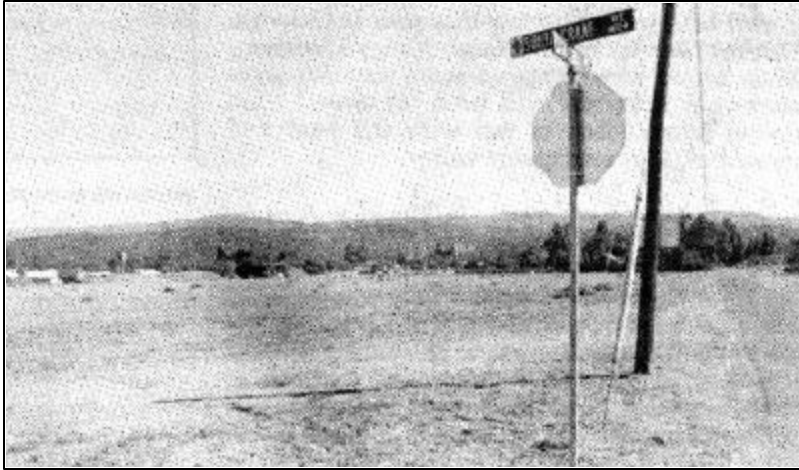


# Where Once Huge Development Was Planned, Cabernet Grapes Will Grow: a Sea Change?

by Jeremy Hay



It was at the time the biggest development of its kind ever proposed for St. Helena. If it were to surface today, it would still be the biggest.

It was White Springs Lodge, a \$27 million hotel and commercial development to be located on 33 acres between Charter Oak and Grayson avenues and from Main Street back to Crane Avenue.

Proposed in the mid 1980s as a project of the Park Loire partnership, headed by local developer Rodney

Friedrich and consisting of local and farther flung investors, it went before the city for approval in 1985.

It included 190 hotel rooms, 32 "carriage houses," an outdoor performing arts theater, a health club and spa, a restaurant and cafe, and a business park.

But this April, more than two thirds of the original 33 acre project was purchased by Beckstoffer Vineyards.

Andy Beckstoffer, the company's president and owner, calls the purchase "the start of something big" when it comes to the future of development in St. Helena and the Napa Valley.

## A Controversial Project

The White Springs Lodge project caused a storm of controversy among local residents when it was proposed, and it was soundly rejected by city officials, who termed it "obviously inappropriate" for St. Helena.

But although much of the land remains empty to this day, the project has persisted in various forms.

Its name was changed to Vineland Station, and Friedrich regularly appears before the Planning Commission in connection with the property.

The stylish Southside Café restaurant did open briefly in a Main Street building leased from Vineland Station — replacing the old Cheri's restaurant. And when it perished, ensnared in financial difficulties, the even more stylish Pinot Blanc opened and today does a brisk business there.

And the commercial, service commercial and high density residential zoning of the area would allow a variety of retail and residential projects to go forward.

But for the immediate and probably longer term future, none of that will happen.

Beckstoffer says his company — which owns 1,000 acres of Napa Valley vineyard — will plant the entire 24.34 acres with cabernet sauvignon, hopefully beginning next spring, he says.

"This should be one of the truly good cabernet properties in the valley," he says.

He declined to give an exact purchase price for the land, but it represents a substantial investment. Non-planted, premium vineyard land currently commands between \$40,000 and \$50,000 an acre — which would mean that Beckstoffer paid between \$960,000 and \$1.2 million for the property, and that's

before the estimated \$25,000 an acre it takes to plant premium grape acreage.

The company has begun digging a well for the property, too, at a cost of between \$50,000 and \$100,000.

The property is part of a 300-acre parcel purchased by Dr. George Belden Crane in 1859 from Edward Bale. It was planted with wine grapes in 1861, and began producing wine in 1865.

Beckstoffer moved to St. Helena from Virginia in 1975, after starting Beckstoffer Vineyards in 1969 while working here for Heublein. He says the new vineyard — to be named "Dr. Crane's Vineyard" — reflects his company's strategy.

"We've been trying to buy vineyard land that is famous, if you will, in the valley, so that we know the soil is there," he says. "Our deal then is to bring in the modern technology."

Of the new vineyard, which he plans to establish in a family trust, he says, "This is great vineyard land for the Napa Valley, and it will forever remain that way."

