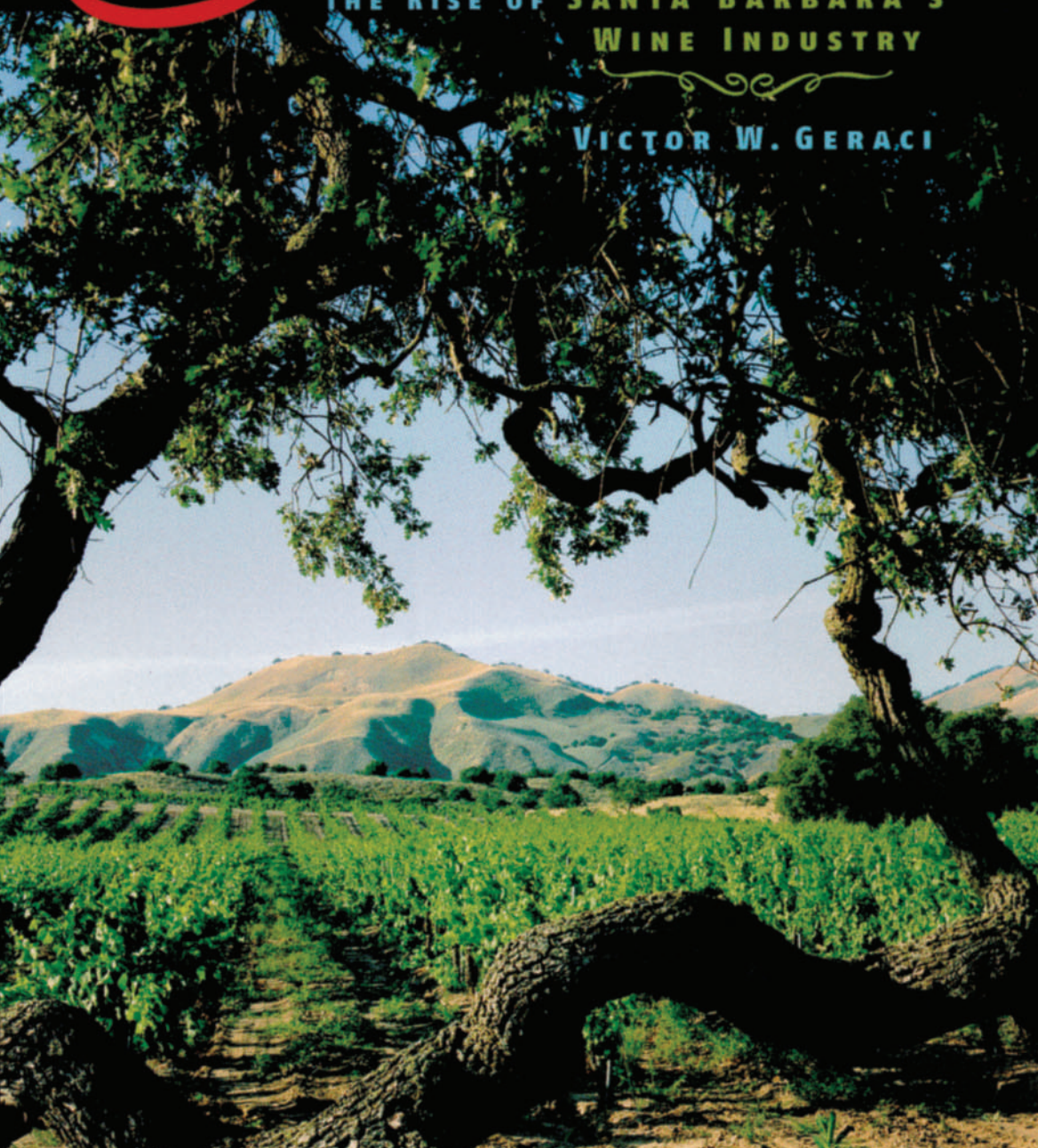


Sabud!

THE RISE OF SANTA BARBARA'S
WINE INDUSTRY

VICTOR W. GERACI



SALUD!

Salud!

**THE RISE OF SANTA BARBARA'S
WINE INDUSTRY**

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Frontispiece: Santa Barbara County Winery Tasting Rooms

For Jordan, Victor, and Karime

May this book help you understand
Grandpa's passion for wine and history

Salud!

There is no other liquid that flows more intimately and incessantly through the labyrinth of symbols we have conceived to mark our status as human beings from the rudest peasant festival to the mystery of the Eucharist. To take wine into our mouths is to savor a droplet of the river of human history. —CLIFTON FADIMAN

