

Leadership Hunterdon

Class of 2015



White Paper





Dear 2015 Graduates,

What an honor and pleasure to be writing this letter to you after ten months of working together. And, yes, hearty congratulations for your successful accomplishment.

As a result of our monthly meetings with the leaders of Hunterdon County's business, educational, governmental, not-for-profit and financial infrastructure, you now know more about the fabric and operations of the County than the great majority of its citizens. I remind you to use that information and those contacts fully and purposefully in your current careers and future endeavors.

Your 2015 cohort, along with the alumni of Leadership Hunterdon, more than likely will form the foundation of career-long, productive, collegial relationships. Working, as you have, as a collective group on this year's extensive White Paper, *Proposal for Expansion of the Winery Industry in Hunterdon County*, allowed you to discover, face and resolve many of the dynamics faced by leaders as they come together on boards of directors, community issues and with teams and committees within your own places of employment. I declare that a successful process. You have shown yourselves to be focused, relentless in the face of challenge, willing to both argue for yet listen to and modify opinions---the stuff of life-long learners and real contributors. Well done!

To your employers and sponsors, I assert that their willingness to free you to commit one day each month to our exploration, coupled with off-time meetings in the pursuit of the White Paper, was a sound and profitable decision. They have a knowledgeable and seasoned professional returning to the organization---one who, independent of company policies and procedures, has functioned autonomously and resourcefully toward her/his end-goal. I thank them for continued confidence in the Leadership Hunterdon process. Please share your experience with colleagues, invite feed-back and continue to demonstrate the skills, knowledge and personal growth you have identified as a result of this challenging and comprehensive program.

Guess what? You're just starting now. As Leadership Hunterdon Alumni, and knowledgeable citizens, it is up to you to choose what's next for you. I encourage you to play BIG, to do what you love and to discover how, in serving, you flourish.

Fondly,

A handwritten signature in cursive script that reads 'Suzanne'.

Suzanne Lagay
Leadership Hunterdon Co-facilitator
Member, Board of Chosen Freeholders
Hunterdon County



Dear Graduates:

Congratulations on your graduation from Leadership Hunterdon; an innovative year-long program that has contributed greatly to your development as a leader as well as to your personal growth. Leaders are made, not born, through a never-ending process of self-evaluation, education, training and experience-everything you have gained through Leadership Hunterdon. Always remember the key traits of the most successful leaders; self- awareness, self-regulation, motivation, empathy and social skills. Your collective year-long experiences have given you the foundation for leadership and it is in your hands to soar with it.

As members of the Leadership Hunterdon Board of Trustees and as outgoing and incoming chairs, we are continually impressed with the Leadership Hunterdon classes and the evolution we see from entering as managers and graduating as leaders. In speaking to graduates about their experiences, the descriptors speak to the growth; “it was transformative,” “it challenged me,” “it took me out of my comfort zone,” “made me more politically savvy,” and so much more.

You have also grown as community citizens and it is our hope that you will “pay it forward” and become engaged and give back to this community that you call home.

Wishing you continued success!

Warm Regards,

Bonnie Duncan, 2014 Chair, Board of Trustees
United Way of Hunterdon County

Karen Widico, 2015, Chair, Board of Trustees
Hunterdon Prevention Resources



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June 2015

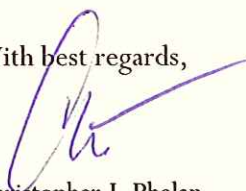
"There are many qualities that make a great leader. But having strong beliefs, being able to stick with them through popular and unpopular times, is the most important characteristic of a great leader." Rudy Giuliani

It has been a great privilege to have worked with the Leadership Hunterdon Class of 2015. The Leadership Hunterdon Class of 2015 has heard many of the challenges that face Hunterdon County. Our County is truly at a crossroads and needs good leadership to ensure that our future will be successful.

The insights and the recommendations you have made will have a lasting impact on our business community. A strong business community can only serve to strengthen other facets of our County, from the private sector, to education, healthcare, non-profits, civic groups and government to be that much stronger.

Strong leadership and strong leaders are what is needed today. You have been given the challenge to be agents for *"Positive Change."* Thank you again for your dedication to Leadership Hunterdon and allowing the process to help shape your future. It is with great pleasure that I welcome you officially to the ranks of our Alumni, which has hit a milestone, 40 STRONG!

With best regards,


Christopher J. Phelan
President
Hunterdon County Chamber of Commerce

Class of 2015

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Proposal for Expansion of the Winery Industry in Hunterdon County

Prepared for Leadership Hunterdon 2015

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ABSTRACT

*In support of the Comprehensive Economic Development Strategy report objective:
"Promote expansion of wineries and complimentary farms and businesses"*

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INTRODUCTION

Hunterdon County has reached a turning point and must now decide how its strengths be can utilized most effectively as a means to expand and grow its economy. The Hunterdon County Chamber of Commerce has taken on this challenge, in part, by sponsoring a "Leadership Hunterdon" program. The Program consists of an annual group from various professional backgrounds who dedicate their time to learn about Hunterdon and the challenges that it faces with a goal of becoming better equipped to serve the community both as business and civic leaders.

The 2015 Class had the honor of reviewing Hunterdon County's Comprehensive Economic Development Strategy (CEDS) Report which included a wealth of information regarding the County and it's potential for future growth. Given Hunterdon's vast agricultural landscape, strategic investment project and leadership encouragement, the class decided to investigate the potential for expansion of Hunterdon County's vineyards as a means to revitalize the County's economy.

As a community, we have the choice to either maintain a "business as usual" approach or to "unite and expand" on the County's strengths. Our community has many hidden treasures to attract tourists and most recently, wine tourism has emerged as a popular and fast growing industry. Indeed, New Jersey is the seventh largest wine producing state in the country with approximately 1.5 million gallons of wine produced in 2010 (Coffin, 2006)¹. New Jersey has only begun to take advantage of the opportunities available to it to transform existing farmlands into vineyards as well as to expand and capitalize on existing vineyards. This white paper will address how the expansion and creation of wineries in Hunterdon County will drive the development of tourism and related advantages.

¹ Coffin, L. (2006). *New Jersey Wine Industry*. Retrieved 2014 йил 20-12 from State of New Jersey Department of Agriculture: <http://www.nj.gov/agriculture/divisions/md/news/wine.html>

EXECUTIVE SUMMARY

The Comprehensive Economic Development Strategy (CEDS) team completed a strengths, weaknesses, opportunities and threats analysis (“SWOT analysis”), in connection with Hunterdon County. The findings that related to County's strengths included tourism, high quality of life, a multigenerational agricultural economy and recreational resources. In light of its strengths, Hunterdon County is well positioned to take advantage of all it has to offer in order to capitalize on the current social and environmental trends.

For instance, over the past several years, there has been a growing trend amongst tourists and community members alike in connection with the purchase of local "Jersey Fresh" farm produce. Established farms within the County are able to provide tourists with this experience. The rural landscape also lends itself to exotic animal farms with wonderful opportunity for tourist to learn about alpacas, llamas, yaks, and buffalo. Area restaurants could likewise use these meats to provide tourists with a rare and unique dining experience.

Likewise, the county also has existing businesses that lend themselves to the increasingly popular agritourism trend, such as "pick your own produce" farms, customer Christmas tree cutting farms, haunted hay rides, pumpkin picking, corn mazes and local farm to table dining. These activities provide a destination for families and school groups with hours of entertainment. A major attraction such as a wine trail connecting these businesses as well as new and existing wineries, would be a "win-win" for all as it will draw tourist to the area and help small businesses flourish. The potential is endless but not necessarily self-supporting for success.

Other complementary farming endeavors that would benefit from an increase in the number of wineries are honey and cheese. Tourists are looking for the “total experience” when visiting

wineries. Beekeepers could utilize a portion of vineyards for bee hives, and sell their product to winery visitors. The honey would be unique to the area. Cheeses, which are not typically produced on the vineyard, could instead be brought to the winery and paired with the local wines for tastings and sales. Many of wineries provide visitors with a place to sit and relax while sipping on a glass of wine. Wineries are the perfect environment for selling complementary farming products.

In addition to agritourism, special events also add to the overall experience and provide local wineries with the foot traffic necessary to remain successful. While wineries have emerged as one of the most significant areas of tourism in New Jersey, smaller wineries are dependent on wine sales at the winery's operation or "cellar door". The businesses understand they are selling the "experience" to the customer while visiting the winery. The successful winery promotes itself with tastings and a calendar of events highlighting all holidays and special events such as yoga classes, art exhibits, picnics, wine and food pairings, weddings, fall festivals and Christmas Tree Lighting. These special events attract first time visitors to the winery with the hope of making them repeat customers. Hunterdon County's easy access to both New York and Philadelphia, plus the availability of rich farmland, leads it to be the perfect location for additional wineries and profitable investment.

In order to sell the total experience to tourists, complimentary services at the wineries also greatly enhance the likelihood of repeat customers and referrals. These ancillary services provide a further opportunity for economic growth. For example, an onsite bed and breakfast allows guests to extend their time in the area and enhances the destination opportunity by allowing guests to drink wine at local eateries without having to worry about transportation and provides tourist a unique lodging experience.

Finally, it should be noted that there has been an adverse perception regarding Jersey wines, which has proven to be a flawed and unfair view. New Jersey wineries are crafting wines that have

earned recognition for their quality from critics, industry leaders, and in national and international competitions. As of 2014, New Jersey had “48 licensed and operating wineries with several more prospective wineries in various stages of development (Wikipedia, 2014).” Data provided by the Rutgers NJ Agricultural Experiment Station gives strong support to acceptable land for “grape suitability” in Hunterdon County. There are 93,021 acres in Hunterdon County deemed “most suitable” for wine grape growing and an additional 38,473 acres of land deemed “moderately suitable”. Clearly, land suitability in the County is not an obstacle to entry.

In short, wineries have a great potential to increase tourism in Hunterdon County, however, the business plan must include collaboration and/or an alliance with other wineries to strengthen the overall reputation of New Jersey wines.

CURRENT BUSINESS ENVIRONMENT

According to John Cifelli, Executive Director of Garden State Wine Growers Association, an “infinite number” of wineries can be established in Hunterdon County, in order to capitalize on the growing trend of eating local. Locally sourced produce is in demand, as are farm to table restaurants. New Jersey is even looking to certify wineries and permit the marketing of certain wines under its “Jersey Fresh” agriculture program when wines are produced with New Jersey grown grapes, which will further benefit local growers in advancing the buying local trend.²

This trend is both driven by environmental and economic considerations: with environmental concerns on the rise, consumers want to know that their food did not have far to travel. Economically speaking, purchasing locally produced products can substantially bolster the economy, keeping dollars and jobs local. The 48 wineries in New Jersey generate between 30 and 40 million dollars of annual revenue³. Further, as will be explained in more detail, recent legislative changes are providing local farmers, winemakers and sellers with incentives to compete in a local market.

Through personal interviews it was clear that it is the consensus of local winemakers, and John Cifelli, that more wineries in Hunterdon County would be a boom to Hunterdon’s local economy. Rather than view additional wineries as competition, the local winemakers view them as an opportunity to boost their own business. In fact Mt.Salem Vineyards quotes on their website “We enthusiastically support all new vineyards and wineries that are committed to growing high quality wine in the Pittstown area, which we believe will become a key wine destination just 50 miles east of Manhattan. There are two today; we need another twenty,”⁴

² Wikipedia

³ Wikipedia

⁴ <http://www.mountsalemvineyards.com/>

Hunterdon County Wineries

There are four vineyards/wineries and one winery in Hunterdon County as well as a winemaking business called Grape Finale. Information on each is set forth below:

Beneduce Winery – Pittstown

Beneduce is a relatively new winery in Hunterdon County. A personal interview with owner Mike Beneduce provided background on the business. According to Mike, their farm was originally a dairy farm, and has been owned by the Beneduce family since 2000. The winery has been in business for 2.5 years. The family is 4th generation in agriculture, and they originally purchased the property for their Garden Business. Their property is deed restricted for agriculture, but is not preserved farmland. They currently own 51 acres of land in Pittstown, of which 20-25 acres are used to grow grapes. Approximately 10 acres have mature vineyard and 10 more acres are maturing. Additionally, they have multiple greenhouses set up for growing, with one greenhouse also used for entertainment and dining

The vineyard encourages visitors to bring their own meals, or purchase from an on-site food truck, and then buy a bottle of wine to enjoy while they picnic on the vineyard's property. They have multiple indoor and outdoor patios set up for dining, and offer live music throughout the year.

