



COLORADO WINE INDUSTRY DEVELOPMENT BOARD  
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## **Colorado Wine Industry Development Board Meeting**

### **13-14 Jan 2008      The Hotel Colorado, Glenwood Springs**

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#### **Sunday, January 13, 4-6:30 PM**

Attending: directors Bruce Talbott, Dick Walton, Dave Tewksbury, John Garlich, Matt Cookson, Peter Shaw, Steve Wallner; as well as Tom Lipetzky, the director of the Colorado Department of Agriculture Markets Division, Bill Musgnung, consulting enologist, Horst Caspari and Steve Menke, CSU extension and research viticulturist and enologist, Kuvy Ax of the Fresh Ideas Group and executive director, Doug Caskey.

The first afternoon session of the meeting was devoted to an informal discussion of the CWIDB's purpose, mission and operations.

The board noted issues of communications with the industry and participation from industry members on both the CWIDB and the RMAVV board of directors. Kuvy suggested sending an e-mail overview to the general industry of the CWIDB, its purpose, its discussions, open positions, as well as how it will advance the industry and individual profits if people participate. Matt noted that an introductory letter has been drafted.

John Garlich observed that the mission statement includes both grape growing and wine making and stated that the CWIDB should tout increases and growth in both aspects of the wine industry. Concerns about the quality of Colorado wines seem to come back to the inconsistency of quality rather than the quality level itself. Additionally, the issue of unity within the industry continues to lurk beneath improvements of quality and visibility.

Doug wondered about merging industry communications with RMAVV. When the group considered pouring only wines approved through the Quality Evaluation Program, the fact that only a dozen wineries have participated in that program. Matt asked if all limited wineries should be required to participate in Wine Board programs. And Horst extended that to ask if the CWIDB should charge for inclusion in the brochure. Steve Menke said that a Quality Program must also function from the bottom up with wineries talking to each other about the advantages and profits from participating in the QEP.

Matt suggested that we look at what we did for each of the goals during the past year. As far as improving quality, he noted that we finally got the QEP up and running and we hired Steve Menke to further quality improvement. Matt suggested dropping any language in the second goal relating to legislative threats. Doug recounted the joint CWIDB/RMAVV seminar held in August of 2006 (FY 2007) involving wholesaler representatives to discuss possible increases to excise taxes.

Doug reported that the CWIDB has worked closely with the Colorado Tourism Office, including the very popular Agritourism Mini-conference in October. The board also coordinated with RMAVV on events. Horst suggested a joint RMAVV/CWIDB retreat to discuss beneficial cooperation. Doug reported that working with the CTO has led to much stronger cooperation with local Chambers and Visitor Bureaus, namely in Delta County, Boulder and Denver. Matt added success with the Cañon City Chamber.

The group felt that it is also important to develop better relationships with retailers and wholesalers.

Discussion then turned toward measurable benchmarks to determine success in achieving the goals. Doug reminded the board that they have agreed to annual measurables of 10% annual increase in production and an increase in winery visitation. Tom Lipetzky observed that the CWIDB can't really impact an increase in production when natural forces reduce grape yield and production.

The board agreed to retain the mission statement as it stands.

- Mission Statement: To promote the quality, development and growth of the Colorado wine industry.

While no mention of "promotion" or "marketing" was included, the board refined its strategic goals to give direction to the promotional activities called for by the mission statement:

- Strategic Goals, in no particular order of importance or priority:
  - Mature and develop the Quality Assurance Program
  - Foster greater cooperation and participation within the wine industry
  - Strengthen relationships with complementary industries
  - Promote effective relationships with members of the beverage alcohol industry: wholesalers, retailers and restaurants

The informal discussion adjourned for dinner.

## **Monday, January 14, 9 AM**

Attendance was the same as Sunday afternoon with Doug Phillips joining by phone.

Chair Bruce Talbott called the meeting to order and asked the board to review the minutes of the November meeting. Horst asked that last full paragraph of page 3 of the minutes be corrected to show that the spring frosts killed almost anything remaining in the higher elevation sites. Matt Cookson moved and John Garlich seconded approving the minutes, which passes unanimously.

Dick Walton then moved to approve the revised language of the strategic goals the group drafted the evening before. Dave Tewksbury and Doug Phillips seconded and the board approved the revised strategic goals.

John Garlich moved to approve the treasurer's report for October and November, 2007, which also passed.

Turning to the Fiscal Year 2009 budget draft, Doug Caskey noted the additional salary expense of the new permanent part-time employee pending the Legislature's approval. Other discussion included charging wineries to be listed in the brochure or perhaps offering an "enhanced" listing with additional information or graphics for a fee.

