

**OREGON WINE BOARD MEETING  
MEETING MINUTES  
DECEMBER 6, 2011  
HELD AT THE FOOD INNOVATION CENTER IN PORTLAND, OR**

**In Person**

**Board:** Sam Tannahill (Chair), David Adelsheim (Chair Emeritus), Michael Donovan, Terry Brandborg, Bill Sweat, Leigh Bartholomew (Treasurer), David Beck & Tim Kennedy

**Guests:** Pat Dudley/OCSW Steering Committee, Ed Fus/OCSW Steering Committee, Jason Tosch/OCSW Steering Committee

**Staff:** Tom Danowski, Rose Cervenak, Katie Bray, Charles Humble, Stacie Jacob, Steve Burns

**Phone**

**Board:** Kara Olmo

**Guests:** Chris Mertz/NASS

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**Call to order**

Tannahill called the Oregon Wine Board meeting to order at 9:01 a.m.

**Board Minutes**

Donovan moved that the minutes be approved. Sweat seconded and the motion carried unanimously.
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**Board Administrative Items**

- Adelsheim suggest we call the Governor's office re. Board appointees and talk to an assistant
- Board retreat agenda was reviewed
- Tower LOC
  - It was suggested we table the discussion of the TOWER line of credit until the TOWER meeting.
- Annual Report
  - Submit the strategic plan
  - Annual report for 2010-11 is in development and scheduled to be completed by end of calendar year.
  - **ACTION:** Rose to look in the policies and procedures to find the date for submitting the Annual report – generally before the strategic plan.
- Marketing report
  - Plenty and positive coverage on the hiring of the new Executive Director, Tom Danowski
  - Mobile app was launched before Thanksgiving – pretty effective according to social media research:
    - Ended up with 1,625 visits to OWB website by 203 visitors
    - 7,475 page views, average time was 2.39 minutes.
    - 80% of those who visited were new users.

- Got a few calls from wineries about not being in the mobile app feature on the website and walked them through the process to develop an Explorer account which fuels the mobile app.
- Tannahill: How do people feel about this Thanksgiving vs. years past?
  - Brandborg and Sweat reported it was “really quiet” at their wineries.
  - Bartholomew suggested there were fewer people but they spent more money.
  - Sweat said it was quiet at his winery, but fewer people also spent more money than last year.
- Humble noted that Jay Miller is no longer with Wine Advocate.
- Branding update (Humble)
  - Humble reported that we will have the first preview of Sockeye’s work on the brand update and will debut with the Board at the January 17 Board meeting in Salem.
  - Danowski will be introduced to the Sockeye team and get involved in the process with the team.
- Oregon Wine Month
  - Contracted with Peha Promotions to manage the tasting event.
  - Jacob: Columbia distributing has been working with retailers and has designated May as OR wine month – so there is some momentum out there, and it was suggested that we consider changing Oregon Wine Month to May because there are already a few retailers out there pushing in that direction. Feedback?
    - Sweat: Suggested we check with AVA groups before we change.
    - Donovan: Couldn’t we go back to Columbia to see if they can change?
    - Jacob: Washington usually does March and August.
    - Jacob: we’ve considered moving the March 25 event to the same weekend in April, (April 29) but the Dundee Hills Passport event is scheduled on April 22.
      - Bartholomew: they (Dundee Hills) may be thinking they’d prefer to have their own thing separate from our event anyway.
  - Tannahill: spoke to Chris Sarles and he is interested in helping us promote Oregon Wine Month too.
  - **ACTION:** Jacob and Humble will continue vetting the March 25 tasting date with the possibility of moving to April 29 in an effort to kick off Oregon Wine month in May.
- Export Activity Report (Bray)
  - Bray: we have been working with our partners in WA on a China tasting but we were unable to find a date that was mutually acceptable, so we will have to look at doing it next year.

- Bray: provided on a progress report for Symposium. New venue (Oregon Convention Center), new city (Portland), more space, more opportunities for sponsors and exhibitors alike.
  - Tannahill: One of the events we're working on for Symposium, "Oregon Wine in the Eyes of the World" – still looking for the off premise panel member
    - Casting around for someone – any thoughts?
      - Tannahill: not a consumer event, it's an industry event.
      - Looking for a figure that we all look up to.
      - Open to suggestions
  - **ACTION:** Ideas to Katie and/or Sam – need to get someone sooner rather than later.

