

August 2004– Portland City Club

Land Use

Speech by Jason Lett

I manage the Bishop Creek vineyard, which is located about an hour from downtown Portland near the town of Yamhill. Urban Wine Works, located here in Portland, is our fruit stand. We've set up on a busy street for two reasons: to sell the produce we grow and to get consumers as involved as we can in the nuts and bolts of growing wine in Oregon. Welcome to our fruit stand.

I have grown up in Oregon's wine industry and I am proud to be among Oregon's second generation of grape growers. I was born in 1969, the year before Oregon's first Pinot noir vintage, and I've been involved ever since. The industry, at least, is still relatively young, but it has changed a great deal. In its early days, a handful of visionaries migrated here to make wine in the Burgundian style on a bohemian budget. Their variety of choice was Pinot noir, and Pinot noir has put Oregon in the international spotlight. Starting with my father's wines in the 1980's, I'm proud to say, Oregon pinot noir has continued to command high scores in competition with the world's Pinot noir. Today, Oregon produces more than 1.2 million cases of wine annually. Wine sales account for 200 million dollars of annual revenue, and grape sales account for 32 million more. In the nation and around the world, Oregon wine has come to represent the superb quality of all of Oregon agriculture.

The reason that Pinot thrives in the Willamette Valley is our climate. Cool wet springs charge the soils with water. Warm summer days ripen the fruit and cool nights protect the flavors. A (usually) reliable Indian summer creates good conditions for final ripening and picking.

So Pinot thrives because of our climate. And the wine industry is thriving, too - it has more than doubled in the last 10 years, and continued to grow even in the recent economic downturn. This kind of economic growth has been possible in great measure because of Oregon's current land use laws. Our state's controlled approach to growth has 3 groups of major benefits to the wine industry, and to Oregon's agriculture in general.

These are:

Reducing conflicts

Preserving the unique structure of Oregon's agricultural landscape

Economics

Reducing Conflicts

Where two drastically different land uses occur side by side, issues arise. Most of Oregon's grapes are planted smack in the center of Oregon's most populated region. Many people move out to farm country from the city seeking a bucolic experience. The land which so appeals to them as scenery is our workplace. We often start tractor work at dawn. Workers play radios to break the tedium. When we mow, we make a lot of dust. We slow traffic on the local roads when we haul fruit and move equipment. At harvest time, we employ noisemakers to scare birds away at sunrise and sunset. All this takes its toll on our residential neighbors, and sometimes they take a toll back. A certain portion of our time every year is spent smoothing things over with the non-farmers who live near us. More dense residential development exacerbates the problem and increases our costs of doing business.

A clean transition between the country and the city has a second effect – it increases tourism. I'll let you in on a secret: people don't visit wine country for wine. Here at Urban Wine Works, or a short walk away in downtown, you can buy some of Oregon's most exclusive labels. No, people come out to the wine country to have a deeper experience, to meet the winemakers, see the vines, and above all, feel that they are someplace unique and different from where they came from.

Many Washington county wineries have found themselves in a bind – while they are closer to Portland than Yamhill county wineries, they have a harder time attracting tourists to their tasting rooms. Ponzi Vineyards, which is located near Tigard, built a new tasting room a few years ago. But they didn't choose to build in Tigard; they built it in Dundee. Yamhill county's open spaces have become an attraction which draws people to come to the wineries, eat at the local restaurants, and stay in the hotels.

So those are the interface issues – fragmented farmland leads to greater costs of business from friction with residential neighbors and decreases revenue by decreasing tourism.

Structural Issues

Oregon's farm parcels have been historically small, and land use planning helped preserve small farms. 1/3 of Oregon's working farms are 50 acres or less. Western Oregon has large, contiguous zones made of small patches of farmland. Our small "patch" size has had 2 benefits: it has decreased the chemical inputs we have to use, and it has increased the individuality of our wines.

The Bishop Creek vineyard is surrounded by a diverse set of farms. Our adjacent neighbors grow hay and livestock. Our vineyard is backed by forest, and bordered by riparian areas.

The diversity of farm land in our area has increased the populations of beneficial predators. Raptors in the trees above the vineyard, and the bobcat that lives in the field below, have helped keep local populations of pocket gophers in check. In 2003, we did no trapping. The hayfields and riparian zones around us harbor beneficial insects, which alleviate the need to spray insecticides.

The preservation of small holdings of farmland in the valley has helped to encourage the amazing diversity of Oregon's wine styles. Anyone who's tasted much Oregon Pinot knows what I mean – there is a lot of diversity of style, and a lot of individuality expressed in each wine.