Mike Beneduce earned his Viticulturist Degree from Cornell University, and returned to this area to operate the winery. The winery turned a profit this year for the first time since opening. Mike explained that they produced 6,000 cases of wine this year, and do not have plans to exceed 10,000 cases. They are in the market of creating artisanal and handcrafted wines, rather than becoming a large winery. The winery still imports wine grapes for their production, but within 10 years, they plan to be at least 50% estate grown.

Beneduce became profitable in 2014, having opened for business as a winery in 2012. This time to profitability was expected, according to the family. They sell 98% of their wine in the tasting room and the remaining 2% at the Pittstown Inn – average price per bottle is \$30. They also sell in 2 local wine outlets, Marinelli's and the Clean Plate Kitchen. The wholesale margin on wines is so small, they plan to continue to remain a retail operation and max out in retail, selling wine faster than cases can be produced. They pride themselves on creating a visitor "experience."

[Old York Road Vineyards – Ringoes](#)

The vineyard was previously owned by a family, but due to family strife was sold to the current owner in 1981, who has no previous experience running a vineyard. Owner David Wolin explained that he works in NYC and refers to Old York as his retirement. They have 10 full time employees, and part time varies considerably from May until October. They are open daily from 12-5 for tastings. Old York Road produces about 5,000 cases per year.

Old York already participates in a "consortium" of sorts, the Vintage North Jersey Wine Trail. www.vintagenorthjersey.com - There are 10 wineries participating (according to the website) along the 88-mile trail from Sussex down through Hunterdon and Mercer Counties. Old York also works with a number of limo services, which conduct winery tours.

[Mt. Salem Vineyards – Pittstown](#)

"Largely self-taught in viticulture and oenology, the owners each have decades of experience in other fields and but one passion: great wine. The vineyard master, Agnieszka, is 'steeped in what some call the 'Old Ways' of agriculture, she imbues her oneness with nature, generous spirit, and fierce work ethic with all who know her.' The cellar master, John, joined after a career on the production side of commercial printing, where he ran large printing presses, from which he developed his eye for detail. The winemaker and founder, Peter, conceived Mount Salem with a

vision and not much else. Extensive travel domestically and abroad, coupled with living and working in New York and Washington, DC, exposed him to enough wine and winegrowing regions to believe – against the advice of many – that Hunterdon County had world class potential. And with little more than a southwest facing slope and a shovel, he set out in early 2005 to prove what was possible.’⁵

Mt. Salem produces 1,000 – 1,500 cases each year with no plans to expand beyond that. According to Owner Peter Leitner (via a personal interview), this vineyard focuses on small batches of very high quality wine. They are adamant that the wine must be of excellent quality to overcome the stigma that New Jersey wines are not good. They believe that there has to be a market for quality New Jersey wine and that people need to both want and respect a good product. Leitner says he would “rather dump than sell bad wine.”

Mt. Salem offers impromptu tastings at the winery every Friday, Saturday and Sunday from 12 noon to 6 PM, when you can sample “splashes” of five wines, a flight of three wines, or by-the-glass (all totaling 5 fluid oz.). Tastings also by appointment at a mutually convenient time, at one of the private tastings or at various events held throughout the year.⁶

[Unionville Vineyards - Ringoes](#)

Per the Unionville Vineyards website, Unionville Vineyards is a collection of four New Jersey farms with over 300 acres of preserved farmland and is currently operated by a group of local landowners deeply committed to growing the finest grapes, preserving the pristine rural landscape, the tradition of sustainable land use, the local community, and the craft of artisan winemaking. Unionville's home vineyard is an 88.7 acre farm that had originally been part of the largest peach

⁵ www.mountsailemvineyards.com

⁶ www.mountsailemvineyards.com

orchard in the United States. The farm was split off as a dowry present when one of the original owner's daughters was married in 1856. The main house and the oldest section of the winery building were built in 1858.

The developers sold the property in the late 1960s; it remained in grains and was used for raising horses. The property was purchased in 1980 with the goal of saving the farm, returning the land to its fruit growing tradition and starting the Unionville Vineyards. The first Unionville vines were planted in 1987 and the winery opened to the public on April 1, 1993. The property is part of New Jersey's Farmland Preservation Program and one of New Jersey's most historic agricultural areas. Unionville produces 7,000 – 8,000 cases per year with a maximum production capacity of 10,000 cases a year.⁷

[Tomasello Winery](#)

Tomasello is the one Hunterdon County winery that does not have a vineyard in the county. Tomasello's vineyard is located in South Jersey, in Hammonton. However, they operate several tasting rooms throughout the state: Hammonton (at the vineyard), Freehold, Smithville, Chester, Wyckoff, and one in Hunterdon County at the Historic Lambertville House in Lambertville. The Tomasello website ([www. http://tomasellowinery.com/](http://tomasellowinery.com/)) shows a list of events at the tasting room in Lambertville.⁸

⁷ www.unionvillevineyards.com

⁸ www.tomasellowinery.com/

Grape Finale

Grape Finale is a unique business in Hunterdon County that is neither a vineyard nor a winery. However, it is a place where guests can go to make their own wine, using imported grapes. Per the Grape Finale website, “Nestled in an unassuming, gray building less than a mile from Diamond Nation and Health Quest, in Flemington, NJ, Grape Finale provides a unique opportunity for customers to dip their hands into the magic of the winemaking experience.” The business touts that “winemaking is fun, delicious and affordable, and is a great social activity. Also, wine made at Grape Finale contains fewer preservatives.” Since opening the doors to its 6,250 sq. ft. facility in April 2011, Grape Finale has grown into a decorated winery, boasting eight medals and Best of Show Red at the 2013 New Jersey State Fair / American Wine Society Amateur Wine Competition. Without vineyards to focus on, this crush pad facility provides all the cutting edge equipment and personalized instruction necessary for both experienced and new winemakers of all ages to successfully create their own premium vintages and participate in a hobby that keeps them returning again and again. Grape Finale sources their grapes primarily from Chile and Northern California, with a few reds made from Italian grapes.⁹

⁹ www.grapefinale.com

BUSINESS MODEL

Per conversations with many of the aforementioned winery owners, customers at the local wineries currently come from a 30-40 mile radius. The wineries, with few exceptions, are open for tastings daily from 12-5, and generate the bulk of the income from tastings and in-house sales. They are affiliated with a number of limo services such as NJ Wine Tours, which will transport clients along the wine trail during an afternoon. Many of the wineries list local restaurants and Bed & Breakfasts on their websites. With the expansion of the wine industry, the potential for tourism related businesses that promote dining and lodging would also expand.

Beneduce, Unionville, and Old York Vineyards all promote the winery “experience.” They encourage visitors to bring their own meals and purchase a bottle of wine on their property. Their calendars are full of special events to attract visitors: live music events, yoga, wine-making lectures, and much more. By design, Mount Salem does not adhere to this business model, and rather than host weddings and other events, encourages 90 minute small private tastings of 8+ individuals, at which they will often incur case sales of \$1000 or greater. Per Owner, Peter Leitner, the majority of their production is pre-contracted, in that individuals have paid for their wine in advance, often 8-18 months in advance, providing the upfront capital to manage the wine production.

Our research showed that different wineries operate successfully under different business models, as is illustrated. Each winery has chosen a path for their business that is different based upon: land, location, winemaking experience, personal motivation and long-term goals, and ability/willingness to host events on property. Although each operates differently, all agreed that they would benefit greatly from a local consortium of winemakers, as would any new entrants into the Hunterdon winery market.

Winemaking Consortiums

Representatives from each of the Hunterdon County wineries agreed that the consortiums are essential to the success of their business individually, and the NJ Wine Industry as a whole. A wine making consortium is a group of wineries that come together for various purposes, including: establish a platform for discussing winemaking, increase awareness of a region, cross-promote businesses, share resources, and work towards turning a wine-making region into a destination. One example is the Verde Valley Wine Consortium which “assists in creating, nurturing and advancing the Verde Valley as a significant and important wine region – locally, regionally, nationally and internationally – in every aspect of winemaking, wine culture, wine education and wine tourism.”¹⁰ Another is the Iowa Quality Wine Consortium, which touts the benefits of membership:

- Make your certified wines stand out in the competitive marketplace
- Provide reassurance to customers so they will buy and serve your wine with confidence
- Submission of 5 wines each membership year and the privilege to submit additional labels
- Receive valuable feedback on all of your submitted wines
- Receive 50% off most Midwest Grape and Wine Industry Institute (MGWII) lab services
- Receive early notification of MGWII workshops and events
- Send two members of your organization to MGWII tasting proficiency training for free!
- Promote building the reputation and distinct styles that represent the Iowa growing region
- Be a part of the success in building a strong, sustainable grape and wine industry in Iowa
- Show your commitment to producing Iowa Quality Wine!¹¹

¹⁰ <http://verdevalleywine.org/>

¹¹ <http://www.extension.iastate.edu/wine/projects/page/iowa-quality-wine-consortium>

The four Hunterdon County vineyards belong to one of the two primary wine grower's consortiums in the state, The Vintage North Jersey Wine Trail www.vintagenorthjersey.com. The South Jersey region has its own consortium, www.vitagesouthjersey.com. Comprehensively, New Jersey Wines are grouped by region on the website www.newjerseywines.com.

Additionally, they universally agree that the more wineries there are, the greater the opportunity for business for each winery. A wine trail will flourish with many more than four venues, as are currently available.

Exporting Grapes Grown in Hunterdon County

Of particular note, however, while interviewing several of the wine makers and vineyard owners in the county, the viability of exporting grapes grown in the county was discussed. In talking with people like Peter Leitner of Mt. Salem and Mike Beneduce of Beneduce it was clear that the grapes grown in the county are solely for use at county wineries. There is simply not nearly the volume of grapes to export out of Hunterdon. In fact, it appears that some vineyards will sell grapes to each other; however, the poundage is simply not being produced to export at this time.

AGRITOURISM

While the objective of this paper is the address expansion of wineries in Hunterdon County, further detail regarding existing agritourism in Hunterdon County is necessary as complimentary farms and businesses (cheese, meat, honey, other food, rare animal farms), promote winery expansion and the overall winery experience and vision. Our group investigated complimentary topics that could provide those visiting Hunterdon County wineries enhancements to their tourist destinations. Those topics include farm to table, exotic farm animals, cheese, honey, microbrewery, bed and breakfast, and restaurants. In addition, Hunterdon County hosts beautiful acres of parks and reservoirs, such as Spruce Run and Round Valley for those who enjoy the outdoors. Activities include walking trails, hiking, biking, fishing, swimming, and boating. In addition, farms host maple sugaring events and a variety of pick-your-own options to customers, including strawberries, blueberries, pumpkins, apples, and trees. For more adventurous tourists visiting wineries, Hunterdon County provides access to horseback riding, hot air ballooning, plane rides with lessons, and sky diving.

