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Feasibility Study for the High Plains Winery Estates

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EXECUTIVE SUMMARY

The objective of undertaking this study was to determine the viability of the concept of the High Plains Winery Estates by interviewing Texas wine industry influencers. The project began in mid November 2014 and ran for approximately 90 days to mid February 2015.

Fourteen interviews were conducted with a very good mix of industry types and all were conducted face-to-face with the exception of two by phone. The interview questions were designed to get the necessary feedback on the HPWE project and to provide consistency in the interviewing of all industry influencers.

General industry awareness of the HPWE project was high with 86% acknowledging awareness of it. Of those interviewed, 50% had been aware of HPWE since the Texas Wine and Grape Growers Association annual conference in February 2014. Three claimed to have been aware of the project since the beginning.

The general industry opinion of what the project was very accurate. The majority, 79%, held the very accurate impression that the HPWE was to develop a winery cluster which introduces the concept of vineyards, tasting rooms, and event center designed to bring tourists to Brownfield. One understood the project, but not why it was being entertained, and three others did not comment.

On assessing the image of the HPWE, 100% were in agreement that conceptually, it is a good idea, but that there are reservations with the primary one being the current lack of tourists. Many gave examples of similar projects in Texas, the United States, and the world, but most indicated that there are plenty of examples out there and that this is an established model based in agritourism.

Question 5 asked if there was need for such facility in Texas, but most provided their responses based on was there a need in Brownfield. With that, 64% felt the project was doable, with two of those thinking it would be a catalyst for the area. The remaining 36% did not address the question.

Comments on the merits of HPWE can be consolidated into several factors. Overall, it is a solid concept which can grow the economy. To the extent that it is successful, tourism revenues could at some point offset the ups and downs of the oil field services sector. HPWE could promote regional recognition and create a sense of pride. The farmers, the quality of the grapes, and the growing recognition of Terry County grapes could be advantageous. Several interviewees mentioned tourism traffic that already goes through Brownfield, and that with the right tools, some of that traffic could be captured. Finally, it would be beneficial to have the proximity to Texas Custom Wine Works.

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There are challenges for the HPWE, and those can be consolidated into six main categories. The first is the most obvious, is the lack of tourism and the lack of an infrastructure for tourism. The second came from the challenge of growing grapes in the High Plains. The third involved the questions arising in a site development scenario around what are the covenants and who are your neighbors. A fourth involved one of the surrounding neighbors, the prison. The fifth has to do with the community's perception of itself, a lack of pride and sense of worth. The sixth...it's change!

Improving the prospectus for HPWE could be centered around promoting the project as a joint City/BIDC/Chamber project. There were a wide range of ideas for the look and feel of the project. Most suggested a well defined incentive package, along with a clear indication of commitment in the form of roads, signage, activity. And whether its part of the prospectus or not, there must be a relationship established with Texas Tech, Lubbock's CVB, and TCWW.

Regarding questions 7, 9, and 10, none of the interviewees could be candidates for the project, but the reasons varied, from the lack of tourism, to it didn't fit their own business model, to working on their own similar projects. And most did not have names to suggest that the BIDC call on, although one was suggested early on and they are a pending purchaser at the moment. Finally, whatever their opinions of the project are, all interviewees wanted to have updates on the status of the project.

Question number 11 generated plenty of suggestions and comments. Comments that would suggest you not do the project centered almost exclusively on tourism, which is the focal point to the project. To summarize them it falls to two comments. One was "Anywhere else you'd be printing money, but in Brownfield there is no airport, no food, and no tourists." The other, "Not 5 years, not 10 years, maybe 30 years".

Comments and suggestions for proceeding with the project were numerous and varied starting with the comment that "this is not an overnight project, but the foundation is there". It's possible that with the uniqueness of the project, you could develop a "cult sense", that could draw tourists. After all, "Brownfield does become the wine mecca of the Texas wine industry three months out of the year". Suggestions for those tourism draws that would be needed were many, but they definitely centered around the grapes and grape growers. Comments from the area interviewees were very clear with the point that commitment and action can make a difference, by creating a synergy that impacts the industry and the public.

