

Martinelli's deal preserves Pajaro Valley apple orchard



SHMUEL THALER — SANTA CRUZ SENTINEL

Workers prop up apple tree branches at Resetar Bros. Farming's Amesti Road orchard Wednesday.

Juice-maker aims to ensure local fruit supply for signature product

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WATSONVILLE » For years, John Martinelli watched apples lose ground to berries in the Pajaro Valley.

Now the president of the Watsonville juice company that bears his family name is acting to preserve remaining orchards.

Wednesday, Martinelli announced a deal that will keep 175 acres producing apples for the company's signature sparkling juice for at least another 10 to 15 years.

"This is such a big deal for us and further underscores our long-term commitment to the Pajaro Valley," said Martinelli. "We intend to look at similar opportu-

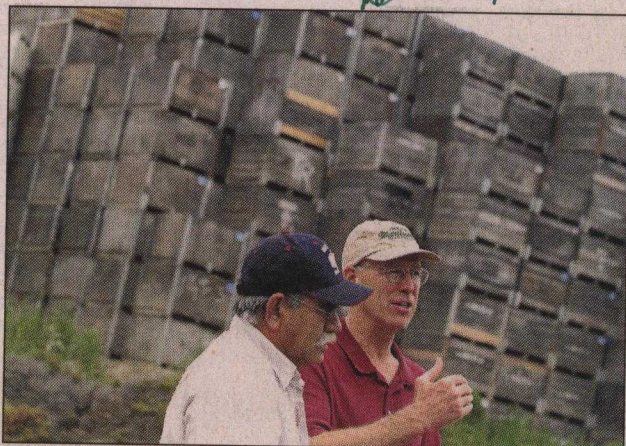
nities as they arise in future years in order to secure a portfolio of key apple orchard properties in our tri-county area."

The four-party transaction involved the sale of two ranches from the Resetar family to a farmland investment portfolio managed by an arm of the Swiss banking giant, USB. In turn, USB Global Asset Management leased the land to Martinelli's, which subleased the orchards to Resetar Bros. Farming Co. Resetar has agreed to continue farming apples and selling to Martinelli's.

The price of the property was not disclosed.

The two ranches were between Freedom Boulevard and Amesti Road, an area east of Watsonville increasingly covered in raspberries

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A mountain of Resetar Bros. apple crates rises above John Martinelli, right and Resetar Bros. Farming farm manager Anselmo Rivas.

Orchard

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and blackberries planted under hoop houses. Financial pressures likely would have pushed the Resetar orchards in the same direction. Berries are more lucrative. In 2013, for example, an acre of raspberries grossed \$57,801 on average, an acre of apples, \$5,591, according to the Santa Cruz County crop report.

"No question, what would have happened," Martinelli said. "It would have been hoop houses."

But Martinelli said though the Resetars, the descendants of a pioneering Pajaro Valley family, wanted to sell, they were still interested in growing apples. So they approached Martinelli about a possible purchase, and wanting to



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Resetar Bros. apple orchard and stacked apple crates rise above a neighboring berry field on Amesti Road on Wednesday.

preserve capital for other company investments, he contacted USB. Because the orchards, planted in the 1970s, are in their prime, and produce high yields, the finances worked out.

"It's a match made in heaven," Martinelli said.

"(USB) gets a secure income, we get the apples and (the Resetars) get to continue to farm. Each of us is doing what we know best."

With this latest transaction, S. Martinelli and Co. has secured leases on close to 475 acres, nearly a quar-

ter of the Pajaro Valley's surviving orchards.

A century ago, the valley was a global center for apple production with a million trees covering 14,000 acres. Annual fairs celebrating the crop drew thousands of visitors to Watsonville. Today, only about 2,000 acres of orchards remain, some with less productive older trees, Martinelli said.

"We're not going to be able to save them all," he said. "(The Resetar orchard) is the best in class in terms of yield."

In addition to ensuring a steady supply of local apples for the processing plant on West Beach Street, the deal protects the beauty and heritage of the Pajaro Valley, Martinelli said. Apple orchards also require less irrigation than berries, and so put less stress on groundwater supplies, he added.