When it comes to visiting Hunterdon County, farmland is abundant and a family friendly activity could include visits to exotic animal farms. Animals include yaks, alpacas, llamas, and buffalo. Some of the farms will allow tourists to have a hands-on experience in a certain areas, such as shearing and feeding the animals. Tourists at some locations can also purchase goods made from the animals. Educational sessions are available at certain exotic farms including WoodsEdge Wools Farm in Stockton. The Readington Buffalo Farm, owned by Erick Doyle and his father, run the only Buffalo Farm in New Jersey. The Doyle family hosts an annual buffalo watch event in May and look to make their farm a landmark place to visit in New Jersey.

Hunterdon County houses the Bobolink Dairy and Bakehouse in Milford. Activities include cheese making classes, farm tours, and cheese tastings that would allow individuals and families to

have hands on experience learning about the dairy industry. They invite guests to “join their master cheese maker in a small class of 4 guests and learn how to make cheese. It can then be picked up 2-3 months later. Tourists can also have lunch by trying their homemade, locally sourced famous pizza, milk products, yogurt, butter, and rustic breads.”¹²

Valley Shepard Creamery in Northern Hunterdon County produces artisan cheeses from sheep and includes farm and production tours. Tourist can enjoy sheep products, wine and cheese festivals, shearing tours, dinners, and cheese making classes. Cave-aged European cheese is what the owners specialize in making at this farm.¹³

Honey is produced and sold throughout Hunterdon County and many wineries sell local honey and some offer bees wax products such as candles, soaps, and cosmetics. Interest in honey had increased as from 2012 to 2013; there was an increase from 54% to 70% in consumers reporting that they purchased honey in the past year (Board, 2013)¹⁴. Tassot Apiaries in Milford sell their products not only at farmer’s markets, but also at their farm. Many wineries, including Old York Cellars, will give a tour of their hives along with their vineyards.

Farmer’s markets are a great way to find local products that complement our local wines. They are located throughout the county, so one is sure to be on your route to other daytime destinations. Some markets include the Dutch Country Farmer’s Market (indoor) in Flemington, Stockton Farmer’s Market (indoor), Stanton Farmer’s Market in Readington Township, Homestead Farm Market (indoor) in Lambertville, the Sergeantville Farmer’s Market, High Bridge Farmer’s Market, Holland Township Farmer’s Market, Hunterdon Land Trust Farmer’s Market at the Dvoor

¹² <http://www.cowsoutside.com/>

¹³ valleyshepherd.com/

¹⁴ Board, N. H. (2013). *Honey Market Resereach*. Retrieved March 24, 2015, from Honey.com:

www.honey.com/foodservice.honey-in-foods-beverages-technical-data/honey-market-research/

Farm in Flemington, Oldwick Farm Market, and the West Amwell Township Farmer’s Market. This is a limited list of the farm stands/markets located in Hunterdon County with a complete list on the Hunterdon County Farm Stand and Market Directory (County H.)¹⁵ These markets sell local items such a flowers, oils, soaps, candles, in-season produce, baked goods, and animal products.

Microbreweries are becoming very trendy, especially to the millennials. They are a fast growing segment of the beer market today as there are 26 craft breweries in New Jersey, which is ranked, 29th in the nation (Association, 2013)¹⁶. In Hunterdon County, the Ship Inn is located in Milford and was the first brew pub in NJ to brew beer since prohibition. This restaurant and brewery offers homemade, locally sourced foods as available in the old town tavern building that has been tastefully renovated.

“Beyond the wine tasting, tourists will appreciate the spas/salons available to provide a relaxing experience and local bed and breakfasts that provide a unique experience that allows them to stay near their destination. There are 11 local bed and breakfasts located throughout Hunterdon County ready to welcome the weary traveler from a long day of exploration (Hunterdon county alive website)”¹⁷. When the weary traveler needs a break, there are high-end salons/spas located in Hunterdon County. Well-known salon/spas include Zanya Spa Salon in Lambertville, Beaver Brook Day Spa in Annandale, Panache Hair Salon and Spa in Whitehouse Station, Refine Day Spa in Clinton, La Bella Salon and Spa by Regina in Lebanon, Edge of Serenity Spa in Lebanon, Nurture Spa in Lambertville, Orange Peel Salon and Spa in Lebanon, Spa and Wellness in Lebanon, and Spirit Spa in Oldwick.

¹⁵ County, H. (n.d.). *Hunterdon County Farm Stand and Market Directory*. Retrieved May 4, 2015, from Hunterdon County: www.co.hunterdon.nj.us/farmstands/pdfs/AllFarms-Alphabetical.pdf

¹⁶ Association, B. (2013). *Brewers Association Statistics by State*. Retrieved March 24, 2015, from Brewers Association: www.brewersassociation.org/statistics/by-state

¹⁷ <http://www.hunterdoncountyalive.com/lodging/index.cfm?webname=hcalive>

New Jersey continues to supply residents with an array of options for the novice and professional chef alike, there are cooking parties, hands-on workshops, kitchen coaches who will come to your home, and even ‘boot camps’ to give you a taste of what it would be like to attend a top culinary college. Hunterdon County may not have a culinary school for tourists, but restaurants such as 55 Main in Flemington run special private events that not only educate, but also provide a wonderful dining experience. Hunterdon County restaurants are known for their excellence and many of the chefs are willing to do private cooking classes. A list of restaurants by town can be found online¹⁸.

For those that want the taste of a farm without visiting one, guests can try one of Hunterdon County’s farm-to-table restaurants. More and more farm-to-table restaurants, farmer’s markets, and food co-ops are cropping up to meet the demand among consumers for healthy, local foods. Lilly’s Meals- Farm to Table located in Stockton and Lovin’ Oven in Frenchtown are small, food-to-table establishments along the Delaware River. For a truly memorable experience, the most notable food-to-table restaurants include the Ryland Inn and the Farmhouse. The Ryland Inn in Whitehouse has the convenience of a garden on their property as well as supporting local farmers located in Somerset and Hunterdon Counties. The Farmhouse at the Grand Colonial in Hampton is committed to offering a seasonal menu featuring globally inspired, locally sourced, and foraged ingredients.

¹⁸ www.dexknows.com/local/food_and_beverage.

VISION FOR A WINERY DESTINATION

As discussed, because there are so few wineries in Hunterdon, it is not a viable destination for tourists to plan a visit. Although most wineries are part of other New Jersey Wine Trails, they have not yet grown to be a true destination akin to Napa Valley or the Finger Lakes. It's been suggested that with the quality of the land and soil, there is no reason that Hunterdon County cannot become a version of a Finger Lakes or a small Napa Valley. The winemakers interviewed were unanimous that more is better. Logic states that this would have to be supported by top-notch marketing and promotion, as well as by strong tourism infrastructure. Creating a wine region in Hunterdon is viable. In the meantime, there are several areas within a few hours' drive that pull tourists into their wineries and events. Hunterdon County can learn from these locations:

New Jersey

According to the New Jersey Wine Growers Association, New Jersey has 43 wineries and five wine trails which are divided by region and each includes between 5-10 wineries:

- Vintage North Jersey Grand Wine Trail (includes 3 Hunterdon vineyards)
- Two Bridges Wine Trail
- Pinelands Reserve Wine Trail
- Cape May Wine Trail
- Jersey Shore Wine Trail

Winery events are promoted on the New Jersey Wine website

<http://www.newjerseywines.com/>. There is also a passport program, including a dedicated app, where completed passports can be mailed in to win prizes.¹⁹

¹⁹ <http://www.newjerseywines.com/>

Pennsylvania

PA has divided itself into six different regions, literally named by the geographic parts of the state. Beyond that, they market 12 wine trails for over 100 wineries within those regions:

- Berks County** *BerksCountyWineTrail.com*
- Brandywine Valley** *BVWineTrail.com*
- Bucks County** *BucksCountyWineTrail.com*
- Endless Mountains** *EndlessMountainsWineTrail.com*
- Groundhog** *GroundhogWineTrail.com*
- Hershey-Harrisburg** *HersheyHarrisburgWineCountry.com*
- Lake Erie** *LakeErieWineCountry.org*
- Lehigh Valley** *LehighValleyWineTrail.com*
- Mason-Dixon** *MasonDixonWineTrail.com*
- Montgomery County** *MontgomeryCountyWineTrail.com*
- Southwest Passage** *SouthwestPassageWineTrail.com*
- Susquehanna Highland** *PAWineTrail.com*

The Pennsylvania Wine website (<http://pennsylvaniawine.com/>) is an excellent resource for the potential tourist and includes a downloadable wine guide as a PDF that details the regions, wines, and trails in Pennsylvania. There are passport programs within each region but there does not seem to be one passport program for the state.²⁰

²⁰ <http://pennsylvaniawine.com>

New York

Although many automatically think of the Finger Lakes when it comes to New York wines, there are actually 373 wineries in the state. In fact, the New York wines website boasts The New York grape, grape juice and wine industry generates more than \$4.8 billion in economic benefits annually for New York State.

There are five main wine regions to visit in New York State:

- Finger Lakes
- Niagara Escarpment
- Long Island
- Hudson River
- Lake Erie

In addition, there are a few smaller wine regions, each with 6-9 wineries (except Central New York which has 23):

- Central New York
- Lake Champlain
- New York City
- Thousand Islands
- Lake Ontario
- Greater Adirondacks
- Other Western Counties

The New York Wines website has lots of information on wineries and trails. ²¹

²¹ <http://www.newyorkwines.org/>

Delaware

Although it appears that there are just four wineries in the entire state and no dedicated website for DE wineries, the Visit Delaware site has an informative page on “Wineries, Breweries and Distilleries.” There are three regions – Northern, Central, Southern – that have individual trails of all three spirits. The tourism website has some suggestions on weaving in visits to wineries, breweries and distilleries as well as various tourist sites and beach visits.²²

There are plenty of examples across the country of groups of wineries that have put a lot of marketing muscle behind their locale and as a result, benefit from being a winery destination rather than a beautiful area that happens to have some wineries. From romantic weekend getaways to family farm visits to bike tours, the opportunities to attract tourists with multiple interests are seemingly endless.

²² <http://www.visitdelaware.com>

BENEFITS AND OPPORTUNITIES IN HUNTERDON COUNTY

Hunterdon County has the resources and infrastructure necessary to become a winery destination. Farming has been a part of Hunterdon County's history since it was founded and families needed to find a way to survive.

Hunterdon's Farming History

Crops grown in colonial times have remained the same, except the variety and quantity has increased over time (Ramsburg).²³ While one major exception to this increase in quality and quantity was the peach crop, modern farming methods can certainly be employed to avoid a historical repeat.

According to Frecon and Christ²⁴ in their document titled, History of the Peach in New Jersey, toward the end of the 1800's Hunterdon County became the center of peach production, shipping as many as 750,000 bushels in a single season. At this time there were 90 varieties grown but only 20 were with a range from 6-10 years. The short life of peach trees was as serious a concern then as it is today. New Jersey's peach industry reached its peak in the late 19th century and this was determined by the number of trees planted. Half of the 4 million trees planted in NJ in 1890 were located in Hunterdon County. However, a blight called San Jose Scale was imported into California in 1886 on plum trees and those trees were shipped to New Jersey. Due to this being a new disease, the San Jose Scale spread throughout NJ and Hunterdon County ending the peach boom. Today, over 100 years later, Hunterdon County still produces certain varieties of peaches, but pests, high

²³ Ramsburg, B. F. (n.d.). *Agriculture*. Retrieved March 24, 2015, from Hunterdon New Jersey History: www.co.hunterdon.nj.us/history/Ch3-Agriculture

²⁴ Frecon, J. L., & Christ, E. (n.d.). *Jersey Peaches*. Retrieved May 1, 2015, from www.jerseypeaches.com: www.jerseypeaches.com/pdfdocs/history-peach-nj.pdf

production and labor costs, irregular weather patterns and competition from other area hinder a potential peach boom in the future. (Frecon & Christ)²⁵

Current Farming Trends

Over time, conventional farming has become more and more dependent on government subsidies to remain viable. As a result, most Hunterdon County farmers must have a source of non-farm income or become more customer focused to enjoy a normal lifestyle (Ramsburg).²⁶ In the mid-1980s, ‘specialty’ farms became popular reflected items that were being sold directly to consumers. This trend has continued. In Hunterdon County “the traditional” types of farming that existed in 1964 diminished drastically and have been replaced with the new types of farm operations that only require limited land and are competitive in today’s economic environment. These farms serve the consumer directly whenever possible to secure the greatest financial return. The operators are keenly aware of their quality conscious consumers and accordingly provide the quality they demand (Ramsburg)²⁷”. Specialty farming can continue even where the farmland has been preserved under New Jersey’s Farmland Preservation Program.

