



Friends of the Gualala River

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<http://www.codorniu.es/contacto.html>

April 27, 2011

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We, Friends of the Gualala River, Sonoma County, California, USA, in alliance with the undersigned environmental organizations and individual citizens, respectfully request that you withdraw the Artesa Napa “Fairfax” vineyard project proposal from the Gualala River Watershed.

Artesa Napa has proposed to clear-cut 146 acres (59 hectares) of coastal redwood forest above endangered salmon streams to develop new vineyards that would permanently eliminate forested watershed area. The proposed vineyard site and its existing forests and meadows are highly visible from the adjacent main road in the area.

This proposal originated in 2001, when exuberant expectations prevailed for the luxury Pinot Noir wine grape market in California. Circumstances are dramatically different now. Northern California wine grape market is glutted. The market for wine grapes has crashed. The foreseeable U.S. luxury wine market has declined far below past inflated, speculative expectations. Many Sonoma County vineyards are now for sale. The economic premises for this project are now obsolete. Please read the attached published news article excerpts and links that report the major economic changes in the California wine industry since 2008.

Friends of the Gualala River, and the undersigned allied organizations, oppose the conversion of redwood forests to vineyards above our river, including the Artesa “Fairfax” project. We believe you have comparable profitable alternative locations available to you for vineyard development that do not require permanent destruction of redwood forests or degradation of salmon streams by conversion to intensive agriculture. We do not believe it is in the interest of Codorniu to tarnish the otherwise excellent U.S. reputation of its Artesa label with adverse publicity of an environmentally egregious vineyard carved out of California redwood forests.

The dire circumstances that these coastal watersheds now find themselves in are due in large part to the very type of actions you propose in your project. Only 5% of old growth redwood forests remain after destructive logging and forest loss that started over 100 years ago. The remaining forestlands, of which the Artesa parcel is a part, are struggling to recover from this past and present mismanagement. Their survival is the key to restoring the whole ecosystem with its many plant and animal species. The salmon are one of these key species and they are in danger of going extinct in our river. As you might know, the commercial salmon fishing season has been cancelled for the past two years in a row after a severe crash

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in California salmon stocks. The Artesa project will destroy many acres of forest and replace it with monocrop agriculture. This is the last thing that this recovering ecosystem needs at this crucial stage of its recovery. Please consult our website for an itemization of all the environmental damage stemming from forestland conversion.

The California state environmental review process for this outdated project has also revealed that the proposed project location contains highly significant cultural and archeological resources belonging to native Pomo people, and may contain human burials (graves) of Native Americans. Elders of the local Native American Pomo tribe, the Kashia Pomo, still live here. They have publicly stated that the land on which your company proposes to develop a vineyard is spiritually important to them, a blessed place. Please read their words in the attached published article, which is has been in wide circulation in the San Francisco Bay Area. We do not believe it is in the interest of Codorniu to tarnish the reputation of its Artesa label with public disregard for spiritually important sites of Native Americans.

The inherent environmental problems of the "Fairfax" vineyard proposal's location and design are indicated by the extremely slow pace and high unpredictability of its environmental analysis and permit process, which has taken an unprecedented length of time - nearly 10 years so far. There is little chance that the pace of the permit process will hasten in the foreseeable future. Furthermore, because of the high level of public controversy and irregularity of the permit process, we believe the project is highly likely to be vulnerable to legal challenge and growing adverse publicity.

We strongly recommend that you limit your exposure to the adverse affects stemming from the economic and environmental risks of this project proposal by withdrawing it or seeking an alternative location.

We further recommend that you consider selling or otherwise conveying the land ownership to a land trust or conservancy for the benefit of environmental and cultural conservation. With that action, we would endorse and publicly praise Codorniu and Artesa for their environmental leadership in protecting the unique Fairfax forestland and the species that depend on it for their survival.

Sincerely,



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REFERENCES and EXCERPTS

Sonoma County Gazette, "Pomo Elders Speak", October 1-November 4, 2010

<http://wineindustryinsight.com/?p=16414>

<http://www.gualalariver.org/vineyards/Pomo-elders-speak-out.html>

Santa Rosa Press Democrat, February 10, 2011. **Harvest takes \$142 million toll on North Coast growers**

<http://www.petaluma360.com/article/20110210/BUSINESS/110219952/-1/PT07?p=all&tc=pgall>

excerpts:

Still, the combination of falling grape prices and a smaller harvest in 2010 cost Sonoma County growers \$88.4 million last year, according to a preliminary government report released Thursday.

grape prices continued to decline last year as wineries cut back on production, and instead focused on reducing stockpiles of wine in the face of reduced consumer demand.

"That has a ripple effect through our economy," said Nick Frey, president of the Sonoma County Winegrape Commission. "It will be felt by local suppliers, lenders and others servicing the grape industry."

The value of the North Coast grape crop fell to \$902.7 million last year, down from \$1.05 billion in 2009. Sonoma County growers suffered the biggest hit, receiving \$370.5 million for their fruit last year, down from \$458.9 million in 2009.

The bigger concern for North Coast growers is that grape prices continued to decline last year as wineries cut back on production, and instead focused on reducing stockpiles of wine in the face of reduced consumer demand.

The lower demand for high-end wine, a result of the recession, sent grape prices tumbling.

