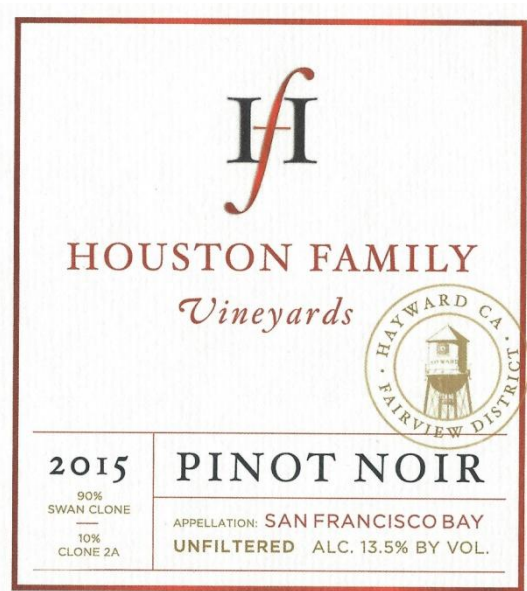


Business plan
For a new boutique size winery at 1013 B Street
Hayward



Strategic Plan

Mission Statement

My name is Paul Houston. I have two vineyards in the Hayward hills producing wine grapes. My objective is to start a winery in downtown Hayward, to receive and process my Hayward grown wine grapes, from Houston Family Vineyards, and process these grapes into premium wines, and sell the wine at the winery premises. The goal would be for 100% of the wine to be sold here at the new winery.

Plan of Operation

Objectives

- Obtain Hayward city conditional use permit for winery with a tasting room;
- Landlord (B Street Apartment Group, LP) to submit and obtain building plans/permit, and build ADA bathroom, floor drain, venting/ducting HVAC, electric baseboard heaters, electrical sub-panel;
- Obtain California Alcoholic Beverage Control (ABC) type 02 winemaker license / Alcohol and Tobacco Tax, and Trade Bureau (TTB) wine producer basic permit, in parallel with landlords construction work;
- Leaser (Paul Houston) to submit and obtain building plan approval for winery/tasting room for the remainder of work, once landlord has completed their construction work;
- Build winery/tasting room at 1013 B Street;
- Open wine tasting room to public. The majority of wine coming from Hayward grown grapes processed by custom crush agreement with Tenuta Vineyards Livermore and Houston Family Vineyards. The wine vintages from 2013 to 2018 to sell first;
- First harvest and fermentation at new B Street winery in September 2020;
- First estate wine sold from new B Street winery in August 2022;

Houston Family Vineyards Origin

Houston Family Vineyard is already established. At this time 3.5 acres of premium grapevines are producing about 8 tons of grapes each year off of Fairview Avenue (nearest address is 24867 Fairview Ave., 94541). Eight tons of grapes is equivalent to about 400 cases of wine (960 gallons). Roughly 65% of the grapes vines are Pinot Noir, 20% Chardonnay, and 15% Merlot. I have spent over two decades researching grapevines that will produce top quality wine grapes for the Hayward hills. Mostly by trial and error, I have found the best rootstocks, grape varieties, and grape clones to fit the Hayward Hills climate. There is room for two additional acres of grapevines to be planted at this site on Fairview. Hayward is part of the San Francisco Bay American Viticulture Area (AVA). This AVA has produced some very high scoring premium quality

wines. It should be possible to get the East Bay Hills, which Hayward is right in the middle of, to be known for being a premium wine growing region.

Since 2013 Houston Family Vineyards has been a custom crush grape client at a bonded winery in Livermore CA. Since 2013 my Hayward grown grapes have been shipped to this winery to be made and bottled into commercial wines. Since it takes about two years to produce wine from grapes, the first sales at the new B street winery will be mainly from these 2013 to 2018 vintages. My ABC license information is below in Table 1, where I currently have an active type 17/20 ABC license (wine wholesaler/retail).

Table 1: California Department of Alcoholic Beverage Control License Information

License Information			
License Number:	563886		
Primary Owner:	HOUSTON, PAUL RICKY		
ABC Office of Application:	22 - OAKLAND		
Business Name			
HOUSTON FAMILY VINEYARDS			
License Types			
1)	License Type:	17 - BEER AND WINE WHOLESALER	
	License Type Status:	ACTIVE	
	Status Date:	13-JAN-2016	Term: 12 Month(s)
	Original Issue Date:	12-JAN-2016	Expiration Date: 31-DEC-2019
2)	License Type:	20 - OFF-SALE BEER AND WINE	
	License Type Status:	ACTIVE	
	Status Date:	13-JAN-2016	Term: 12 Month(s)
	Original Issue Date:	12-JAN-2016	Expiration Date: 31-DEC-2019
	Conditions:		
	INTERNET SALES ONLY		

I have been making wines for the last 25 years. I recently retired from a pharmaceutical career, where I was a Formulation Senior Research Scientist at two successful biotech companies that met their end goals of new NDA approved medicine. Once the new drug products were approved by the FDA large pharmaceutical companies, Johnson and Johnson (JNJ), and Pfizer (PFE), purchased the companies that I worked for. I have a Bachelors of Science (BS) degree in Materials Science and Engineering from UC Davis. My wife is also employed at a Biotech pharmaceutical company, where she holds a position of Senior Director of Pharmaceutical Development. She has a BS in Chemical Engineering from UC Berkeley. My oldest daughter graduated last year with a Chemical Engineering BS degree, from UC Davis, and my youngest daughter is currently going to school at Chabot College and her goal is to transfer to a UC for a Biology degree.

