



May 30, 2025

Greg Guisti, Vice Chair
North Coast Regional Water Quality Control Board
5550 Skylane Blvd., Suite A
Santa Rosa, CA 95403

NorthCoast@waterboards.ca.gov

RE: **Concerns Related to Proposed Order No. R1-2024-0056
(General WDRs for Commercial Vineyards in the North Coast Region)**

The California Association of Winegrape Growers (CAWG) writes this letter to express concerns with Proposed Order No. R1-2024-0056 (General WDRs for Commercial Vineyards in the North Coast Region). CAWG is aligned with concerns expressed by Wine Institute, Family Winemakers of California, the Sonoma Alliance for Vineyards & Environment, and the California Farm Bureau. We thank you in advance for considering the comments in this letter.

CAWG appreciates that the order is in response to the State Water Resources Control Board's Irrigated Lands Regulatory Program (ILRP) and statewide policy. But we also want to highlight that Section 13241 of the Water Code requires the North Coast Water Board to consider certain factors, including economic considerations, in the adoption of water quality objectives.

With this proposed order, there seems to be a fundamental and somewhat irreconcilable conflict between the requirements of the Board under the ILRP, and the economic considerations required under the Water Code. We appreciate that the order has been improved through several amendments. However, the reality is that many small growers may not be able to afford to comply with the order and would have to stop commercial growing of grapes.

All of this means that the vineyards that are no longer farmed will no longer be subject to this order. Therefore, the effect of the order won't be any measurable or quantifiable protection of water and the environment. Instead, the only measurable or quantifiable outcome of the order would be the negative environmental and economic effects that could come with putting small growers out of business.

Economic Considerations:

The discussion around this order is 10 years old including three years of formal rule making. While over the years there has been progress in writing the order and addressing concerns, in that same period, this industry has fallen to a historic low. Below are a few media accounts of what is happening in the industry, especially in the North Coast. To be clear, most predict that it will take years for the industry to recover.

**California Association of Winegrape Growers
1121 L Street, #304 | Sacramento, CA 95814 | (916) 204-0485 | Michael@CAWG.org**

- **California Wineries on Brink of Losing Everything**
<https://www.youtube.com/watch?v=jNGeqMy42Vo>
- **Napa, Sonoma wineries face challenges amid broader DTC shipping decline**
<https://www.northbaybusinessjournal.com/article/industrynews/shipcompliant-dtc-wine-sales-2024/>
- **North Coast wine grape crop value falls nearly 21% in 2024**
<https://www.northbaybusinessjournal.com/article/industrynews/napa-sonoma-wine-crop-2024/>
- **The U.S. wine industry is in a 'demand reset,' industry watchers say**
<https://norcalpublicmedia.org/2025021197439/news-feed/the-u-s-wine-industry-is-in-a-demand-reset>
- **California wine is in serious trouble**
<https://www.sfchronicle.com/food/wine/article/california-wine-industry-downturn-18711236.php>
- **California's Wine Crisis—Too Many Grapes**
<https://www.winespectator.com/articles/too-many-grapes-in-california#:~:text=Last%20year%2C%20sales%20volume%20dipped,820%20acres%20in%20Northern%20California.>
- **The Story Behind the American Wine Crisis**
<https://daily.seventy.com/the-story-behind-the-american-wine-crisis/#:~:text=Brian%20Scott%2C%20the%20national%20sales,together%20to%20make%20things%20better.%E2%80%9D>

Some key data points are below:

- In 2024, North Coast crop was 460,000 tons, down 15%.
- The value of the wine grape crop last year fell nearly 21% in the North Coast.
- In 2024, California crop was 2.84 million tons, the lowest in 20 years.
- The value of the wine grape crop last year fell nearly 29% throughout California, as lower prices were paid for significantly fewer tons of fruit picked and delivered to wineries.
- Last year, wineries crushed 460,102 tons of grapes from Napa, Sonoma, Mendocino and Lake counties, down 15.3% from 2023. That's the equivalent of 5.73 million fewer standard 9-liter cases of wine.
- Sonoma growers last year picked 206,156 tons (down 14.4%).
- Mendocino growers last year picked 61,976 tons (down 13%).

Reviewing this situation at a high level or digging into the weeds of the economics of the industry will both reveal that the industry is suffering what many refer to as “a death by a thousand cuts.” Be it less demand, competition from other beverages, bulk wine imports, cost of doing business in California, duty drawback, tariffs, etc., there is no denying that small growers are taking the biggest hits and are struggling to make ends meet.

This order would be cut #1,001 for many small growers, who just won't make it.

The Region:

When a small grower stops growing, a few things happen:

- We must remember that the value of that property has already been reduced due to the economics of the market. In the simplest terms, when there are no buyers for the grapes, the value of a small grower's vineyard is reduced.
- The small grower is already facing financial challenges due to a reduced line of credit, reduced income from grape sales, and more.
- Other growers would not likely be lined up to purchase that land due to the state of the industry. That means, if there is a buyer who is interested, it would likely be for real estate development such as housing, retail or industrial. (Which are not subject to this order.)
- The property value could take an additional hit due to the lack of demand to utilize that property as a vineyard.
- The above could affect the entire region, even growers who are surviving this historic downturn. If several small growers go under, this means the region could see property values fall even further as small growers are forced to give up and throw in the towel.

While looking at this on a grower-by-grower basis, the cost of compliance could put a small grower out of business. But when looking at this at the macro level, this order could result in an economic downturn for the North Coast.

Keep in mind the following estimated economic data for the wine industry in this region:

- \$6.4 billion in annual economic activity
- 1,312 Vineyard & winery operations
- 65,000 acres of commercial vineyards
- These wineries and vineyards create 29,591 jobs
- \$1.9 billion in annual wages and benefits
- The industry brings 5.3 million tourist visits to the region annually
- \$194.4 million in annual tourism spending

For What Benefit?

CAWG has long stated that the environmental benefit of this order is questionable at best. The order states that it is intended to “minimize discharges of waste and to prevent adverse impacts to water resources resulting from the commercial cultivation of winegrapes.”

Yet, 99% of the vineyard acreage in Sonoma County (which makes up most of the acreage covered by the order) has been certified sustainable by a third-party program, making this the most sustainable winegrowing region in the world. Those third-party programs have strict requirements for environmental stewardship including monitoring and minimizing discharges.

Given the recent downturn in the industry, one needs to seriously consider what this order would mean if at the micro level this order was the last straw and puts a small grower out of business or in the macro level what it means for a region where vineyards may be rezoned for commercial use. In either case, that land could no longer be under this order. Additionally, that land could no longer be under any sustainability program.

Please remember that with this order the Board states that its intention is in part to reduce sediment from reaching streams/erosion and sediment control. However, if small growers are forced to stop growing and those lands go out of production, then those same lands will no longer be required to control sediment. Thus, the very thing that the Board says is the driving reason for the regulation will not be realized.

In short, if this order results in vineyards sitting idle or being converted to commercial or other land use, this order will have the opposite environmental effect of what it is intended to accomplish.

Summary:

When looking at the economic considerations of this order, it must be rejected or substantially amended to reduce costs of compliance. Otherwise, it is easily foreseeable that due to the economic considerations discussed above, this order could create environmental problems instead of solving them.

Sincerely,



Michael Miller
Director of Government Affairs
California Association of Winegrape Growers