Bill Musgnung asked about participation at the Democratic National Convention. Doug Phillips reported that his connections say the convention committee is looking for donations only at that time. Doug Caskey echoed that he has also heard that participation is strictly pay-to-play, even for including brochures in the bag. Kuvy will follow-up with the Colorado Tourism Office and the Denver Metro Convention and Visitor Bureau to identify opportunities. John Garlich said we should focus on media in town for the convention, not on the convention attendees. Peter suggested that we offer on-premise programs to feature Colorado wines in convention restaurants.

Matt Cookson moved to terminate the current contract with Gayle Berry for Legislative Monitoring. A second came from Dave Tewksbury, and motion carried without opposition. John Garlich moved, and Dick Walton seconded to remove the monitoring costs from the FY 2009 budget. That was also approved.

Steve Wallner then officially introduced Steve Menke, CSU's new enologist. Steve said his first priority is getting to know the industry with personal visits to each winery, which he found in previous positions garnered greater winery participation. Holding seminars to disseminate information will come in the second year. Steve does want to get basic information resources available to wineries soon. Accessibility and communication is important to Steve.

Steve wants to involve industry in identifying the direction for his research and in cooperating on grants. His personal bias on research is on sensory evaluation and perception, whether terroir translates to the consumer. There are, according to Steve, two truths in the marketplace that are not always recognized: one is that a lot of consumers don't know anything; second is that producers don't know which consumers will buy their wine.

For Steve, communication between vineyard and winery is always a central point of conflict yet is so critical to creating quality. In Pennsylvania, he found a quality assurance program was a vital component of the industry. People paid to get training in sensory evaluation there because they found value in the training. Quality for Dr. Menke is a process, an ongoing attempt to reach the highest point possible at any given time.

In terms of lab equipment, Dr. Menke wants tools to analyze flavor components, namely an HPLC and a GCMS, as well as basic winemaking equipment. Steve will target spending the CWIDB's \$25,000 by the end of May, the deadline requested by the CO Dept. of Agriculture.

Horst Caspari reported that he has received about half the survey reports, covering about 425 acres. Returns show a 45-50% drop in yield statewide, roughly 1.8-1.9 tons/acre. Horst is guessing state production will only be 1000-1100 tons and should be around 2000. Riesling has been the most widely planted varietal for the past four years. Fall and winter conditions to date

have been ideal, with record moisture in December. Winter damage and cold injury is the single most important limiting factor to grape growing in Colorado.

Horst noted that the NE-1020 meeting will happen in Colorado right after Election Day, and will include a seminar for growers on Saturday, Nov. 8.

Horst mentioned that he is beginning teaching in the Viticulture and Enology Concentration, within the Horticulture Department, on the Fort Collins campus the upcoming semester. Two internships are required for the concentration, one in a winery and one in a vineyard. They will be looking for internships for up to twelve students or more per year. These are mostly paid positions, though minimally. Bill Musgnung and Matt Cookson suggested that students receive notice of RMAVV seminars and the possibility of student membership rates.

Doug Caskey gave an update on the new legislative session. Liquor store owners have changed their position to support opening on Sundays in view of the threat of sales of groceries stores. No bill numbers or draft has emerged for grocery store sales. Guy Parker and Neil Guard told Doug that Rep. Bernie Buescher has agreed to sponsor the alternating premise bill though no language or bill number have been released at this time. Doug asked if the board wished to take a position on the alternating premise license bill. Doug Phillips has said he prefers to remain neutral on the alternating premise bill as there is some though limited opposition to the bill within the Colorado wine industry. Matt Cookson moved to keep it "on the radar screen." He went on to say that since it is in the best interest of the industry and saw no reason to oppose it. No vote was taken as the board agreed to Matt's suggestion by consensus.

Doug also reported on a proposed pitched to the Joint Budget Committee to devote the interest from the Unclaimed Property Fund to various programs in the CDA, especially Colorado Proud and agritourism programs. He also noted that he is working on an application for a Federal/State Market Improvement Program grant to look at farm to table trends and opportunities in marketing Colorado wines. He has also signed on to an application for a Statewide Marketing Grant from the CO Tourism Office in conjunction with Grand Junction, Palisade, Fruita, Boulder, Mesa Verde Country and Delta County to fund agritourism photography.

The board resumed the meeting after a lunch break with a presentation from Kuvy Ax from The Fresh Ideas Group, the CWIDB's PR firm, summarizing the success of their marketing and outreach efforts during the past six months. She detailed the media contacts, relationships and features their activities generated. October-November media impressions conservatively hit 5,688,589 and close to 24 million impressions since the beginning of the PR contract last May.