Short-Term Winery Marketing Goals

Wine sales goals at start, would be 500 cases per year. From the 500 cases of wine, sales are estimated to be \$150,000 per year. With an average bottle selling price at 25 dollars. The price per bottle is a combination of tasting charges and bottle sales. Some

outside wine varieties, possibly from local wineries, will be offered in the tasting room to give a larger selection of wines to sample in the tasting room. Wine production in the B Street winery in 2020, is projected to start at 400 cases per year. These new estate wines produced at the winery will start being available to sell in 2022. See wine sales and production estimates in table below for more clarity.

Table 2: Number of cases of wine produced and sold each year

	2019	2020	2021	2022	2023	2024
Estate Wine Production*	0	400	450	500	550	600
Estate Wine Sales	0	0	0	100	350	500
2013 to 2019 Vintage Sales	0	500	500	450	200	100
Total Wine Sales	0	500	500	550	550	600

*Estate bottled, which means that the winery listed on the label owns 100 percent of the grapes that went into the bottle, and the wine was made in the same place.

Long-Term Winery Marketing Goals

The sales goal in 7 years would be estimated at \$250,000 per year from 700 cases of wine produced at the winery at a selling price averaging 30 dollars per bottle.

New B Street Winery Hours of Operation

The proposed tasting room hours of operation are 6 days a week (closed Mondays), with two full time employees, and one part time employee. The winery hours of operation, closed to the public, would be in the mornings before the tasting room is open. One ounce size wine samples would be offered from 6 different wines at about 10 dollars, and bottled wine would be offered to take home from 20 to 30 dollars at start.

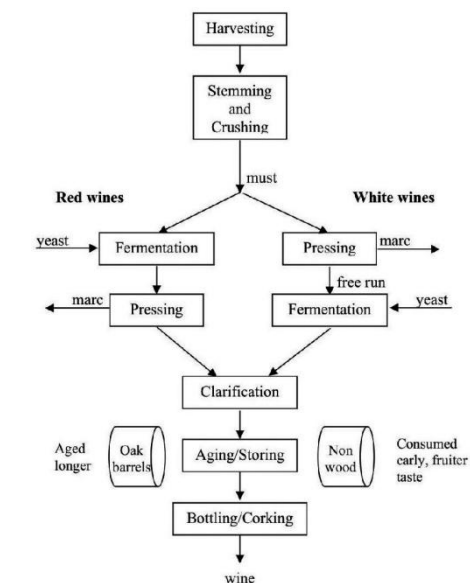
Table 3: Hours of operation

Hours of operation	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Winery			10am - 1pm	10am - 1pm	10am - 1pm	10am - 1pm	
Tasting Room	1pm - 7pm		1pm - 6pm	1pm - 6pm	1pm - 6pm	1pm - 6pm	1pm - 7pm

Floor Plan

There are to be two main rooms in the Winery not counting the ADA bathroom. The 600 square foot winery area is for wine production. The processes in the winery section would be crushing, pressing, fermentation, wine aging in stainless steel and oak barrels, bottling, and finished wine storage. The second room, about 290 square feet, is for wine tasting and 750mL size wine bottle sales, as shown in the floor plan.

Wine Production Process



- Grape Crushing,
Equipment: Destemmer/Crusher Enoitalia Jolly 25,
The crushing/destemming operation can be completed either at the vineyard or winery.
 1. If the process is to be completed at the winery grapes are brought in with 30 pound stackable bins. The grapes in the stackable bins are poured out, one bin at a time, into the continuous operating crusher/destemmer. The crusher/destemmer has a built in pump that pumps the grape juice into the fermentation containers, and the process takes about one hour. The grape stems from the process are returned to the vineyard for composting.
 2. If crushing/destemming is to be completed in the vineyard, then the grape juice is delivered to the winery in a tank in the back of a pickup truck. Grape juice is pumped into the Winery to fermentation containers. The pumping process would take place in the morning sometime between 7AM and 9AM before the area is busy. The delivery of the grape juice would take about 15 minutes to complete.

Crushing operation are completed at harvest time, one time only per year for each grape variety. The juice is filled into fermentation containers which are stainless steel or polyethylene food grade 1000 pound microbins containers.
- Yeast addition and fermentation, Takes about 1 to 3 weeks.
Emissions control for fermentation process: Winery to have 12 inch exhaust fan rated at 2000 CFM, with carbon dioxide ventilation controller set to switch on the exhaust fan automatically at 5000 ppm.
- Grape/wine Pressing,

Equipment: Lancman VSPX bladder press 250L,

After pressing the pomace will be returned to the vineyard for composting.

- Wine Aging, Equipment: 60 gallon barrels, 50 gallon to 200 gallon stainless steel tanks. Normally, the wine is aged for the first 6 months in stainless steel followed by 18 months in oak barrels.
- Wine finishing activities: Possible processes after wine aging are blending, protein stability for wine clarification, and/or filtering before the wine is bottled.
- Bottling activities, filling, corking, foils, and labeling.
- Equipment Cleaning: All stainless steel, oak barrels, and polyethylene (HDPE, and LDPE) containers are cleaned with high pressure water. After cleaning stainless steel and polyethylene containers a sanitization rinse is done with potassium metabisulfite powder (200 ppm) and water. After cleaning oak barrels the sanitization rinse is done with a combination of potassium metabisulfite (200 ppm) and citric acid powder (200 ppm) and water. Oak barrels will be stored in this solution when not being used for wine storage. Pump hoses are cleaned in three steps. First step is with a powder alkaline cleaner, such as PBW (powder brewery wash) at 1 to 2 oz per gallon of water, or sodium carbonate (soda ash) at about 1.5 oz (~1/4 cup) per gallon of water, or sodium percarbonate at 0.5 oz per gallon of water. The second cleaning step is with water. The third step is sanitization cleaning. There will be about 5 to 10 pounds of each cleaner and sanitation agent stored in the winery for use. See Table 4.