One of the reasons that Oregon wines rank so well against those of other regions is that Oregon winegrowers work hands-on with their vines. Having small plots of farm land available has allowed dedicated amateurs to buy land and to become professionals as they gain experience. What makes it possible for them to make this investment is affordable small acreage. And the wines they produce are turning heads around the world.

Land use laws reduce friction and help create a structure which reinforces sustainability and encourages a hands-on, high quality approach to winemaking.

Economics

Sustainability and a hands-on approach are important to our industry. But the life and death land use issues for winegrowers and farmers are economic. Wine growing is like any other industry. In order for it to grow, it has to have access to a plentiful and stable supply of high quality raw material... In our case grapes, and by extension, the land they grow on.

Oregon's contiguous zones of small farm parcels have allowed wine entrepreneurs to capitalize efficiently. When I say capitalize efficiently, I actually mean "start small". The growers of my parent's generation had no choice – banks wouldn't loan them money. But, as the pioneer growers began to achieve success, they were able to take their earnings and buy adjacent parcels

The MOST important contribution of Oregon's land use policies to the wine industry is that those adjacent parcels were there to farm.

A perfect case in point is the Red Hills region. In the 1960's my father, David Lett, drove around the north valley, looking for the perfect site. He kept an auger in the trunk of his car, and when he saw a likely slope he'd surreptitiously dig a hole and check the soil profiles. He finally found exactly what he was looking for – a southeast hillside exposure

with a gentle slope and moderately fertile soils. It was called the Red Hills of Dundee.

There was only one drawback: his chosen site was only three miles from the bedroom community of Dundee, which was rapidly expanding his direction. We knew that the land was some best grapeland in the world, but the planners at the time didn't. The red hills were seen as having minimal farm value. They were slated to be developed into 5 acre residential parcels. The expansion of residential development deeper into the Red Hills would have crippled the budding industry.

We established our vineyards and crossed our fingers. And we were very lucky. The introduction of Oregon's land use laws in 1973 brought a new growth pattern to towns like Dundee. They continued to grow, they did so in an organized way. Oregon's conservative approach to land use has left us with a bank account of valuable farmland for growers to invest in.

In the late 1980's, the reputation of Oregon pinot noir attracted the French firm Domaine Drouhin to a site just up the hill from my family's vineyards. They planted 100 acres of grapes and invested an estimated \$12 million dollars in a state of the art winery. Drouhin's capital investments have been followed by even more extravagant outlays. In the 1990's Archery Summit and Domaine Serene invested a rumored \$40 million in their winery buildings alone – that doesn't count the investments made in their vineyards. And in the last year, Oregon has seen the California Public Retirement System developing of hundreds of acres of Oregon vineyards.

In the Red Hills area, vineyard land has become the most valuable ag land in the state, fetching between \$10,000 to \$100,000 per acre on the real estate market. The land is productive both in fruit and cash, with some vineyards generating \$10,000 dollars an acre in fruit sales, and many others doing even better by making finished wine.

Yet the success of Oregon vineyards has not insulated vineyard land from development pressure. \$50,000 an acre is a lot for ag land, but it's peanuts for a building lot. I have a friend whose nice little Red Hills vineyard was ripped out and replaced with houses, in a Dundee development called Falcon Crest. Now, to be fair, my friend did plant within Dundee city limits. However, the example does show what happens when farm and residential uses collide: even valuable farmland loses.

Because of land use laws, Oregon's grape growers were given the chance to prove to the world what other farmers knew already – that Oregon produces some of the most intensely flavorful fruit in the world. Oregon pinot noir has had enormous success in its first 40 years. But there are more innovations yet to come

Oregon's last five vintages have been much warmer and dryer than was typical in the past. As a result, high, cool sites have become more sought after. Exposures which would have been considered risky 15 years ago are now receiving heavy investment.

As a new generation of growers comes onto the scene, new varieties are coming on line. Riesling, for example, long a 'fringe' variety in northern Oregon, is starting to gather more attention. Warm climate varieties like Syrah and Cabernet are taking off in the southern and eastern parts of the state. Varieties A to Z, Auxerois to Zinfandel, Oregon has a whole spectrum of varieties yet to play with. And each one will require its own combination of soil, slope, and microclimate to achieve its best flavor. Having the land available to develop these new varieties is crucial to maintaining Oregon's edge in the world of wine.

As a second generation wine grower, I am deeply grateful to the people of Oregon for the past decisions they have made about how they want to use their land. The success of my generation of growers, and that of the generations to come, rests, every election, on you. We depend on Oregonian continued commitment to farms, and to the economic benefits farming brings to our state. Please continue to support thoughtful land use in Oregon.