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2011

LODI WINEGRAPE COMMISSION

— NEWSLETTER —

ADVANCING LODI IN THE WORLD OF WINE

LODI WINEGRAPE COMMISSION CELEBRATES

20 YEARS OF SERVICE

TO LODI GROWERS

A pleasant summer eve welcomed 375 local growers to celebrate the Lodi Winegrape Commission's 20th Anniversary at Micke Grove Park on Saturday night, August 27. Local wineries poured their finest during the social hour, giving friends and neighbors time to catch up. The delicious tri-tip barbecue dinner was accompanied by great wines throughout the evening. Music by the Ben Kolber Project set the mood for relaxation and celebration.

Executive Director Mark Chandler welcomed the crowd and thanked them for their support these past two decades. He thanked current and previous board members and staff for their diligent efforts over the years. Then he turned the mike over to former Chairman John Ledbetter for a perspective on the early days of the winegrape commission.

"We knew growing Tokays wasn't cutting it anymore" quipped Ledbetter, "so we had to take the future into our own hands." He described a core group of a dozen growers who sponsored many meetings with growers around the district to explain what was involved to establish a commission – "basically it was taxing ourselves so we could promote our grapes." The group petitioned the California Department of Food and Agriculture to conduct the election, which was successful.

Ledbetter outlined the many successes of the commission - the early advertising designed to get more wineries to buy Lodi grapes; the well attended Quality Enhancement Seminars; the initial Integrated Pest Management Program, which led to the Lodi Rules; and the establishment of the

Lodi Wine and Visitor Center, where thousands of visitors encounter Lodi wines each year. He summed up by saying "we had to do bold things back then, and make some big decisions, and it is no different today."

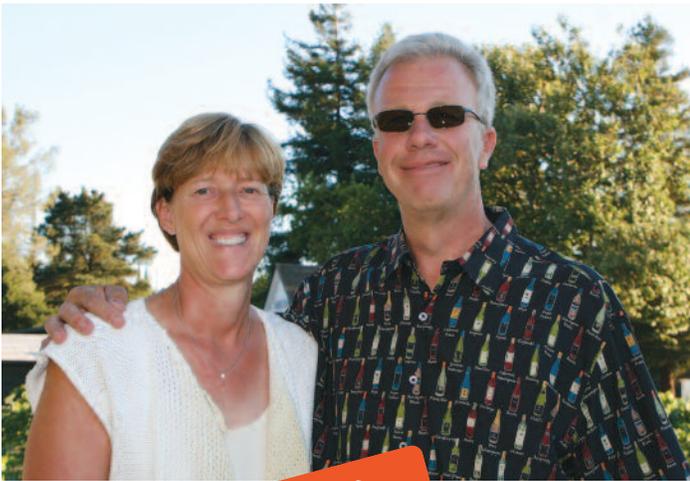
In addition to those major achievements, Chandler reminded the crowd that the commission conducts a steady stream of promotional activities - print and online advertising, several wine events locally each year, hosting wine writer visits to Lodi, as well as doing wine seminars with leading trade and consumer groups around the country.

Marketing Committee Chair Richard Lauchland provided a sneak peek into the commission's new "LoCA – The Wines of Lodi, CA" ad campaign. Guests got to see the vibrant ads that were on display, and take home logo hats, wine glasses and corkscrews. "Unlike our previous efforts that have been targeted to the wine trade" Richard announced, "we are going to take a sharp turn and promote directly to consumers." The campaign was created by MeringCarson Advertising Agency in Sacramento, the same people behind the popular California Tourism ads on TV. Bold graphics unlike any other wine advertising campaign are employed to sell "LoCA – the Wines of Lodi, CA" – and yes, the double meaning of "loca" meaning crazy is intentional! "We're crazy about wine, that is" proclaims one of the ads. There are a total of four ads expressing the passionate, all consuming nature of the growers and vintners in Lodi, as they pursue the best, and most fun, wine industry experience anywhere. The message is that consumers can be a part of it

