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# A Grower Breaks Ground With a Winery Partnership

By Rod Smith

Andy Beckstoffer's mission has been to boldly go where no viticulturist has gone before. As one of the largest independent grape growers in the Napa Valley, he has long been an innovator in growing grapes, and in the business of growing grapes.

But not in making wine.

Napa Valley wineries purchase more than half the grapes they use from independents like Beckstoffer. Yet the growers don't often collect an equal share of the profits or the glory, especially when their grapes are used to make high-priced wines such as the top Napa Valley Cabernets.

Now, Beckstoffer has broken new ground in grower-vintner relations. He's entered an unprecedented long-term partnership with a Napa Valley winery that gives him an equal share of the profits and recognition on their \$75 to \$100 bottles.

The new model effectively creates a virtual wine estate. Two, in fact.

Merryvale Vineyards, a winery that doesn't own vines, has obtained exclusive long-term rights to the coveted fruit from two Beckstoffer vineyards. A pair of vineyard-designated Napa Valley Cabernet Sauvignons will be produced under a new label: Merryvale-Beckstoffer Vineyards.

One is made with grapes from Beckstoffer's Vineyard X in Oakville, on the west side of the valley. It's a luscious, concentrated wine with the elegance typical of Oakville Cabernet. It is scheduled for September release at \$75.

The other, labeled Clone 6, is a rare single-clone bottling from Beckstoffer's Georges III Vineyard on the eastern side of the Rutherford AVA. Clone 6 is an old Cabernet selection that was brought to California in the 19<sup>th</sup> century and then misplaced in an early UC Davis experimental vineyard. It was rediscovered in the 1960s but not propagated until the '80s. The scant five acres of Clone 6 in Beckstoffer's vineyard has yielded a powerful, textured wine with deep black fruit flavor. It will be released early next year at \$100.

The partnership has already released a third Merryvale-Beckstoffer wine, a wonderfully intense '99 Merlot from Beckstoffer's Las Amigas Vineyard in Carneros (\$50), which combines Pomerol flavor with California power. However, Merryvale does not have

exclusive rights to that fruit (Beherns & Hitchcock and Provenance also bottle a Las Amigas Merlot).

I tasted all three wines along with their subsequent 2000 and '01 vintages. Each showed consistent character through the shading of different growing seasons-the polished essences of Oakville, Rutherford and Carneros.

For three decades, Beckstoffer has been on the cutting edge of precision grape growing to meet the specific needs of client wineries. He's also been an innovator in the business of grape growing, most notably as an early and vocal advocate for the rights of growers. He currently sells grapes to more than 50 wine producers, including Acacia, Clos du Val, Stag's Leap Wine Cellars, Beherns & Hitchcock, Provenance and Paul Hobbs.

With the new Merryvale-Beckstoffer Vineyards wines, Beckstoffer has taken custom growing to a new level by effectively becoming a full partner in a wine-making enterprise. With an output of 840 cases total (eventually to top out at 2,000 to 3,000 cases), the two Merryvale-Beckstoffer Cabernets are drops in the bucket in the context of Merryvale's 120,000-case annual production and Beckstoffer's 3,000-plus acres of vines in Napa, Lake and Mendocino counties. Yet the highly unusual partnership makes them significant.

“A normal vineyard relationship is with a guy who farms grapes to a reasonable level of quality and sells them for the best price he can,” says Merryvale winemaker Steve Test. “Andy is much more interested in where the grapes go, in the intricacies of pricing, and in tailoring a particular set of rows in a particular block in a particular vineyard in order for it to end up in the most prestigious wine that he can find.”

The Old World model of prestige wines is based on the concept of the vigneron-someone who grows grapes and turns them into wine. The chateau in Bordeaux, the domaine in Burgundy, the estate in Sancerre-all are situations in which the winemaker has direct control of the vines, and the grapes are grown to be vinified in that specific cellar so the wines express the nature of that property. Traditionally, only ordinary table wines are made from purchased fruit.

