

# California's 2017 Vintage Feels the Burn



© Andrea Booher/FEMA | *The fires may be over but they've left a lasting legacy.*  
Is bad PR a bigger threat to 2017's vintage than smoke taint?

By Kathleen Willcox | Posted Monday, 24-Jun-2019

Whenever dozens of people die in a natural disaster, it feels unseemly to discuss the manner in which it affects sectors of the luxury industry. And yet, it's inevitable.

Because one luxury industry in particular – Californian wine – injects \$114 billion into the US economy, shells out \$34.9 billion in US wages, \$249 million in charitable contributions and brings in \$7.2 billion of in-state tourist spend annually.

Fires in [California](#) have been getting bigger, lasting longer and are creating not only millions of dollars worth of losses on the ground, but also, experts worry, warping consumer perception of entire vintages, even when the vast majority of the grapes were picked pre-fire.

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"At the recent Auction Napa Valley, we were able to connect with buyers and collectors from all over the world who are still concerned about the 2017

vintage," says Rich Frank, co-owner of Napa's [Frank Family Vineyards](#) with his wife, Leslie. "There's no way we wanted to compromise the brand we spent 25 years building and put out wine that might taste fine now, but could start exhibiting signs of smoke taint a year or more down the road. So we sold off about half of our Napa Valley Cabernet Sauvignon in bulk. But at the Auction, we realized that collectors are still concerned."

Frank adds that he's "positive" that none of the other wineries at the auction would risk their brand either by selling wine that could even possibly exhibit smoke taint in the years to come.

"We estimate that the decision to sell off that wine in bulk cost us between \$1.5 million and \$2 million, and while I can't name names, I know other premium wineries have made the same decision," he says. "Napa producers have been extremely conservative in putting out wine that could possibly be tainted."

Insurance doesn't cover these multimillion-dollar losses. "It was a big decision, but we'd rather absorb that loss than risk putting our entire reputation on the line," Franks says. One vintner, Levensohn Vineyards LLC of [St Helena](#), reportedly filed suit on May 13 in US District Court, Northern California, against Nationwide Agribusiness Co. of Des Moines, Iowa, for \$1.14 million worth of losses from wine grapes tainted by smoke exposure. When we reached out to the winery, owned by Pascal and Melanie Levensohn for comment, they told us they were unable to comment.

Still, despite wineries flushing millions of dollars worth of wine down the drain to maintain their hard-won legacy, there's a disconnect in the market. Consumers are fretting over the vintage as a whole, when only a slice of the [Cabernet Sauvignon](#) market was impacted.

"2017 was an incredible growing season and harvest, and the vast majority of the grapes in Napa and the surrounding areas were already picked," Frank says. "All of the whites and [Pinot Noir](#) had been picked weeks earlier. All of our reserve and other brands' reserves were in, because typically they come from fields with high sun exposure."

The grapes that were compromised were non-reserve Cabernet Sauvignon grapes, the kind that end up in bottles that may sell for \$60-\$80. According to estimates at the time, about 90 percent of the harvest was already in from [Napa](#) and [Sonoma](#) growers before the fires broke out.

Rob McMillan, EVP and founder of Silicon Valley Bank's Wine Division in Saint Helena, concurs.

"I have personally tasted wines in barrel that were declared smoke-tainted and sold off," he says. "I have yet to find a smoke-tainted wine that was bottled from the vintage, or see a wine writer find a smoke-tainted wine from the 2017 vintage. But I have seen some wine writers offer up general warnings that it was a smoke-tainted vintage."

McMillan adds that 2017, absent the fires, was destined to be one of the best vintages of the decade, and "glowing reviews about many of those wines" have appeared.

Like Frank, he believes the fires will have "some impact with fine-wine buyers who can just wait for the next vintage, and that may have an effect on the price."

### **Determining Smoke Taint**

At this point, there is no definitive test for smoke taint, which adds to the general question mark hovering over the 2017 vintage.

"Grapes that passed field-testing went through fermentation, and some came out fine," McMillan says. "But other lots ended up damaged. When wine is determined to have damage, it can go through filtration, reverse osmosis and fining to remove smoke compounds, but there are mixed conclusions about the success of any of these processes. The process will also change the quality of the wine, as the methods end up removing more than just off-ash flavors."

