

Colorado Wine Industry Development Board and the Colorado Association for Viticulture and Enology

Structural and Fiscal Comparisons

VinCO, January 17, 2012



Mission

CWIDB

“To promote the quality, development and growth of the Colorado wine industry.”

Strategic Goals (in no particular order):

- Mature and develop the Quality Assurance Program
- Foster great cooperation, communication and participation within the wine industry
- Strengthen relationships with complementary partners
- To elevate the Colorado Wine brand
- Achieve economic viability for Colorado vineyards and wineries

CAVE

The Purpose of the Association shall be:

1. To encourage and support enology and viticulture in Colorado
2. To promote the interests of Colorado grape growers and wineries in legislative and political matters.
3. To provide a forum for the exchange of ideas and to disseminate current information pertaining to optimum winemaking and agriculture practices for vineyards in the area.
4. To establish contact and relationships with other associations, both regional and statewide, to further development and growth of the industry
5. To make and receive grants and donations in furtherance of the purposes, charitable or community objectives of the association.

Structure

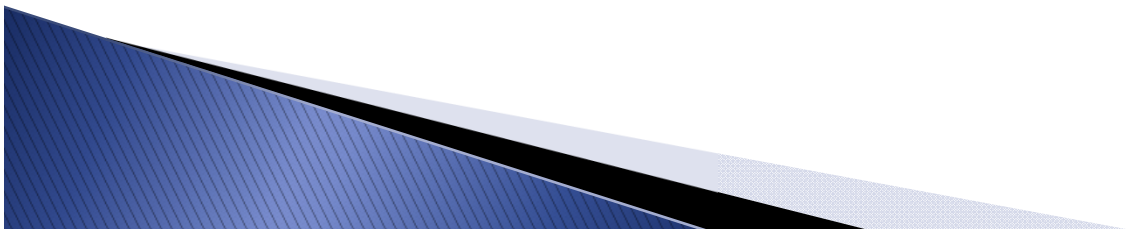
<u>CWIDB</u>	<u>CAVE</u>
<u>Government</u> agency under CO Department of Agriculture	<u>Private</u> Trade Association, 501(c)6
Created by State Legislature in 1990 with a <u>Statute</u> , CRS Title 35, Article 29.5	Begun in 1982–1984 by early industry pioneers
Governed by <u>State policies and procedures</u> : <ul style="list-style-type: none">• Purchasing (RFPs, bids, P.O.)• Personnel• Open Records Act	Governed by <u>by-laws</u> created and approved by membership
Committees: <ul style="list-style-type: none">• Research• Marketing• Legislative (as needed)• History Review	Committees: <ul style="list-style-type: none">• Winefest• Education (VinCO)• Personnel• Finance

Membership

<u>CWIDB</u>	<u>CAVE</u>
9 voting members <u>appt by Gov</u> : <ul style="list-style-type: none">• 5 wineries (1 GV AVA, 1 West Slope, 1 Front Range, 2 at-large by tax \$)• 1 grape grower• 2 wholesalers• 1 retailer (restaurant or liquor store)	<u>Membership</u> open to all industry members, affiliated businesses, interested parties (200+) Governed by Board of Directors: 9 members elected by members
Four year terms, staggered; no consecutive terms unless serving a vacated seat	Three year terms, staggered; up to two consecutive terms
Ex-officio members, non-voting: <ul style="list-style-type: none">• CSU representative (from Horticulture Dept.)• CO Tourism Office Board liaison• General public	By-law revision proposal to include a non-voting CWIDB liaison

Staff

<u>CWIDB</u>	<u>CAVE</u>
1.5 staff members, CDA employees <ul style="list-style-type: none">• Full-time executive director• Half-time research and outreach coordinator (Social Media)• Other resources available within CDA	<ul style="list-style-type: none">• Full-time executive director• Part-time bookkeeper and administrator• Part-time office assistant
Job descriptions and classifications (pay) must meet State Personnel System standards	Job description created by Board of Directors as they see fit
Board and committee members are all volunteer, though expenses paid	Dependent on volunteer board and committee members



Finances

<u>CWIDB</u>	<u>CAVE</u>
<p>Funded by <u>excise tax</u>:</p> <ul style="list-style-type: none">• \$0.01 /ltr on all wine sold in the state• \$0.01–0.05/ltr sliding scale additional on Colorado wine• \$10/ton on ALL produce used to make wine (includes peaches, apples, honey, pomegranates, etc.)• <10% from CO wineries and produce	<p>Funded by:</p> <ul style="list-style-type: none">• <u>membership fees</u> (<3%)• Winefest <u>revenues</u> (>97%)
<p>Approximate <u>\$600,000</u>/fiscal year</p> <ul style="list-style-type: none">• “perpetually allocated” so no need for JBC or Legislature approval of budget• Dedicated tax so all goes to fund• Unspent funds roll over to next FY	<p>Approximately <u>\$300,000</u> annual budget</p>
<p>Statutorily mandated spending:</p> <ul style="list-style-type: none">• At least one-third on research CWIDB funds 100% of Viticulturist and Horst’s programs• At least one-third on marketing Brochure, coloradowine.com, trips• Remaining on admin, salaries (Mktg)	<p>Roughly one-third spent on staff and programs (VinCO, CSU Enologist, etc.)</p> <p>Two-thirds on two wine festivals</p>

