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Top Stories of 2020: No. 5

No. 5 Story of 2020: A challenging year, to say the least, for Napa Valley's wine industry

From the Catch up on Napa County's top news stories of 2020 series

Sarah Klearman

Dec 27, 2020



Smoke from the Glass Fire moves west over the Mayacamus Mountain range in October 2020. The wildfire — Napa Valley's second this year — was one of several blows dealt to the region's wine industry.

Tim Carl LLC

Sarah Klearman

To say now is an unprecedented time for Napa Valley's wine industry is to repeat what is perhaps the year's most ubiquitous understatement.

News broke in early 2020 that wine consumption had **declined slightly** in the United States in 2019, the first dip of its kind in a quarter-century. It came as something of a blow even to Napa Valley's wine industry, whose premium reputation typically insulates it from general market volatility. But the previous years' harvest, in 2018, had produced a wine grape crop more than a third larger than expected across the North Bay.

Of both oversupply and a slight drop in demand, **a grape glut** was born, depressing market prices for both bulk wine and grapes across California, according to Glenn Proctor, partner at Ciatti Company, a bulk wine and grape brokerage firm. The state's crush report, released early this year, listed the average price for a ton of Napa Valley grapes as close to \$5,800 — a level **not reflective** of true market conditions, he said.

“Napa is somewhat insulated,” Proctor said in February. “(But) we are in a more challenging time than we've been.”

It was a statement that would prove truer than Proctor could have known: a month later, the early stirrings of the pandemic would arrive in Napa Valley. In mid-March, Governor Gavin Newsom announced the coronavirus had reached California. In order to stop its spread, he said, the state's residents would need to shelter in place, and businesses — **including winery tasting rooms** — would be asked to close their doors to the public.

It was an unprecedented call to action — and a painful one, especially for the 70% of Napa Valley wineries producing less than 5,000 cases annually. Wineries at that production level lean heavily on direct-to-consumer sales, and tasting room closures were likely to also impact wine club membership — something of a one-two punch.

“There's no way of sugar coating it,” Smith-Madrone's Stu Smith said in the days following tasting room closures. “It's not just going to be tough. It's going to be brutal.”

Wineries continued with production but braced for the worst. Many were forced to **furlough or lay off** legions of tasting room associates and customer-facing staff; the valley's restaurant industry did the same. One analysis performed by industry expert

John Moramarco estimated the American wine industry stood to lose close to **\$6 billion** in the pandemic's wake; smaller wineries were primed to lose almost half of their revenue year-over-year, according to the report. As consumer behavior shifted, the report predicted, off-premise sales — through grocery stores and online — would balloon, a welcome boon for wineries with established grocery distribution and e-commerce platforms.

In early June, the county's wine industry was given the **reopening green light** from local health officials; a month later, with cases rising regionally, Governor Gavin Newsom ordered wineries to host guests **exclusively outdoors**. Though both international and out-of-state travel remained largely at a standstill, Napa Valley welcomed with open arms eager visitors from what Visit Napa Valley's Linsey Gallagher called 'drive markets': consumers from the greater Bay Area and Sacramento regions, many of whom were just looking to get out of the house.

The summer was a high point for the valley's inextricably linked tourism and wine industries; so high, in fact, that Spring Mountain Vineyard in St. Helena sold out its weekend tasting reservations for consecutive weeks and saw solid traffic even on weekdays, according to Director Keith Baker. The winery operated through the summer months at half-capacity, he explained — still a welcome boost from the earlier months-long shutdown.

Things were looking up, according to Honig Vineyard & Winery's Stephanie Honig, who said early forecasting in the spring had shown their revenue would decline between 20% and 30% for the year.

"We are trending down, but only a couple of digits — not as badly as we'd predicted," she said in July. "April was down to about half of last year, May was only down a third, June and July we've been down maybe 10%."

The summer drew on into August, and warm temperatures — including a significant heat spike — brought the valley's vineyards that much closer to harvest time, tourism high season in Napa. But it also brought with it exceedingly hot and dry temperatures, conditions that when coupled with a freak lightning storm that struck California nearly

11,000 times proved deadly. Lightning around Napa and Sonoma counties lit a series of wildfires that came to be dubbed the LNU Lightning Complex, which collectively grew to be the fifth largest in state history. Three Napa County residents died.

Though the complex destroyed homes and businesses in the rural, northeastern portions of Napa County, flames themselves largely spared the wine industry. But poor air quality coupled with **fears of smoke taint** — a phenomenon in which certain compounds in smoke attach themselves to wine grapes, ultimately ruining them — put something of a shadow over the year's harvest, which had only just begun.