Glenn Proctor, a partner at the global wine brokerage firm Ciatti, adds that "different wineries judge taint and exposure differently, and we need to come up with an industry standard for growers, wineries and consumers that determines what needs to be measured, and how."



© Ezra Shaw/Getty Images | *The fear of smoke taint, regardless of whether it's actually there, may be enough to put some consumers off.*

The compounds in smoke thought to be primarily responsible for smoke taint are free volatile phenols that are produced when wood is burnt, and can be absorbed directly by grapes, according to [The Australian Wine Research Institute](#), which has been pouring resources into studying the cause and effect of smoke on grapes for years. Even grapes that pass initial taste tests in the field, when fermented and over time in barrel, have glycosides that can release phenols into the wine, and allow smoky flavor to be perceived.

"It's hard to make a blanket determination about smoke taint though," says Jeff Bitter, president of California's Allied Grape Growers, explains. "A smoke cloud hovering over a vineyard will affect the wine differently than fires burning very close to it. Wines that were determined to be tainted were sold off in bulk to brokers."

Frank, and other top Napa wineries who sold their wine to buyers in bulk, will have no connection to the wine once it's bottled.

"The deal is, we don't say who we sold to, and they don't say who they bought from," he explains. So while the smoke-tainted wine from 2017 will sell, it may not even be labeled with a Napa AVA.

Firms like Ciatti sell wine purchased in bulk from wineries all over the world to negociants and other buyers who plan to bottle the wine, and Proctor explains that many buyers deal with smoke taint by diluting affected wine into a giant mega-blend of other unaffected Cabs, or with other grapes. The wines sold off

from Frank and others will likely appear on grocery store shelves for \$20 or less, labeled as Napa or just "California."

Still, even experienced buyers were nervous about the legacy of smoke exposure in the 2017 vintage, he says.

"Buyers can afford to be choosy," Proctor says. "And unlike previous years, they didn't just trust their taste buds. They wanted wines to go through a battery of tests so they wouldn't bottle it and find out a year down the line that there's a big problem."

### **Market Perception**

The biggest issue with the 2017 vintage, Proctor says is market perception versus reality. Relatively speaking, not many wines from the 2017 harvest were affected. Of the estimated 10 percent unpicked grapes, maybe 3.5 percent were impacted, Bitter says, but in reality, it was probably closer to 1-2 percent.

Much of the perception problem is due not just to a lack of communication between winemakers who tossed their potentially tainted juice and consumers, but optics. Few people can forget the images of fire consuming miles of Napa and Sonoma in October of 2017. And for the residents who lived through it, the memory of those fires will burn forever.

"I'll never forget what the region went through October of 2017," Bitter says. "There were multiple fires burning at the same time and going off in different directions. It was living in a war zone."

Forty-two people died across Northern California, more than 8400 structures were destroyed, two-dozen wineries were damaged or destroyed, 196,000 acres, or 250 square miles burned across Sonoma, Napa, [Solano](#) and [Mendocino](#) counties and more than \$1 billion went up in flames.

Scientists say there's more of this to come.

Because of climate change, or if you prefer, the Bogeyman, the average number of wildfires per year in the Western US has jumped from around 140 between

1980-1989 to around 250 from 2000-2012, according to the Union of Concerned Scientists. A report released last year under the auspices of President Donald Trump's administration links human-caused warming to the increased wildfires in the US. Because forests are hotter and drier, the National Academy of Sciences report found that half as much forest area would have burned between 1984 and 2015, if climate change weren't a thing.

An increasing number of smoke-exposed harvests seem almost inevitable. Can the wine industry come up with a way to standardize smoke taint so that every winery, grower and buyer understands, on a chemical level, how their wines will evolve over the next year, five years, if they were exposed to smoke?

And can wineries like Frank Family Vineyards and brokers like Ciatti help collectors and buyers understand just how "safe" the 2017 is?

The proof will be in the pudding. How – and for how much – will the 2017 sell?