Observations

It is very clear, unanimous among the 14 interviews, that the HPWE project faces an extreme challenge in the fact that tourism in Brownfield is nonexistent. On the other hand, 86% of those

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interviewed thought the concept was a good one. So if the HPWE project is sound conceptually, how do you overcome the fact that there is no tourism in place to support it?

The project is most definitely “change”. Change makes everyone break into a sweat, no one is untouched. It grabs those that are supportive of it and those that just don’t want to go there because they fear change or leaving the status quo. For change to take place, there needs to be a leader, someone that steps up and provides a vision. The BIDC appears to be poised to take up that place. For the change to be implemented there needs to be people ready to assist in implementing it, and there seem to be plenty ready to do that.

Several interviewees brought up the idea of creating the vision, implementing the steps necessary to achieve the vision, and addressing accountability. Brownfield area interviewees made up 43% of those interviewed and they had a very high regard for the project, for the changes it could make, and for ideas of how to make it happen. Coupled with their business relationships and personal relationships with wineries in the Hill Country this group could be a major factor in supporting the HPWE.

Several interviewees, while not directly labeling the jobs as primary, secondary, or tertiary, addressed the jobs as such with their comments. A project of this nature creates jobs at every level of the workforce. Primary jobs harvest products from the earth. Secondary jobs manufacture or process goods. Tertiary jobs are the service sector jobs and this is typically 80% of the work force in a community.

While the large winery representatives see no tourists, the local industry representatives see tourists that pass through the area. The tourists don’t stop now because nothing is in place to make them stop. Plans are already in the works with individuals in the Brownfield area to change that, so the HPWE can become a significant factor in furthering that change.

It would appear that the merits of the project, and the people that can become involved, would have a good chance at overcoming the challenges of the project. There are over 700 EDCs in Texas. Each board has decisions to make that impact the community in the short term, and most are focused on the short term. The long term decisions are tougher to make because it takes a longer time to gage the full impact and it takes a board that creates a clear vision that allows for continuity from board to board. The HPWE project might be a perfect long term for Brownfield to undertake.

Consolidated Report:

The objective of undertaking this study was to determine the viability of the concept of the High Plains Winery Estates by interviewing Texas wine industry influencers. The project began in mid November 2014 and ran for approximately 90 days to mid February 2015.

Fourteen interviews were conducted with a very good mix of industry types, all were conducted face-to-face with the exception of two by phone, and the interviews lasted 1 hour 15 minutes on average. The final mix of interviewees was:

- 2 of Texas' largest wineries
- 4 of Texas' midlevel wineries
- 1 small start-up winery
- 4 High Plains growers
- 1 production facility operator
- 2 PR/Marketing/Social media

Regarding the questionnaire and interviews. The interview questions developed for the study were designed to get the necessary feedback on the HPWE project and to provide consistency in the interviewing of all industry influencers.

While the interviews were designed to follow the questions, the interviewees were allowed to free flow information for the sake of casual and honest responses. In doing so, not all questions were directly answered. After the interviews I went back and backfilled the handwritten notes on responses into the electronic forms.

Questions 1 through 10 were generally shorter responses. Question 11 is where most of the opinions came into play, you will see this on the consolidated response document.

When consolidating the individual responses into one form, I did combine similar remarks. For example, they all mentioned lack of tourists in Brownfield as a challenge, but I only listed it once. Responses on the individual questionnaires are not verbatim, but it is close.

Following are the consolidated responses:

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Question #1: Were you aware of the BIDC HPWE?

- From the very beginning as the project was unfolding
- Aware from the TWGGA conference in February 20014, and/or local events
- Mentioned it was heard through industry conversations

Question #2: If so, what is your initial understanding of the BIDC HPWE?

- It just makes no sense
- Develop a winery cluster which introduces the concept of vineyards, tasting rooms, and event center designed to bring tourists to Brownfield
- Residential development with vineyards, a park, fountain, and tasting rooms
- Wineries in a specific location that work with TCWW

Question #3: How would you assess the “image” of BIDC HPWE as presented?

