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Oregon Wine Board Meeting Minutes January 13, 2015

Oregon Wine Board

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OREGON WINE BOARD MEETING MINUTES

JANUARY 13, 2015 <<FINAL>>

LOCATION: SALEM CONVENTION CENTER, SALEM, OREGON

Attendance

Board: Ellen Brittan (Chairwoman), David Beck (Vice Chairman), Steve Thomson (Treasurer), Michael Donovan, John Pratt, Doug Tunnell, JP Valot, Leigh Bartholomew (by telephone) and Bill Sweat (Chair Emeritus)

Staff: Tom Danowski, Rose Cervenak, Jessica Willey, Marie Chambers and Margaret Bray

Call to Order

- Brittan called the OWB Board meeting to order at 8:32 a.m.

Board Minutes (Attachment)

Pratt moved for approval of the Dec. 9, 2014 Board Meeting minutes as presented. Sweat seconded and the motion carried.

Financial Review of Return on Research Spending (Attachment)

Marie Chambers presented a summary of findings evaluating the return on the OWB's technical research investments over the past several years.

- There was discussion about the difficulties of measuring the benefits of viticulture and enology research projects when they can take decades to pay off.
 - Sweat suggested taking research projects that are underway (powdery mildew and crop load) in Oregon and measure that success through large vineyard management companies because they maintain historical data that could be used as a basis of measurement.
 - Valot and Pratt commented that if the industry could track adoption/implementation rate of various research that would help measure ROI for that research.
- Regarding Oregon's "Impact factor" of 4.7, Beck commented that it is a "respectable" number considering the size of OWB research program.
- Tunnell commented that a critical element in an effective research program is dissemination of the information for action by growers and/or wineries.
 - There was additional discussion on whether that responsibility is OWRI's or OWB's.
- **ACTION: Research Committee and OWSCR to identify criteria that OWB would like to establish to measure and increase research ROI and communicate that with OWRI.**

OWS 2015 Industry Awards

- Cervenak presented the Board with a ballot of nominations for four industry awards:
 - Lifetime Achievement
 - Founders Award
 - Outstanding Industry Service
 - Industry Partner
- After brief discussion and review of the nominations, the Board elected to honor three industry members for the following awards to be presented at the Industry Awards Dinner on Feb. 24.

- Hilda and Earl Jones/Lifetime Achievement
- Loie and Jim Maresh/Founders
- Chad Vargas/Outstanding Industry Service

2015-16 Budget Priorities

- The Board briefly discussed each of the three OWB priorities – research, marketing and education.
- Research
 - In light of the recent request by some industry members to increase the research budget, Beck recommended an increase in research budget as part of a fundamental change in strategy that looks ahead to the future.
 - Thomson suggested the Board look at the reserve that is in place to protect the research grant commitments and consider a similar strategy for marketing and education spending to insure multi-year continuity of key initiatives.
 - Tunnell suggested the idea of an endowment that OWB would invest in and consequently earn additional funds.
 - Donovan commented that TOWER was created for a similar purpose and perhaps OWB could utilize TOWER in a more strategic way than has been done in the past.
 - Sweat suggested a formula for allocating funds in “up” harvest years with the requirement that additional monies be allocated in 1/3 increments over three years.
 - Thomson believes that having a longer-term strategic plan for research funding would also help engage the industry in conversations about future tonnage tax or privilege tax rate changes.
 - There was discussion on how the Board might respond to The Appeal for an increase in viticulture and enology research funding.
 - Broad support for getting from the current level of funding \$270,000 (20%) to \$480,000 (40%) over the course of time.
 - Sweat cautioned against adopting static budget allocation percentages when approving OWB’s annual research, marketing and education spending levels. Funding decisions should be based on what’s relevant in the current environment.
 - Donovan suggested an incremental increase in the 2015-16 budget because it is an “up” year, but thought it important to invite industry leaders into the decision-making process on exactly what would look like.
 - Sweat provided an analogy when considering funding that suggests when you start a business, your initial R&D budget is high, and then it begins to fall off as your business matures, making way for an increase in marketing.
 - It was noted that the OWB has to have the ability to make good business decisions for the industry without a pre-determined mandatory percentage for any budget element.
 - Brittan recapped the discussion:
 - There is no Board support for mandatory budget allocation percentages.
 - More relationship-building and partnership required with OWRI and Oregon State University.
 - OWSCR and the OWB Research Committee chairmen are directed to meet and express the Board’s interest in more frequent and richer communication with OWRI and OSU.

- Beck suggested restructuring OWB funding model to provide “incentive” for OSU investigators to conduct research in critical areas as determined by OWB.
 - Update the OWB RFA to reflect this direction.
 - Sweat suggested the Board evaluate the plausibility of a 20% increase in the 2015-16 research budget.
 - It was suggested that the increase be conditioned on next year’s RFA reflecting OWB focus on collaborative projects, joint industry challenges being addressed, etc.
 - Beck would like to see a strategy developed that would build research partnerships between warm and cool weather varieties that could create a program that would alleviate the disparity between regions, varieties, processes, etc.
 - **ACTION: Sweat and Danowski to work in conjunction with the OWB Finance Committee on a preliminary 2015-16 OWB budget with a tentative increase in research funding and recommended spending levels for marketing, overhead and education.**
 - There was some discussion regarding the Winery and Vineyard Census and whether the industry was getting information that is useful.
 - Pratt commented that the methodology used for grape pricing is also an issue for industry, in addition to other issues that we are already aware of
 - cost of the report, re-working the 2013 report, delivery date, etc.
- Marketing
 - There was discussion about the general marketing budget and direction for 2015-16 fiscal year.
 - Danowski suggested that OWB get more specific/articulate about what OWB marketing dollars are used for vs. regional association marketing dollars.
 - Tunnell suggested that we address an increase in marketing budget in the same way we are considering an increase in the research budget.
 - Donovan suggested that marketing should be OWBs highest priority as agreed to previously during the Board’s Strategic Planning process, but not at the expense of research or education.
 - Additional discussion about winning grants to augment OWB funds.
 - There was brief discussion about the possibility of future funding requests that may come to OWB from Oregon’s regional associations.
 - The request is asking for any money OWB might allocate.
 - They are also looking for OWB help on grant application writing.
 - Danowski recapped a process to be used going forward, for all requests of OWB money, support and/or time of any kind.
 - **ACTION: Danowski will draft a message for the industry on OWB’s process for considering funding requests for marketing, research or education programs.**
 - **ACTION: Thomson will respond to WVWA’s request and advise them about the process for handling such requests, which will be communicated in a future Grapevine newsletter.**

Brittan adjourned the OWB Board meeting at 11:35 a.m.