Tannahill recessed OWB meeting at 9:44 a.m.

**TOWER BOARD MEETING**

**MEETING MINUTES**

**DECEMBER 6, 2011**

**HELD AT THE FOOD INNOVATION CENTER IN PORTLAND, OR**

**In Person**

**Board:** Sam Tannahill (Chair), David Adelsheim (Chair Emeritus), Michael Donovan, Terry Brandborg, Bill Sweat, Leigh Bartholomew (Treasurer), David Beck & Tim Kennedy

**Staff:** Tom Danowski, Rose Cervenak, Katie Bray, Charles Humble, Stacie Jacob, Steve Burns

**Phone**

**Board:** Kara Olmo

**Call to Order**

Tannahill called the TOWER meeting to order at 9:45 a.m.

**Board Minutes**

Kennedy moved that the minutes from November 14 be approved. It was seconded and the motion carried unanimously.

- Bartholomew: Looked into a line of credit of up to \$150k at 3% interest.
- Bartholomew: Recommend we apply and at least we know the LOC is available to us, but just not use it.

Bartholomew moved that we put the LOC in place for TOWER and keep the minimum amount in order to have the cash available to us in an emergency.

- Board discussion followed:

- Adelsheim: I don't know if we need to put money in that account – borrowing money/paying – might want to pass a resolution that says we have the LOC available if needed.
- Instead of having cash on hand we could open up a LOC with \$25k to be available to us if necessary and take the place of tying up \$25k in TOWER.
- **<As an aside> ACTION: Rose to compile the motions for each organization (OWB, OWA and TOWER) to have as a reference in future Board meetings.**

Adelsheim moved to amend the requirement to keep \$25k in TOWER bank account to allow availability of LOC funding to replace all or part of that requirement. Donovan seconded, motion carried unanimously

- Donovan: Why don't we simply adjust the requirement (i.e. dollar figure)?
  - Adelsheim: We thought we'd always need to have the cash on hand for emergencies.

Tannahill adjourned the TOWER meeting at 9:57 a.m.

### **Call to Order**

Tannahill re-opened OWB meeting at 9:58 a.m.

### **Financials**

- Jacob: According to our unofficial assessment there will be about \$204k more of grape assessment revenue from 2011 harvest. This was generated from comparing past larger vintages with input from Chairman, Tannahill. The number will be reviewed and adjusted at the beginning of the year.
- Have not re-allocated any funds – just showing increased revenue at this point.
- Some discussion about calling the Top 25-30 wineries with their assessment of how the 2011 harvest went in contrast to 2010 and what their estimated increase/decrease is year-over-year.
- Olmo: Does OLCC send out a request for grape taxes still?
  - Bartholomew: yes they do
  - There was discussion about whether OWB should get involved in “reminding” members to pay their grape taxes.
  - **ACTION: create memo (or Grapevine reminder) to wineries/vineyards about this. (1/2 due by 12/31 and other half due by June 30).**
  - Tannahill: noted that OLCC will have a lot of other things to do in 2012 and face budget cuts in the coming year(s).