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PREFACE

This inquiry into the regional Santa Barbara wine industry unfolds as an eight-part story illuminating the evolution from grape growers to family wine farms, and the resulting vintibusiness structure of the California wine industry. Chapter 1 gives the historical context for American wine by quickly summarizing wine's seven-thousand-year migration from northern Iran, Egypt, ancient Greece, Rome, and Europe. European colonists brought their wine traditions to North America and faced numerous failures in the thirteen colonies. Success came in the second phase (chapter 2), from 1769 to the 1840s, beginning with Spanish and Mexican wine traditions and culminating with the birth of the first commercial California wine industry. After California statehood the industry's third phase exploded with profits and promise as wine businesses copied Gilded Age business techniques and Santa Barbara wineries established themselves as part of the state's new industry. Initial successes crumbled in the fourth phase as moral crusaders dragged the nation into Prohibition and what appeared to be the end of the wine and spirit industry in California, Santa Barbara, and the nation. Phase five (chapter 3) describes the rebirth after the forced hiatus of Prohibition, the Great Depression, and World War II. In this era wine entrepreneurs utilized the concept of family wine farms and capitalized on the entrepreneurial energy of wealthy professionals seeking a back-to-nature experience. It was during phase six (chapter 4) that the market shortage for premium winegrapes drove the industry to reestablish abandoned viticultural areas and de-

velop new regions. During phase seven (chapters 5 and 6) grape growers and winemakers realized that success in the wine industry is a corporate quest. The final phase (chapters 7, 8, and 9) marks the era of vintibusiness, agritourism, and worldwide wine recognition for Santa Barbara, California, and American wines.

ACKNOWLEDGMENTS

Although central to my life, wine and grapes have not always been my passion. As a young boy I worked at my father's side in San Diego County vineyards. In our family the tradition of father and son in the vineyard and winemaking spanned multiple generations from Sicily to America. I reluctantly paid my dues during winter, spring, and summer breaks from school and grumbled as I performed the routine vineyard tasks of pruning, hoeing, and picking grapes. Harvest-time visits to the produce markets in San Diego, now part of the Gas Lamp Historic District, and weekends working the family roadside grape-stand tended to bore me, a citified teenage boy. Realizing that I was not cut out for share-cropping vineyards I attended San Diego State University, where I earned a bachelor's degree and two California teaching certificates.

It was during my twenty-year career as a middle-school social studies teacher that I replanted and cultivated my viticultural roots. During this time I refocused my agricultural leanings by moonlighting as a gardener, ornamental horticulture student, and daylily hybridizer. My wine education came from my good friend and teaching colleague Patrick Shaw, who taught me the glories of non-homemade wine. For years we enticed our spouses and children to spend their spring breaks camping at the Napa Bothe campground so that their oenophile fathers could dance with Bacchus in Napa, Sonoma, and Mendocino Counties. Campfire discussions included dreams of someday owning our own family-run winery. Each year we returned with cases of our favorite wines and immediately planned for the next year's pilgrimage. As a history educator I

pacified my new passion for grapes by pursuing a master's degree in history and writing a thesis on the raisin industry of El Cajon, California, where my grandfather Michelangelo Geraci had immigrated in the early 1900s. By now I was hooked on both viticulture and history and jumped at the opportunity to complete my doctoral program at the University of California, Santa Barbara, where my research focused on the wine industry of the central coast of California.

This circuitous walk through the vineyards—both literal and figurative—led to this book and my need to express my heartfelt thanks to those who helped me reach this intellectual harvest. The first major acknowledgments emanate from the many people involved in my doctoral process. In 1994 the Santa Barbara County Vintners Association (SBCVA) contracted the University of California, Santa Barbara, Public History program to write a short, tabletop history of the county's wine region. Graduate students Sarah Harper Case, Susan Goldstein, Richard P. Ryba, Beverly J. Schwartzberg, and I undertook the project as a client-sponsored, one-year seminar course. Under the guidance of Professor Otis L. Graham Jr. the team researched, conducted oral interviews, wrote, and published *Still Pioneering: The Story of the Santa Barbara County Wine Industry*. My involvement in the project proved to be an invaluable beginning for research in areas unexplored by the public history project. This monograph utilizes the seminar's oral interviews and investigation and provides a larger, more complete study of the Santa Barbara County wine industry.

Many within the local wine industry supported my research. The past executive director of the SBCVA, Pam Maines Ostendorf, opened doors and always asked what more she could do. Within the industry I thank Rick Longoria, Jeff Newton, and Barry Johnson for their patience in answering my continual barrage of winemaking and grape growing questions. During my graduate studies at the University of California, Santa Barbara, Dan Gainey provided me with a job at the Gainey Vineyards that gave me firsthand access to many of the principals in the story and helped support my work.

Turning one's dissertation into a book expanded the list of those helping to complete this project. A special thanks to R. Douglas Hurt, editor of

Agricultural History, for encouraging me that I had an agricultural story worth telling. A Central Connecticut State University faculty research grant funded finishing touches on the manuscript and completion of a paper for the Society of Agricultural History. The person most responsible for completion of the project is friend and colleague Gordon Bakken, professor of history at California State University, Fullerton. He believed in my story and helped guide its publication.

Most important to this process are those I love the most. My parents provided the multigenerational viticultural heritage that underscores this work. My hope is that through my story my children, Matthew, Gregory, Damien, and Nicole, and my grandchildren, Jordan, Victor, and Karime, will someday come to understand why they had to share me with grapes and wine. To my best friend, confidant, and valued colleague Danelle Moon, who lived this project with me, I owe you more than can be repaid in this lifetime. To all my friends who have listened to this story over and over, I toast you and offer my story one more time. Salud!

