

Napa's Expensive Wine

Growers, Vineyards Seek Smoother Price Structure

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NAPA — While the connoisseur's palate may be the only true judge of whether this valley's grape is the best California has to offer, it remains the most expensive, both to buy and produce.

The 1977 harvest will be no exception and though neither wants low prices, growers and winemakers are talking about ways to put controls on what may be a dangerously fluctuating market.

In recent years some of the more profit-minded growers have taken a page out of the farm worker's book and started to organize, request what they think are better contract terms and negotiate prices as close to harvest time as possible.

Each of the county's 50-odd wineries, has its own style of paying for the grapes it crushes and the traditional practice of the major wineries has been to pay their growers sometimes as late as six months after harvest.

The price they pay then is based on an average of other area wineries.

That is still the case, to some extent, although a new state-mandated reporting system calls for prices to be published three months after harvest and the averages are now known earlier.

The only indication that growers have of the year's income when they pour their harvest into the crusher is a preliminary price list. Wineries traditionally have paid prices higher than the list but they are not bound to those figures.

A system that calls for a crop to be sold before the farmer knows its value may seem a bit strange, but that's the way things have been done as long as most growers and winemakers can remember.

One reason the system never changed is that no one ever got hurt. Robert Mondavi has been making wine in the Napa Valley since Prohibition when his father purchased the Charles Krug Winery in St. Helena.

Several years ago the younger Mondavi began his own facility in Oakville, just down the road.

"Prices have always gone up," he explains. "We've given the growers a price list and they say, 'We have faith in Bob. We'll just let the thing ride.'"

"But eight or nine years ago the properties changed hands. People came here from the



Midwest and from other areas. Things changed and for awhile we had quite an unhappy situation."

Mondavi was describing the influx of new growers that developed with the so-called "wine boom."

Consumers were finding that wine didn't come in "red, white and rose" and began demanding premium varietals.

Wine grapes had been grown in the Napa Valley since it was under Spanish rule but suddenly prune orchards and hayfields gave way to more vineyards and new plantings were as high as 4,900 acres a year.

That boom is levelling off now and last year more vines were pulled out than planted. But the makeup of the county's agricultural community has changed. Joining the families who had held vineyards a century or more were investment groups and southern California businessmen.

Slightly more than a year ago growers, many new arrivals, began to worry about their investments. The state had entered a severe drought and a short harvest was inevitable.

The local Farm Bureau, made up of not only growers but cattlemen and others, spawned the Napa Valley Grape Growers Association. The two groups share an executive secretary and the latter took over the job of organizing growers to demand negotiations with their buyers, something that had never been done on a group basis before.

President of the NVGGA this year is Andrew Beckstoffer who heads up his own growing and management company, Vinifera Development. His concern manages 2,500 acres for absentee owners and owns its own 700 acres, formerly a part of Beaulieu Vineyards.

Like much of the Napa Valley's wine industry, Beckstoffer's operation is a complex one dealing with a simple subject, the grape. His office is located in a modest frame farmhouse in St. Helena whose humble exterior belies the interior where art work, antiques and a computer system adorn the walls.

"We got started late last year," he admits, describing the formation of growers' committees.

However, he believes that the association was successful in winning prices higher than those originally set by the wineries.

"This year a lot of growers want committees at their wineries based on the experience of last year," he said.

He added, that although the practice is limited, some growers are moving their grapes from wineries that don't have committee representation to those that do.

Beckstoffer is quick to explain that the association's main goal is more communication with wineries rather than haggling over prices.

"Basically what we're saying is let's stabilize this thing. There's no point in putting the wineries out of business," he said.

While he admits that growers aren't happy about recent prices, especially with harvests cut short by the drought, they're more interested in cementing their relationships with wineries and improving the value of their grapes.

"Our main focus is to get a long-term contract. If a grower has to choose between a five-year contract with a decent return and selling his grapes for one year at \$1,000 a ton, I'd say take the contract."

The association, he said, also hopes to set new base sugar standards, and recommends that its members first sell to wineries that use a "Napa Valley" appellation.

However, each committee will go its own way, Beckstoffer said, "we've set them up to be independent."

The members themselves will retain their independence, too.

"I don't see a pooling of grapes, I see wineries and growers continuing to be independent businessmen. Growers are fairly independent people."

Last year, committees were formed at Mondavi's, Christian Brothers, Beaulieu Vineyards and Louis Martini wineries.

The Martini group dissolved with little success and the committee at Beaulieu has retained an attorney to negotiate with an attorney from Heublein, Beaulieu's parent company.

Talks did begin at Mondavi's and at Christian Brothers with both wineries raising prices. Whether that was due to the committees or high statewide prices is debatable, winery officials say.

Ren Harris, a grower, vineyard manager and president this year of the Napa County Farm Bureau, is chairman of the Mondavi committee.

It's the largest so far, mainly because Robert Mondavi has given the group a list of his growers, something the other wineries have declined to do.

Harris believes his group has made the most progress of any and said that talks are now underway on a proposal that could revolutionize the way grapes are paid for throughout the valley and maybe even the state.

What's being discussed is a plan that Mondavi says seems to work in the Champagne region of France, tying the price of grapes to the price of wine and eliminating to some extent the influence of supply and demand.

Harris said that what he would like to see is a breakdown of what portion of the selling price of a bottle of wine represents the grapes that went into it.

That percentage would then set the annual price of grapes so that if the price of wine goes up, so will the price of grapes.

Also, if growers' costs go up, so will the price of a bottle of wine, something Mondavi said could be inevitable if agriculture is to remain a sound industry in the Napa Valley.

Mondavi says he understands the growers' problems. "There have been low years and the grower wasn't making enough to pay his bills," he said.

Bob Dwyer, the NVGGA's executive secretary, wonders how many more low years the growers can take.

According to figures from the University of California, the Napa County assessor's office and a survey of 32 ranches, Dwyer said that it costs \$687 a ton to produce grapes.

According to the county's agricultural crop report, the average price paid in 1876 was \$390 a ton. While grape prices ranged from \$200 to more than \$1,000, most growers still lost money, he said.

Last year's crop was just short of 36,000 tons and this year, in spite of the drought, some growers are predicting 45,000, about 5,000 tons short of a "normal" harvest.

Prices will be higher, too, they say, but as they look to the City of Napa where even small three-bedroom homes sell for as much as \$50,000, they wonder how much longer their very expensive grape can compete.