- Conceptually, a good idea, even “cool”, and the project would definitely be a benefit to the area, but there are many reservations, primarily, no tourists.
- If you build it they will come is a great marketing line, but it wouldn’t happen in Brownfield
- Thinks it will work.
- This project is change and change always creates a problem for some. This could be the first domino to fall. Has potential of creating a legacy for the region.

Question #4: Are you aware of other such facilities in other parts of the US? Texas?

- The Old Sugar Mill near Sacramento, California, it has a similar concept
- Livermore, California
- Woodinville, Wa strip center concept, but it has heavy population nearby.
- Walla Walla, Wa winery incubator - 20 years ago there was only one Best Western
- Reference to Laguiole, France, where they are famous for certain type of knife
- Burnet, Texas EDC is developing a building for a winery
- Fredericksburg and Grapevine as the best examples in Texas
- Sulphur Springs, Texas
- Vineyard at Florence, in Florence, Texas
- Village at Gruene in Gruene, Texas
- No examples, but is amazed at the power of winery tourism (agritourism)

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Question #5: Do you believe that there is a need for such a facility in Texas?

- The concept is built on a premise that is tried and true, and doable, with incredible potential
- If BIDC goes forward, it becomes a significant catalyst and will add to the cluster effect for other winery oriented businesses in the area.

Question #6: What do you believe are the merits/challenges of HPWE?

Merits:

- Solid concept, grows the local economy
- Tourism (agritourism) attraction could offset ups and downs of oil and oilfield services
- Promotes regional recognition and creates a sense of pride
- Opportunity to be a center for future cluster and creates value added product for the region

- The farmers, quality grape growing, significant growth in last 3 years
- Terry County is the heart of Texas' grape growing regions
- Terry County is about the wine business in Texas, could develop a niche around grapes
- The specific property has beautiful dirt, you'd have buyers for the wine.
- High Plains growers produce quality fruit, note many award winning wines
- Working to have the best quality/cost ration in the world
- Availability of existing water wells

- East/west highway location might be better, there is a good traffic pattern there
- It is the gateway to eastern New Mexico
- Local area study revealed there is quality traffic with disposable income
- Having event center, wedding chapel, and B&B on site
- Ability to walk in the vineyards
- Wine marketing is proven to attract tourism, mentioned 290 in Hill Country

- Proximity/Access to TCWW

Challenges:

- Remoteness, lack of tourists now, and the ability to draw enough tourists
- No infrastructure of amenities for tourists; hotels, restaurants, shops
- Traffic study shows good traffic, but will they stay
- Challenge of building the WOW factor
- Retail sales numbers would have to be significant
- Sees it in Fredericksburg, not Brownfield

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- Challenge from nature of growing crops every year
- Questions on use of shared facilities, case minimums, other operating standard
- Concerns over construction/development guidelines
- Don't know who your neighbors will be in the HPWE, or the surrounding properties
- With multiple operators, what if one loses interest, potential for negatively impact

- Across the street from a prison

- Absence of community pride, poor community sense of worth and appearance
- Community belief that the wine tourist or consumer even exists
- Combating tourism negativity, from local standpoint and from outsiders
- Ability to draw from the surrounding communities

- **It's change!**

Question #7: We are not looking for a commitment today. We are simply trying to assess the level of support from the grape and wine industry. Could you see yourself as a part of HPWE?

- No, either due to lack of tourism or does not fit business model
- No, but it could work for others
- No, but the project could create a synergy for their own projects
- No, but could see buying a spot for investment

Role of TCWW:

- Wine production and vineyard management
- Extending incubator or coop opportunity for individuals to get in and be trained
- Could have impact on vacation vacations
- Anything that raises the visibility of the region is going to help TCWW

Question #8: How could the prospectus for HPWE be improved?