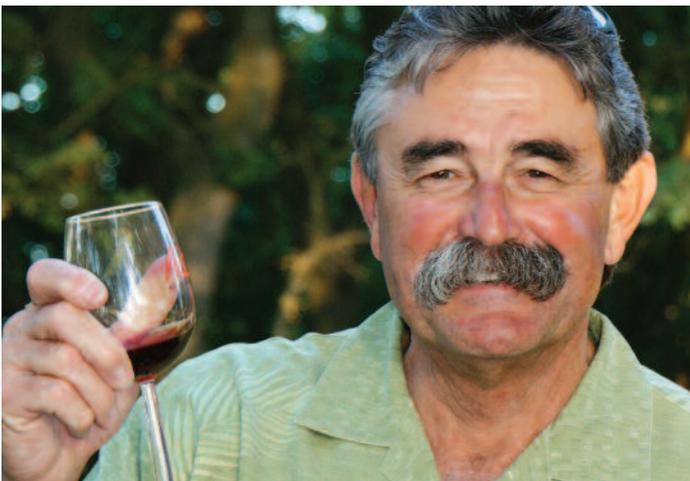


too. A special issue of the grower newsletter is upcoming, that will have the complete graphics and strategy involved in the campaign.

Thanks for this special evening go out to Lodi High and Tokay High FFA, who made the set-up and breakdown go smoothly, the San Joaquin Historical Society staff, and the wineries that poured and donated their wines - Klinker Brick Winery, M2 Winery, Michael David Winery, Mokelumne Glen Winery, Oakridge Winery, Peltier Station Winery, Ripken Winery, Barefoot Wines, Cycles Gladiator, Delicato Family Vineyards, Harney Lane Winery, Heritage Oak Winery, Jeremy Wine Co., LangeTwins Winery, and Vicarmont Winery. A great time was had by all.



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CHAIRMAN'S REPORT

- BOB LAUCLAND, LODI WINEGRAPE COMMISSION CHAIRMAN

I am grateful to the Lodi Winegrape Commission for the opportunity to serve this current term as chairman. I am excited about our future prospects as a district and for a greater return to Lodi growers for their farming efforts. I look forward to working with our staff to develop new opportunities to continue to improve the market for Lodi winegrapes.

I came to become a winegrape grower a bit later in life than some, joining our family operation as a fourth generation grape grower after pursuing a career in city planning, public administration, and private sector land development.

One of the first things I noticed as I began to participate in agricultural associations such as the Lodi District Grape Growers Association, Farm Bureau, and the Lodi Winegrape Commission was the unusual spirit of cooperation of Lodi growers. Growers here are quick to recognize opportunities to improve our collective lot and to act together. I have heard many in the industry remark on this unique quality about Lodi. This characteristic may stem from the fact that there are so many multigenerational growers in our area. Our parents, grandparents, and great grandparents set the tone, working together, taking risks, and sacrificing to allow us as survivors today, to continue in our industry.

Our commissioners, alternates, and committee members are a diverse group of growers, winery owners, and industry



representatives. Every issue is considered from a wide range of perspectives, and votes on action items are not unanimous. I believe my role is to encourage critical thinking and to take advantage of the different experiences represented by all of those who are doing the Commission's work. I hope growers reach out to those currently serving as elected representatives to the Commission to communicate their thoughts. Now is the time to push the envelope and maybe set our efforts in new directions. I would like to have a jar full of everyone's "two cent" thoughts.

With my "thrifty" Scottish heritage and my planning background I would hope to emphasize fiscal responsibility and vision. I am keenly aware that family and friends have put us as a commission in a position to expend their resources and it is our charge to bring a return on their investment.

Finally I would like to thank my wife Sandy for only rolling her eyes once when I came home and told her I had been elected chairman. I miss dinners occasionally going to meetings.

So with that, let's celebrate 20 years of work and pause briefly to reflect on the past efforts of so many, some who continue to serve, and thank them for the continued success of the Lodi Winegrape Commission.

PLEASE WELCOME YOUR NEW BOARD AND OFFICERS

The recent Winegrape Commission election yielded the following results:

Commissioners – Kevin Delu, John Graffigna, Bob Lauchland, Rodney Schatz.

