

Oregon Wine Board updates strategic plan

Industry members from across the state weigh in on needs, opportunity

By **GEORGE PLAVEN**
Capital Press

PORTLAND — Oregon might produce just a tiny fraction of the world's wine, but the industry has gained undeniable momentum in recent years.

While dollar sales of U.S. wine remained mostly flat in 2019, Oregon-labeled wines bucked the trend with 12.4% growth. According to data from Nielsen, a global market research company, Oregon wines are now available in nearly half of all liquor stores, grocery stores and other points of distribution — an all-time high.



Tom Danowski

Tom Danowski, president and CEO of the Oregon Wine Board, said Oregon's reputation for wine quality is driving greater demand in the marketplace. But with increasing popularity comes new challenges, especially as wineries and vineyards adopt new business models to capitalize on the enthusiasm.

Between 2018 and 2019, the Wine Board spent roughly 12 months meeting with hundreds of producers across the state to develop a new strategic plan, outlining priorities for scientific research, marketing

and promotion of Oregon wines across the country.

"Oregon fruit and the Oregon name on a label of wine is meaningful to the marketplace in a way that it might not have been 20 years ago," Danowski said. "There's more global demand for Oregon (wine) now, creating a new set of pressures and business opportunities."

Fueling demand

Established by the Legislature in 2003, the Oregon Wine Board is a semi-independent state agency supporting winemakers and vintners.

The board gets most of its funding from a \$25-per-ton grape tax for all winegrowers, as well as an excise tax levied on about 80 larger wineries that sell more than 40,000 gallons, or 16,800 cases, of wine in-state. Financial reports from 2018-19 show the board received a little more than \$2 million from the tonnage tax, and \$326,184 from the excise tax at 2 cents per gallon.

Danowski said Oregon winegrowers are harvesting 4 times as many grapes today as when the board was first created. In 2018, harvest eclipsed 100,000 tons for the first time, while the number of wineries also reached 793, up 24 from the previous year.

"That's why we wanted to start this process," Danowski said of the strategic plan update.

Though Oregon makes up just 1.6% of U.S. wine production — and 0.15% of global production — Danowski said Oregon wines account for a disproportionately large 18% of all American wines scoring



George Plaven/Capital Press File

Mikel Mann, a wine specialist at RoxyAnn Winery in Medford, Ore., pours a glass of red wine for guests in the tasting room.

90 points or higher in *Wine Spectator* magazine.

That, in turn, is fueling demand for Oregon grapes. Nearly one-quarter of the crop is now sold to wineries outside the state.

"It's now a viable business to grow grapes in Oregon and sell them outside of Oregon," Danowski said. "We want that. We need that marketplace to help us expand."

Market expansion is one of eight priority areas identified in the new strategic plan, split between research and marketing initiatives.

For example, Danowski said the Wine Board is working on a certification program for wine professionals and restaurateurs to learn about Oregon's wine varieties and growing regions to help them spread the word to their customers.

"They are now some of our best evangelists around the country, having been educated about Oregon wine," Danowski said.

Other marketing priorities include growing the wine tourism economy "in a

sensible way," Danowski said, that doesn't strain assets in rural communities. A study by Full Glass Research pegs the value of wine tourism at \$787 million per year in Oregon.

"That is the way that consumers from around the country fall in love with Oregon," Danowski said. "They get to see the vineyard, and be in the tasting room."

On the research side, Danowski said growers want to see more work being done to improve wine quality and enhance sustainable production practices. Oregon wines will never be the cheapest, Danowski said — the average bottle of Oregon-labeled wine costs \$16.41, versus the U.S. average of \$7.42 per bottle — yet that high quality is what justifies the price and continues to propel the industry.

"You'd think if the pricing was out of line, this momentum would slow down," Danowski said. "Quality is a key element."

COVID-19 worries

Sam Tannahill, co-founder of A to Z Wine-works in Newberg, Ore., said the strategic plan must focus on uniting the Oregon wine industry, from the Willamette Valley to the Columbia Basin and Southern Oregon.

Tannahill is a board member of the newly formed Oregon Wine Coalition, a trade group that formed out of industry dissent over several bills in the 2019 Legislature intended to protect Oregon's brand name and reputation, but that opponents argued would have damaged out-of-state markets for Oregon grapes.

Looking forward, Tannahill said the Oregon Wine Board needs to be more responsive and adaptable to changes in the industry.

