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# Napa – Small Scale, Big Change

BY ALDER YARROW



Image of the Stewart Ranch courtesy of Paul and Aileen Tarap.

*A micro future for Napa Valley could make quite a change to its character, especially for local farmers, and tourists.*

For more than 80 years, the journey up Highway 29 into Napa Valley has begun with the same view. To this day, as motorists make the turn off of Highway 12 from Sonoma or sweep across the Napa River and head north into the valley, the first sights they encounter are a set of green fields dotted with cows grazing placidly in front of an old white barn.

This pastoral scene, in the Carneros section of Napa Valley, provides an exceedingly rare glimpse into an agrarian past that few in modern-day Napa remember. Multi-generational family farms, especially those that grow anything but grapes, are all but extinct in Napa. But thanks to a measure passed by the Napa Board of Supervisors on 22 March, the few remaining such farms may have a new lease on life.

Those picturesque pastures at the entrance to Napa Valley (pictured above) have been in Ailene Tarap's family for four generations, ever since her great-grandparents bought the property in 1903. The Stewart Ranch, as it is called, was one of Napa's original local dairies, but now Ailene and her husband Paul raise a small herd of Belted Galloway cattle for meat, even as they struggle to keep the property afloat so they may pass it along to their children.

'Over the years we've been working to figure out how to avoid having the next generation forced to sell the ranch and develop it, but ultimately the cows are not going to make it', says Tarap.

Twenty years ago, Tarap and her husband struck a deal with a vineyard development company and put in 23 acres (9 ha) of wine grapes. But even the revenue from selling the fruit hasn't been quite enough to secure the future of the ranch. Like many growers before them, the Taraps eventually realised the opportunity to produce real income from their property would come not from growing grapes, but from making wine.

So, like many people who have family landholdings in Napa, the Taraps explored what it would take to start a winery.

'We looked into it', says Paul Tarap. 'We even went so far as to hire a consultant and interviewed architects. It quickly became obvious that it was out of the question.' The Taraps, understandably, weren't interested in spending their entire life savings on building a winery.

## Thwarted dreams

In 1983, Ken Nerlove and some friends purchased an old sheep ranch in Jamieson Canyon at the very southern end of Napa Valley, east of the Napa airport. At the time, there were no vineyards anywhere around that area but, inspired by the cool temperatures created by the nearby San Pablo Bay, Nerlove planted Pinot Noir and Chardonnay, eventually growing his plantings to 10 acres (4 ha). After 10 years of selling his grapes to others, Nerlove started his own label, Elkhorn Peak Cellars, making a few hundred cases of wine each year in a custom-crush facility.

Nerlove's daughter Elise grew up playing in the vineyard rows and after going to college and working in the food industry, she came back to the family business in 2014 and began exploring ways to grow it. Naturally, she considered the idea of starting a winery.

'There was a big folder in the back of my dad's filing cabinet with a sticky note on the front of it reading "\$3.2 million" with a big "X" through it', says Nerlove.

Despite her father's experience, and perhaps buoyed by the optimism of youth, in 2020 Nerlove nonetheless began the process of trying to secure a permit to build a small winery on her family's property.

'I filled out an application for a 1,000-gallon [38-hl] winery, and I was advised to come back with a winery plan closer to the 10,000-gallon size', laughs Nerlove. 'We've been in business for 30 years. There is no business plan where we ever make 10,000 gallons.'

## Patience and deep pockets

It may sound strange, but the Napa County permitting process has evolved to the point where it can support only the largest-scale winery projects. In many ways this is a case of good intentions having paved the road to hell. To understand why, you need to know about the two key pieces of legislation that make Napa what it is today.

In 1968 the residents of Napa Valley voted to establish the Napa Agricultural Preserve, a landmark that forever requires the majority of Napa's valley floor to remain agricultural land. Practically speaking, this legislation dictates that as development occurs within the core 38,000 acres (15,380 ha) of land between Napa and Calistoga (outside of defined city and town limits), new parcels of land must have a minimum size of 40 acres (16 ha). In the surrounding hillsides and mountains throughout the rest of the county that minimum is increased to 160 acres. This effectively means that these parcels are limited to only one residence and another guest cottage, while the rest of the land may be used only for agriculture and agricultural buildings.

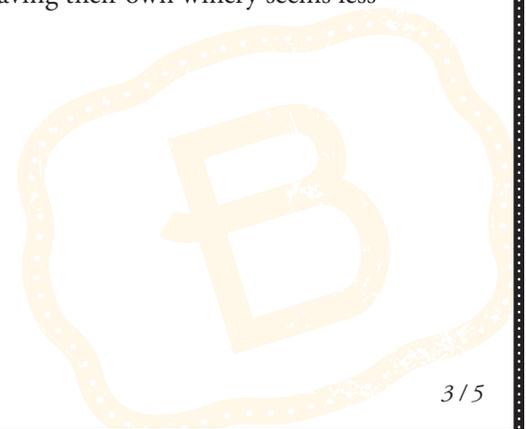
Then in 1990 came the Winery Definition Ordinance, which defined what a winery was, what it could and could not do, and the requirements for the establishment of new wineries. This convoluted piece of regulation, created when there were around 200 wineries in Napa and a tiny fraction of today's tourist traffic, specifies among many other things that the creation of new wineries can only be done on pieces of land larger than 10 acres (4 ha). In addition, this 14-page ordinance defines many parameters for wineries including the kinds of activities that are allowed, the size of production facilities relative to the overall parcel, and required setbacks from roads or highways. It also (somewhat maddeningly to anyone with today's sensibilities) includes such arcane limitations as the fact that wineries are allowed to display, but not to sell, pieces of art.