- Indicate it is a joint effort of the City, Chamber, and BIDC

- Building the event center is a must
- Entrances that are really eye-catching
- As drawn it is too small for production
- Concept of one building with five tasting areas

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- Spread out the tasting rooms for individuality and separation
- Take out one vineyard tract and make it a hotel, or restaurant
- Develop Wow factor, well known steak house, BBQ joint, casino
- Create a wine cellar for all wineries to access
- Consider wine and beer, gives you more flexibility

- One vineyard operator/developer, cuts down on equipment in the area
- Have someone grow all the grapes in return for 1/4 of the production
- Build a program around grape production

- Commitment from BIDD in infrastructure to encourage investment to include:
 - Cut a road
 - Put up zoning signage
 - Signage of the layout with “Sold” signs on it, create urgency
 - Grading flags in the ground

- Consider strong incentive program
 - Incentives are key and should clearly defined
 - BIDD builds tasting room shells, the wineries create their magic
 - Other incentives could be: water wells, property tax abatement, roll back % of sales tax revenue, no rent for 1st five years
 - Offer up joint marketing from the BIDD

- Get support/participation from Texas Tech
- Develop joint advertising with Lubbock
- Develop unique relationship with TCWW

Question #9: Would you like to have updates on the project?

- Yes, all

Question #10: Would you know of/recommend the BIDD contacting others regarding the project?

Dr. Buzz Timmons
John and Tyler Oswald
Provided contact for Longshot Winery

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Question # 11: Do you have additional questions, suggestions, or comments?

Comments supporting not doing the project:

- Where tourists go, there is the business. Fredericksburg is the obvious example
- Population centers are key, and Brownfield does not have a major center to draw on
- Lubbock is not big enough and is not on an interstate
- He did mention that there is safety in numbers and again referenced Fredericksburg and the surrounding wineries
- Brownfield is just going to be a farming community. Modesto, California has tons of farming, is well know for it's fruit, but will never be a winery destination because it is too remote
- Example of Pheasant Ridge not making it and Caprock Winery has gone under twice
- In Grapevine, Tx they have gone from 11 wineries to 7, and that is with an 8 million population
- A local grower put in 100 acres in the High Plains, but put a tasting room in Fredericksburg
- A grower attempted to purchase 30 acres in the HPWE and the BDC is stalling.
- Anywhere else you'd be printing money, but in Brownfield there is no airport, no food, no tourists
- Not 5 years, not 10 years, maybe 30
- Nothing in retail in Brownfield, ever.

Comments supporting doing the project:

- This is not an overnight project, but the foundation is there and is an idea that Brownfield farmers will embrace
- Need symbiosis, define who and what organizations are the players
- Suggests a group go community leaders be taken to California (or similar) to experience the Wow factor and experience agritourism firsthand
- Tourists will come once you have a place. What could be/should be done?
- Several stated that tourist are traveling through Brownfield on their way to other destinations
- Back to the tourist question of what do you have in place for them if they come?
- Develop marketing to bring in visitors from Amarillo, Midland, Clovis, NM., and look at 2 hour radius
- The uniqueness of the project, or developing a "cult sense", could potentially draw tourists

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- Brownfield does become the wine mecca of the Texas wine industry 3 months out of the year
- Work to develop cluster for the area
- There is no monetary tag for this, but it creates opportunity for other gems in the region to be discovered and written about
- Consider Sulphur Springs, Texas. They put a winery on their town square and it set off a chain of city improvements on the square
- You have to make it easy for businesses, for tourists
- A restaurant would help the project
- Like that there was a B&B slated for the site, need more
- Plenty of examples of how to put the “cool” in place:
 - RV park along the lines of one in Marfa, Texas
 - Look to attract and develop an iconic figure; i.e.: Liz Lambert
 - Food trucks
 - Quaint cottages, cabins along the lines of Tiny House project in Llano, Texas
- Do not underestimate the draw of Buddy Holly
- Concerted effort to promote local vineyards, Terry County
- Hold events often
- Recruit a major winery
- Production facilities would be a major draw
- Experience demonstrated that national wine and food writers are drawn to grape growers
- Growers are entering the market and are very good
- Growers are learning to deal with nature, mentioned Andy Timmons saving 70% of his crop with fans in the worst freeze ever
- Significant that major row crop farmer from the area is ready to plant a vineyard
- Grape production may increase as water conservation awareness grows, grapes use 1/4 the water that cotton does.
- His opinion of the local grape economy:
 - Region is being looked at from a business standpoint.
 - Out-of-state interests are making inquiries into areas in region to grow grapes
 - Commercial producers looking to develop 500-1,000 acre vineyards
 - Early stages of peripheral resources looking to buy Texas fruit