Due to the high cost of farming, many farmers, especially those in Hunterdon County, have opted to preserve their farmland. According to the Hunterdon County Planning Board, the Purchase of Development Rights Program in Hunterdon County has been offered to Hunterdon County landowners for the past 15 years. This program was developed in accordance with the enabling legislation - the State Agriculture Retention and Development Act of 1983. The Farmland Preservation process involves the sale of development rights on a farm in exchange for a permanent deed restriction on the land that requires it to be available for agricultural use in perpetuity.

²⁵ Frecon, J. L., & Christ, E.

²⁶ Ramsburg.

²⁷ Ramsburg.

Hunterdon County has been a leader in this statewide program in terms of the number of farms and acreage preserved. (Hunterdon County Planning Board)²⁸

The State of New Jersey and local government provides valuable incentives for landowners to participate in the Farmland Preservation Program. According to New Jersey Department of Agriculture, the program can help them meet their financial goals, providing them with the capital to expand their existing operations; eliminate or reduce their debt load; or further their estate or retirement planning. Participants in the program also are eligible to apply for cost-sharing grants to fund soil and water conservation projects. In addition, they enjoy limited protection from government acquisition of land through eminent domain; public and private nuisances; and emergency restrictions on the use of water and energy supplies. (Committee)²⁹

Soil Quality in New Jersey and Hunterdon County

Hunterdon County boasts prime real estate for wine grape production. With rolling hills, and what has been referred to as a perfect soil composition of heavy clay, gravel, and a low water table; the rural rolling hillsides of Hunterdon are ripe for grape growing and harvesting. Hunterdon's expansive acres of operating farms and preserved land provide the property required for growing and harvesting grapes. Currently, there are four vineyards/wineries operating in the county, but there is almost unlimited capacity to increase both the number of wineries and vineyards. Ideally, the county could be home to at least two dozen wineries and vineyards within the coming decade.

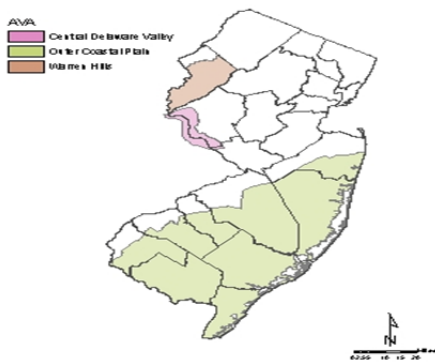
²⁸ *Hunterdon County Planning Board*. (n.d.). Retrieved May 1, 2015, from Farmland Preservation Program: <http://www.co.hunterdon.nj.us/cadb/programs.htm>

²⁹ Committee, S. A. (n.d.). *Farmland Preservation Overview*. Retrieved May 1, 2015, from State of New Jersey Department of Agriculture: <http://www.nj.gov/agriculture/sadc/farmpreserve/>

According to Rutgers NJ Center for Wine Research and Education, much of Hunterdon County’s land is ‘most suitable’ for grape growing and wine production. A major portion of Hunterdon County falls into the South and North Branch Raritan, which holds a good portion of the state’s ‘most suitable’ land for grape growing. New Jersey is a small state (47/50) geographically, yet boasts three designated American Viticulture Areas (AVAs), Warren Hills, Central Delaware Valley, and the Outer Coastal Plain. Data provided by the Rutgers NJ Agriculture Experiment Station, state that each region has unique combinations of climate, soil, and topography to produce unique high quality wine grapes.

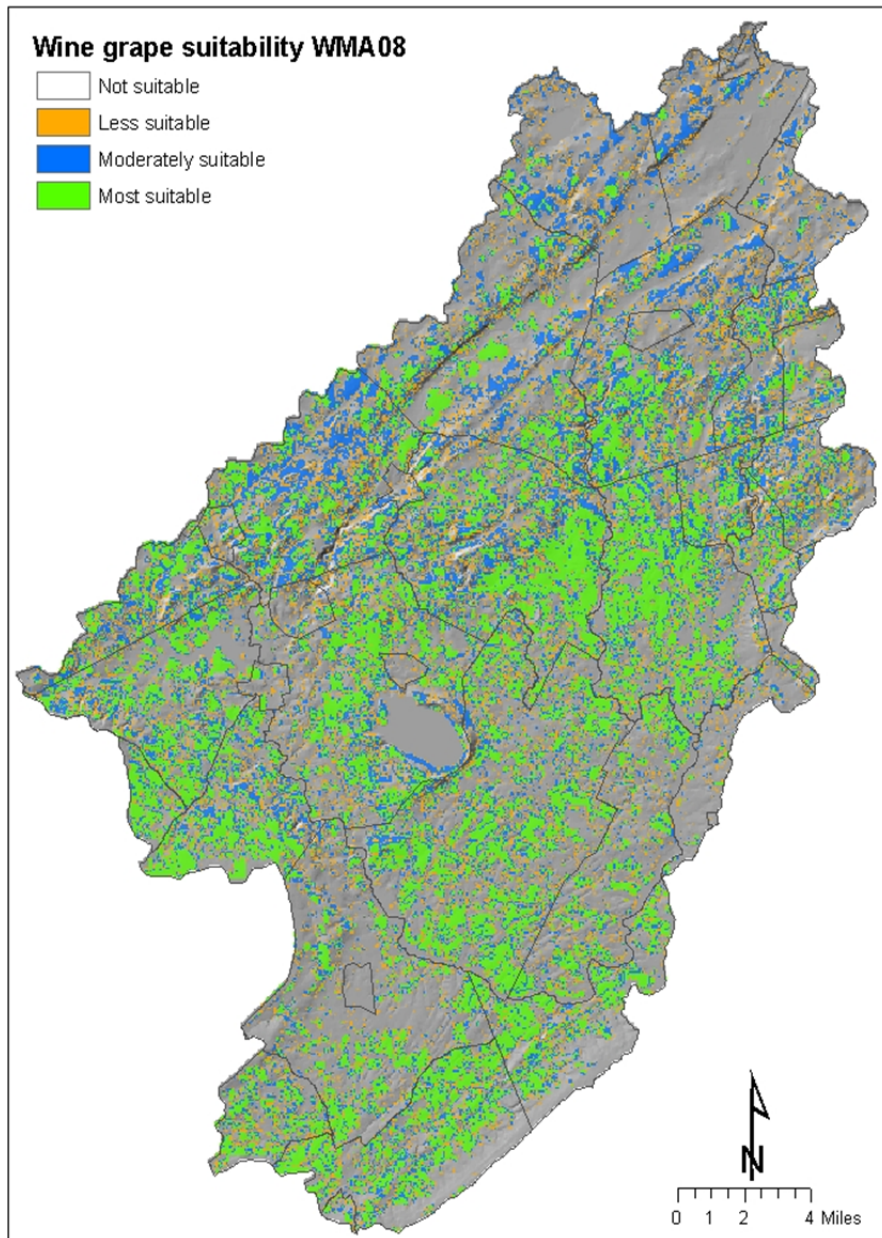
AVA	# total acres	Color on map
Warren Hills	189,225	orange
Central Delaware Valley	95,162	purple
Outer Coastal Plain	2,109,073	green

The following graphic from the Rutgers NJ Agriculture Experiment Station demonstrates the strength of the Central Delaware Valley for wine grape growth, which is located mainly in Hunterdon County.

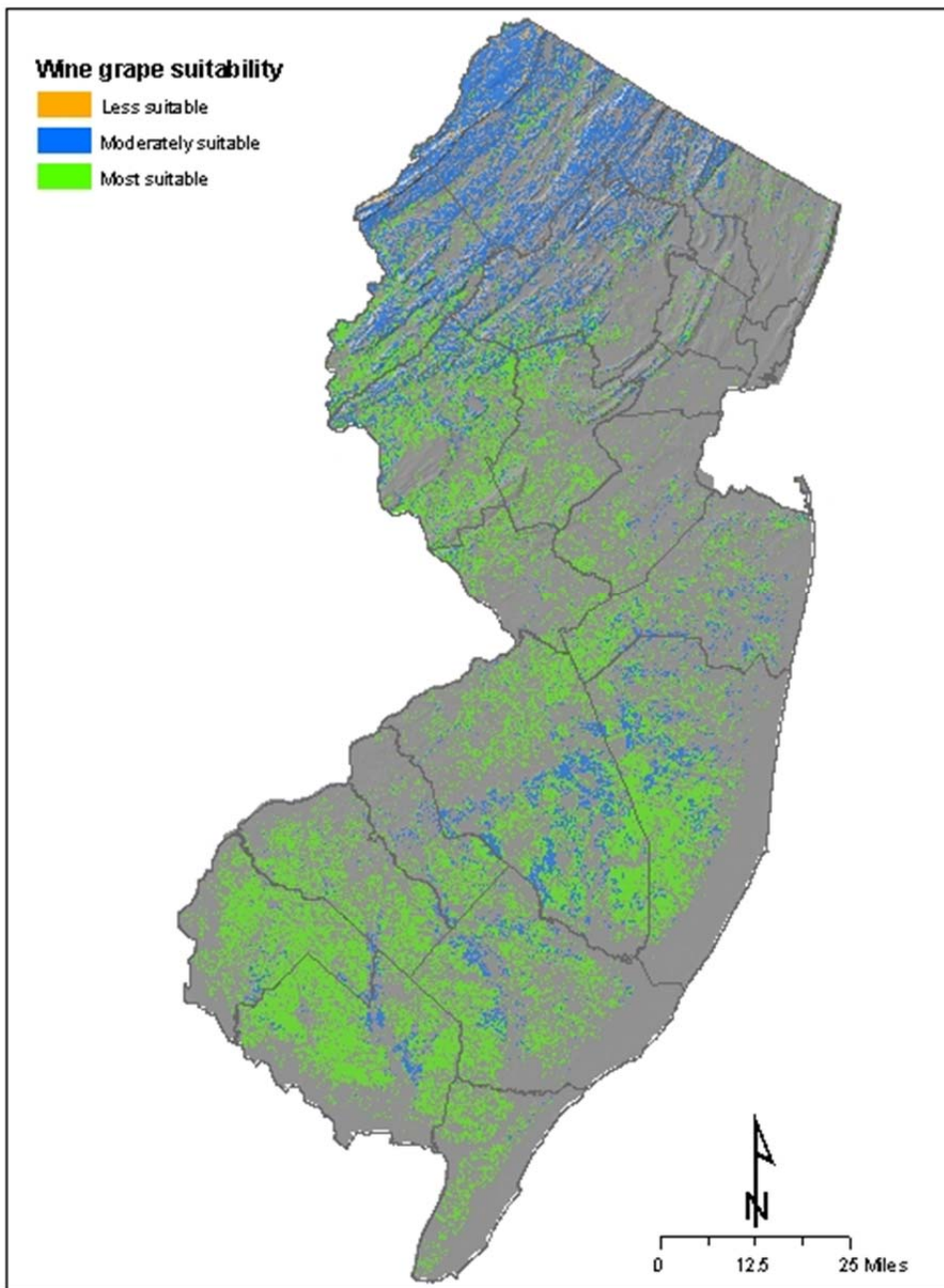


³⁰ <http://ocblogdev2.rutgers.edu/grape-growing/site-selection/quick-facts/>

See map below as well as a map showing the land suitability for grape growing in New Jersey overall below.³¹



