

California Code for Sustainable Winegrape Growing

A Cost Evaluation

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Wine Institute and CAWG

Grower cost assessment of specific criteria in the California Code of Sustainable Winegrowing Workbook (3rd edition, 2012)

Workbook is produced jointly by the Wine Institute and the California Association of Winegrape Growers (CAWG)

Creation of the California Sustainable Winegrowing Alliance (CSWA), 2003



CALIFORNIA
ASSOCIATION
of WINEGRAPE
GROWERS



CALIFORNIA
SUSTAINABLE WINEGROWING
ALLIANCE

Outline and Overview

Sonoma Cost Study (2016)

The process

Labor costs

Economies of Scale

Owner Operator costs

Additional costs

Concluding remarks

Cost Studies

Production cost studies begins with a meeting among UCCE farm advisors, farmers, and a research staff person from the Agricultural Issues Center, (AIC)

Hundreds of cost studies, renewed every few years

Existed since 1933

A million downloads a year: bankers, insurance companies, students, co-ops, farmers, etc.

All over the world and especially in California

Sonoma Cost Study

Hypothetical farm created for the study

Not on a slope

50 contiguous acres

- 40 acres of established grapevines

- 20 acres high yielding clone of Chardonnay

- 20 acres low yielding clone of Pinot noir

Owner operated, with the assistance of a part-time employee



Meeting with Owner Operators

Grower-owner operators had a meeting with the AIC, July 2016

Discussion of sustainability criteria thought to be potentially important for grower costs in Sonoma County

General themes from the meeting:

- Category 2 was thought to be universally practiced

- Excessive mechanization and consultant costs were seen as limitations to increasing to the next category for some sustainability criteria.

Organization of Our Study

Follow sustainability workbook, comprised of 17 chapters related to farm and winery activities

Workbook contains 83 separate criteria, most of which could be related to wine grape growing

We discussed 16 of these with the growers

This presentation will focus on categories of costs that affect growers, slicing across criteria

Hired farm labor, cost of operator time, fixed cost for equipment, and consultants

Hired Farm Labor Costs

General vineyard labor is \$50 per month per acre.

Considers overhead costs

Necessary for setting traps for pests, general maintenance on the lines, etc

Cost needed for maintaining the irrigation system (Sonoma Cost study)
\$32-\$33 per acre (including labor)



Economies of Scale

Some costs per unit are lower for larger operations

For measuring water use (Criteria 5-8)

Category 4 adds additional cost There is a satellite system for monitoring irrigation flow rates with a handheld device that can connect to WiFi, or cellphone.

\$10,000-\$15,000 and the flow meter costs \$500

For scion/cultivar selection (Criteria 3-16)

Category 4 requires a consultation

Variable cost



Owner-Operator Implicit Costs

The cost of the scarce time of the owner operator costs

Typically not out of pocket cash costs, but often the implied use of the most valuable resource on the farm



Distribution Uniformity for Irrigation Systems (Criteria 5-5) and Filters and Lines (Criteria 5-6).

Category 4: maintenance of lines is part of regular maintenance

Sprayer Calibration and Maintenance (Criteria 6-26)

Category 4: more frequent maintenance and calibration of sprayer

Costs Associated with Specific Criteria

Capital Costs:

Water Management Strategy

Automated systems costing owner-operators \$3,000 per acre

Managing unpaved roads

Use of one type of sealant is \$320/mile

Costs that rise per acre:

Amending Water Quality

Growers stated water quality has a minimum cost of \$2-\$4 per acre

Vertebrae traps

\$1 per acre with \$50 per month per acre fee for general labor



Conclusion

Category 3 is standard to many farmers in Sonoma

To some growers, moving to category 4 seemed to require investments in capital or equipment that did not improve outcomes

Relative to what can be achieved using category 3 expenses

Many criteria in the workbook are in fact location and situation specific

For example, if a vineyard is on a flat land versus on a slope there will be different erosion concerns.

Many costs were associated with owner-operator scarce time, thus unable to attribute dollar costs to all criteria

Thank You

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