Table 4: Chemical Inventory list used in water dilutions

Chemicals	Purpose	Concentration in Water	Storage Quantities ^a
Sodium Carbonate <s> ^b	Cleaning	1.5 oz / gallon (Vol./Vol.)	7 lbs
Sodium Percarbonate <s>	Cleaning	0.5 oz / gallon (Vol./Vol.)	10 lbs
PBW <solid>	Cleaning	1.5 oz / gallon (Vol./Vol.)	10 lbs
Potassium Metabisulfite <s>	Sanitization	200 ppm (0.02%)	10 lbs
Citric Acid <solid> ^c	pH adjustment	200 ppm (0.02%)	7 lbs

^a Estimated one year supply

^b Sodium carbonate is well known for use as a water softener in laundry, also commonly used on concrete floors and other porous surfaces. Wine spilled on the winery floors can corrode the floor. Sodium carbonate water solution can be put on the floor to sanitize, and also neutralize the acids in the wine.

^c Citric acid has many uses in the wine production. Citric acid is a weak organic acid, which is often used as a natural preservative or additive to food or drink to add a sour taste to food. It can also be used to neutralize surfaces that have been treated with basic substances.

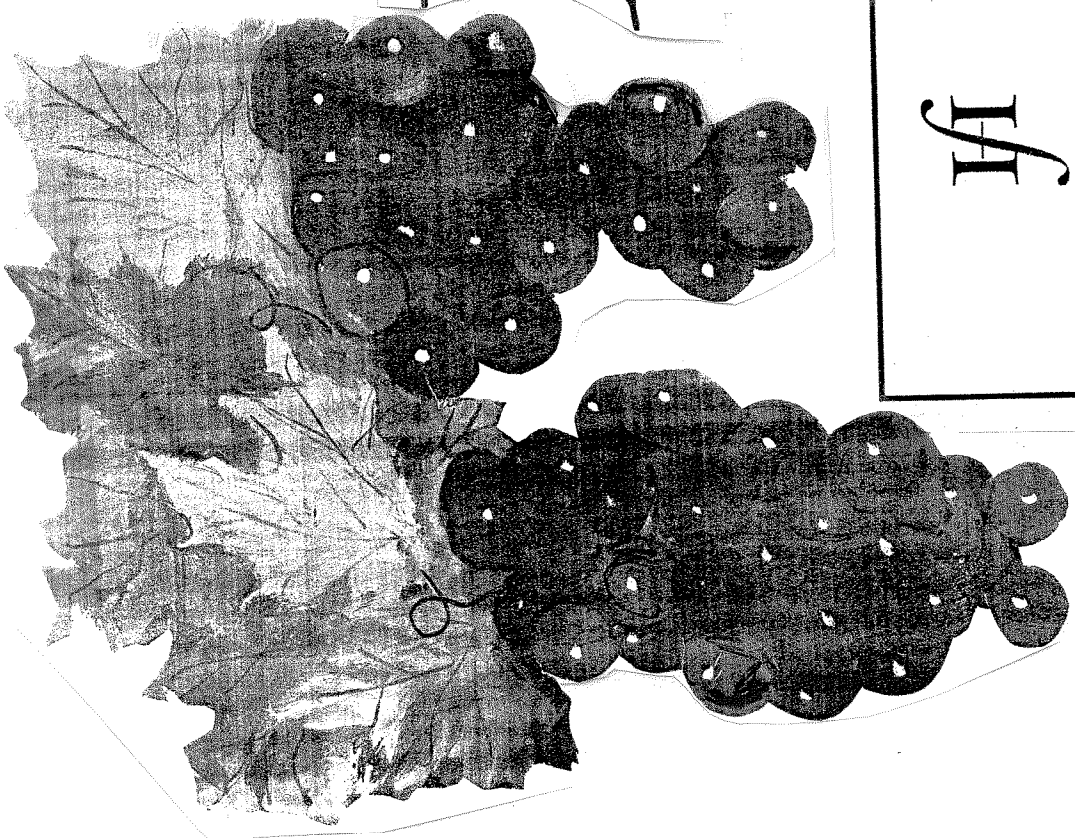
- Aging of wine in 60 gallon oak barrels, and in 750 mL finished bottles.