Alternates – John Anagnos, Ron McManis, Paul Verdegaal, Jonathan Wetmore

These gentlemen join the incumbent board members who are in the second year of their terms:

Commissioners Steve Borra, Brad Kissler, Randy Lange, Dino Mencarini, and Joe Valente; Alternates Ernie Dosio, Craig Ledbetter, Matthew Perman, Kevin Phillips and Steve Quashnick.

The new board elected the following slate of officers: Chairman – Bob Lauchland; Vice-Chair – Brad Kissler; Secretary – Kevin Delu; Treasurer – John Graffigna. Congratulations to all!

Please join us in thanking these individuals for their service, and please feel free to contact them with your comments and questions about the Winegrape Commission's operations and activities. We would also like to thank outgoing Chairman Joe Valente, and board members Markus Bokisch, John Duarte, Mike Manna, and Bill Stokes. Welcome!

NEW BOARD SETS BUDGET FOR FISCAL YEAR 2011-2012

Expenses are always under scrutiny, and new initiatives are being proposed, especially the new consumer ad campaign. Here is a synopsis of the budget approved at the commission's meeting on June 30:

Projected income	
Assessments (at .45% of gross value).....	\$1,237,804
Interest.....	\$3,000
Lodi Wine Country (winery contributions and event income).....	\$319,600
Lodi Winegrower Workbook sales.....	\$2,000
Lodi Rules Certification fees.....	\$11,000
	TOTAL INCOME \$1,573,304
Projected expense (by committee function)	
Grower Marketing.....	\$411,644
Research/Education/Communication.....	\$265,048
Lodi Rules.....	\$15,000
Lodi Wine Country Marketing.....	\$315,656
Lodi Wine and Visitor Center.....	\$120,000
General and Administrative.....	\$240,353
20th Anniversary Celebration.....	\$20,000
LoCa Consumer Ad Campaign.....	\$500,000
	NET \$ (314,317)

Notes - A couple of items bear mentioning. In an effort to streamline the operation the Research Committee and the Education/Communication Committee were combined. Also Lodi Wine Country promotional activities are completely self-funding through winery contributions and event revenues. While the Visitor Center continues to need financial support, numerous ways are being explored to reduce this number. Lastly, the budget reflects that the LoCA campaign is approved at the \$500,000 level, however it is possible that not all those funds will be expended, and we await approval of a Specialty Crop Block Grant in the amount of \$200,000 to mitigate this expense. Even without the grant, if all the money were expended, we would show a \$314,000 deficit relative to this year's income. In recent years the commission has been frugal in its spending and has generated a reserve of ~\$600,000. The board felt it was prudent to apply some of those funds against this year's expenses, but will keep a close eye on future reserve needs.

As always, if you would like a copy of the budget, please feel free to stop by the Commission office.

Congratulations to the board on making some very big, but very smart decisions.



Plans are well underway for the 3rd annual Lodi's Treasure Island Winefest scheduled for Saturday, October 8, 2011. The past two year's festivals have been a huge success drawing thousands of Bay Area wine enthusiasts to Lodi Wine. This year's event promises to be the best yet. Situated at the edge of the historic Treasure Island with beautiful views of the San Francisco skyline, the event coincides with the annual Fleet Week celebrations. Guests will have front row seats to the Blue Angel's aerial show while enjoying delicious Lodi wines.

The last two year's events have built on Lodi's community spirit and has enlisted dozens of growers, vintners, and community supports pulling together to create a very memorable experience. We once again can use your assistance in promoting this wonderful event. Tickets are \$55 in advance or \$65 at the door. www.tiwinefest.com

JUST APP IT! – LODI LAUNCHES NEW IPHONE APP

The Lodi Winegrape Commission recently launched an iPhone app to help consumers plan their next Lodi wine tour. Whether they are new to Lodi or a dedicated Lodi wine enthusiast, this app will allow them to search for a particular winery or discover new favorites.