Doug Caskey reported that Laura Harris, the new director of Liquor Enforcement, issued new guidelines for redeeming coupons. She initially said that the CDA could not act as an independent clearing house for CWIDB coupon redemption, but will allow us to use up existing coupons. Doug asked if the board wants to continue a coupon program. John Garlich testified to the success and value of the coupons for hand selling in liquor stores. Doug will leave the coupons in the FY09 budget and research costs of clearing houses and further restrictions from Liquor Enforcement.

When looking at possible participation in the Democratic National Convention, Peter Shaw proposed selecting 30 high-profile restaurants and subsidizing a five case buy to actually get wine in people's glasses. Dave Tewksbury questioned the return on investment on promoting

Colorado wine to delegates from Maine. He also noted that almost every major restaurant in downtown Denver has been bought out for private parties. Kuvy said she will investigate ways to participate.

Doug Caskey shifted the conversation to the Restaurant Program, since there is a lot of cross-over. Doug lamented the difficulty getting wineries, wholesalers and restaurants to participate. Dick Walton said that getting by-the-glass pours in twenty key restaurants would help the entire industry and make it easier to get more Colorado wine sold in restaurants. Matt thought we should focus first on restaurants already featuring Colorado food or beer, people more Colorado oriented. He went on to say the wineries should recognize that having wine in a restaurant is wine marketing not just wine sales. Peter Shaw suggested that the CWIDB create a "Marketing 101" booklet to give wineries tips on how to approach and market to restaurants.

Doug briefly summarized the CO Tourism Office's experiential Colorado event in New York in April and reported that he feels the best option for participation is to pour wine at the media luncheon. The board concurred. He went on to report that the CTO does not want to manage an agritourism mini-conference as part of the Governor's Tourism Conference in 2008 without significant sponsorship money. Matt inquired about the presence of display materials, and Doug responded that displays may be part of the CTO photography grant but the old displays are no longer usable. The board seemed unwilling to be a sponsor of a mini-conference or the general conference but will investigate exchanging wine for sponsorship.

The board next considered a request for sponsorship from the Cripple Creek wine festival in October of 2008. The board declined to dedicate money to this new festival citing concerns of how much sponsorship the other wineries and spirits companies will be putting up, of the date conflicting with crush and of how many out of state wineries will be participating.

The wine industry will have a table at the Aspen Food and Wine Classic working with the CTO and the Denver Metro CVB. Doug reported that acquiring the media lists for the Classic from the F&W organizers will cost more than even the CTO is willing to spend. He and Kuvy have planned a one-day trip to the West Elks AVA inviting some target media known to attend Aspen. The idea expanded to include an afternoon of fly fishing instruction by Dave Tewksbury at his standard destination right above Paonia Reservoir.

Kuvy spoke with the new director of the Telluride Festival who said the event this year will be much smaller due to reorganization. She reported 800-900 attendees for the previous year with 80-90 wineries in the Grand Tasting. Other types of festivals were discussed, such as being part of the jazz festivals.

Doug offered the advertising proposal from Touring and Tasting Magazine for board consideration. The Winery at Holy Cross Abbey had paid for feature article, largely in wine, and received several calls from the exposure. The board was not inclined to take advantage of the opportunity.

Doug also asked the board to consider whether to renew the advertising agreement for Colorado Vine Magazine. Publisher Bart Taylor does want to repeat the Women and Wine event for 2008. There was consensus not to advertise during FY09.

Matt Cookson wanted to change a few questions on the wine industry survey draft from Tom Lipetzky and run it by the marketing committee. He will have it available for the next meeting.

Discussion turned to hosting a marketing seminar for wineries in conjunction with RMAVV to cover tips for selling to restaurants, selling on-line and shipping. The board would like to include questions about capacity and sales percentages by source—e.g. tasting room, on-line, liquor stores, wholesaler, etc.—in the survey.

Under new business, Bruce asked if anyone knew of a viticulturalist position for a person who contacted him. Doug received permission from the board to use the coloradowine.com domain for personal messages. This is also available at no charge to any board member. Doug also raised the issue of board vacancies: Bill Welcher, West Slope winery outside the Grand Valley, who has not attended due to his wife's illness; Doug Phillips, at-large winery, expires June 2008; Robbie Hahn, wholesaler representative, expires June 2008. Additionally, Doug has not been able to recruit anyone from the CO Tourism Office Board to fill that ex-officio position.

The next meeting was set for Monday, April 7, 2008, 1-5 PM on the Fort Collins campus of Colorado State. There was a motion to adjourn and the meeting ended.