Colorado Wine: Rooted in History

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History

When Colorado Governor George A. Crawford planted 60 acres of grapes on Rapid Creek in 1890, above the town of Palisade in the "sweet spot" of today's Grand Valley American Viticultural Area (AVA), he was taking advantage of the perfect fruit-growing conditions in the newly settled area. According to "The Fruit Belt of Mesa County," an authoritative statement of the resources of Mesa County, c. 1896, prepared by the Commissioner of Immigration for Mesa County, the conditions "can hardly be improved upon. More than 300 days of perfect sunshine annually and the dryness of the atmosphere make it a natural sanitarium."

The publication goes on to name the "finest European grapes [grown in the Grand Valley], such the Black Hamburg, Flame Tokay, Zinfandel, Sultana, Muscat and Malaga," a list that would have impressed a nineteenth-century sommelier.

Between 1899 and 1909, the grape harvest in Colorado reported by the U.S. Department of Commerce Agriculture Census went from 586,300 to 1,037,614 pounds, with 1,034 farms involved in grape production statewide. Many of the European settlers who had come to Colorado to work the mines in areas like Pueblo and Cañon City brought viticulture and a winemaking tradition with them.

Unfortunately, Colorado was ahead of the times and adopted Prohibition in 1916, four years before the rest of the nation. Grand Junction historian Abbot Fey calls Prohibition the advent of the peach industry in the Grand Valley as hundreds of thousands of grape vines were torn out when the wine tap was closed by the government.

In 1968, Denver dentist Dr. Gerald Ivancie founded the first modern winery in Colorado in his cellar. He hired an aspiring winemaker, Warren Winiarski, who went on to make wine at Stag's Leap Wine Cellars and had some notable success at the Judgment of Paris in 1976.

At Ivancie's urging and Winiarski's recommendation, grapes were reintroduced to the Grand Valley in the early 1970s. Colorado State University participated in viticultural research as part of a federally funded Four Corners Project grant that looked at the viability of grapes as an agricultural economic generator in all four of the adjacent states. That project would be the genesis for the current industry in all four states.

Jim and Ann Seewald headed a group of 18 investors to found Colorado Mountain Vineyards, and in 1978, the Denver winery produced its first bottle from Colorado grapes. After many corporate reorganizations, Colorado Mountain Vineyards essentially operates today as Colorado Cellars in Palisade.

The idea of using Colorado grapes grew quickly. Theron Barber planted mostly hybrid grapes across the interstate from the World Arena in Colorado Springs in 1979 as *vitis vinifera*, the species of the classic European wine grape varieties, does not tolerate the extreme temperatures and fluctuations of the Front Range. His winery, Pikes Peak Vineyards, had its first crush in 1984. Hobby winemakers Doug Phillips and Eric Bruner founded Plum Creek Cellars in 1985 along its namesake in Larkspur, but soon moved the operation to Palisade to be near the grapes they had planted. Grape grower Steve Smith opened Grande River Vineyards in 1987, and Parker and Mary Carlson followed suit with Carlson Vineyards and Winery in 1988.

Funding

Due to its agricultural roots and its potential to stimulate the economy of many parts of the Western Slope, the Colorado wine industry has always enjoyed the avid support of the state legislature. The Colorado Limited Winery Act, passed in 1977, gave small wineries using primarily Colorado fruit and produce to make their wine a reduced cost license that allowed self-distribution, without needing to go through a licensed wholesaler. It also allowed up to five remote sales and tasting rooms, plus one on the manufacturing premises, from which to sell Colorado wine directly to consumers.

These privileges, plus the Colorado Wine Festival License, enacted by the state legislature in 1999, permitted manufacturers of vinous spirits in the state unprecedented access for selling their products directly to consumers. While limited wineries were always allowed direct-to-consumer shipping, the legislature brought that privilege into compliance with the Granholm Decision (U.S. Supreme Court, 2005) in the 2006 session. More recently, the legislature first allowed wineries, then breweries, to take advantage of a federal rule allowing manufacturers of wine or beer to share "alternating premises" for production activities, thereby reducing the initial capital investment required to get into the business.

Perhaps the single event that moved Colorado's wine industry further ahead of the other Four Corner states was the passage of the Colorado Wine Industry Development Act in 1990 by the state legislature. Modeled after Missouri and Oregon's wine promotion statutes, the act created a continuously appropriated funding stream from a penny per liter excise tax on all wine sold in the state, an additional \$0.01-\$0.05 per liter sliding scale excise tax on wine produced by Colorado wineries, and \$10 per ton on grapes and other produce used by Colorado wineries to make wine.

The fund is overseen by the nine members of the Colorado Wine Industry Development Board (CWIDB), who were appointed by the governor. The board operates under the auspices of the Colorado Department of Agriculture. The Wine Industry Development statute mandates that at least one-third of the budget, which has totaled more than \$600,000 in recent years, be spent on research and at least one-third on promotion of Colorado wine and grapes.