³¹ Education, R. N. (n.d.). *WMA 08 – North and South Branch Raritan*. Retrieved March 29, 2015, from Rutgers NJ Center for Wine Research and Education: <http://ocblogdev2.rutgers.edu/grape-growing/site-selection/watershed-08-north-and-south-branch-raritan/>



(Education, Statewide- Suitability Map)³²

³² Education, R. N. (n.d.). *Statewide- Suitability Map*. Retrieved March 29, 2015, from Rutgers NJ Center for Wine Research and Education: <http://ocblogdev2.rutgers.edu/grape-growing/site-selection/statewide-suitability-map/>

Additionally, according to John Cifelli from Garden State Wine Growers Association, specific wine varieties that would flourish in New Jersey and bring in a high price are:

- Rhone Valley (France)
- Burgundy – Shiraz, Vignette, Chardonnay – France
- Austrian varieties – Blaufrankishch, Gruner Veltliner
- Riesling – France

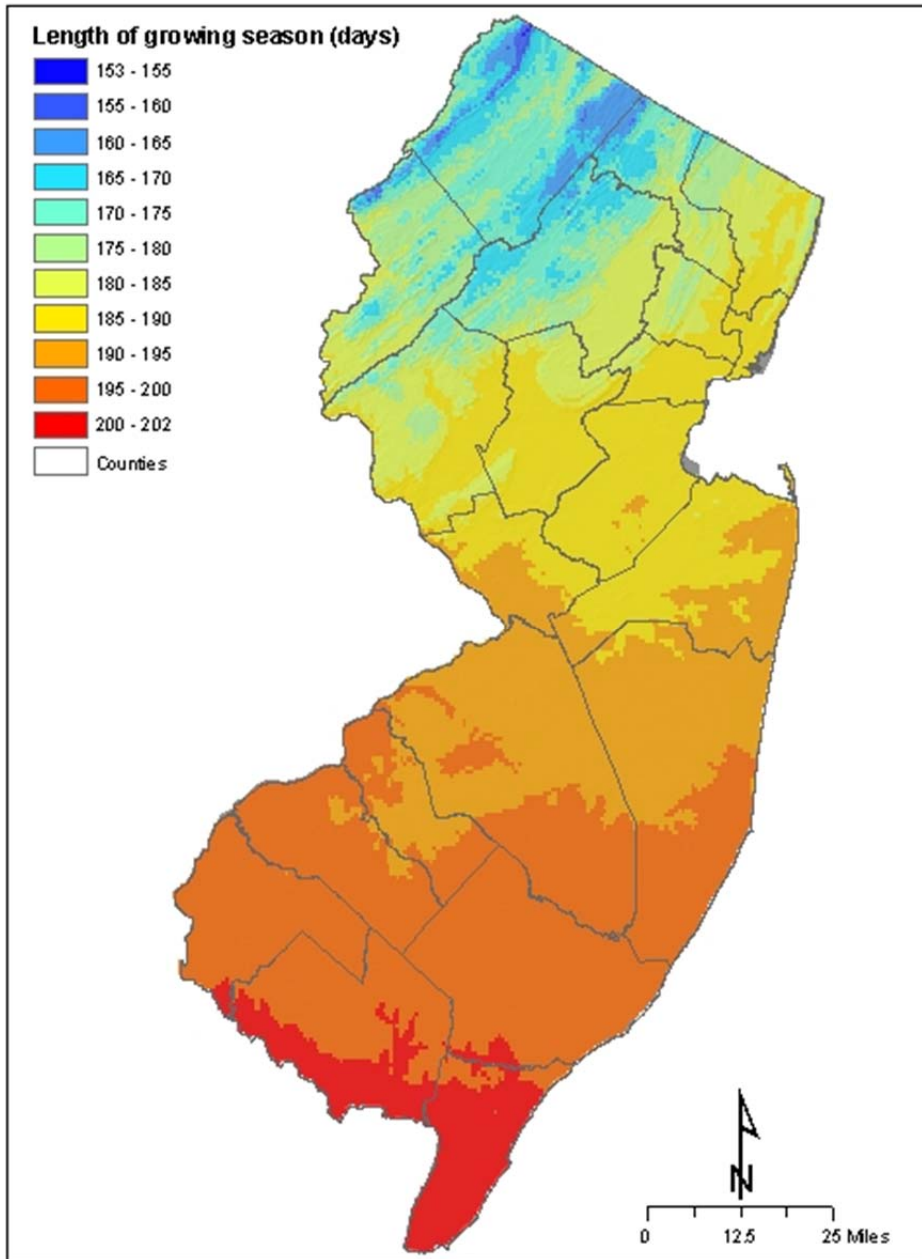
The grapes that are most amenable to the New Jersey climate are: cold hardy, tolerant of moisture (NJ gets 40” of moisture a year vs. 15” in Napa Valley), and mold resistant (humid summers).

Between rolling hillsides (similar to those in wine-producing regions of Europe and California), a low water table, amenable soil, and a temperate climate, Hunterdon County is considered to be an outstanding wine-producing region where the potential for expansion and growth is strong.

New Jersey and Hunterdon’s Grape Growing Season

In general, the number of days acceptable in wine growing region is 160 days, but 180 is highly desirable (Pool, 2006).³³ The grape growing season in Hunterdon County can vary from 170-190 days. This is determined by the number of days between the last 28 degrees Fahrenheit temperature in the spring and the first in the fall. This threshold was chosen as that is the temperature in which plant tissue freezes.

³³ Pool, D. R. (2006, December). *The Basics of Vineyard Site Evaluation and Selection*. Retrieved April 23, 2015, from Rutgers New Jersey Experimental Station: arcserver2.iagt.org/vll/learnmore.aspx



(Statewide – Length of Growing Season)³⁴

³⁴ *Statewide – Length of Growing Season*. (n.d.). Retrieved April 23, 2015, from Rutgers New Jersey Agricultural Experimental Station: <http://ocblogdev2.rutgers.edu/grape-growing/site-selection/statewide-length-of-growing-season/>

Other Prime Grape Growing Considerations

According to the late Dr. Robert Pool, grape specialist at Cornell University, grapevines need:

- *A growing season of sufficient length.* The growing season is determined by the number of days between the last 28°F in spring and the first fall occurrence. At a particular site, the season must be long enough to allow both the fruit and the vegetative parts of the vine to mature.
- *Adequate sunlight and heat.* There must be adequate sunlight hours to ensure sufficient supplies of carbohydrates are produced by photosynthesis to mature the fruit and vine and to maintain future productive potential.
- *Mineral nutrients.* The supply and the availability of essential mineral elements in the rooting zone must neither be inadequate nor excessive. Non-essential mineral elements may also be cause problems if they are toxic to grapevines or consumers.
- *Adequate water supply.* A steady and sufficient supply of water is needed to allow the vine to function properly. However, soil water must not be in excess or grapevine roots- and vine growth - will suffer. Often in cool or cold climate production regions the vines are not irrigated. In that case the soil must retain enough water in the root zone to provide vine needs between rains.
- *Internal soil drainage.* The site should not retain excessive moisture that results in ponding or high water tables that restrict root growth and respiration.

- *Air drainage.* The site should allow cold, dense air to drain away from the vineyard. Otherwise increased frost injury or winter injury may occur. However, steep slopes can increase the potential for erosion or limit the ability to operate machinery safely. (Pool, 2006)³⁵

Soil Drainage

Grape roots require very good soil aeration for proper growth. They are very sensitive to flooded soils, so drainage, natural or aided by drainage tiles, is a critical site factor. Drainage tiles do not reduce soil water holding capacity. So even in well-drained soils, this is not going to lead to more frequent drought stress.³⁶

Soil Depth

Grapevine roots can penetrate to great depths, but typically are mostly found in the upper layers of the soil due to better nutrients and soil aeration. Although grapes are grown in a great range of soil depths, it is generally recommended to have a rooting depth (depth of soil that allows root growth – may be limited by bedrock, hardpans, shale layers, or water table) of greater than 18 inches at a minimum, but a more desirable depth would be at least 30 inches. Shallow soils will restrict vine size and their ability to withstand drought, and therefore may require irrigation. A good depth of soil will allow vines to have more consistent growth and performance with variable rainfall and weather conditions. Artificial drainage can improve the

³⁵ Pool.

³⁶ Pool.

effective rooting depth of soil by removing excess water and allowing deeper soil layers to have better aeration and root growth. (Pool, 2006)³⁷

Solar Power

Using solar electricity will bring significant savings to the vineyards electricity bills. Aside from the initial cost of solar panels installation and photovoltaic module maintenance, solar power is 100 percent free. This lessens dependence on local power utilities through an energy-efficient solar electric system. There are also state and federal incentives available in Hunterdon County to help with the initial cost. (Smith Sustainable Designs)³⁸

³⁷ Pool

³⁸ Design, S. S. (2015). *Smith Sustainable Design*. Retrieved May 4, 2015, from Solar Power Resources: <http://www.smithsustainabledesign.com/federal-and-state-incentives1.html>

INDUSTRY REGULATION

The Agritourism boom in New Jersey has prompted strong support for wine producers from the state level down to the local municipal level, making the investment opportunity in Hunterdon County an even more attractive one. Indeed, until now, wineries were faced with limited government and tourism support, laws and strict industry regulation which forbade off-premises sales and direct shipping to consumers and a skeptical public reluctant to embrace New Jersey wines.³⁹ Recent recognition of the wine industry's value to agricultural regions and the potential local wineries have created for economic growth in these areas have prompted changes in legislation, making the time ripe for an expanding wine producing industry in Hunterdon County, according to Gary Pavlis, an associate professor with Rutgers Cooperative Extension. *Id.*

Historically, New Jersey was once home to hundreds of wineries, but all legitimate operations shut down during Prohibition. After Prohibition was lifted in 1933, state law permitted only one winery license for every 1 million residents, leaving the state with only seven wineries until 1981, when the Farm Winery Law passed (New Jersey Farm Winery Act). This act allowed anyone with a minimum of 3 acres and 1,200 vines to apply for a winery license and reduced the per-gallon tax levy on wine produced.⁴⁰

Old York, one of Hunterdon County's four existing wineries was the first vineyard to start producing wine under the 1981 New Jersey Farm Act. In the next five years, the number of New Jersey wineries doubled; in the three decades since the law passed, wineries here have increased

³⁹ NJMonthly.com, [Ready For Prime Time? New Jersey has all the ingredients for a booming wine industry—and a new law to help clear the way. Find out what the buzz is all about](#), Jill P. Capuzzo . February 13, 2012.

⁴⁰ N.J. P.L.1981, c.280, which impacted N.J.S.A. 33:1-10 and 54:43-1.

nearly six fold. *Id.* As of 2014, New Jersey has 48 licensed and operating wineries, which produce wine from more than 90 varieties of grapes, and from over 25 other fruits.

