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Silent partner in project to transform Sonoma Developmental Center has won admirers, detractors over 50 years

Chad Surmick / The Press Democrat

Sonoma Developmental Center athletic fields along Arnold Drive looking west from the state owned former mental institution at Eldridge in the Sonoma Valley near Glen Ellen, Wednesday, May 10, 2023. (Chad Surmick / The Press Democrat)

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PUBLISHED: November 29, 2025 at 7:30 AM PST | UPDATED: November 29, 2025 at 7:31 AM PST

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In September 2005, a Stockton-based developer known as the Grupe Company paid nearly $500,000 to Riverbank, a town in Stanislaus County with about 20,000 people at the time. The money would allow the city to update its general plan. One public policy professor said at the time that he'd never heard of a private business funding a general plan, which serves as a blueprint for growth and land use.

The final study proposed three alternatives for Riverbank, all of which carved out specific benefits for the Grupe Company. After an outcry by residents, the Riverbank City Council approved a plan that would slash proposed Grupe development by half. Months later, the developer announced it was no longer interested in paying for the update.

It was a "valuable lesson in developer tactics," as a Modesto Bee editorial put it at the time, that would seem to have nothing to do with the North Bay.

But the Grupe Company is on the verge of becoming an important player here, too. It makes up half of Eldridge Renewal LLC, the partnership selected by the state to redevelop the historic Sonoma Developmental Center campus at the western edge of Sonoma Valley.

While Eldridge Renewal has invited plenty of scrutiny from Sonoma Valley residents resistant to large-scale development at the revered SDC site — a former institution for the developmentally disabled closed by the state at the end of 2018 — most of that attention has fallen on the corporation's local partner, Napa developer Keith Rogal. Much less is known here about the Grupe Company.

Beth Schlanker / The Press Democrat file

Keith Rogal at his townhome located at Carneros Resort and Spa in Napa, Wednesday, Nov. 29, 2023. (Beth Schlanker / The Press Democrat file)

Over the past 50 years, Grupe has risen as a powerful builder, largely reshaping the look of Stockton, taking on major projects across the country, spinning off additional companies — and winning both admirers and detractors every step of the way.

The company's chief operating officer, Jeremy White, declined an interview but provided written comment to The Press Democrat.

"Grupe is proud to partner with Keith to acquire the former Sonoma Developmental Center from the State of California in order to redevelop the property," White wrote. "Our shared goal is to deliver a balanced, mixed-use community that addresses the region's urgent housing needs while preserving open space."

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Rogal had never worked with Grupe before teaming up on the SDC bid.

When the state published guidelines for SDC project bids, Rogal said, it required candidates to have completed other projects of a similar scope. The plan currently being evaluated at SDC calls for 990 housing units, 130,000 square feet of commercial space and a 150-room hotel.

Courtesy of Eldridge Renewal

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A site map of the proposed future transformation of the Sonoma Developmental Center property. (Courtesy of Eldridge Renewal)

"While I have been working intently in this area, and have been involved in walkable urbanism for a long time, I haven't done many projects at this scale," Rogal said. "Hardly anybody has. But Grupe has."

The Stockton company, according to its own promotional material, has developed 23 master-planned communities, with over 50,000 single family lots, 15,000 apartment units across 100 communities, and 2.6 million square feet of commercial and retail projects.

Many large companies tend to specialize, Rogal said, focusing on aspects of the trade such as political maneuvering, urban infill or retirement communities. Grupe's abilities are broader.

"I knew Grupe would understand the real obligations, costs and issues of development at this scale," Rogal said.

Big deals, and lawsuits

But not everyone has similarly embraced the company.

Seeking to shed more light on Grupe, one group of Sonoma Valley residents hired a private investigator to conduct opposition research on the company. A source shared the investigator's report with The Press Democrat on condition of anonymity.

The meticulously footnoted document offers no real revelations, drawing almost entirely from public records such as media accounts and legal filings. But it paints a colorful picture of an operation that has wielded tremendous influence over the past half-century, especially in the upper San Joaquin Valley.

Over 250 people gathered at the Sonoma Developmental Center to express their dissatisfaction with the current plans for developing the grounds around Arnold Drive. (Robbi Pengelly/Index-Tribune)

The Riverbank general plan story is one episode recounted in the report. Among others:

- Greenlaw Partners LLC, a Grupe spinoff headed by Wilbur Smith, a nephew of company founder Greenlaw Grupe Jr., was named in an investigation into Orange County political corruption, as reported by real estate news source The Real Deal in 2023. According to the 300-page report stemming from that probe, a director of economic development for the city of Anaheim alleged that the former mayor — Harry Sidhu, who served two months in prison this year after pleading guilty to obstruction of justice — instructed her during land-sale negotiations to "figure out how Greenlaw gets that deal."
- In 2004, the cities of Stockton and Lodi wound up in a dispute over farmland and open space that Lodi was seeking to preserve. The Lodi News-Sentinel denounced Stockton's efforts as "a land grab," and several outlets insinuated it was done at the behest of the Grupe Company.
- Grupe in 1999 announced a plan to divert 2,900 acre-feet of water from the Delta-Mendota Canal, a key San Joaquin Valley waterway, for a development project in Tracy. A Modesto Bee columnist compared the scheme to the seizure of Owens Valley water depicted in the movie "Chinatown." Grupe allegedly filled the Widren Water District board with company executives to ensure the diversion.