Tasting Room Activities

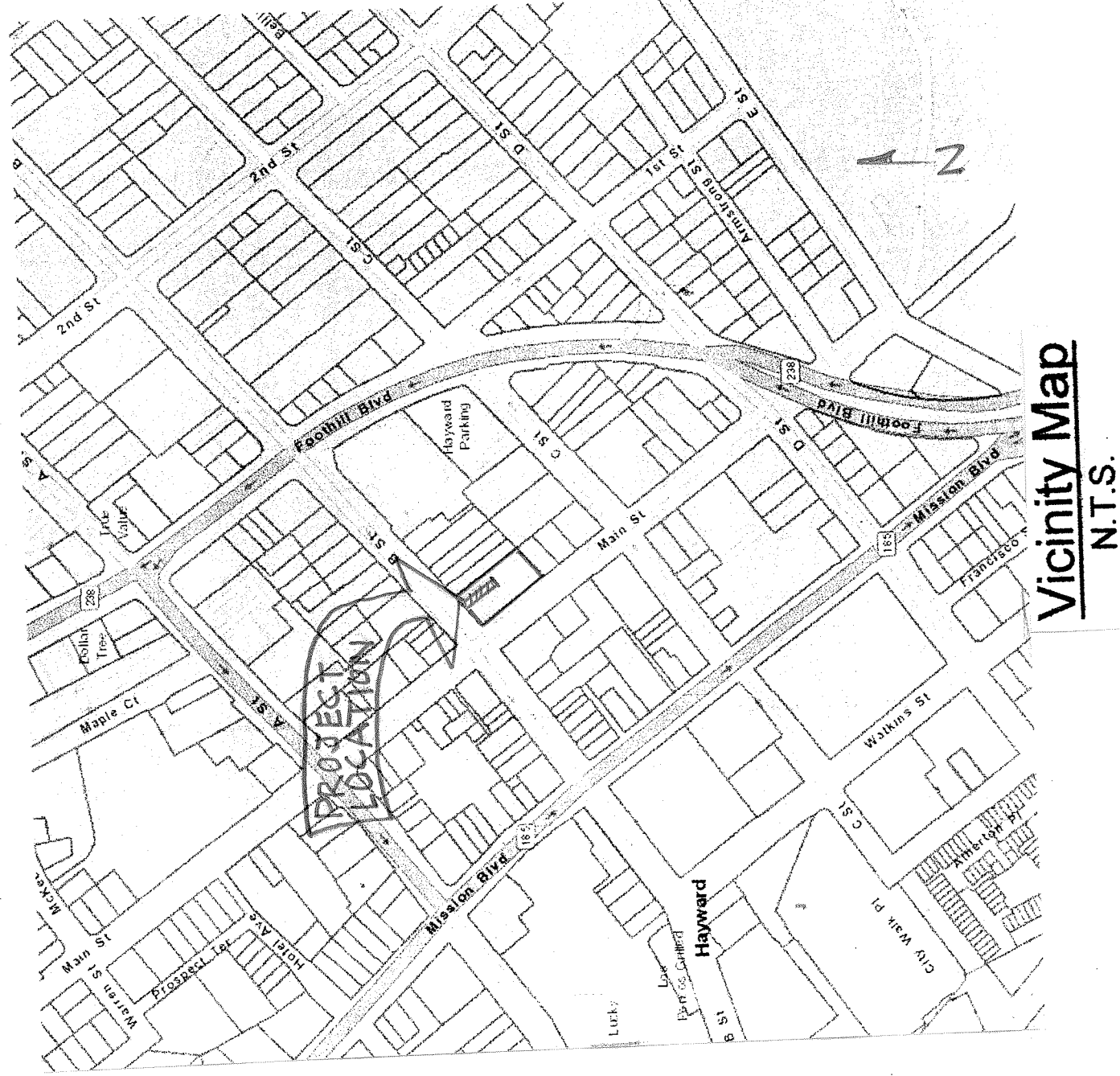
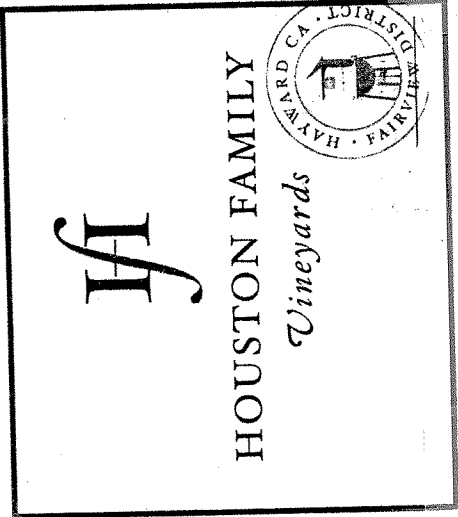
- Wine tasting to the public to promote wine bottle sales. All varieties of wine offered for tasting and sales are under 16 percent alcohol. The possible types of wine samples for tasting are:
 1. Pinot Noir: fermented with skins for about 2-3 weeks then pressed and aged in oak barrels, 2 year process.
 2. Pinot Noir Rose': pressed before fermentation, no oak aging, filtered, 1 year process.
 3. Merlot: fermented with skins for about 2-3 weeks then pressed and aged in oak barrels, 2 year process.
 4. Merlot/Cabernet Sauvignon, Merlot grapes from Hayward and Cabernet Sauvignon grapes possible from Livermore or Lodi, both processed separately as the Merlot above, and then blended together at the best ratio.
 5. Chardonnay no oak aging, filtered (one year process)
 6. Chardonnay aged in oak, non-filtered (two year process)
 7. Outside wine, different winery.
- Water will be provided with tasting.
- Fast and easily prepared Hors d'oeuvres/appetizers, finger foods, can be served with wine samples such as:
 - Cheese and crackers
 - Chocolate, fruits, nuts, olives
- There is a 10 foot long bar counter where wine samples will be served. The majority of sales take place in the tasting room and thus distribution is not an issue. The wine is aged in the winery and when it is ready to be sold it is brought into the tasting room as needed. Wines are then sold from a cash register in the tasting room.