### **NASS Survey**

- Mertz: been publishing since 1987 – two surveys, specialty report and winery report and after a few years, we combined them. We used to estimate state acreage, acreage production and average price for grapes.
  - Direct costs, p/t people, printing, mileage and we've not been covering that (above) for quite some time. OR winery industry is not the only group whose report is being restricted by funding cuts.
  - We've (NASS) been subsidizing these reports and now the govt. is telling us that industries have to fully fund the report going forward.
  - My agency is also going through a restructuring plan – proposal to move from one office in each state, to nine across the country – our office moving to Sacramento.
  - Adelsheim: What is the data you are required to provide by law?
    - Mertz: The only thing that will be published in January is total acres planted, harvested, total production in tons and total value of those tons in dollars. No varietal, no pricing, no sales, no inventory.
    - Adelsheim: Rep. Schrader's office is still trying to come up with a way to put pressure on the Secretary of Agriculture to see if there's a deal that can be made – wondered if there were other states that could be influenced by that?
      - Mertz: CA and OR are really the only two states that have this more extensive data. CA has come up with the \$260k to continue to receive this report next year (2012).
      - Mertz: We are being told that WA is doing their own data collection and winery-only report. They also had an acreage and vine report that came out in July and they do that every 4-5 years, by variety.
      - Adelsheim: What we're hoping to know is what options (creative) are available to deal with the 2011 growing season because so many contracts are based on this report.
        - Mertz: "Bare bones" would be just state level data (same 15 varieties), wineries (no varietal data) – don't have a cost for you but we'd also do mailing/questionnaire but there's a lot of work on our data collection strategy. What we're essentially doing now is a "census" rather than a "sampling."
        - Mertz: Another idea, we could break it out by AVA and some varietal data (7) and develop those price tables and we could publish that for 2011.
        - Mertz: But there is no way we could do something in the middle of February – it would have to come out later, because we've stopped work.
    - Tannahill: We empathize with you – if the OWB stepped up and said "we could fund anything you want to do" – how would you want to proceed? Would you continue with the survey, pass it off to us or some hybrid?

- Mertz: If it's about agriculture I prefer that we do it. You get some benefit when you use us by saying there's USDA work behind it. You could also see if there's any other data available, (but the consensus was there is not).
- Adelsheim: There's got to be some sort of NASS report that at least gets us variety, regional, stripped down pricing data that has to come from NASS – that's the emergency that we need to solve for right now. I propose that Tannahill appoint a small committee to work with Chris to get a proposal done so we can get Board approval – come up with the minimum data we need to fulfill our obligation to the industry and then look to solve the future problem – maybe not NASS? Maybe OSU?
- Tannahill: In thinking about Adelsheim's recommendation, what kind of funding would be needed?
  - Mertz: Will be a lot less than \$50k. Maybe we can do some piggy-backing on citrus report and that would bring the costs down even further.
- Tannahill: Need to do a survey to the industry on what is important to them – where is the break-even point for return on their investment? Maybe get it out before the Symposium – to effect the following year (2013).
  - Tannahill appointed Adelsheim as Chair of the committee to come up with a recommendation for the Board to consider re. NASS going forward. He also recommended Harry Pedersen-Nedry and Tom Danowski said he would like to be on the committee as well.
- Adelsheim to contact Mertz asap so they can come up with a proposal for the 2011 harvest report.
- Tannahill to Mertz: This report is a tremendous benefit to our industry, thank you for all the work you've done over the years.

**OCSW Program Next Steps (Pat Dudley presenting)**

- Dudley: Sometime last summer we had our (OCSW Steering Committee) last meeting. We have been hashing the dimethyl dicarbonate issue and have come with a new proposal.
- Total OR vineyard certified acres is 38% of total Oregon acreage.
- 21 wineries participating in the OCSW program
- 1,512,500 bottles certified in FY2011
- \$15k in bottling fees
- Some issues that need to be addressed:
  - \$250 up front audit fee for small wineries is exorbitant
  - Lack of communication around using the label
  - No cap for large wineries
- Two things that need to happen:

- Completion of the environmental assessment system/tool for chemicals in the winery, that was commissioned by OCSW to Neil Shay/OWRI.
- Adelsheim: What Neil Shay has told us is that it's a review of the literature.
  - There was discussion about what the scope of the study was supposed to entail.
    - Tosch: It's supposed to be done by Friday – but we've seen no progress.
- We (OCSW Steering Committee) recommend that you revise the OCSW standards to require LIVE **winery** certification for all OCSW bottling lots. We want to change the current rule – doesn't have to be "instead" of Oregon Tilth, Demeter or Food Alliance certification, it can be "in addition" to the other certifications programs.
  - To encourage the resolution of issues like DD within the scope of LIVE winery technical committee.
    - All wineries would be welcome to participate in that committee.
    - There are some glitches in the administrative rules that may need to be reviewed/re-worked to accommodate.
  - To establish a more comprehensive standard in the wine-making process that is not seen in the other programs. Help develop the PR message about sustainability rather than selling it as "organic light."
  - Tannahill: How does the carbon reduction challenge affect LIVE certification?
    - Dudley: Administered by LIVE
    - Reporting is consistent with LIVE standards
    - Don't know the long term hope of that program, but funding is looking pretty good. At a minimum, LIVE has received a lot of benefit technically.
  - Tannahill: If we were to adopt this change, would there be a grace period for those who are already in the program, but not LIVE certified?
    - Dudley: we talked about a 3-year grace period.
  - What would the timeline look like if we made the decision today?
    - Dudley: You can't just throw it back on the Steering Committee, someone has to go through the administrative rules (perhaps a staff person).
    - We'd like to get together with the 21 wineries to discuss the plans to get input from them as well.
  - Adelsheim: I would feel a lot more comfortable voting on this if that meeting had already taken place (with the 21 wineries).
  - Discussion by the Board – seems like we are putting the cart before the horse.
    - Dudley: The people who are most concerned by DD are going to be the 21 and until we have this tool I don't think we can have a meeting.
    - Fus: That tool was supposed to be a matrix and in the end there was supposed to be an allotment of "points" you could have. It's not going to give us answers, just a starting point for evaluating.

- Donovan: Based on this document, (The Gap Analysis), seems like the Board is charged with the decision to determine whether it is major or minor.
  - Dudley: I agree that's the right path.
- Tannahill: Would be good to take a straw poll with the Board to see if we are in agreement that LIVE would be the only winery certifying organization.
- Sweat: The decision is not dependent on the tool. Feel like it's more a strategic planning decision than a decision that needs to be made.
  - Bartholomew: I would feel better, as Adelsheim said, if we had an idea about what the 21 wineries want.
- Adelsheim: The question is what is the next action step?
- Sweat: If OCSW remains an OWB program as originally designed, the OCSW Steering Committee has technical responsibility to determine that they are comfortable with one certifying organization for wineries.
- Olmo: The real issue is that when we first came to the idea – the problem is that we have a program to allow for three pathways and the programs don't have oversight in the processing – the program we envisioned had three pathways that led to OCSW but the problem is that we have the issue (with Organic) - if they use Organic oversight with the fruit, they can do anything they want with the process.
- Sweat: What I hear the steering committee saying is, in the absence of having this tool, OCSW doesn't have the confidence in LIVE making these sorts of decisions.
  - Tannahill: So the steering committee needs to question whether or not Demeter or Organic has the tools to make these decisions too.
  - Sweat: It's not this particular tool that's important, it's whether or not there are "tools" or processes in place so these decisions can be made in the future.
- Sweat: Originally the program sought to include as many as possible, but what this proposal does is "excludes."
- Adelsheim: Is OCSW a marketing tool only (as conceived) or is it something that makes technical decisions at some time with closer ties to LIVE and/or the OWB. The wine board should not be debating this issue, only the proposal before us.
- Tannahill: Recognize your proposal, would like more industry input behind this proposal and on Jan. 17 or another specified time we could hear a revised proposal that included that input including all the potential stakeholders.
- Kennedy: We pushed for a tool, we asked for it and there was a deadline. What is preventing us from voting on #1 proposal today?

Sweat moved that the OWB re-affirm OCSW in its original creation as a sustainability brand for Oregon wines. Beck seconded and discussion followed:

- Kennedy: So we would still have annual review as per the mandate and if the committee came to us and said they have a problem, we'd just say it's not part of our charge, go figure it out with LIVE?
- Tannahill: Steering committee can recommend programs to include, but not decide on what changes would be made to those programs.
- Tannahill: Would like to see a more flushed out proposal to the Board that would seek to include rather than exclude.

Motion carried unanimously.

- Beck: OWRI has never had any intent other than reviewing literature. There isn't any "tool" being developed.
  - Tosch: There was a specific proposal given to OWRI with data and background about what we wanted. So I think there's some aspect of denial occurring here.
- Tannahill: Would like to be able to vote on #1 but need to see the proposal/cost before we can vote. RE. #2 we hope that OCSW would work with OWB staff to pull this meeting together (of all possible stakeholders) and report back to the OWB.

Tannahill adjourned the OWB meeting at 12:07 p.m. and there was a lunch break.

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