

Jackson Family's most visible label is Kendall Jackson

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But it has fallen to her to usher "Big Ag" into Oregon.

Jackson Family Wines, based in California, has more than 40 properties in the U.S., France, Italy, Chile, South Africa and Australia. A trade publication, Wine Spectator, reported in 2012 that Jackson Family had annual revenue of \$500 million. The entire Oregon wine industry, including 725 wineries, had \$529 million in sales in 2016, according to a census commissioned by the Oregon Wine Board.

Jackson Family's most visible label is Kendall Jackson, which includes the best selling Chardonnay in the U.S. for 25 years straight.

If it isn't top tier wine, the Kendall Jackson sales "keep the lights on" and make the rest of the company's estate brands possible. "Thank God, drink it up," Keegan quipped on a video produced for the Oregon wine archives at Linfield College in McMinnville.

Jackson Family Wines began its move into Oregon five years ago, buying a succession of highly regarded Willamette Valley vineyards: Penner-Ash, Willakenzie, Gran Moraine and Zena Crown. The company then began building the state's largest winery, a 68,000-square-foot facility directly across the highway from the Evergreen Aviation museum and water park site in McMinnville, the Yamhill County seat and the heart of Oregon's wine country.

The vineyard acquisitions and winery construction sent a collective ripple through Oregon's wine industry, begun and nurtured over the past 40 years by quirky, driven individuals who nonetheless quickly recognized that collaboration was the key to success.

They knew Oregon would never match California's crop size, and shouldn't try. Instead, they focused from the beginning on quality, not quantity. Oregon Pinot noir, which emerged as the state's signature wine, commonly sells for \$40 to \$65 a bottle or more. Would Jackson Family undermine that carefully nurtured market niche with \$15 corporate Pinot or low-price blended reds?

"There was concern about a big California property coming up here," said Ellen Brittan, who with her husband, Robert, owns Brittan Vineyards near McMinnville.

"The last thing we wanted to do was change the culture up here."

"The story of the Willa-



Jackson Family Wines employees make last-minute checks at the company's new winery in McMinnville, Ore. The company's expansion in Oregon may mark a turning point in the state's small but high-quality wine industry.

mette Valley is out of left field," pioneering winemaker David Adelsheim said in an interview earlier this year. "A group of people became a bigger group of people, which became a bigger group of people."

"I'm not sure you could change it successfully," he said. "You can't change that focus and vision by snapping your fingers. There's no one thing, no one person, no one winery. But there is one grape, maybe that's what you can say."

The Oregon Way

Eugenia Keegan is Adelsheim's longtime partner, and is in Oregon because she chose to join him. With Jackson Family Wines moving into the state, the two of them decided in March 2013 to approach the newcomers. "In the style of Oregon," as Keegan describes it, they invited them to lunch to talk things over.

Company Chairman and Proprietor Barbara Banke, an attorney who founded the company with her late husband, Jess Jackson, attended with members of her family and select company officials in tow.

The two women hit it off. Keegan remembered that her family's ranch near Petaluma, Calif., in Sonoma County, was next to Jackson Family's La Crema wine property. For her part, Banke was "bullish" on Oregon, Keegan said.

"There was no desire to change the Oregon culture or the way we do things," she said. "They were impressed



Pinot noir grapes, Oregon's signature wine, tumble over a conveyor into a tank at Jackson Family Wines' new winery in McMinnville, Ore.

with what we'd built here. They invested in the way we do things."

So much so that the company asked Keegan to head its Oregon operations.

Some Oregonians remained skeptical until the first wines emerged from Jackson Family's newly purchased Willamette Valley vineyards.

"Oh yeah, they came here to follow the tradition," Keegan describes the reaction. "Oh yeah, they get it."

Her partner, Adelsheim, agrees. "Jackson Family, in essence, just bought into it," he said.

Willing partners

The industrially zoned property across from the museum and water park was what Jackson Family was looking for, and McMinnville

city officials were happy to help with the required permits and inspections. Jody Christensen, executive director of the city's Economic Development Partnership, called it a "significant development" for the community.

McMinnville scored another agriculturally related development this year when Organic Valley, based in Wisconsin, bought and refurbished the Farmers Creamery Cooperative, spending more than \$12 million in excess of the purchase price to update the plant. When production goes full bore, the facility will produce 4 million to 8 million pounds of organic butter per year, along with powdered milk.

The Jackson Family and Organic Valley operations are what economists call de-

sirable "value-added" manufacturing. That is, they produce and sell a finished good rather than ship raw material elsewhere. That's important because food and drink processing proved resilient during the recent recession. It was the only Oregon manufacturing sector that didn't lose jobs during the recession, and the only one to reach an all-time high — more than 28,000 jobs in 2015 — during the recovery.

Neither facility will require vast work forces: About 15 seasonal workers join 10 full-time workers at Jackson Family, and the butter plant will employ about three dozen workers by next year. However, in a town of McMinnville's size, 35,000, the impact is magnified.

The parcel and an existing office purchased by Jackson Family had belonged to Evergreen Aviation, and had sat empty for some time. The office building became the hub for Jackson Family's Oregon operations and the new winery rose behind it. In addition, the company contracted with a local architect and construction firm.

Mitch Davis, a Jackson Family senior vice president, said the facility is the company's administrative hub in Oregon and will serve as a lab and custom crush operation for the company's winemakers at other properties.

"One of the things our ownership very much wants to do is control the wine-mak-

ing process themselves," Davis said.

"The last thing you want to call this is a 'plant,'" he said. "This is an artisanal winery, and we built it for the future. You don't know what's going to happen down the road; we built it so we don't paint ourselves into a corner."