Summary

This business plan is to give support for obtaining a Hayward city conditional use permit for a boutique winery at 1013 B Street. The starting volume of wine produced here per year is projected to be 400 cases. The 7 year long-term outlook would be to increase production to 700 cases per year. The goal is to sell all the wine at the tasting room located at the winery.



Cork Stop Boutique Winery



Vicinity Map
N.T.S.

SCOPE:

TENANT IMPROVEMENTS TO EXISTING 975 SQ. FT. VACANT UNIT. PROVIDE 221 SQ. FT. OF SERVING AREA WITH BAR SPACE AND HANDICAP ALL-GENDER ACCESSIBLE TOILET. ALSO PROVIDE 622 SQ. FT. OF WINERY SPACE, INCLUDING PREPARATION AND STORAGE SPACE.

CORK STOP BOUTIQUE WINERY

AREA: 875 SQ. FT. (INCLUDING (N) ACCESSIBLE TOILET AND BAR)
OCCUPANCY: TASTING - A-2 OCC. (221 SQ. FT.) @ 5 SQ. FT./OCC. = 45 OCCUPANTS
WINERY - F-2 OCC. (622 SQ. FT.) @ 300 SQ. FT./OCC. = 3 OCCUPANTS
TOTAL = 48 OCCUPANTS

CONSTRUCTION: TYPE V-A (1 HR.)

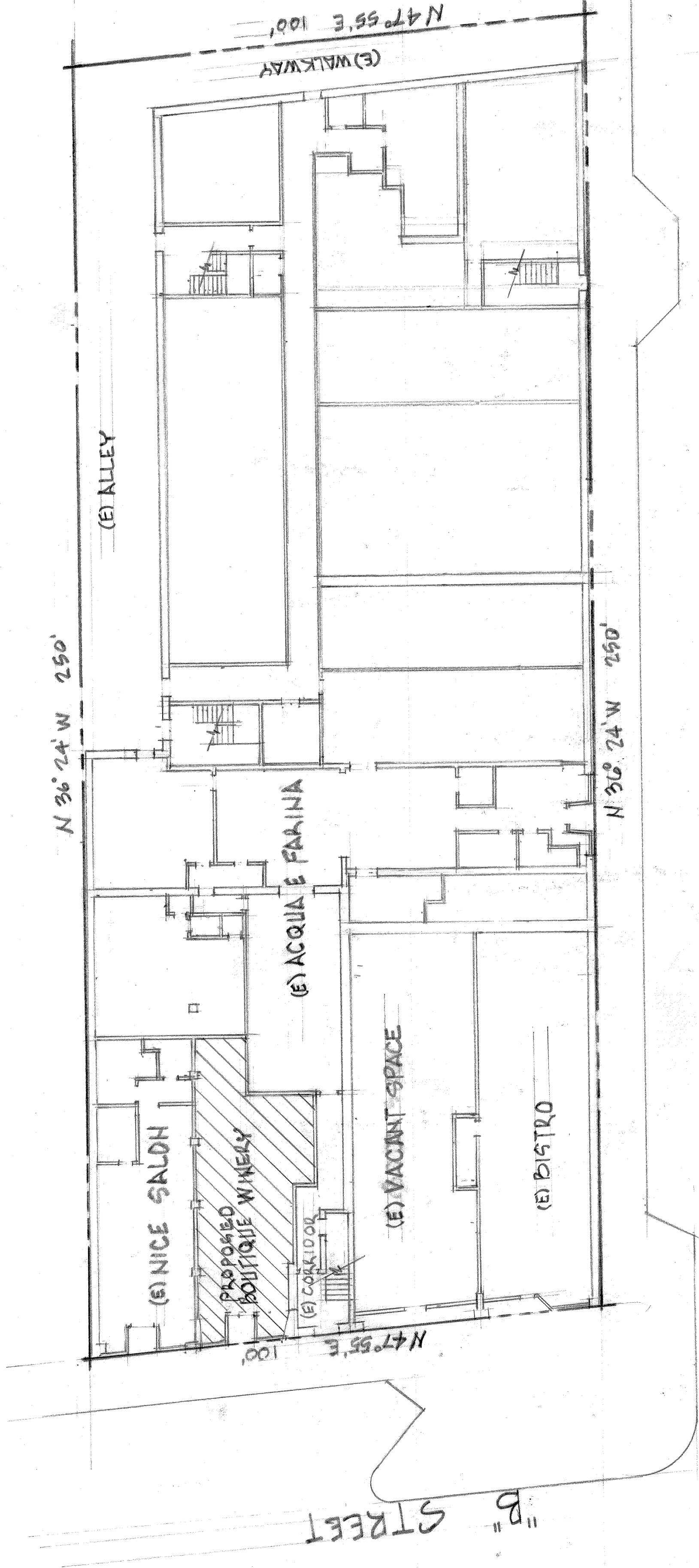
FULLY SPRINKLED

PER 2016 CBC TABLE 1008.2.1.1 EXIT REQUIRED (CBC 1008.3.2 EXCEPT 2)
OCC. LOAD 48< MAX. 48 OCC.