A different paradigm has evolved in California. Here, the true estate winery is still relatively uncommon, while some of the most expensive wines are made by wineries that purchase grapes from independent growers. The Merryvale-Beckstoffer partnership shows that the New World model may yet merge with the European, with the winery-grower relationship emulating the chateau or domaine.

Beckstoffer was part of the modern revival of the Napa Valley wine industry in the early 1970s. But while other new-wave vintners such as Joseph Phelps and Warren Winiarski were building wineries, he acquired vineyards. His current portfolio of 1,000-plus acres in Napa Valley embraces some of the valley's best sites, including historic properties originally planted by wine pioneers such as Georges de Latour, Hamilton Crabb and George Belden Crane.

He's never had any desire to own a winery, he says. "Why should I? My skill set doesn't get into any sort of manufacturing process or consumer marketing. I get a big rush out of owning land."

When bottle prices for ultra-premium wines began to rise in the 1980s, Beckstoffer advocated a controversial notion of recognizing the grower's contribution to a winery's success by tying the price of grapes to the bottle price. He supports the general formula that a ton of grapes should fetch roughly 100 times the bottle price. For example, a winery charging \$100 a bottle should be paying \$10,000 a ton for grapes.

After an intricate equation that takes both partners' investments into account, each realizes a gross profit of 50% to 60%. That seldom happens, however, unless the grower has established some degree of name recognition.

Beckstoffer has that. His grapes are already important components in many high-priced blends, including Merryvale's \$90 Profile red wine blend. Yet Beckstoffer believes that the proliferation of more knowledgeable and appreciative consumers will make single-site wines increasingly more prominent than blended wines. "We're not looking for our grapes to be used in blending for someone's idea of perfection," says Beckstoffer. "We want to show off the site. It isn't about creating a Barbie doll by blending a lot of different wines with complementary qualities. This is the real beauty who happens to have a chipped tooth and is more beautiful because of it."

Current thinking among wine industry analysts supports that view. "There is a growing appreciation among consumers for where the grapes come from, for appellation and terroir," notes consultant Karen Coleman of the wine industry consulting firm Motto, Kryla & Fisher. "In that regard, there is an opportunity for growers to say that part of the success of a wine is based on the quality of the grapes, and a vineyard designation reinforces that."

Beckstoffer has long wanted a stable long-term partnership with a winery, he says. "I've been looking for partner wineries who express the sense of place of individual properties rather than blending," says Beckstoffer, "and who would be willing to share in the profit by tying the price of grapes to the bottle price."

Coincidentally, Merryvale owner Jack Schlatter (who became a partner in Merryvale in 1991 and sole owner in '96) had a dilemma: no vineyard. "We could either buy great vineyards," he says, "or we could develop relationships with great growers." Great Napa Valley vineyards don't often come up for sale; when they do, the cost can be upward of \$150,000 an acre. Yet it can be difficult to maintain consistent high quality buying grapes on the open market.

That particularly concerns a winemaker like Test. He's known for sumptuous red wines that are full-bodied and rich yet clear and finely structured, and that standard requires superb fruit. "We are absolutely mortally dependent on good growers, so when we find this kind of opportunity we take it," says Test. "I don't have to go to a meeting with a vineyard manager carrying a baseball bat to try to get him to do things that improve quality. In this arrangement both parties have an incentive to make the best wine possible."

Beckstoffer has always been in the position of selling fruit to multiple wineries. In fact, Merryvale has bottled Beckstoffer Vineyards-designated wines since 1992. Yet that wasn't a true partnership-the fruit wasn't grown specifically for Merryvale, nor did Beckstoffer have a stake in the success of the wine.

"It certainly is unusual to have the vineyard being so prominently featured on a label," Test says. "We're locked in a real embrace on this, and we hope it will be a good thing for both of us for a long time."