The Start-Up Winery III: roadblocks and detours

Jane Firstenfeld

We last heard from our two start-up wineries in the March issue, when we learned that since our first report in January, our subjects had already veered from their original business plans. The Old Field partners, who had been sure they would close the deal on a rural property outside of Woodinville, Wash., had pulled out of that transaction. Instead, they were ecstatic about their negotiations to purchase acreage and build their own facility in the Woodinville Wine Village, a multi-purpose development in town.

Marc Cohen had begun construction of his Howell at the Moon winery on Napa’s Howell Mountain, but his years’ long struggle to win approvals had sapped him financially. Cohen would have to slow the pace of construction, and possibly seek outside financing.

The principals of both start-ups were excited about the quality of their aging red wines, and optimistic about the future. But their turmoil was far from over.

In early February, Cohen got some shocking news. A consultant from Beer and Wine Services of Calistoga, Calif. alerted him that his Winery Use Permit would expire Mar. 16. “I never knew that my permit could expire,” Cohen says. When he contacted the Napa County Planning Commission, he was told that even though work was underway, he had not acquired enough permits.

He spent the subsequent six weeks, “Scurrying around Napa County trying to obtain enough permits, including demolition, roofing, electrical, road encroachment, new septic system and just about everything that can be permitted to activate my winery use permit.

“Certainly, this has been very difficult, expensive and traumatic, as it was accidental that I was informed just in the nick of time.”

In the meantime, the expenses keep mounting. In a letter to the planning commission, Cohen detailed his $120,000 investment to date. Subsequently, he’s contracted for a new septic system. He’s using Beer and Wine Services to obtain regulatory approvals and licenses to sell wine, at a cost of approximately $4,000; money well spent considering the consultants’ timely discovery of his permit problem.

Northern California’s excessively wet winter has slowed construction, especially for testing of sites for the new septic system. “We have to have 7-10 days of dry weather before proceeding,” Cohen says.

Although his principal residence is in San Francisco, where he is an investor in the stylish Myth Restaurant and Lounge, Cohen visits the nascent winery at least weekly. Vineyard manager Davy Pena monitors the property, and recently reported sighting a coyote eating field mice. “Fortunately, my dog (winery ‘spokesmodel’ Tysie), was not there at the time,” Cohen remarks.

HIGHLIGHTS

➽ Make sure your permits are in place and in force—keep track of requirements and expiration dates.

➽ Long before your brand comes to market, network with colleagues and prepare your publicity tools.

➽ Starting a winery? Better start practicing yoga: flexibility’s a must.
Cohen has not been dormant over the rainy winter. He hired Kavala Design Studio (kavaladesign.com) to build a Web site, howellatthemoon.com. It will include wine and food information—with menus designed by Cohen’s daughter, a chef—information about the wine club that he hopes to develop and a shopping cart. He is also contemplating an adopt-a-vine program. The Web site should be complete by the end of this month.

He took some of his first Cabernet Sauvignon to New York in February. “I had my wine tasted at several high-end restaurants and hotels which are interested in purchasing when it’s released next fall.” His 2004 vintage is still in barrels, and will be racked again prior to bottling in July. Cohen plans to use a mobile bottler at neighboring Fantesca Winery, where it’s being stored until his facility is complete.

A member of the Vintner’s Club, Knights of the Vine and Chaine des Rotisseurs, Cohen says, “All are professional societies involved in promotion of wine and food. These are excellent venues for me to promote Howell at the Moon.” He continues to build his network, and last year joined the Howell Mountain Vintners Association, which is planning a public tasting and auction June 24 to benefit local schools.

As to construction progress, Cohen may be able to step up the pace soon. “I am having discussions with several banks, as well as private investors, to raise funds to complete the winery,” he says hopefully. He expected to have financing in place by the end of April.

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As I wrote this in late March, Patrick Smith, his Old Field partners and winemaker Chris Upchurch (a partner in Delille Cellars) were in Australia on an open-ended quest to devise an appropriately catchy name for their Aussie-style red wines. Assistant winemaker Nakenge Adisa was tending Old Fields’ first 2005 vintage, a 100% Cabernet Sauvignon, a 100% Syrah and a Cabernet/Syrah blend, in the rented Woodinville warehouse that serves as the temporary winery.

It’s still not clear, though, where they’ll be making future vintages. The Wine Village property about which Smith was so enthusiastic two months ago has not been secured. “We’re still in negotiations for our preferred location,” Smith said prior to his departure.

In his absence, Jay Soloff, who serves as Old Field director of marketing, and is also a partner at DeLille, filled in the blanks. “The deal with Woodinville Wine Village is not sealed yet, because one of the partners in Old Field is actually a much bigger developer than MJR (developers of that project),” he says. “They are butting heads a little over details, because we know better than to just sign what they’re asking, and the negotiations are a little unfriendly right now. Only time will tell.” What’s the stumbling block? “Typical—money and egos,” he observes.

In the interim, “Old Field can stay right where they are, in leased warehouse facilities, and still have a successful business,” Soloff says. “The glamorous
location is not necessary at this level of production. Old Field will take its time finding the right location to build a showpiece winery. They have plenty of money and therefore plenty of time to wait until it is just right.” The 2006 vintage will be crushed at the warehouse, using Signature Mobile Bottlers, “as do most of the smallish wineries in the area,” Smith says.

According to Soloff, warehouse wineries prevail in Woodinville, where 26 of 30 wineries are producing in similar situations. Soloff and Upchurch have benefited from the process Old Field has undergone. Delille is also in negotiations with the wine village, and, according to Soloff, “is being courted as an anchor tenant. Again, Delille does not have to go there and spend $3 million to build a warehouse, even if we would own it.”

Delille has both a crush warehouse in Woodinville and a chateau on 10 hillside acres for events and wine release weekends. “Frankly, and with our relationship with Old Field, we are much smarter in our own negotiations. We have to make a good financial decision before just jumping in,” Soloff says.

Despite lack of a brand name or a permanent home, the Old Field partners have become active members of the winemaking community. They plan to join the Woodinville Wine Country Association and the Washington Wine Institute and are already members of the Washington Wine Commission. They plan, too, to join the Rhone Rangers and participate in the Hospice du Rhone. Upchurch and Adisa both attended the Unified Grape & Wine Symposium in Sacramento, in search of new equipment advances and barrel comparisons.

When, and if, the Old Field partners do find a site to their liking, “All our contraction, architectural design and building professionals are in-house, within our other businesses,” Smith says. Until that day arrives, “We are absolutely stoked silly and totally positive about this winery project. We all have other jobs every day, and are in the trenches for those careers all the time. The one thing that really livens up our lives is this wine endeavor, and how it makes us feel so good.”

Obviously, building a start-up winery is a path littered with unforeseen pitfalls. At least, our sources have not stumbled yet. We’ll bring you another update in July.

Jay Soloff

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