Since its launch in mid-May, more than 3,000 individuals have downloaded and are using the new app. Among its features, users can get driving directions while navigating from one winery to the next using the integrated mapping feature. The app also allows users to view tasting room hours, special events, local activities, wine specials as well as link to local restaurants, shops and hotels. Users can also search for wineries by varietal to quickly and easily see which Lodi wineries produce an Albarino or Cabernet Sauvignon for example. In addition, there is a social media component built into the app, so users can post to Facebook or Twitter without leaving the app. An Android and iPad version are due out this fall.



WINEGRAPE COMMISSION REPRESENTS GROWERS TO GREATER COMMUNITY

The grape industry has been one of the defining elements of the Lodi community for well over 100 years. Over the last two decades the grape industry has been represented by the Lodi Winegrape Commission, which has deepened the relationship with the overall community.

Agriculture is the engine that drives the Lodi economy, with over 15,000 full time jobs and \$410 million in tourism expenditures, grapes and wine are behemoths. The myriad of wine related events and festivals sponsored by the Winegrape Commission bring thousands of visitors from all over the nation and the world to taste Lodi wine. How sweet it is!

Often ticket sales at events like Zinfest and Wine and Chocolate weekend generate revenues well in excess of costs. In such cases various community organizations will benefit from a modest donation on the Winegrape Commission's behalf, especially when the organization has provided volunteer support. In addition wine donations on behalf of wineries and the commission support dozens of fundraising events in Lodi, which generates a marketing benefit by stimulating awareness and good will in the community.

As a further service to the community, Commission staff often are called upon to interact with Lodi City Government, the Conference and Visitor Bureau, the Chamber of Commerce and other trade groups. In every case it is our goal to present a positive impression of our industry.

The Lodi Winegrape Commission is truly woven into the fabric of the Lodi community.

WINE MARKET UPDATE

Several recent industry reports continue to highlight strong growth for California wines. The Gomberg Fredrikson Report indicates overall California bottled wine shipments are up 7% or 8.1 million cases through the first six months of 2011. Sales growth is being driven by both domestic and export sales, which both appear to be benefiting from the continued weakness of the US dollar.

A significant portion of this growth is also being driven by a developing category of easy drinking sweet red and Moscato wines. These wines appear to be bringing new consumers to wine and boosting overall consumption as more and more people turn to wine as their beverage of choice.

California's largest wine companies led by Gallo, Trinchero Family Wines, The Wine Group, Constellation and Delcato Family Vineyards captured most of the industry's growth, but many small to mid sized wineries with compelling wines are also experiencing solid growth.

Finally, with harvest well underway, most growers and regions across California are reporting a light 2011 crop. The combination of the above demand and supply factors continues to point to a strengthening market for Lodi grapes.

UPCOMING CLASSES OF INTEREST - UC DAVIS EXTENSION:

- October 15- Establishing the Small Vineyard
- October 15-16 - Introduction to Sensory Evaluation of Wine
- October 19- Taxation and Accounting for the Small Vineyard
- October 20- Taxation and Accounting for the Small Winery
- November 30- Current Issues in Vineyard Health
- December 2- Public Relations for Small Wineries

For more information or to enroll please call UC Davis Extension at (800) 752-0881, email extension@ucdavis.edu or visit www.extension.ucdavis.edu/wine.

UPCOMING LODI WINE EVENTS:

- October 8- Lodi's Treasure Island WineFest
Treasure Island, San Francisco tiwinefest.com
- November 12-13- The First Sip: Lodi Harvest Celebration
Lodi Wine Country

LODI WINEGRAPE COMMISSION

Crush District 11

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COMMISSIONERS

- Bob Lauchland – Chairman
- Brad Kissler – Vice Chairman
- Kevin Delu – Secretary
- Jon Graffigna – Treasurer
- Steve Borra
- Randy Lange
- Dino Mencarini
- Rod Schatz
- Joe Valente

ALTERNATES

- Matt Perman, Ron McManis
- Jon Wetmore, Craig Ledbetter
- Ernie Dosio, John Anagnos
- Kevin Phillips, Paul Verdegaal
- Steve Quashnick



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