The Farm Winery Act was only the first of several ongoing efforts by the New Jersey state legislature to relax Prohibition-era restrictions and craft new laws to facilitate the growth of the alcoholic beverage industry and provide new opportunities for winery licenses. *Id.*

State Regulation and Recent Legislation

Wineries in the state of New Jersey must obtain licenses from the Alcohol and Tobacco Tax and Trade Bureau (TTB) of the U.S. Department of the Treasury, and from the New Jersey Division of Alcoholic Beverage Control (ABC). Surprisingly, despite Home Rule, the licensing of alcohol is regulated at the state level, rather than at the local municipal level. Currently, New Jersey laws and regulations regarding farm wineries require that a farm cultivate a minimum 3 acres of vineyards. N.J.S.A. 33:1-10.⁴¹

Until May 2012, New Jersey wineries were permitted to have satellite tasting rooms where customers could taste the wine and then make purchases, but state legislation denied that right to out-of-state wineries. No winery, in state or out-of-state, could ship wine directly to consumers in New Jersey. For obvious reasons, this severely hampered local grower's ability to expand operations and reach larger audiences in order to showcase the various wines produced and expand production. After out-of-state wineries sued, the U.S. Court of Appeals for the Third Circuit ruled

⁴¹ The New Jersey Department of Agriculture has expressed concern that wines made here are increasingly less dependent on grapes grown in the state and that business models are focused on sourcing grapes or juices for winemaking from out-of-state. Their concerns are centered on the credibility and authenticity of a "New Jersey" wine. As a response, they have recommended expanding the number of acres of vineyard production from 3 acres to 5 acres in order to obtain a plenary winery license. Further, the state is looking to certify wineries and permit the marketing of certain wines under its "Jersey Fresh" agriculture program based on their being produced with New Jersey grown grapes.

[wikipedia at http://en.wikipedia.org/wiki/New_Jersey_wine#Winery_licenses.2C_taxation.2C_and_regulation

that the state of New Jersey was in violation of the Constitution's Commerce Clause and was discriminating against out-of-state wineries by allowing only New Jersey wineries to have satellite tasting rooms.⁴²

The new law prompted in response to the ruling allows for direct shipping of wine to residents by wineries producing 250,000 gallons or less (around 100,000 cases), and for wineries to open satellite tasting rooms in New Jersey. The new law likewise allows up to 12 cases of wine each year sold directly to individuals over age 21 in New Jersey or any other state for personal consumption and not for resale. In addition to allowing wineries producing less than 250,000 gallons a year to ship directly to customers, the new law, which took effect May 1, 2012 increases to 15 the number of individual retail outlets, a New Jersey winery can operate.⁴³

The new legislation paves the way for local wineries to greatly expand their reach and includes BYOB establishments as "outlets," at which a local winery can sell its product. Gary Pavlis, cooperative extension agent at the Rutgers New Jersey Agricultural Experiment Station has predicted that the legislation is a big plus for the little guys, and for agriculture."⁴⁴

⁴² Wines and Vines, 1.17.2012. N.J. Opens to Direct Wine Shipping Governor signs bill, opening shipment and allowing more wineries by Linda Jones McKee Read more at: <http://www.winesandvines.com/template.cfm?section=news&content=96415> Copyright © Wines & Vines. See also Freeman v. Corzine, 629 F.3d 146 (3d Cir. 2010)

⁴³ **N.J.S.A 33:1-10**

⁴⁴ Wines and Vines, 1.17.2012 N.J. Opens to Direct Wine Shipping Governor signs bill, opening shipment and allowing more wineries by Linda Jones McKee Read more at: <http://www.winesandvines.com/template.cfm?section=news&content=96415> Copyright © Wines & Vines.

Preserved Farmland

Land preservation efforts have become more aggressive both state and countywide and traditionally, have imposed stringent regulations attendant to the use of the preserved land. Currently, preserved farms account for 20,000 acres or 64% of all county preserved land.⁴⁵ And, among the state's 48 licensed wineries, 19 are enrolled in the farmland preservation program, two of which are in Hunterdon County, which means they have surrendered their right to sell the land for development and have use restrictions attendant to the land.⁴⁶

Restrictions on the use of the land have not made the farmland attractive to potential investors and/or existing farmers wishing to capitalize on the agritourism opportunities wineries can provide. In conducting our research, we spoke with Richard Steffey, a staff member of the Hunterdon County Agriculture Development Board (CADB). Mr. Steffey explained that once a property that has been designated as "preserved" any "non-agricultural" uses on the property must receive approval. The same holds true for structures accommodating the non-agriculture use. He explained that while tastings, sales, and production are considered agricultural uses, specialized events such as weddings, parties, festivals and other social gatherings would not.

Mr. Steffey also explained that if a parcel of preserved farmland has a designated "non-severable exception area," this will give the grower the opportunity to hold events on that portion of the property that would not normally be considered agricultural in nature. However, not all parcels have a non-severable exception area, which has traditionally made it more difficult and far less attractive to potential investors wishing to capitalize on the economic opportunities collateral uses afford.

⁴⁵ East Amwell Farmland Preservation Plan 2010.

⁴⁶ [http://www.njassemblyrepublicans.com; preserved-farms dancer lauds law change to allow events at more nj vineyards](http://www.njassemblyrepublicans.com; preserved-farms%20dancer%20lauds%20law%20change%20to%20allow%20events%20at%20more%20nj%20vineyards), July 11, 2014.

Very recent changes in the law have changed the landscape dramatically in this regard, making it more attractive for investors and/or current farmland owners to use preserved farmland not only for the operation of the winery, but as a destination and ideal location for non-agricultural special events. Vineyards on preserved farmland are now give additional leeway, (2014 legislation), which removes hurdles to holding “special events” such as festivals, wedding receptions, and private parties on the preserved land.⁴⁷

“The state is encouraging farms to go into preservation. We want to keep green vistas,” said Assemblyman Ron Dancer, a Republican who represents parts of Burlington, Ocean, Middlesex, and Monmouth Counties, who cosponsored the bill. But, he added, the issue was whether the vineyard owners should be prohibited from marketing their products through special events on their grounds.⁴⁸ The new legislation settles the issue in favor of agricultural tourism and festivals that stimulate business. “Farmers will now have the ability to promote their operations without conflicting with the spirit of their farmland preservation,” Dancer said. “New Jersey, amazingly, is the sixth in the nation in wine production, and wineries are a growth industry we should support.”⁴⁹

Under the new law, rules are established to address the concerns of residents and still allow the events at the vineyards on weekends and holidays. The events can also be staged on weekdays when the Agricultural Development Committee approves them in advance. The law establishes a 44-month pilot program for the preserved-farmland wineries.⁵⁰ But a new bill, introduced in July 2014, would make the program permanent after a review.

⁴⁷ [[http://www.njassemblyrepublicans.com/?tag=preserved-farms dancer lauds law change to allow events at more nj vineyards](http://www.njassemblyrepublicans.com/?tag=preserved-farms+dancer+lauds+law+change+to+allow+events+at+more+nj+vineyards), July 11, 2014].

⁴⁸ Id.

⁴⁹ Id.

⁵⁰ N.J.S.A. 4:1C-32.8

Assemblywoman Celeste Riley, a Democrat who represents Gloucester, Salem, and Cumberland Counties, and a cosponsor of the bill noted that the new law “will give our vineyards a competitive edge and boost our economy by providing guidelines to allow special events on protected farmland wineries.”⁵¹

⁵¹ Id

ISSUES AND CONSIDERATIONS

Although the evidence shows that the expansion of the winery business in our county is more than feasible and there is a passion to grow beyond the four wineries we have now, there are issues to consider.

John Cifelli believes that the limitations to beginning a winery in Hunterdon include:

- **High start-up costs** – See FINANCIAL PLAN
- **Environmental Impact** – Organic grapes aren't possible in Hunterdon's growing climate, as pesticides and fungicides are necessary to combat mold and mildew. Unionville Winery disclosed an issue with birds swarming the fields eating and destroying the grapes. Special nets now cover many of the vineyards to prevent the loss of grapes.
- **Legal** - The Right To Farm Act affects NJ Wineries in that to qualify, a farm must: Qualify as a commercial farm, meaning they must operate on more than 5 acres, must engage in agricultural production worth at least \$2500 (or if they are less than 5 acres, \$50,000 in production), and they must be eligible for the farm tax. Also, the farm must operate in an area zoned as farmland, and the property must be maintained in compliance with their specific agricultural activity and must not pose any threats to public health or safety.⁵²
- **Taxes** - A State excise tax of 87.5 cents/gallon goes to the NJ Wine Advisory Council to use the money for grants and research to promote NJ Wines
- **Permits** - The ABC (Alcoholic Beverage Control) in NJ requires expensive permits, depending upon operation.
- **Weather** –New Jersey weather allows for a growing range from 153 days in the North to 202 days in the South. Hunterdon County growing days is 170- 190 days.

⁵² <http://www.nj.gov/agriculture/sadc/rtfprogram/eligibility>

- **Licensing** - Wineries must obtain sales license

Other challenges brought up by Hunterdon County winery owners:

- **Differing Townships** –From township to township, the ability to start a new business varies greatly. One township may be very amenable to a new business and business-friendly in general, while in another township, the ability to add a sign becomes a veritable battle.
- **Cost of Living**- in Hunterdon County the cost of living is high compared to other states and even other areas around New Jersey. Using data from 2012, United Way of Northern New Jersey found that it costs a household with two adults and two young children ~\$73,120 to get by in Hunterdon County (Jersey, 2014)⁵³. The median household income in Hunterdon County is \$105,186, while the state average is \$69,667 (Treasury, 2012).⁵⁴
- **Labor**- According to the Hunterdon County winery owners, staffing is seasonal. Work is labor intensive and requires long hours for production during certain times of the year. Other times during the year, there may not be enough work to maintain fulltime employment. The unemployment rate in Hunterdon County is 7% versus 9.5% as a state average based on 2012 census data (Statistics, 2012).⁵⁵

⁵³ Jersey, U. W. (2014, September). *ALICE*. Retrieved May 4, 2015, from United Way of Hunterdon County: <http://www.uwhunterdon.org/sites/uwhunterdon.org/files/elfinder/ALICEinHunterdon2014.pdf>

⁵⁴ Treasury, I. R. (2012). *ALICE Report*. Retrieved May 4, 2015, from United Way of Hunterdon County: <http://www.uwhunterdon.org/sites/uwhunterdon.org/files/elfinder/ALICEinHunterdon2014.pdf>

⁵⁵ Statistics, B. o. (2012). *ALICE Report*. Retrieved May 4, 2015, from United Way of Hunterdon County: <http://www.uwhunterdon.org/sites/uwhunterdon.org/files/elfinder/ALICEinHunterdon2014.pdf>

MARKETING PLAN

Hunterdon County is the perfect location for additional wineries and profitable investment based on the availability of rich farmland and access to New York and Philadelphia. Adding 10 to 12 additional wineries to the 4 that are currently operating will increase the economic development of tourism in Hunterdon County. More wineries in Hunterdon County would attract people for events, music, wine tasting, festivals, vineyard tours, and agritourism. “Hunterdon County continues to have a large land area of farms: 127,043 farmland assessed acres according to the 2005 NJ Farmland Assessment. This number amounts to about 39% of the total acreage of the County and 13.6% of New Jersey’s total farmland. The average farm size in Hunterdon County is 72 acres according to the 2002 Census of Agriculture.⁵⁶ There is a trend towards high value crops and specialty crops and animals, such as vegetables, horticulture and organic foods and herbs.” (CABD, 2015)⁵⁷



⁵⁶ United States Census Bureau, “Hunterdon County”, New Jersey 3/24/15

⁵⁷ (CABD, 2015)

Target Market

Hunterdon County covers 437.44 square miles; 427.82 square miles is land and 9.62 square miles in water. As of 2013, Hunterdon County Planning Board estimates nearly 50 percent of Hunterdon County’s land base (about 138,000 acres) was classified as either farm or farm qualified parcels. (Hunterdon CEDS, 2014) Hunterdon County is the ideal place to expand wineries and vineyards. By adding 12 additional wineries to the 6 currently operating Hunterdon County could become the Napa of the North.