PROPOSED TENANT IMPROVEMENT
CORK STOP BOUTIQUE WINERY
1013 "B" STREET
HAYWARD, CA
LEASSEE: PAUL HOUSTON
(510) 258-9763

MULLEN · MORRIS · ALEXANDER
DESIGN · ARCHITECTURE
1600 B STREET, HAYWARD, CA. 94541
(510) 538-7766

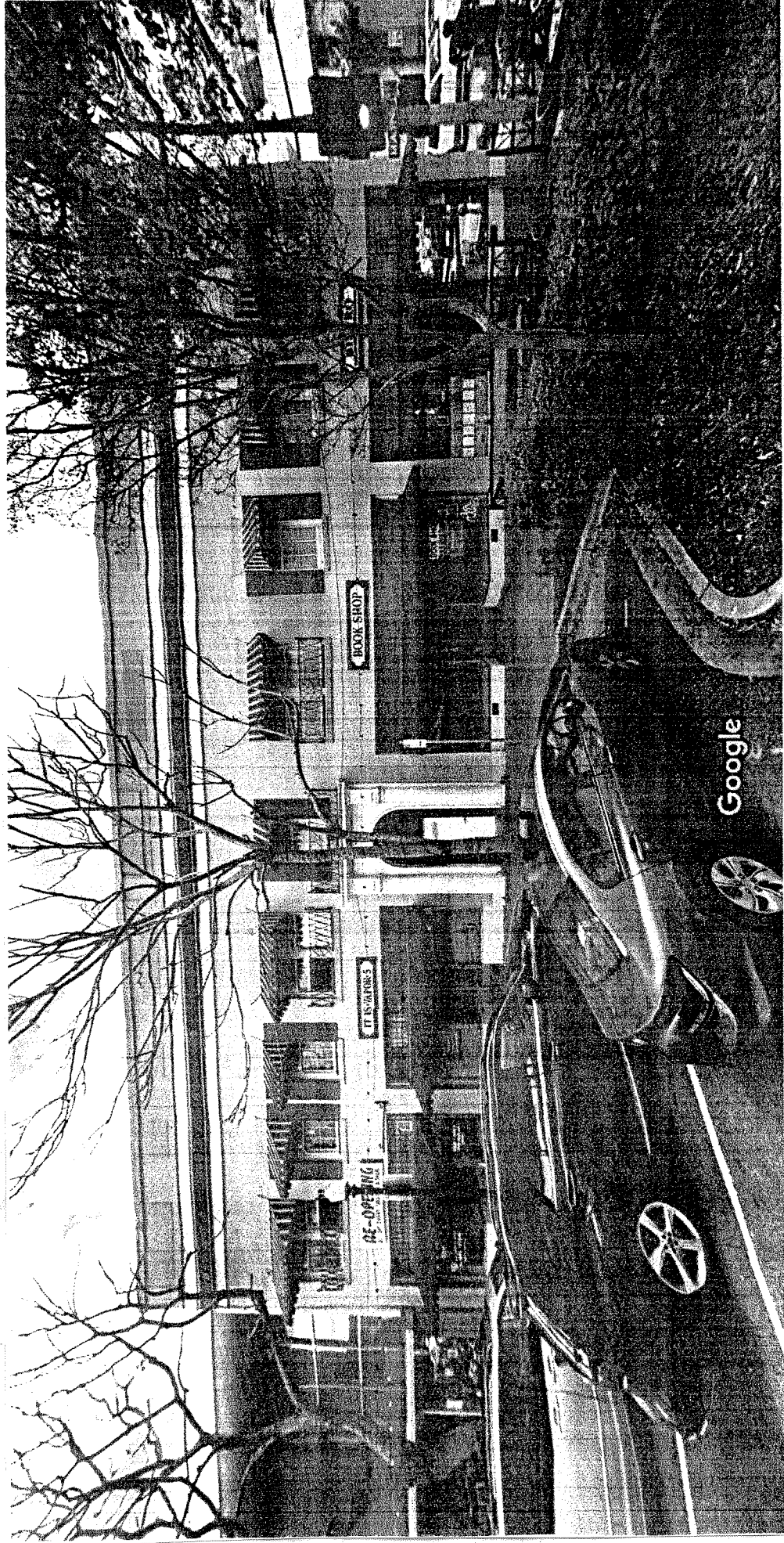
5089
DATE
SHEET NO.
1
OF 2 SHEETS



MAIN STREET

SITE & PARTIAL FIRST FLOOR PLAN

SCALE 1/16" = 1'-0"



