months out from the Northern California fires, people are returning for financial assistance with their land. Under the Farm Service Agency, winegrape growers are applying largely for two programs: the Emergency Conservation Program (ECP), which provides emergency funding and technical assistance to rehabilitate farmland damaged by natural disasters, and the Tree Assistance Program (TAP), which provides financial assistance to replant or rehabilitate eligible trees, bushes, and vines lost in natural disasters.

In total, Mendocino, Lake, Sonoma, Napa, and Solano county residents have submitted 142 ECP applications and 85 TAP applications. Additionally, NRCS has set aside \$4 million in funding through their Environmental Quality Incentives Program (EQUIP) for Californians affected by the wildfires. As people are able to determine their living and insurance situations, it's expected that more will come forward for the funding pool.

Industry and Tourism

The chief driver for tourism in Sonoma and Napa counties are wine. With hundreds of wineries in Sonoma, Napa, and Mendocino counties, the scope of wine and wine tourism is significant. While studies out of Sonoma State University's Wine Business Institute show that direct impacts of the Northern California fires were localized and limited, the biggest impact on the wine communities like Sonoma County were the direct slowdown of tourism, as well as wine tasting and tasting rooms sales.

Traditional methods of data collection for tourism, such as hotel occupancy rates, can be misleading. While most evidence comes in anecdotal forms, hotels in Sonoma are reporting that their occupancy rates are up. This is largely because their new residents are evacuees waiting for permanent housing, or workers brought in on fire-related business, such as reconstruction. Depending on the insurance rates of evacuees, reconstruction rates, and a slew of other factors, it will likely remain this way for the foreseeable future.

As months have passed, numbers on winery tourism are mixed, with some vineyards and tasting rooms reporting higher numbers than average, and some reporting lower numbers than average. Large concerns about the public perception of a devastated and destroyed Northern California wine country remain. There is a belief within the wine community that drops in tourism were driven by images and misleading numbers reported at the height of the firestorms. Organizations continue to work together to promote an image of a wine country that is open for business.

Industry and tourism groups have gotten creative to encourage local tourism. Institutes like the Wine Business Institute at Sonoma State University are launching initiatives that aim to educate the public about the perception of the 2017 vintage from the North Coast, and to rebuild public confidence. Additionally, marketing campaigns, like the Sonoma Explore Program launched in March 2018, targets out-of-town visitors through social media and television ads.

Water Supply

California has distinct wet and dry seasons. The state receives half of its annual precipitation in the months of December, January, and February – with 90 percent of its precipitation falling between October and April. Historically, the state receives its water through big rain events and storms, instead of through an even, drizzly rainfall.

Up until last year's heavy rain season, California experienced a prolonged period of drought, and many state programs were put in place to mitigate water use. Governor Jerry Brown lifted California's drought emergency over in April 2017. The volatility of California's rainfall, including noticeably less precipitation for 2018, has many Californians seeking improved methods to predict, use, and store rainfall more efficiently.

During the state drought emergency, the Department of Fish and Wildlife worked to ensure there was sufficient water in watersheds. For example, voluntary drought initiatives allowed certain businesses to streamline permits in order to protect fish populations. Programs geared towards

maintain the habitats of Coho Salmon and Steelhead Trout – which need cold pools of deep water in the summer – are ongoing.

Research for how to improve wine's use of water is ongoing. Projects and partnerships that focus on the efficient use of water proliferate throughout the state, with universities, state departments, and private businesses all pitching in. Other research, such as the Rootstock Breeding Program through the University of California, and the reduction of tillage to reduce water runoff through the Soil Health Initiative, focus on how to improve the way we use water in vineyards and on cropland.