### More Than Good Grapes

It is the last part of that phrase in particular — "and it will forever remain that way" — that has Beckstoffer so excited.

He describes the purchase as a potential watershed event, and says that it means much more than just the prospect of great cabernet sauvignon.

It is, he says, a sign that the grape growing and wine industries have reached a point where they offer as much return on investment as does large scale housing or retail development.

The policy of Napa County's general plan is that non-agricultural development be confined inside the county's five cities.

What the county's policy has meant is that as Napa Valley becomes ever more desirable a location — last month *The Wall Street Journal*, in an article headlined "*Nouveau Vintners Toast Napa's Real Estate Boom*," described the valley as "the nation's most prestigious wine-growing region" — proposals for upscale retail and housing developments within the cities have mushroomed.

Likewise, the wine industry is enjoying its own boom years. In its annual survey of the industry, released in April, St. Helena-based consultants Motto, Kryla & Fisher reported that the premium wine industry had record profits last year, and grape prices, too, are at new highs per ton.

. As Beckstoffer sees it, that signals a crucial development.

"For the first time, we're able to say that agriculture is the highest, best use of some our land that is under heavy urban pressure," he says.

The price wine grapes are commanding these days — as well as the fact that more often now grape prices are being tied to the price of the wine the grapes are used to make — is one of several key components in Beckstoffer's suggestion that the tide is shifting in favor of agricultural development.

"The thing that's important here is that we have now converted the high price of wines to the high price of grapes," he says. "We now have to bring that equation down to the land."

Wine industry analyst George Schofield agrees that for the foreseeable future, Beckstoffer can make the land pay for itself.

"I think we're out to the year 2005 or so before we have to worry about any surplus of grapes," he says.

Schofield notes that the current 35,000 acres of Napa Valley vineyard is the same as it was in 1993, and that the amount of grapes produced last year has dropped by almost a third from the 1992 production of 140,000 tons.

"I think he's (Beckstoffer) right in the short and mid term, and if anyone can see beyond that, my hat's off to them," he says.

### Where are the Limits?

Beckstoffer says that the purchase of the Vineland Station property "is the start of something big. For the people who want to keep the land here agricultural and open space, we're winning the war."

But not all would agree. "Property within the city limits should be utilized for the city's benefit," says local insurance broker Rich De Vita. "We have only so much land, if we keep on using land within the city limits, we're going to eventually have to move outside the city into agricultural land."

De Vita owns 55 acres of land in Pope Valley, 10 of which are planted to wine grapes. He says he is not sure whether Beckstoffer's bet that grape prices will remain high is that wise.

"The people are fickle," he says. "There is a good market for premium wines now, but I wouldn't want to say that cabernet is going to stay at \$2,000 or \$2,300 a ton."

De Vita echoes a common perception that the city's zoning ordinances can be extremely restrictive, and says that reducing the amount of land available inside the city for non-agricultural development will cause more problems than it will solve.

"It's been so hard to get anything done within the city because of the zoning, and I hate to see any more land taken away, even for agriculture," he says.

Others share De Vita's opinion, but among city officials, at least, the sentiment is with Beckstoffer.

"I think it's great," says Councilman Ken Slavens, who since the March 1997 city elections has repeatedly called for slowing the city's growth rate.

"Agriculture is one of the prime characteristics of our community, and I think it's real important that we maintain that as a feature of St. Helena," Slavens says.

St. Helena's general plan also encourages agricultural uses within city limits (see sidebar).

#### What the People Want

Even Beckstoffer acknowledges, though, that his vision of a future where agricultural development is as attractive financially as other forms of commercial development, depends on what the public wants.

A renewed emphasis on developing agricultural properties within city limits, he says, will only happen "when the people want to support it."

For his part, Slavens says he believes St. Helenans want more agricultural land. It's in their best interests, too, he says. Mentioning what is fairly considerable resentment among residents regarding the two subdivisions now being built on Hunt Avenue, he says, "I think the pressure for development in St. Helena is going to be there, probably even more so than it is today."

Beckstoffer is betting that public sentiment will create continued support for the kind of conversion to agricultural use he is pushing for — and that even if doesn't, his company's most recent purchase was the right one."

"I think we made a very sound business decision," he says. "We think we can do better economically growing grapes here than the people who want to build Safeways etcetera."