

Wine Spectator Online

Walla Walla to Build Winery Incubator

State grant of \$1 million will fund construction of five buildings for new Washington wineries.

Posted: Thursday, September 01, 2005

By Eric Arnold

Similar to the days when venture capitalists set up incubators for several dot-com start-ups, hoping that one or more would become a success story, the Port of Walla Walla in Washington has announced plans to construct five buildings that will serve as space for new, small wineries.

A state grant of \$1 million, which was included in the state budget that was approved in April, will cover most of the cost of construction. "Walla Walla and wine have become kind of synonymous," said Rep. Bill Grant (D), whose district includes the region. "There was no opposition that came forward. We're just trying to help create some space for people trying to get started."

The buildings will go up in the Walla Walla Regional Airport and Industrial Park and are planned for completion in May 2006. The industrial park's existing buildings have long been home to Walla Walla wineries, such as Reininger, Cougar Crest and Dunham. Generally, the wineries have remodeled and upgraded their spaces, and some have eventually become successful enough to build bigger wineries elsewhere. Reininger has already moved to a new winery, and Cougar Crest plans to do so next year, making way for a new company to move into its current space.

The incubator program will be a formal version of that cycle, and was seen as necessary due to a lack of space in Walla Walla. There are 10 wineries on a waiting list for the port's existing buildings.

The five new buildings will basically be shells large enough to each house a 1,000-case winery. They will share a crush pad, but the wineries must provide their own equipment. "While it is an incubator, these wineries will have to show some drive and ambition to get enough capital to buy the grapes and barrels and everything else that goes into a winery," said Jim Kuntz, executive director of the port.

Start-ups hoping to move into the new buildings will have to be bonded, as well as pass an application process. The final decision will rest with the port commissioners, who will likely be advised by established Walla Walla wineries, Kuntz said.

The start-ups will be given a maximum of six years on their leases, at which point they will have to move out and make way for new producers. "We have a graduated rental rate; at the end of six years, rent for the space will be very expensive. Our hope is that you incubate them out to the private sector when they're strong enough," Kuntz said, adding that he hopes some wineries will be successful enough to move out early.