Investing in Hunterdon County wineries would offset taxable income from other businesses or professions and create a desirable tourist location. Investors would see a net income profit in as early as year 7. The ideal target market for the expansion of wineries and vineyards would be investors looking for a profitable investment and to increase tourism in Hunterdon County.

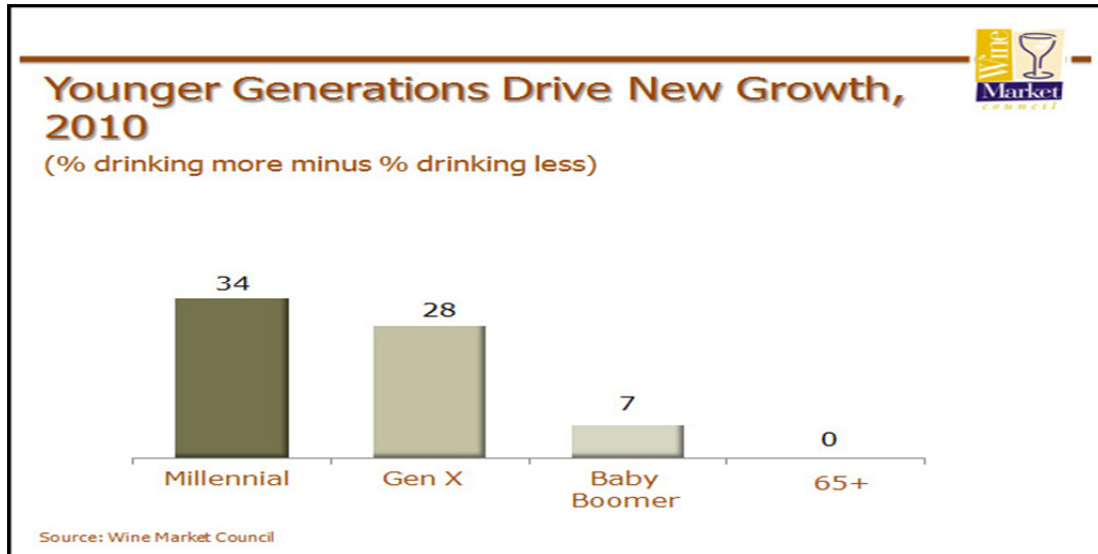
Census Bureau, 2014⁵⁸

People Quick Facts	Hunterdon County	New Jersey
Population, 2013 estimate	126,250	8,911,502
Population, 2010 (April 1) estimates base	127,351	8,791,936
Population, % change – 4/1/101 – 7/1/14	NA	1.70%
Population, 2010	128,349	8,791,894
Persons under 5 years, percent, 2013	4.10%	6.00%
Persons under 18 years, percent, 2013	21.80%	22.70%
Persons 65 years and over, percent, 2013	14.80%	14.40%
Female persons, percent, 2013	50.50%	51.20%
White alone, percent, 2013 (a)	92.20%	73.40%
High school graduate or higher, percent of persons age 25+, 2009-2013	94.20%	88.10%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	47.60%	35.80%

⁵⁸ United States Census Bureau, “Hunterdon County, New Jersey” 3/24/15

Veterans, 2009-2013	7,291	437,652
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$50,349	\$36,027
Median household income, 2009-2013	\$106,143	\$71,629
Homeownership rate, 2009-2013	84.50%	65.60%
Business Quick Facts	Hunterdon County	New Jersey
Private nonfarm establishments, 2012	3,874	2,282,891
Private nonfarm employment, 2012	44,769	34,404,701
Private nonfarm employment, % change, 2011-2012	1.10%	1.9% ¹
Nonemployer establishments, 2012	11,501	620,282
Total number of firms, 2007	15,120	781,622
Women-owned firms, percent, 2007	29.80%	27.30%
Retail sales, 2007 (\$1000)	2,186,600	124,813,580
Retail sales per capita, 2007	\$16,865	\$14,453
Accommodation and food services sales, 2007 (\$1000)	175,768	19,993,613
Building permits, 2013	196	24,209
Geography Quick Facts	Hunterdon County	New Jersey
Land area in square miles, 2010	427.82	7,354.22
Persons per square mile, 2010	300	1,195.50
FIPS Code	19	34
Metropolitan or Micropolitan Statistical Area	New York-Newark-Jersey City, NY-NJ-PA Metro Area	

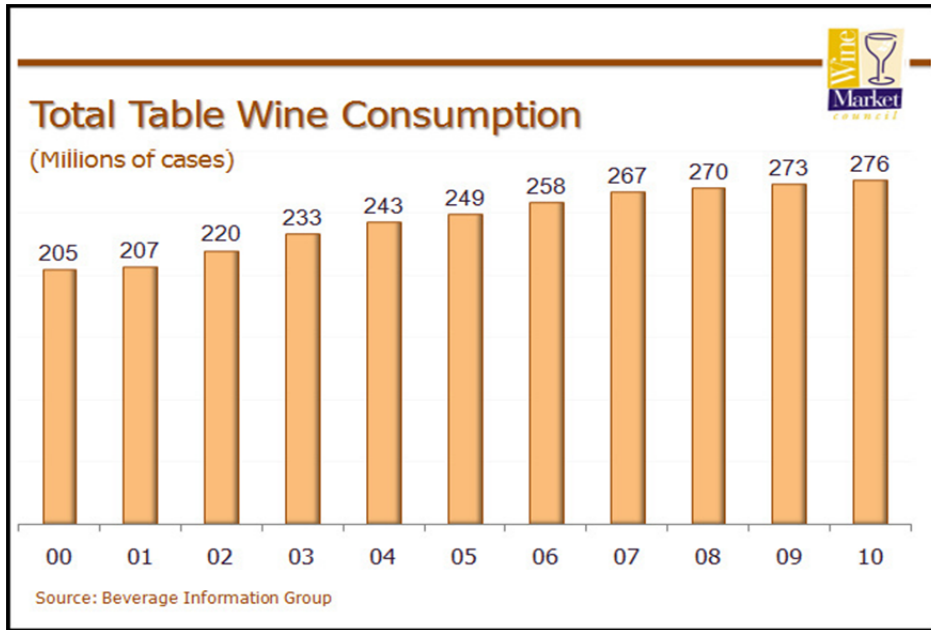
The Millennial generation or Generation “Y” is driving new growth in the wine industry as they saw a 46% percent increase in wine consumption compared to 23% for Generation “X”, 7% for Baby Boomers, and -1% for those 63+. (Wine Market Council 2008). Six percent of Millennials (ages 17 to 34; 70 million) are drinking wine daily, 26 percent are drinking wine several times a week, and 19 percent drink wine once a week on average. (Wine Market Council)⁵⁹



Source: Wine Business.com

Hunterdon County just finished an Economic Analysis (CEDs), which established the Millennials as an area of focus. Expanding wineries and vineyards in Hunterdon County would attract Millennials to the area.

⁵⁹ www.winebusiness.com 2015



Source: Wine Business.com⁶⁰

Total wine consumption continues to grow across the country. Beverage Information Group regularly monitors the wine market condition and continual growth would make for a profitable investment.

Hunterdon County CEDS findings:

Foster local economic development by enhancing the tourism industry in Hunterdon County through its cultural, recreational, historic, and agricultural assets.⁶¹

Challenge: Lack of funding and organizational collaboration among stakeholders limits successful marketing opportunities of local events, festivals, and community activities.

Consequence: Localized events will continue to draw local attendance and offer little benefit to adjacent centers of commerce or other on-going local activities.

⁶⁰ www.winebusiness.com 2015

⁶¹ Hunterdon County CEDS

Hunterdon County's core brand is based on its agricultural, recreational, cultural and historic resource offerings. These amenities will continue to be a critical draw for new tourism industry dollars, residents and private businesses, which promote the County and place high value on rural assets. (Hunterdon County CEDS)⁶²

The expansion of wineries and vineyards in Hunterdon County would give investors a profitable income, increase tourism in the county, and establish Hunterdon as the "Napa Valley" of the North.

Price

There are high start-up costs associated with wineries and vineyards however; wineries can turn a profit from day one using grapes from other locations. Vineyards are required to have at least 3 acres of vines. Costs associated are approximately \$15,000 per acre to get the vineyard into full production excluding land costs. Below is an *estimated* cost example from Cornell Business Management for a 10,000 case winery and a 50 acre vineyard to support.⁶³

Total capital required for the winery and vineyard would be approximately \$2.7 million excluding land costs. As noted in the Financial section Year 0 will need approximately \$669,000 excluding land costs and \$265,000 in operating expenses. Costs for Year 1 – 5 show a decrease in capital asset costs and an increase in operating costs. Capital assets will range from \$23,000 to \$45,000 depending on the year and operating costs will continue to increase from \$332,893 in Year 2 to \$899,060 in Year 7. Vineyards will break even in Year 9.

⁶² Hunterdon County CEDS

⁶³ White, Jerry "A Wine Marketing Plan" Dept. of Applied Economics and Management, Cornell University, 2010

Place

Land and Farm real estate currently has over 40 properties with 15 or more farm land acres for sale. The current wineries/vineyards are located in the following towns: Pittstown, Amwell Valley, Lambertville, Ringoes, and Milford. There are available properties in Stockton, Frenchtown, and Lambertville which all surround a common road RT 29. This would be a great way to incorporate wine tours, agritourism, and transportation to each establishment. Hunterdon County is in the middle of New York and Philadelphia and a perfect tourist location for wineries and vineyards.

Promotion

The marketing approach to expand wineries and vineyards in Hunterdon County should be a direct market campaign. Hunterdon County is 60 miles from New York and Philadelphia and not far from Princeton. These should be the target areas to reach investors.

The initial focus should be to create a list of 30 – 50 investors to find the appropriate ones for this project. The first step would be to build an Angel List (<http://www.angel.com>)⁶⁴ profile to both learn about investors and let them learn about the business opportunity. This would make it easy for people who may be interested to find out how to get involved.

Creating a list of potential investors can be done by searching (<http://www.quora.com>)⁶⁵ for investors that have made angel investments recently. By focusing on 30 – 50 investors from this site would help streamline the process. Another area to target investors is within Hunterdon County

⁶⁴ www.angel.com

⁶⁵ www.quora.com

networks. Meeting with county and local business leaders could help connect investors with this business venture.⁶⁶

Another area to attract investors would be to attend the NJTC Venture Capitalist Convention in Edison, New Jersey. The annual New Jersey Tech Council Venture Conference showcases the region's most promising startups and emerging companies. The NJTC is expecting over 500 entrepreneurs, developers, investors, venture capitalists, lenders and other financing groups from the northeast corridor. In addition, some of the top service providers and entrepreneurial support organizations will participate in the Conference. This would be the perfect landscape to connect directly with investors. This conference occurs every year in the March/April time frame.

Doing investor research, registering on AngelList, and attending venture capitalist conventions will provide valuable resources to investors who want to expand wineries and vineyards in Hunterdon County.

Investor could also take educational courses. Currently, VESTA, the Viticulture Enology Science and Technology Alliance, provides specialized courses and college credits in the grape and wine industry, online. VESTA is a national grape and wine education program that combines the flexibility of online instruction; instructor guided education from industry professional; and crucial hands on experience under the guidance of an experienced mentor at a vineyard or winery close to where you live. VESTA is designed to come to the student within the United States or around the world.

⁶⁶ Forbes, "5 Steps to Finding Investors for your Startup" February 2013

FINANCIAL PLAN

In order to operate a winery; the first need is grapes. According to John Cifelli, wineries can become profitable from their inception, if they are importing grapes. However, to open a local winery, you must have a vineyard with at least 3 acres of vines growing on the property, and the cost to manage this is approximately \$15,000/acre⁶⁷. It is possible to produce 3-5 tons of grapes per acre. Vineyards can take up to 3-5 years from inception to turn a profit, with 3 years required for the plants to even bear fruit, and another 2 years for those vines to produce quality grapes. Beneduce Vineyards, for example, opened for business in 2008, and turned their first profit in 2014.