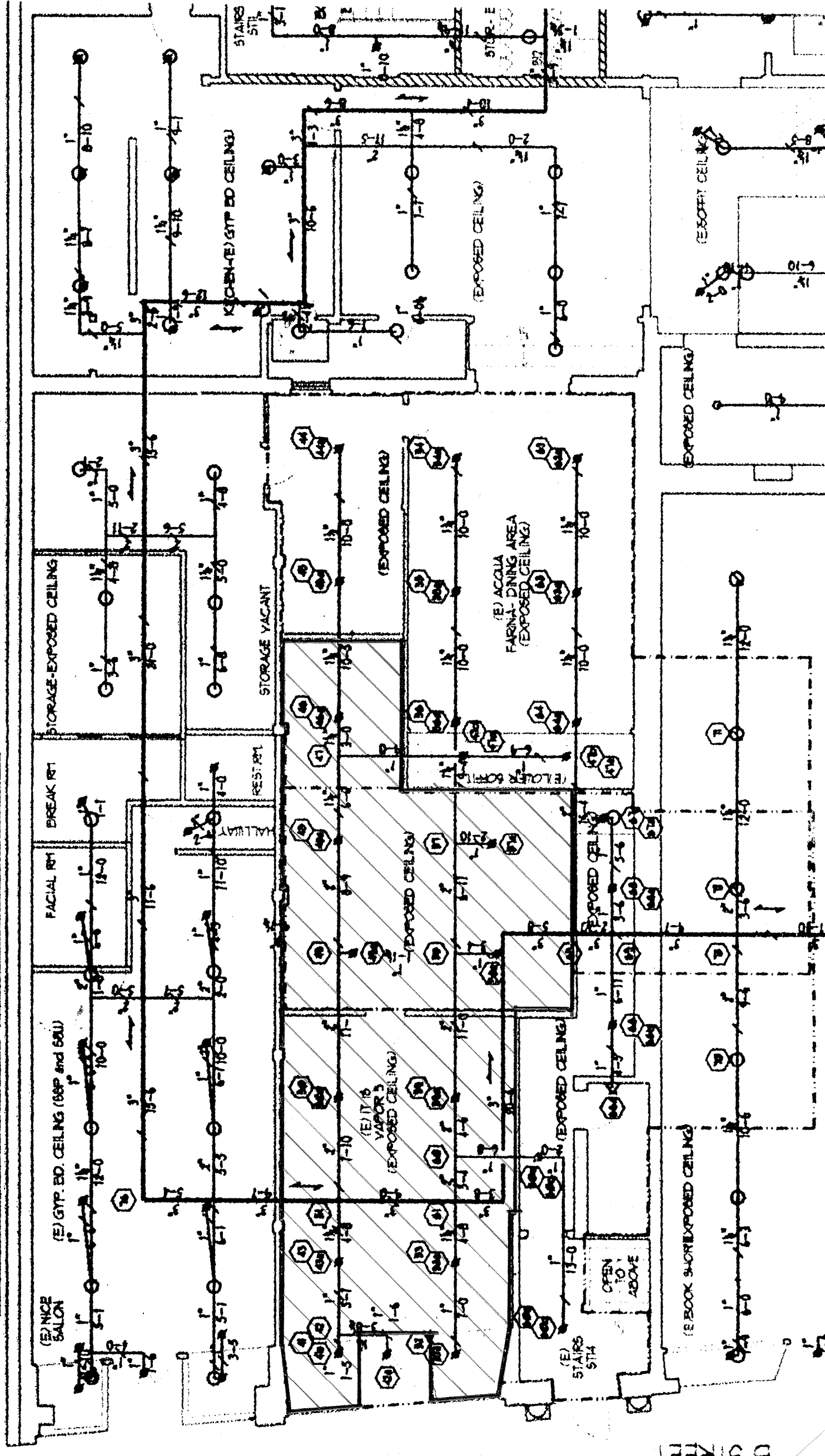


MULLEN · MORRIS · ALEXANDER
DESIGN ARCHITECTURE
1600 B STREET, HAYWARD, CA. 94541
(510) 538-7766

PROPOSED TENANT IMPROVEMENT
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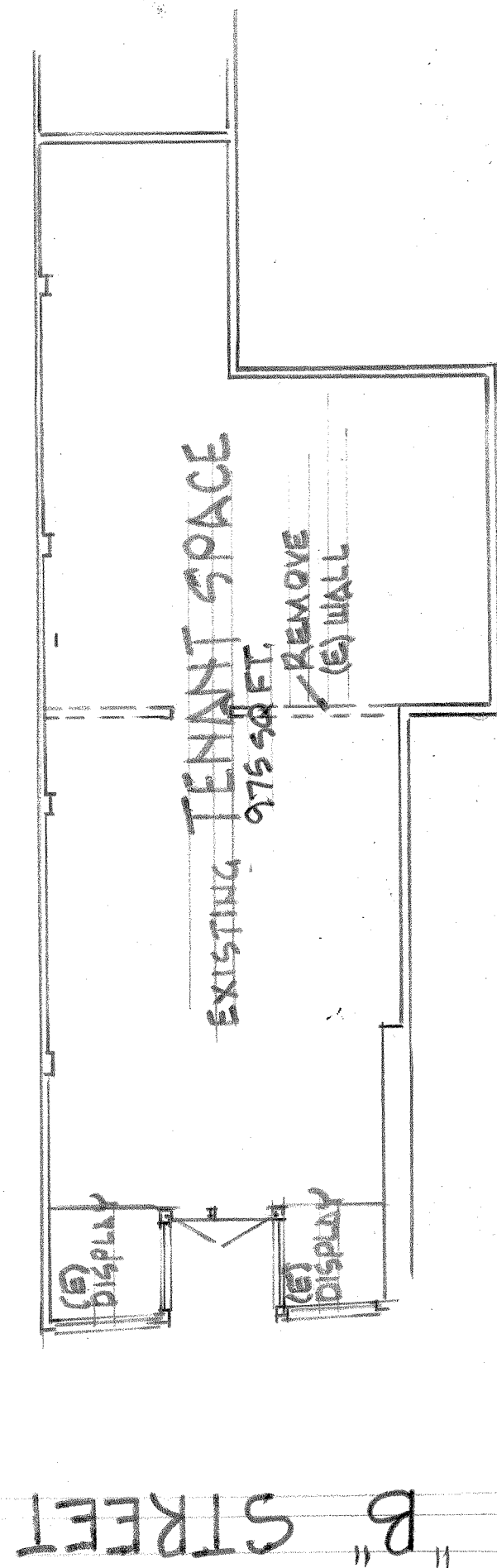
RENOTE AREA 4: 0210 GPM/FT OVER 500 SF
Design Area No. 4 - OH I
Density 0.20 Area 1500
Flow 733.78 gpm @ 50.041 psi
Includes 250 gpm hose allowance
Fireflow: 2285 gpm/ft