SALUD!

INTRODUCTION

America's post-World War II middle-class, freed by its car culture and disposable income, sought new and exciting ways to relax and enjoy an acquired appreciation of self-indulgent recreation. Throughout the 1960s and 1970s "back-to-nature" enthusiasts planned vacations and short escapes to family wine farms to imbibe wine and enjoy the good life at its source. Visitors marveled at the wine artistry of individual and family wine growers, and secretly (sometimes openly) dreamed of owning their own wine business. In the 1980s and 1990s this oenophile dance between consumer and winemaker continued as tourists faithfully flocked to what looked like a family wine business. In reality, the image of a family wine farm, with its vineyard, tasting room, and tour, had become an advertising strategy for large corporate wine enterprises. Regional wine escapes had become part of a planned complex combination of agriculture, industry, and tourism orchestrated by vintibusiness corporations.¹ An examination of wine destinations like Santa Barbara, California, can help tell this story of the loss of many family wine farms to corporate wine giants.

By the 1980s the United States—more specifically, California—had assumed a leadership position in the wine business. Winery corporations crafted an industry compatible with the nation's economic *pax Americana* and capable of profiting from what historian Olivier Zunz has characterized as a business relationship among national wealth, personal freedom, and well-being. This new international viticultural leadership exemplified Henry Luce's concept of the "American Century," and the everyday business of wine came to portray Zunz's description of middle-

class consumerism enhanced by corporate managers, engineers, social scientists, and scientists.² A blend of consumerism, agribusiness, government, science, and higher education would convert wine-farms into vintibusinesses.

In the second half of the twentieth century wine agribusinesses and family corporations mastered the basic tenets of capitalist efficiency (vertical integration of grape growing, wine production, and distribution). The cost of doing business at this level proved to be beyond the financial capability of common family farms, and vintners quickly learned to mimic nineteenth- and twentieth-century merger techniques.³

A Vintibusiness Case in Point: Santa Barbara, California

The business evolution from grape grower to family wine farm to wine business can be illuminated through the story of the Santa Barbara, California, wine industry. This region, with its Mediterranean climate and history of viticulture, provided the nurturing environment for an industry responding to increased consumer demand. In the end, it became a story of small family vineyards and wine farms being swallowed up by the voracious appetite of Napa mega-wineries and regional artisan vintibusinesses that utilized vertical integration, high levels of capitalization, and large doses of the mystique of wine.

Our story begins in the 1960s, when shortages of winegrapes created “induced innovation.” This phenomenon sent viticulturists on a state-wide search for regions capable of supporting premium winegrapes.⁴ Some growers turned to the state’s viticulture tradition. Many others relied on trial and error to discover locations that supported agricultural economic growth, offered tax advantages, contained ample inexpensive land, and provided a good overall economic climate for winegrapes.

A few early pioneers found that Santa Barbara County provided a promising climate and economic infrastructure. Two regions within Santa Barbara County—Santa Maria Valley and Santa Ynez Valley—surfaced as prime locations for the expansion of California’s winegrape vineyards. The case for expansion into Santa Barbara County in the 1960s was bolstered by the fact that it ranked twentieth (out of California’s fifty-eight counties) in agricultural production; in 1965, agriculture had generated a

record \$71.2 million for the county's economy. A well-developed infrastructure to support a new major agricultural industry existed by 1965, and rapid post-World War II population growth (40 percent) provided a local consumer base.⁵

Wine Farms, Santa Barbara Style

High start-up costs for wineries and land-use policies meant local operations would remain smaller than those of northern competitors and resulted initially in two distinguishable forms of premium wineries in Santa Barbara County: small commercial (producing 50,000 to 100,000 cases annually) and artisan (fewer than 50,000 cases). The Santa Maria region, with its large commercial vineyards and cheaper land, drew high-case-production wineries while maintaining a brisk business selling winegrapes to out-of-county wineries. These well-capitalized grape growers stabilized contract sales and planted more vineyards, then established winery facilities and began the mass marketing of Santa Barbara County wines.⁶

Smaller artisan or niche market wineries developed in the more expensive Santa Ynez Valley, where winemakers came to depend on the excess premium grapes from the larger Santa Maria vineyards. Most were small, shoestring operations with lower levels of capitalization, smaller acreage, modest production, and ownership by those from other professions (doctors, dentists, lawyers, and entrepreneurs) escaping or retiring from the stress of urban fast lanes to the rural and tranquil images of winery ownership and winemaking.⁷

New, undercapitalized wineries in Santa Barbara County faced the reality that large commercial wineries tied to vineyard operations were more cost efficient. Between 1978 and 1988 land owned by wineries doubled in Napa and the percentage of California winegrapes grown by grape farmers decreased from 70 percent to 35 percent.⁸ Economic studies confirmed the common-sense fact that the cost to produce a case of wine decreased as the size of the winery increased. For small wineries initial start-up costs, labor, and low production required higher per-bottle retail prices in order to repay investors. With large wineries, investors achieved greater profits when prices paid for grapes were reduced. Thus, during

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