Between 35 percent to 50 percent of Mendocino County grape growers lost money in 2010, and perhaps between 20 percent to 25 percent of those in Sonoma County had losses too, Proctor estimated.

Those widespread losses have some growers wondering if they should farm this year.

"We've got guys from Mendocino calling me and asking if they should even prune their vineyards," Proctor said. "We ask them how much risk they can take."

Santa Rosa Press Democrat, October 27, 2010

<http://www.petaluma360.com/article/20101027/ARTICLES/101029530/0/PT07?p=all&tc=pgall>

“The recession has led to a crash in grape prices, which has compounded the misery for growers. Some growers have decided to let their healthy fruit rot rather than sell at the rock-bottom prices being offered by buyers.’

“When the summer did finally warm up, it did so in dramatic fashion with a blast of scorching heat. For two days in August, temperatures spiked well above 100 degrees and entire vineyards were lost.”

Santa Rosa Press Democrat, August 28, 2010

<http://www.petaluma360.com/article/20100828/ARTICLES/100829453/-1/PT07?p=all&tc=pgall>

20 percent: Estimated amount of the 2010 Sonoma County grape crop that remains unsold.

190,000 tons: Predicted yield of this year's crop, about 5 percent below normal.

\$1,000 to \$1,800: Price per ton growers received from buyers in recent weeks; with some varieties netting even lower.

\$2,240: Average price per ton Sonoma County farmers received in 2008. Varieties such as pinot noir fetched an average \$3,170 a ton.

Already growers are comparing the harvest to 1974 and 2000, when grape gluts combined with economic downturns to roil the wine-grape market.

“I've never experienced anything like this,” said Duff Beville, a veteran grower and founder of Beville Vineyard Management in Healdsburg. “Everybody likes to compare it to the Depression. It's not, but it's the closest thing to date.”

Growers who managed to find buyers in recent weeks received prices between \$1,000 and \$1,800 a ton — and even lower, depending on the variety, according to some farmers.

“Some of the growers can't stay in the business at these prices,” said Brian Clements, a wine broker at Turrentine Brokerage in Novato. “The price decline ... has been huge.”

In 2008, Sonoma County farmers got \$2,240 per ton on average, with varieties such as pinot noir fetching an average \$3,170 a ton.

Santa Rosa Press Democrat, September 9, 2009 - Makers of high-end wines caught in 'dead zone' [Makers of high-end wines caught in 'dead zone'](#)

... a critical mistake — he assumed California's high-end wine market would continue its inexorable march upward.

He found out how wrong he was last fall, just as his \$100 wines were trying to gain traction in the market. The economy was in free fall, housing prices were plunging and consumers were pulling back sharply, eating out less and shunning luxury goods.

a powerful shake-up under way in the U.S. wine industry. Consumers who for decades have been steadily trading up to higher-priced vintages have reversed course, trading down to cheaper wines in search of better values.

Some think the reversal will be short-lived; others say something has fundamentally changed in the wine business.

“There is permanent shift in the consumer's perception of the value of wine,” said Robert Nicholson, principle of International Wine Associates in Healdsburg. “We would be naive if we did not realize that was not happening before our very eyes today.”

The sudden retreat is leaving behind plenty of casualties.

Inventories at high-end wineries are building. Wine club memberships are being canceled as consumers lose their jobs or cut back expenses.

Layoffs have hit major wine companies like Constellation, Fosters and Kendall-Jackson.

Grape growers are watching prices plunge 30 or even 40 percent compared to last year's record prices. Sonoma pinot noir that sold for \$2,800 a ton last year might today sell for \$1,800, according to brokers.

And an increasing number of wineries and vineyards are going on the block.

“There are more wineries that are in the process of selling than at any time in my memory,” said Rob McMillan, founder of Silicon Valley Bank's wine division.

The shift is good news for many low-cost producers, such as Central Valley producers E&J Gallo and Bronco Wine Company, both of which are seeing sales soar. But for the North Coast, the heart of the U.S. fine wine industry, it's a far different story.

The majority of the region's wineries are small, family owned operations selling much, if not all, of their wines above \$20.

Sales of those wines are off as much as 15 percent this year, said analyst Jon Fredrikson, partner at Woodside-based Gomberg, Fredrikson & Associates.

For those selling wines over \$50, the landscape looks even bleaker.

Many wines from \$50 to \$125, of which Sonoma and Napa has plenty, are in a “dead zone,” McMillan wrote in his April “State of the Wine Industry” report.

Of all winery operators surveyed for the report, those in Sonoma and Napa were the most pessimistic about their prospects in 2009, McMillan wrote.

The second-quarter results showed that pessimism was warranted, said Fred Reno, chairman of the Henry Wine Group in Benicia, a distributor of many high-end imported and domestic wines.

“In my opinion, this was one of the worst quarters that anyone has seen in the fine wine business ever,” Reno said. “The consumer has totally traded down and I think wineries are kidding themselves if they think this is a one- or two-year deal. This is a three-year deal, “Unfortunately, it's going to be a real slow comeback,” he said.

That's because consumers are unlikely to return to their freewheeling spending habits anytime soon, even if the economy does recover, industry experts agree.

With so many good wines being made at affordable prices, both in the U.S. and abroad, consumers who go hunting for values will inevitably find them.

“Consumers are now saying, ‘I traded down, and guess what, I found good wines,’” said John Gillespie, president of the Wine Market Council, which studies the habits of U.S. wine drinkers.