RENOTE AREA 5: 0210 GPM/FT OVER 500 SF
Design Area No. 5 - OH I
Density 0.20 Area 1500
Flow 733.78 gpm @ 50.041 psi
Includes 250 gpm hose allowance
Fireflow: 2285 gpm/ft

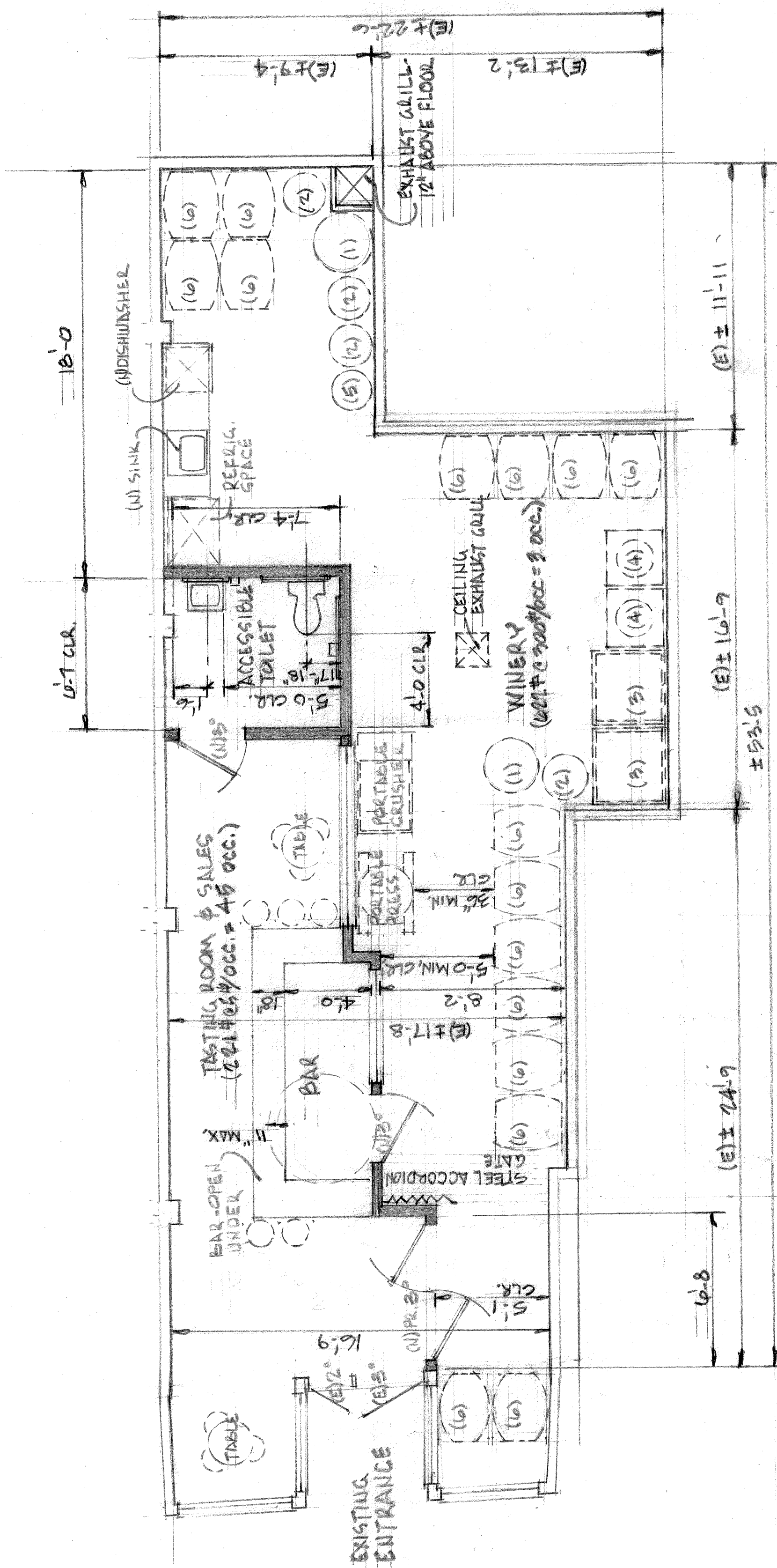


FIRE SPRINKLER PLAN SCALE 1/8" = 1'-0"

- Tank Information
- (1) 125 gallon stainless steel floating lid fermentation tank (30" diameter, 66" height)
 - (2) 50 gallon stainless steel drum (24" diameter, 35" height)
 - (3) 230 gallon stainless steel fermentation tank (38"x38"x39")
 - (4) 180 gallon stainless steel storage tank (30" diameter, 55" height)
 - (5) 50 gallon stainless steel floating lid fermentation tank (21" diameter, 40" height)
 - (6) 60 gallon oak berral (3' length)



EXISTING FLOOR PLAN/DEMOLITION PLAN SCALE 1/8" = 1'-0"



FLOOR PLAN - TENANT IMPROVEMENT (975 sq.ft.) SCALE 1/4" = 1'-0"