Davis acknowledged Jackson Family is conscious of fitting in.

"We don't want to be a California company that's trying to play Oregon," he said. "We want that group to feel very much Oregonian."

Ellen Brittan said the company acted wisely.

"The biggest thing they did was hire Eugenia," she said. "Rather than send someone up from California, which I think would be a big mistake."

The company's size will benefit Oregon, she said.

"They're able to amplify everything we're trying to communicate," she said. "We just don't have the megaphone that Jackson Family has around the world."

The powerhouse

Eugenia Keegan leads a tour of Jackson Family Wine's facility. The first grapes are arriving, and forklifts buzz to unload trucks. Conveyor belts carry grapes into crushing tanks, bare stems emerge for disposal, and pipes carry fresh juice to rows of gleaming tanks. The first wines will emerge from here this year. Keegan likes to say the crucial work is done in the vineyard — vines are not widgets — and the fermentation process in the winery is where the fruit learns to express itself as wine.

She wears jeans and a Tartan plaid shirt set off by a strand of pearls. Young men and women, seasonal interns, bustle about the facility. Each year, a few are hired full-time.

Keegan once told an interviewer that she hopes to help young people understand how wonderful and how small the industry is. The person you're talking with today may be your boss tomorrow.

Keegan fondly recalls being an intern once herself, decades ago in France. She recognizes which of these interns have, like she did, fallen in love with the art, science, sweat and pressure of making fine wine. She notes the ones that jump to learn new things, and beam with accomplishment.

"I can tell by the end of the first day," she said.

Easement terms can be evaluated based on reasonable expectations, community standards

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Oral arguments over the Wagners' motion to dismiss were held in McMinnville, Ore., on Oct. 11 before Yamhill County Circuit Court Judge John Collins.

The damages alleged by the plaintiffs are not actionable in court because they're based on proposed activities that haven't yet occurred, she said.

"Even if we assume there is an odor, there's no evidence it will travel over the plaintiffs' property line," Bizzano said.

According to the plaintiffs, the Wagners are not protected by the "right to farm" law because "foul-smelling particles" from marijuana will impermissibly harm wine grapes already growing on the Momtazi property and which have yet to be planted on the Mahesh property.

"They're in the zone of danger in how their grapes might be affected by the marijuana operation," said Richard Brown, the plaintiffs' attorney.

Oregon's "right to farm" statute doesn't immunize against complaints over "damage to commercial agricultural products" filed by other farmers, Brown said.

"It was about suburban encroachment on farms, and not about claims against one farmer by another farmer," he said.

The plaintiffs disagree their lawsuit is based on speculative injuries, arguing that judges can issue injunctions that stop future unlawful or harmful conduct.

"If the court allows them to develop the property first, it's the equivalent of letting them pull the trigger," Brown said.

At this point, it's not necessary for the plaintiffs to prove what type of particles may affect grape skins and how far those particles will travel, he said.

To survive a motion to dismiss, it's enough for the plaintiffs to show the Wagners planned to grow and process marijuana — as evidenced by site plans submitted to Yamhill County, Brown said.

"They have a plan. They've announced they have a plan. We know they're going to do it," he said.

The Wagners countered that unknown events — such as wind direction — don't count as evidence that would justify an injunction against planting a crop.

"What if they want to grow lavender? What if they want to raise horses?" said Bizzano. "Nobody knows if it will ever impact the plaintiffs. They're just scared."

The plaintiffs initially sought a temporary restraining order against the Wagners' marijuana grow site and processing facility, but that

request was denied earlier this year.

Even so, the Wagners failed to get approval for the processing facility from the county government, so it appears that portion of the project isn't yet moving forward.

In the most recent version of a complaint proposed by the plaintiffs, their request for an injunction against the project seems to have been scaled back.

The proposed injunction would prevent the Wagners from growing marijuana within 400 feet of either plaintiff's property, instead of prohibiting them from cultivating it.

Another factor in the litigation is a road easement the Wagners have across the Mahesh property.

The Wagners claim they haven't unlawfully used the easement as claimed by the plaintiffs, since the easement terms don't restrict or prohibit farming operations.

The plaintiffs argued the judge could interpret the terms of the easement, much like he would a contract.

In this case, the illegality of marijuana under federal law also affects the easement's permissible uses, Brown said.

Easement terms can be evaluated based on reasonable expectations and community standards, he said. "The court has the authority to reasonably construe easements."



Dan Wheat/Capital Press File

Wheat is harvested near LaMoine, Wash. Low wheat prices are one area of disappointment for Northwest farmers, who will see small profits for most of the crops grown in the region, according to a Northwest Farm Credit report.

Report anticipates fresh potato prices will increase after harvest into profitable territory

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from dumping sugar onto the U.S. market have strengthened sugar prices, and they've been pleased by Northwest yields and sugar content.

The report anticipates fresh potato prices will increase after harvest into profitable territory, highlighting a 4.6 percent reduction in Idaho's 2017 planted acreage. Oakley, Idaho, fresh grower

Randy Hardy has been encouraged that processors are buying growers' production overages, unlike last season, and at-harvest fresh prices haven't dropped as significantly as last season. There's also ample spud storage this season, which was full during the 2016 harvest, Hardy said.

"Once harvest is over and the storages are buttoned up, we'll probably see some price strengthening sooner

than normal," Hardy said.

Rick Naerebout, CEO of the Idaho Dairymen's Association, said his members have earned revenue slightly below the break-even point for the past 24 months. USDA has forecast somewhat optimistic milk prices of \$17.70 to \$17.90 per hundredweight in 2017, but Naerebout is concerned about tight labor and "tremendous uncertainty" regarding trade with Mexico.