The strategic plan will also be critical as wineries recover from the COVID-19 coronavirus outbreak that has cut deeply into their business, Tannahill said. Smaller wineries especially rely on direct-to-consumer sales in their tasting rooms.

"I think a lot of people are just trying to keep their businesses running," Tannahill said.

The longer the pandemic lasts, the more wineries could face make-or-buy decisions, Tannahill said. Smart marketing will be especially important as winemakers look to rebuild their customer relationships.

"Once the immediate crisis passes, it will be time to ramp up communication and help our folks upstream and downstream," Tannahill said. "Oregon was a real bright spot in the wine industry. I'd hate to see us lose that momentum."



Capital Press

The Capital Press, at 2870 Broadway St. NE in Salem, Ore., is closed to walk-in trade during the COVID-19 outbreak.

A note to our readers

By **JOE BEACH**
Editor and Publisher

Like many businesses in the Pacific Northwest, we at the Capital Press are taking a few precautions to help slow the potential spread of COVID-19.

Many of our staff members have elected to temporarily work from home. As a result, we have closed our office to walk-in traffic. If you have business that must be conducted in person, we ask that you call and make an appointment for some future date so that we can ensure that you are served.

The inside sales representatives who take classified line ads are working from their homes. They are available from 8 a.m. to 5 p.m., Monday through Friday. During those hours please continue to call our toll-free number, 800-882-6789. These calls are being routed to their personal numbers, a process that takes a little longer than normal, so please stay on the line until someone picks up.

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Lawsuit may complicate boost in available Oregon dam water

By **MATEUSZ PERKOWSKI**
Capital Press

An environmentalist lawsuit threatens to complicate a planned boost in the amount of irrigation water diverted from behind 13 dams in Oregon's Willamette River Basin.

The legal challenge marks the latest snag in a process of allocating water from the flood control reservoirs that's dragged on for about 30 years.

If the lawsuit succeeds in creating additional delays and difficulties, it's hard to see how Willamette Valley farmers will ever access more of the stored water, said Mary Anne Cooper, vice president of public policy for the Oregon Farm Bureau.

The Farm Bureau was already concerned about the U.S. Army Corps of Engineers proposal, arguing it dedicates insufficient water for the future needs of agriculture.

"We're not happy about it, either," Cooper said. "We want the ag bucket to grow."

Under a proposal that Congress is expected to vote on this year, the federal agency would devote up to 327,650



Corps of Engineers

The Lookout Point Dam on the Middle Fork Willamette River is one of 13 in Oregon's Willamette Basin. The U.S. Army Corps of Engineers and Oregon Water Resources Department have proposed specific allocations for the 1.6 million acre-feet stored annually behind the dams.

acre-feet of water to agriculture from the 1.6 million acre-feet that can be stored behind the dams.

That's a considerable increase from the 74,000 acre-feet that farmers are currently contracted to use, but substantially lower than the 450,000 acre-feet sought by the Farm Bureau.

Another 159,750 acre-feet would be allocated for municipal and industrial uses, while more than 1.1 million acre-feet would go to fish and

wildlife habitat.

The complaint filed by Waterwatch of Oregon, Northwest Environmental Defense Center and Wildearth Guardian argues the federal government's allocation plan should be blocked for violating the Endangered Species Act.

Rather than only studying the effects of divvying up the water on threatened salmon and steelhead, the agency should have analyzed the allocation in the entire con-

text of impacts from Willamette River Flood Control Project dams, the plaintiffs claim.

A "consultation" over the effect of dams on protected species is already underway among federal agencies, but the allocation plan would prejudice that process and foreclose the possibility of more water being dedicated to fish, the complaint said.

"The reallocation plan will tie the Corps' hands and limit the agencies' ability to develop reasonable and prudent alternative measures that may be necessary to protect those fish species from the impacts of the Project, which will, in turn, further jeopardize their existence," the complaint said.

The plaintiffs have asked a federal judge to stop the agency from submitting a

report containing those recommendations to Congress for approval, as well as reimbursement of the environmental groups' litigation expenses.

Congress initially asked the Army Corps to examine water allocations in the Willamette basin in 1988, which led to a more extensive feasibility study.

However, that study was halted after salmon and steelhead in the river were listed as threatened in 2000 and only re-started in 2015, ultimately leading to the agency's current proposal.

Aside from being disappointed with the amount of water devoted to agriculture, the Farm Bureau is also worried about the treatment of existing irrigators who rely on water from behind the dams.



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