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- Feels an emotion in the area that hasn't been there before. Mentioned himself and two other growers as getting ready to open their own tasting rooms in the area.
- The City of Brownfield is showing signs of commitment, and gave example of fixing up the main highway with curbs.
- Commitment and action makes a difference. It must be tangible to industry and to the public.
- Create a synergy within the community
- Area should spend energy in filling beds with tourists, don't rely on just oil industry.
- If you use water in the development, build in recycling capabilities, create a water pad for the kids to play in (water shoots up intermittently).
- Help the City to create an anti-litter campaign
- Look at city improvement projects like the City pool, curbs on the highway into town
- Develop an ambassador program for the industry, the City
- Don't hide the fact that the property is next to a prison, tackle the prison issue:
 - Divert attention with signage
 - Grape cluster on water tower
 - Explore opportunity of inexpensive labor, a "built in work force"
- Incubator concept might be developed
- Consider an additional project that sells and services harvesters, had a contact for this.
- Workforce should be considered, it is always hard to find staff.
- Explore funding from other sources, rural development funds (USDA)
- Positive on support from Texas Legislature, would be a boost
- This project will not be profitable in 1st five years, but grape farming is a gamble, the farmers are risk takers, and so should this project.
- In pursuing the HPWE project, "Forget the big wineries that don't have the dream."

**BIDC High Plains Winery Estates
Feasibility Study Questionnaire**

Date:

Name of Interviewee:

Location:

1. Were you aware of the BIDC HPWE?
2. If so, what is your initial understanding of the BIDC HPWE?

Make the overall presentation at this point in the interview

3. How would you assess the “image” of BIDC HPWE as presented?
4. Are you aware of other such facilities in other parts of the US? Texas?
5. Do you believe that there is a need for such a facility in Texas?
6. What do you believe are the merits/challenges of HPWE?
Merits:
Challenges:
7. We are not looking for a commitment today. We are simply trying to asses the level of support from the grape and wine industry. Could you see yourself as a part of HPWE?
8. How could the prospectus fro HPWE be improved?
9. Would you like to have updates on the project?
10. Would you know of/recommend the BIDC contacting others regarding the project?
11. Do you have additional questions, suggestions, or comments?

INTERVIEWER COMMENTS:

Positive or negative about the project?	+	--
Good prospect for project?	Yes	No
Good contact for other prospect?	Yes	No

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	Date of Interview	Interviewee	Company	Description
1	11/24/14	Paul Bonnarig	Messina Hof	Winery, vineyards, 3 tasting room, B&B, restaurant
2	12/2/14	John Rivenbun	Bending Branch Winery	Winery, vineyard, past pres. Tx Hill Country Wineries
3	12/2/14	Rick Nabors	Flat Creek Estates	Winery, vineyard, and 1 tasting room
4	12/3/14	Dan Gaitlin	Inwood Estates Vineyard	Grower/winemaker with winery and 2 tasting rooms
5	12/3/14	Brian Heath	Grape Creek Vineyard	Winery, vineyard, 2 tasting rooms, B&B, restaurant soon
6	12/11/14	Multiple	PR/Marketing	Denise Clark, Jenny Gregorcyk, Bobby Champion
7	12/12/14	Craig Pinkley	Pilot Knob Vineyards	Winery, vineyard, small start-up
8	1/7/15	Mark Hyman	Llano Estacado	Winery, vineyards
9	1/20/15	Neal Newsom	Newsom Vineyards	Grower in Plains, Texas
10	1/20/15	Bobby Cox		Grower and crop consultant
11	1/21/15	Cliff Bingham	Bingham Family Vineyard	Grower in Meadow, Texas
12	1/21/15	Katy Jane Sea	Seaton Farm & Vine	Former Ex Dir of Texas Hill Country Wineries/mktg Dir for Becker
13	1/21/15	Mike Sipowicz	Texas Custom Wine Winery	TCWW enologist and one of the founders
14	1/22/15	Vijay Reddy	Reddy Vineyards	Grower, local to Brownfield