These two sets of regulation were deliberately drafted with the intention of limiting growth and development while preserving as much land as possible within Napa for agricultural use. And they have. On the one hand, they represent a spectacular success story, one that is directly responsible for Napa's having become one of the world's greatest wine regions instead of being a footnote in wine history. The Napa Valley could just as easily have been packed with vacation homes, or (as was once contemplated) had a massive interstate highway running through it.

On the other hand, these laws, combined with the county's strict building codes, result in an incredibly stringent set of literally hundreds of different requirements that must be met to merely make improvements to an existing winery, let alone construct a new one.

The cost in time, money and effort — by both winery owners and the employees and officials of the county planning commission — has become so great that only the largest, most well-funded projects ever have a hope of making it through the arduous approval process. This process, on average, runs to multiple years in length and costs in the millions, and sometimes tens of millions of dollars.

Sadly, the ramifications of this reality can easily be seen throughout Napa Valley, as the wine-country experience and the architecture that supports it grow ever grander while the dream of having their own winery seems less and less possible for small growers like the Taraps and the Nerloves.



## Persistence and possibility

This situation didn't sit well with Elise Nerlove and her father, and she quickly found dozens of other multi-generational Napa farming families who shared their frustration. Under Nerlove's leadership, these farmers banded together to create the [Save the Family Farms initiative](#), and after four years of working with county regulators, they managed to write, evangelise and successfully pass what is now called the Napa Micro Winery Ordinance.

'It is now possible for a grower who hopes to be a wine producer to put together a use permit application that is deliberately very small, to bring that forward to Napa County and to have that recognised that they are intentionally being small', says Michelle Novi, Director of Industry Relations and Regulatory Affairs for the Napa Valley Vintners Association. 'They're not going to be encouraged to size up, or be required to put in septic facilities sized for a 20,000-gallon facility.'

This new regulation defines a micro winery as one that produces between 201 and 5,000 gallons of wine each year (75% of which must be grown on site) and which receives an average of 10 vehicle round-trips or fewer to its property each day (inclusive of employees and winery visitors). Such a winery is not allowed to hold any marketing events, nor is it allowed to expand its production without revoking its permit and going through the full approval process for a larger facility.

The new regulation notably makes no changes to the infamously stringent Winery Definition Ordinance. But it does allow anyone who has at least a 10-acre plot and wants to build a little winery and receive a couple of visitors per day to have their permit application reviewed and approved by the county's zoning administrator, rather than the full planning commission. While this may sound like a small change, it will likely save these applicants months of time and perhaps hundreds of thousands of dollars. The ordinance has been crafted as a three-year pilot, providing the opportunity for the county to shut it down if for some reason it proves problematic.

## It's all about the tasting room

Hannah Rahn's family home sits on 20 acres (8 ha) of prime land in Napa Valley, five of which are planted to Cabernet Sauvignon. Her father, a viticultural consultant, planted the vineyard and has been selling most of the grapes to wineries.

'In 2008 my father started the Rahn Estate wine label and hired a consulting winemaker', says Rahn, 'but without a tasting room it was hard to sell DTC [direct to consumer]. The wine was great, but without a viable way to sell it, we just put a pin in the project.'

Building direct relationships with consumers isn't easy, but the proven model for doing so begins with a tasting room which, according to the Winery Definition Ordinance, must be attached to a production facility if it is to sit anywhere within the Agricultural Preserve. The Micro Winery Ordinance opens up a path towards small-scale commercialisation that has effectively been unattainable until now.

'This initiative was exactly what we needed', says Rahn, who manages a wine laboratory but has also begun consulting as a winemaker. 'There are a lot of small businesses in the valley who want to sell wine to consumers the way it used to be. Come on over, take a walk through the vineyard, sit down with the winemaker and taste the wine.'

‘People come to Napa and they don’t know that it’s actually illegal for you to sit at a picnic table in a vineyard with a farmer and taste wine without a production facility attached’, says Nerlove. ‘The Micro Winery Ordinance has the chance to change the landscape of Napa tourism while allowing small businesses to have a place in the community.’

No one knows exactly how many small-scale growers like Nerlove, Rahn and Tarap there are in Napa Valley, nor how many of them might want to become micro wineries now that the option is open to them. Twenty-five growers participated actively in the process of raising awareness, gathering support, and crafting the new ordinance. Nerlove thinks there are likely several dozen more who were content to watch from the sidelines.

From the standpoint of a small family business, it is still going to be expensive and timeconsuming to file for a winery permit in Napa, even with this new expedited process, so Nerlove doesn’t expect a tidal wave of applications when the ordinance comes into effect next month. But the importance of this change can’t be underestimated in a valley where people like to joke about how the millionaires are now being displaced by the billionaires.

Eric Lamb, another grower who supported the Save the Family Farms initiative, puts it this way: ‘The ability to do this and not have to be some mega corporation, is simply awesome.’

As for the Taraps, they think few things are more awesome than the prospect of winetasting with cows.