Operations

<u>CWIDB</u>	<u>CAVE</u>
According to Statute, must promote <u>all wines</u> made by Colorado wineries <u>equally</u> , regardless of the source of fruit, quality, size, etc.	Responsible to <u>all members</u> , but can promote as it sees fit
<u>Cannot lobby</u> the State Legislature without Commissioner of Ag AND the Governor's approval <ul style="list-style-type: none">• can testify if requested• can draft white papers on industry impacts	<u>Lobbying</u> is in the Mission Statement
<u>Cannot bring in revenue</u> not identified in the statute	<u>Can raise and spend money</u> , generally without restriction

Programs

CWIDB

➤ Research

- \$200,000 for full-funding of CSU Viticulturist: salary, benefits and program expenses
- \$25,000, plus 23% indirect cost, toward CSU Enologist
- This year \$20,000 for Econ Impact Study

➤ Marketing

- www.coloradowine.com
- Brochure
- Media and buyer tours
- Drink Local Wine in April (\$10,000 + Spec Crops match)
- Very limited advertising; TODS

➤ Quality

- Quality Assessment (eval panel)
- Quality Alliance (CQI with recognition)

CAVE

➤ Research

- \$25,000 toward CSU Enologist (CSU puts in \$50,000)
- Funding for weather stations, NE-1020 Varietal trials

➤ Marketing

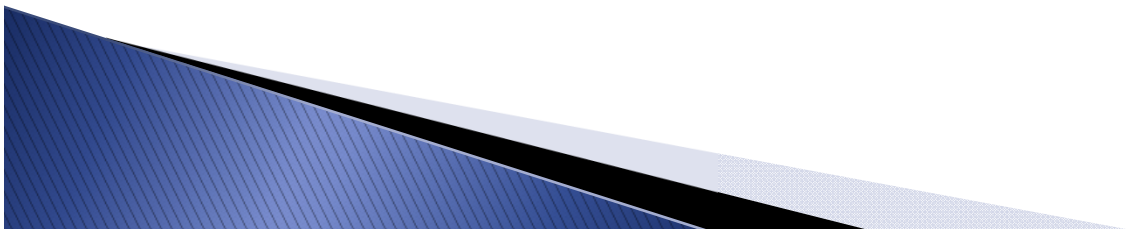
- Wine festivals (Denver and Palisade)
- Fruit and Wine Byway (with Specialty Crop grant \$)
- Drink Local Wine (\$5000)

➤ Education

- VinCO and seminars

Opportunities for the Colorado Wine Industry

- Local food and wine movement and consumer interest
- Sophisticated, well-educated, discerning Colorado wine consumers
- Flattening of the wine world through new technologies
- Adventurous curiosity and spending habits of the Millennials (under 30 generation)
- Agritourism
- Partnerships within the industry and with other industries
- New plantings and production from hybrid varieties
- National Restaurant Association's Top Menu Trends for 2012 includes "Locally produced wine and beer"
- Potential for growth
- New marketing tools and technologies
- Redefining out industry and organizational structures
- Diversity of our industry



Challenges for the Colorado Wine Industry

- Economic sustainability
- Cost structure of grapes and price point of the wines
- Reliable source of fruit and consistent quality
- Lack of land and water to grow all the grapes we want
- Sophisticated, well-educated Colorado wine consumers are highly skeptical of wine from their own backyard
- “We are a pimple on the elephant’s behind,” barely a drop in the sea of wine in the marketplace
- Millennial (under 30 generation) profile may not apply to CO particularly Western Slope
- Lack of unity in the industry
- Consumer awareness: no image of CO as an agricultural producer for anything, let alone wine
- Boards keeping up with the growth of the industry
- Education for consumers
- Education for the wine industry
- We need to know what we want to be when we grow up
- Lack of Local government support, esp. in zoning laws



Moving Forward

- ▶ Interest in local food and wine
 - _ Use restaurants to spread the word *“advertising by consumption”*
 - _ Alternative markets and outlets, outside the 3-Tier System:
 - Farmers Markets, CSAs, feasts in the fields, wine festivals
 - _ Agritourism
- ▶ Education
 - _ VinCO and industry seminars
 - _ Reaching the consumer: advertising, PR, marketing, wine festivals
- ▶ Millennials and New Technology
 - _ Social Media marketing
 - _ New strategies and outreach
 - _ Integration hybrid and non-traditional varieties into our industry
- ▶ Industry Unity and Organization
 - _ CAVE and CWIDB organization and collaboration
 - _ Other industry partnerships: WineAmerica, EatDenver
- ▶ Economic Sustainability
 - _ Quality initiatives
 - _ ???