The CWIDB's promotional efforts have included billboard, radio, and limited TV advertising, plus media trips for national and local writers to taste Colorado wines. However, wineries traditionally report that the most successful marketing tool is the Colorado Wine Brochure, listing all 105 licensed wineries and their remote tasting or sales locations. The publication has been distributed in tourist brochure rack services across the state for nearly 20 years. It has been expanded to include an interactive map and winery listing on www.coloradowine.com, which is also a source of information about virtually every aspect of the Colorado wine industry for trade members and consumers.

When the legislature passed the Colorado Wine Industry Development Act in 1990, there were 5 licensed wineries. That number grew to 35 in 2000 and 105 currently, although the total fluctuates. The volume of wine reported by the licensed wineries in the state has risen more than 12-fold, from 91,800 liters in 1992, the first year of records from the Wine Industry Development Act excise tax, to 1,115,139 in fiscal year 2012, which ended in June. Despite enduring some of the worst crop damage in recent history during December 2009, the average annual production increases for Colorado wine continue to track ahead of annual increases in overall statewide wine consumption, 4.7% versus 3.3% for 2008–2012. Nevertheless, Colorado wine's market share based on volume hovers around 1.8% compared to other wine states, such as Washington and Oregon, which together account for 20% market share.

A 2006 CSU economic impact study determined that the wine industry in Colorado generated $21.1 million in direct and induced effects. That amount, combined with an additional $20.6 million from wine tourism activities, created nearly $42 million in economic impact. An unverified 2009 economic impact study suggested this had increased to roughly $60 million total impact, but a revised number will not be available until 2013.

Photo courtesy of Colorado Wine Industry Development Board

Challenges

Contrary to the sunny picture painted by the Mesa County Commissioner of Immigration in 1896, extreme weather is the most consistent challenge for Colorado's grape growers. On the plus side, the low humidity precludes disease and pests that necessitate the extensive use of chemicals required in most of the major wine growing regions. Colorado viticulture is about as low impact as anywhere in the world, provided growers can find the 20 inches of annual water grape vines require.

The Grand Valley AVA, recognized by the federal government in 1990, follows the Colorado River (once known as the Grand River) as it emerges from the mouth of DeBeque Canyon up to the foot of the Colorado National Monument west of Grand Junction. Depending on the vintage, the Grand Valley yields 80%-85% of the grapes grown in the state. (See the Colorado Wine Industry Overview at www.coloradowine.com for more information on the climate of the Grand Valley AVA, as well as the other growing regions in the state.)

In a normal year, the growing season for the Grand Valley AVA yields as many degree days—a measure of the available heat for grape vines between the last spring and first fall frosts—as Napa Valley in California or Tuscany in Italy. But the heat is concentrated in a roughly 180-day growing season, compared with 232 days in Napa Valley. This means that Colorado grapes have to work faster to fully ripen. As a result, late ripening grape varieties, such as Zinfandel or Sangiovese, are relegated to a very select few sites in the valley, while the Bordeaux and Rhône Valley varieties, such as Cabernet Franc, Merlot or Syrah, and Viognier, flourish.

Even in good grape harvests, such as those in 2000, 2006, and 2009, the statewide average yield rarely surpasses 2.5 tons per acre, and averages 3.0–3.5 tons per acre in the more fruitful Grand Valley AVA in those strong years.

For most regions around the world, economic viability rests with high-quality grapes and production yields of 4 to 5 tons per acre. Colorado does not come close to that even in a good year, and historical trends predict a devastating year once every decade. As the cost of vinifera grapes ranges between $1,200 and $1,800 per ton, and a per acre cost for production around double that price, a yield of 2.0–2.5 tons of grapes per acres barely meets the break-even cost for growers.

The Future

Grape growing has persisted on Colorado's Western Slope because it offers fruit growers a greater diversity of crops and a broader hedge against frost damage. With an early spring frost, growers might lose cherries and apricots, but grapes will still be viable. As the commercial viability of apples has dropped precipitously in the last decade, grapes have increasingly filled that late season harvest slot.

Virtually all of the research funding from the CWIDB goes to Colorado State University. To improve the yields and profitability of grapes, Dr. Horst Caspari, CSU State Viticulturist, has been conducting trellising trials using techniques that would seem frivolous in a consistent climate such as California. He has elevated yields 25%–50% (and even higher) in experimental blocks by switching from the nationwide standard of bilateral pruning and trellising practices to quadrilateral arrangements, cutting away surplus shoots and buds once frost danger is over and winter damage is evident.

Coupled with CSU State Enologist Dr. Stephen Menke's efforts to expand the viticultural palate of Colorado grape growers and winemakers to include more cold-hardy hybrid grape varieties that would allow planting in the more extreme conditions of the Front Range and expanded areas on the Western Slope, the Colorado wine industry is on the verge of significant expansion and improvement. New areas for viticulture, from Montezuma County, where growers are actually dry-farming grapes on land cultivated by the Anasazi, to Fremont County that is reviving the immigrant grape-growing traditions from the nineteenth century, the Colorado wine industry is returning to the roots of its beginnings.

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