Over the past five years, various Grupe-affiliated companies — roughly 150 are currently active in the California Secretary of State's database — have been sued several times for fraud or breach of contract.

White, the COO, downplayed these bouts.

"There are inaccurate claims about Grupe circulating from opposition sources," he wrote. "These have no bearing on the Sonoma project and do not reflect our company's long record of responsible development and ownership across California and many other states."

Major footprint in a port city

To take stock of the Grupe Company, you need to understand the recent history of development in and around Stockton, argued one seasoned observer.

"Stockton is a different place than Sonoma," said Eric Parfrey, a retired city planner who has been active in Sierra Club campaigns for three decades. "It has a long history of political corruption. And until the last 20 years or so, developers didn't feel the need to engage the public. They more or less dictated."

AP Photo/Rich Pedroncelli

In this photo taken Wednesday, Aug. 14, 2019, a visitor takes in the view of the waterfront in Stockton, Calif. (AP Photo/Rich Pedroncelli)

Grupe has been a big fish in that tank. But the whale was A.G. Spanos Companies, which became one of the nation's largest apartment developers under billionaire founder Alex Spanos.

And Grupe looks good in comparison, Parfrey contended.

Spanos Companies, he argued, "took a hard-nosed position, tried to buy seats on local councils. They weren't hesitant to throw their weight around." In contrast, Grupe "had a reputation for being the much more professional organization, interested in developing master plan communities."

Parfrey had his own fights with the developers. Representing the Sierra Club in 2007, he filed a lawsuit against what he called "a monstrous overreach" by the Stockton City Council, which sought to roughly triple the size of the city in an updated general plan. With intervention by Jerry Brown, at the time California's attorney general, they reached a settlement that drastically reduced the footprint.

Parfrey vaguely recalled the fracas over the Riverbank general plan, too. But he cautioned against holding it against Grupe now.

"You're talking about 20 years ago," he said. "That's not ancient history for me, but in terms of how the whole development scene has changed in California, it is."

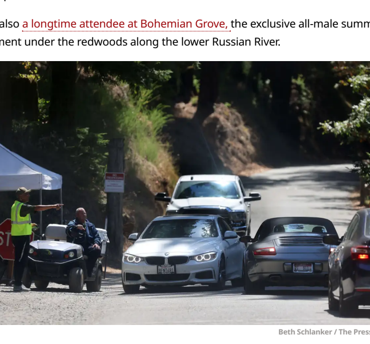
Company rooted in family leadership

Still at the head of the Grupe Company, at least officially, is its founder — Greenlaw "Fritz" Grupe Jr., a self-made bon vivant who turned 88 in October.

As described in his autobiography, "Enjoy the Ride: Timeless Principles for Building a Successful Business and Family," Grupe ran his first business at age 9, selling eggs to family members and neighbors from the family farm in Stanislaus County; used the profits to buy cattle, and had acquired seven cows and calves by the end of his sophomore year of high school; developed his first shopping center at 25, and created his first master-planned residential community, Stockton's Lincoln Village, at 28.

Fritz Grupe took up carriage racing at the age of 60, and was soon winning national championships. He took first place for advanced single-horse carriage racing at 72 before giving it up.

Grupe is also a longtime attendee at Bohemian Grove, the exclusive all-male summer encampment under the redwoods along the lower Russian River.



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A security guard directs traffic at the main entrance of Bohemian Grove near Monte Rio July 28, 2022. (Beth Schlanker / The Press Democrat file)

Grupe is also a prolific philanthropic donor. Fritz and his wife, Phyllis, have given large sums of money to a range of endeavors in public education, literacy, health care and community development. Fritz Grupe was an important contributor in the early days of Stocktonia, an independent newsroom.

And the Grupe Company isn't slowing down. A quick Google search turns up recent partnerships in a 253-unit apartment complex in Folsom, the acquisition of a 400,000-square-foot shopping center in Manteca and a land purchase in San Ramon slated for 57 townhomes, among other ventures.

Grupe developed the 248-unit Brix 325 Apartments in Santa Rosa, off Yolanda Avenue.

Prized property, big hurdles

Building out the 180-acre core Sonoma Developmental Center campus is a bigger opportunity, and it comes with daunting hurdles.

Through multiple rounds of scoping and comment over the past four years, a vocal contingent of Sonoma Valley residents has argued that a new community of an estimated 2,400 people in the hamlet known as Eldridge would drastically change the nature of the bucolic area, and inevitably lead to heightened risk during emergency evacuations.

The project has been paused since April 2024, when a Sonoma County Superior Court judge sided with a coalition of citizens groups who had sued to void the environmental impact report guiding the redevelopment.

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Sonoma Developmental Center looking west from building #51 "Judah." Railroad street boarders the state owned former mental institution at Eldridge in the Sonoma Valley near Glen Ellen, April 27, 2023. (Chad Surmick / The Press Democrat)

Rogal isn't surprised by the opposition, and neither is Grupe Company, he said.

"A lot of people who have lots of understandable fears, after they see something done well, tend to embrace it," the developer said. "Change is just hard for everybody. And this is a big change."

Permit Sonoma, the county's planning department, expects to have another draft EIR completed in early 2026.

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