There are many properties throughout the county that are solely Vineyards. Unionville, Old York, and Beneduce all buy grapes harvested from properties that are NOT adjacent to their winery. All of these wineries do, however, consider themselves mostly estate grown, which means that the winery and the vineyard where all the grapes are grown are located in the same viticultural area. The winery owns or controls the vineyards, and the wine was made by the winery at its facility on the estate.

All the individuals with whom we spoke agreed that Hunterdon County is capable of producing high quality wine grapes, of limited varieties. They also agree that encouraging farmers to transition a portion of their land into vineyards will be a win/win for the farmers and the wineries. How to go about incentivizing the farmers to accept this challenge becomes the issue.

Currently, farmers who are accustomed to managing standard crops, such as tomatoes, corn, apples, soybeans, and the standard local New Jersey produce know their business well, and understand what is required to be profitable. Assuming a good weather year, and strong yield, crops are planted in the spring, and harvested in the summer and fall. The results and the return are

⁶⁷ John Cifelli, CABD

immediate and visible. This is not the case with wine grapes, to produce good results requires considerable upfront investment in labor and capital, and the returns are years in the making. However, a large amount of grapes can be produced on a small amount of acreage. Peter Leitner, for example, comments that 20 acres is a good size for his production expectations, but far too small for farmers who are accustomed to producing the traditional commodity crops, like tomatoes, corn, etc.

Mike Beneduce proposes an educational seminar for local farmers that will educate them on the long-term potential benefits of transitioning a portion of their land to vineyards. He would like to see what would essentially be a step-by-step guide to planting, growing, and harvesting wines. The return on investment is lucrative when conducted properly. Another potential to consider would be a farmer's cooperative for grape production, given the number of potential available farm acres in Hunterdon County, on various farms.

Increased production of wine grapes will lead to an increase in wineries, which will be an overall boost to the local economy in terms of employment, tourism, lodging, dining, and the subsequent purchases of visitors to the region from local businesses.

The opportunity for shared resources exists, in terms of a winery management group, to help manage the harvesting, production, and staffing needs. These management organizations thrive in California and New York State, and would be of great benefit to local wineries, particularly as they increase in number. The potential also exists for shared use of equipment, which would be a huge cost saver for farmers starting up in this industry.

Local wineries, under existing regulations, are permitted to sell their wines in up to 15 BYOB establishments. There is usually a monthly leasing fee attached to these relationships (\$250-\$350), but proceeds from the wine sold at those establishments are paid to the winery. Given the

leasing fees, it behooves the winery to make wise selections in terms of product placement, to maximize the return on their investment.

Hunterdon County wineries earn 65-95% of their income from tastings and on site purchases alone, with the exception of Mount Salem, which earns its income from private tastings and contract purchases. Winery restaurant licenses provide a very meager return to date. Local wineries also generate income through hosting events on their premises. However, there is a regulatory paradox in operating a winery on preserved farmland. While using preserved land for farming and vineyards is encouraged, the wineries are then limited in the number of revenue generating events (such as weddings) that they can host on their property.

The staffing requirements vary between wineries. Generally, the wineries have anywhere between 2-10 full time staff members, with a higher number of part-timers during the busier seasons of April – October, when tourists are visiting the wineries.

Break Even Analysis

The following graph shows that the proposed winery reaches a positive cash flow in year 3. After year 3 the winery is then able to cover all of its expenses and capital asset purchases. Purchases of capital assets represent the majority of the cash outlays in the first year. The winery must spend \$668,550 in year 0 on winemaking equipment, winery construction, and other capital assets. Then during the first year of operation the winery must build the tasting room, purchase a bottling line, and cover operating expenses that lead to a negative flow of \$588,554.

There is significant increase in revenue in year 3 because that is the first year all four varietals of wine are released; in year 2 only Riesling is sold. Cash flow is anticipated to grow until year 10 and is assumed to remain at this level through the project's life. Between year 7 and 8 the winery will have made enough profit to cover its initial investment.

	Year 1	Year 2	Year 3	Year 4	Year 5
\$1,000,000					
\$800,000					
\$600,000					
\$400,000					
\$200,000				+\$170,823	+\$214.478
\$0			+\$21,500		
-\$200,000		(-\$193,845)			
-\$400,000					
-\$600,000		(-\$588,554)			
-\$800,000					
-\$1,000,000					

Financial Assumptions

Inflation: [3.05%] – *check*

Press Yield

- 1 ton of grapes yields 150 gallons of finished wine

Product Mix

- Pinot Noir, Cabernet Franc, Riesling, and Chardonnay

Fermentation

- Merlot: fermented in 1,4000 gal. ss jacketed open top fermenters
- Cabernet Franc: fermented in 1,4000 gal. ss jacketed open top fermenters
- Riesling: fermented in 1,2000 gal. ss jacketed fermenters
- Chardonnay: barrel fermented

Oak

- 20% new French Oak
- 80% old French Oak

Aging Periods

- Pinot Noir: 12 months in oak, 6 months in bottle, then sold
- Cabernet Franc: 12 months in oak, 6 months in bottle, then sold
- Chardonnay: 12 months in oak, 6 months in bottle then sold
- Riesling: 6 months in ss tanks, 6 months in bottle, then sold

First and Second Allocations

- 15% of volume for the 1st label
- 85% of volume for the 2nd label

Percentage of Wine Not Sold

- 14% of the wine is used for promotional purposes (not sold)

Marketing Channel Margins

- Direct sales to customers – retail prices
- Direst sales to retailers – wholesale prices (2/3 retail)
- Sales to distributors – FOB prices (1.2 of retail)

Financial Analysis

- All equity financing
- Tax rate: 40%
- Carrying forward losses to reduce future taxes
- Cost of capital: 7.37%

Growth Assumptions

	Year 1	year 2	Year 3	Year 4	Year 5+
Annual Production Volume	1850	3700	550	7400	9250

Retail Bottle Price Assumptions

Wine	1st Label Price	2nd Label Price
Chardonnay	22	16
Cabernet	23	17
Merlot	20	15
Riesling	19	15

Grape Price Assumptions

Chardonnay	Cabernet	Merlot	Riesling
\$818.00	\$1,039.00	\$949.00	\$809.00

Distribution & Production Assumptions

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Production Volume	1850	3700	550	7400	9250
Annual Sales Volume	0	344	1935	3526	5375
Percent of Sales Directly to customers	100%	100%	100%	100%	90%
Percent of Sales Directly to Retailers	0%	0%	0%	0%	10%
Percent of Sales Directly to Distributors	0%	0%	0%	0%	0%

REVENUE, CAPITAL ASSET, OPERATING EXPENSE, AND CASH FLOW PROJECTIONS FOR A SMALL PREMIUM WINERY							
Projected Revenue							
Revenue	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7+
Direct Sales to Customer	\$0.00	\$59,641.00	\$335,482.56	\$611,323.26	\$838,706.40	\$1,046,704.97	\$1,241,285.47
Direct Sales to Retailers	\$0.00	\$0.00	\$0.00	\$0.00	\$61,505.14	\$76,758.36	\$91,027.60
Sales to Distributors	\$0.00						
Total Revenue from Wine Sales		\$59,641.00	\$335,482.56	\$611,323.26	\$900,211.54	\$1,123,463.33	\$1,332,313.07
Projected Capital Asset Purchases							
	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
Receiving Equipment	\$65,400.00						
Fermentation/Storage	\$18,500.00		\$11,700.00	\$12,100.00	\$12,600.00	\$13,100.00	
Cooperage	\$8,600.00		\$10,500.00	\$11,400.00	\$11,850.00	\$12,900.00	
Cellar Equipment	\$39,550.00						
Lab Equipment	\$11,800.00						
Refrigeration	\$13,400.00		\$1,400.00	\$1,450.00	\$1,500.00	\$14,600.00	
Bottling line		\$45,000.00		\$550.00		\$575.00	
Winery, office, and vehicles	\$511,300.00						
Tasting Room & landscaping		\$374,500.00					
Annual Investment	\$668,550.00	\$419,500.00	\$23,600.00	\$25,500.00	\$25,950.00	\$41,175.00	

REVENUE, CAPITAL ASSET, OPERATING EXPENSE, AND CASH FLOW PROJECTIONS FOR A SMALL PREMIUM WINERY, continued							
<i>Projected Operating Costs</i>							
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7+
Grapes	\$26,435.00	\$54,451.00	\$84,132.00	\$133,532.00	\$185,832.00	\$192,967.00	\$200,317.00
Labor	\$100,456.00	\$118,312.00	\$121,587.00	\$169,955.00	\$319,363.00	\$330,187.00	\$339,354.00
Packaging	\$0.00	\$24,300.00	\$47,600.00	\$71,900.00	\$96,200.00	\$120,500.00	\$144,800.00
Marketing	\$10,000.00	\$1,660.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	\$9,000.00	\$10,000.00	\$11,000.00	\$12,000.00	\$13,000.00	\$14,000.00	\$15,000.00
Professional fees	\$16,163.00	\$11,163.00	\$11,163.00	\$11,163.00	\$11,163.00	\$11,163.00	\$11,163.00
Supplies	\$2,000.00	\$3,000.00	\$4,000.00	\$5,000.00	\$6,000.00	\$7,000.00	\$8,000.00
Gasoline, fuel, oil	\$1,000.00	\$2,000.00	\$3,000.00	\$4,000.00	\$5,000.00	\$6,000.00	\$7,000.00
Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rent/lease	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Repairs & maintenance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Depreciation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous	\$4,000.00	\$5,000.00	\$6,000.00	\$7,000.00	\$8,000.00	\$9,000.00	\$9,500.00
Total	\$169,054.00	\$229,886.00	\$288,482.00	\$414,550.00	\$644,558.00	\$690,817.00	\$735,134.00

IMPLEMENTATION PLAN

The plan to purchase a vineyard or winery is very personal process for the investor. There is much to learn from established wineries and their owners. The wineries that the group visited during the research each had personal touches, which reflected their history and owner. An investor will need to consider many factors prior to investing in a winery business, including:

1. Will the investment be a winery or vineyard?
 2. Will there be public events on the property? What percentage of business will this represent?
 3. Is the property to be on preserved farmland or non-preserved farmland?
 4. How business-friendly is the township?
 5. What is the soil quality, sun exposure, hill profile, etc. of the property?
 6. In what condition are the buildings on property and what is the plan for them?
 7. What is the long-term goal for production?
 8. Will the owners be looking to take an income from the business in the short term? Is so, the initial startup cost should include the purchase of grapes.
 9. Is there access to knowledgeable and capable labor where the owner may be lacking?
-

CONCLUSION

There is a high feasibility of increasing the number of wineries in Hunterdon County. The opportunities for investors are innumerable. There are four successful wineries with vineyards, which prove that the climate can produce excellent grapes. The grapes and the winemakers have proven to produce award-winning wines from Hunterdon County, thereby dispelling the myth that New Jersey wines are of poor quality. Industry regulations are becoming more conducive to foster various types of wineries and events. Agritourism is alive and strong and more and more creative entertainment options are available for tourists and county residents, such as: exotic animal farms, cheese making classes, bike tours, pick your own produce, and much more. Existing winery owners have shown that intensive knowledge of winemaking is not a criteria for entre into the market and that a variety of different models can be implemented and be successful. The opportunities for growth in this industry and our county are endless. The CEDS report has created a sense of energy and urgency that make this an excellent time to take advantage of that momentum. From the available prime land to a history of crafting quality wines, Hunterdon County is the perfect area to open a winery and grow a successful business.