Initial analysis of grape and wine samples run by St. Helena's ETS Labs showed the valley's grape crop seemed in large part to have been spared by smoke from the complex. But the threat of smoke taint alone — which also punctuated the later part of the harvest in 2017 — was enough to shake the market for Napa Valley wine grapes, Ciatti's Proctor said in September. Interestingly enough, he said, nerves from grape buyers had reinvigorated some demand for bulk wine left over from 2018 and 2019, a kind of correction to the existing oversupply.

The valley's growers plowed ahead - harvest seemed salvageable, even with the haze that hung over the region for weeks. Then the unthinkable: another wildfire in Napa County, this one as chaotic as and even more destructive than the first.

The Glass Fire **ripped through** portions of the Upvalley, prompting evacuation orders for Calistoga and even St. Helena, where fire encroached upon city limits to both the east and west. This time the valley's industry was not spared the flames: when all was said and done, **at least 26 wineries and vineyard properties** had been destroyed or seriously damaged by the fire.

This time there was no spinning it: smoke had wrapped its way around many of the vineyards in the valley, sparing only those tucked into faraway corners or harvested before the cloud made its way to them. Headlines warned of a doomsday-esque Napa Valley harvest littered with wasted grapes and marked by the **absence of cabernet**, typically the last of the year's crop to be harvested.

Reality is less black and white: some cabernet did make it off the vine and into fermentation tanks, though decidedly less than in years before, according to Mike Wolf, who owns an eponymous vineyard management company. After the smoke cleared in October, he believed he'd bring in between **50% and 60% of the crop** he'd been slated to harvest.

“I don't think that's a bad number,” he said. Harvest depended heavily on the location of vineyards: one peer of Wolf's in Pope Valley, which was hit twice by smoke and fire, got “clobbered”, while another is set to harvest 90% of what he'd intended to. Still, it was a hard reckoning for growers and **the valley's farmworkers**, who typically rely upon long harvest hours and overtime pay to make it through the slow winter season.

Industry experts, including Rex Stults, vice president of industry relations for the Napa Valley Vintners, expect data to show the fires as having “curtailed visitation tremendously,” he said, cementing the twin blows of the pandemic and the fires on regional tourism.

Forecasting done by Visit Napa Valley at the onset of lockdowns predicted a slow but linear recovery — a kind the decidedly turbulent course of the pandemic has made impossible. Heading into the new year, Napa Valley faces its third and most pronounced wave of the pandemic. Tasting rooms are again closed to the public, leisure travel is strongly discouraged and restaurants may no longer seat their guests to serve them.

A challenging time indeed.

WATCH NOW: SPRING MOUNTAIN ROAD DAYS AFTER THE GLASS FIRE

SARAH KLEARMANS MOST MEMORABLE STORIES OF 2020

Sarah Klearman's most memorable Napa Valley Register stories of 2020

On a Sunday in mid-March of this year, I stood watching as Gov. Gavin Newsom announced the coronavirus had arrived in California - and that the state would soon shut down to prevent its spread. He began listing impacted businesses and industries; the moment I heard 'wineries,' I knew I was on the clock.

It feels now like that press conference, held just before the nation plunged deep into lockdown, was a clear demarcation of 'before' and 'after.' In both my professional and personal life, I've sometimes struggled to come to terms with just how much has changed this year, and with how much has been lost: 300,000 dead from the coronavirus in the United States. So many small businesses seem to be facing extinction. It's enough to make my head spin, and that's not even touching upon the wildfires that ravaged Napa County this year. So I've been making sense of everything that's happened to our community through my work at the Register, because my reporting this year has been all about listening. I've lent my ear to anyone who will talk to me: folks made homeless by the wildfires; communities, including the valley's agricultural workforce, disproportionately impacted by the virus; business owners and their employees who rightfully fear for their future. This list - my top five stories of this year - is all about them.



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An eviction crisis, stymied only by philanthropy and a temporary eviction ban, simmers in Napa County

Sarah Klearman | Updated Dec 30, 2020 |



Clusters of COVID-19 cases arise among North Bay farmworkers, who remain vulnerable
Sarah Klearman | Updated Dec 16, 2020 |



For Napa County residents rendered homeless by wildfire, the disaster is far from over

Sarah Klearman | Updated Dec 16, 2020 |



With tasting rooms closed, Napa's wine country workforce feels the sting

Sarah Klearman | Updated Jan 8, 2021 |



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National Guard teams up with Napa food bank to feed those in need during pandemic

Sarah Klearman | Updated Dec 16, 2020

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- No. 9: Redevelopment of downtown continues
- No. 8: Protests come to Napa
- No. 7: Coronavirus wipes out entertainment
- No. 6: Virus impacts Napa housing

No. 5: Year of challenges for wine industry

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Updated Jan 1, 2021

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Updated Jan 6, 2021

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