**VIRGINIA WINE BOARD**

**Annual Report for 2012-2013**

**Narrative**

The Virginia Wine Board was created by the General Assembly in 2004 to replace the original Wine Advisory Board. The Board is established within the Virginia Department of Agriculture and Consumer Services. The purpose of the Board is to allocate funds to projects that expand viticultural and enological research, education, and promotion of the growing of grapes and the production of wine in the Commonwealth. According to the Code, not less than one third of the monies appropriated shall be spent on projects that advance viticultural and enological research concerning the growing of grapes and the production of wine in Virginia.

The Board is comprised of ten members, nine of whom are nonlegislative citizens appointed by the Governor. The Commissioner of Agriculture serves as a nonvoting ex officio member. The Board consists of six members who are owners or operators of wineries or farm wineries in Virginia and three members who are grape growers with no controlling financial interest in a winery or farm winery.

For FY 13, the Board received $1,779,086 from the General Assembly on money collected from the wine liter tax. The Board also received $30,450 collected by the Virginia Wineries Association for the promotion of the Governor’s Cup. With $394,257 carried over from FY 12, the Board had a total of $2,203,793 to work with. The Board is tasked with spending one-third of the allotted money ($802,081) on research projects related to growing grapes and making wine. The other two-thirds of the budget ($1,389,711) is allocated for promotion and marketing. A small portion of the total is set aside for Board expenses, including member expenses, Attorney General office support, and procurement fees.

**Projects, Accomplishments, and Challenges**

**Research**

The Office of Procurement, Virginia Department of Agriculture, issued an RFP for research projects. An evaluation committee chaired by Emily Pelton, with oversight from the Director of Procurement, reviewed all submitted projects. The committee rated and ranked the projects and brought their recommendations to the Board. The Board funded fourteen (14) research projects totaling $521,256. These research projects were divided between grape growing and wine making. When the research projects are concluded, all data, projections, and analysis will be available to the industry.

In addition to the research projects, the Board funded educational programs through the Virginia Wineries Association totaling $45,000. The Board also funded a Sustainable Production Workbook for $30,000 through the Virginia Vineyards Association. The Board also supported research work done nationally through the National Grape and Wine Initiative for $13,000. The total work funded was $609,256 with another $35,000 set aside but Virginia Tech was not able to hire someone soon enough to complete the work.

**Marketing**

The Wine Marketing Office completed their fifth full year of operations. With a full staff of three and increased funding, the Wine Marketing Office carried out an array of marketing programs. Below are some of the highlights of their marketing efforts.

The Virginia wine industry continues to grow. The total number of wineries has grown from 78 in 2004 to 230 in 2012 with more on the way. During the same time period, grape acreage has increased from 1,900 acres to 2,974 acres. The industry is developing plans to encourage existing growers to produce more grapes as well as encourage new growers to enter the industry.

The Wine Marketing Office’s ongoing objectives include:

* Building consumer interest in visiting Virginia wineries
* Creating international, national, regional, and local media interest in Virginia wines
* Developing programs that will have Virginia restaurants and shops promoting more Virginia Wine
* Expand the Virginia wine marketing area to include the Baltimore and Washington DC corridor as well as the Southeast US, including North and South Carolina and Georgia

Once again, the Wine Marketing Office participated with the Virginia Wineries Association to produce and promote the Governor’s Cup competition. The Wine Marketing Office handled the marketing and promotion of the event, and coordinated the invitations for the Gala. The Governor’s Cup event generated a tremendous amount of positive media coverage. Additionally, the Wine Marketing Office has sent over 50 cases of Governors’ Cup winning wines to the industry trade magazines and enthusiasts.

The Wine Marketing Office sent out a Request for Proposal to the industry seeking regional marketing projects. The Board reviewed all the proposals submitted and awarded 4 projects a total of $27,600 dollars. These are 1 year grants and the Wine Marketing Office is looking to grow this program in the future.

The Virginia Wine Marketing Office produced the first ever “Virginia Wine Summit” featuring Virginia wines against some of the best wines the world had to offer. Steven Spurrier came over from England to host this event. When the tasting was completed, Virginia wine scored higher in most all the tastings according to the expert panel of judges. This event raised Virginia’s standing around the world. Plans are already underway for next year’s Wine Summit.

The web site continues to be a major marketing component for the Wine Marketing Office. The site is continually being updated and revised to include more streamlined search features, becoming more “user friendly” for mobile devices, and expanding consumer oriented content. More upgrades and improvements are already in the planning stages.

The Wine Marketing Office participated in the London International Wine Fair for the third consecutive year. Additionally, they were a first time sponsor at the Charleston Wine and Food Festival. Charleston has a wealth of regionally and nationally acclaimed restaurants and Virginia wine is the quality option for this area. For the Northern Virginia and DC marketing, the Wine Marketing Office participated in “Epicuriance”, a wine festival in Loudoun County.

**Summary**

The Virginia Winery Distribution Company continued to have a positive impact and benefit for many Virginia wineries. This entity allows wineries that produce less than 3,000 cases of wine per year the opportunity to distribute wine using the VWDC as the wholesaler.

Wineries and county governments continue to work through zoning and other regulatory issues. Weddings, meetings, festivals, and tasting rooms are all essential elements to the financial success of the wineries, but it is precisely these activities that some counties are trying to regulate. Several counties with large numbers of wineries are looking to curtail and regulate wineries through zoning laws. The industry is looking to work with localities to solve these issues.

Despite the uncertain economy, the number of wineries and vineyards continues to increase and today Virginia has approximately 235 wineries open or waiting to open. The Virginia wine industry needs the support of consumers, wholesalers, retailers, and state and local government to remain successful.

Respectfully submitted,

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David King, Chairman David Robishaw, Secretary

**Board Meeting and Member Attendance**

**Date Location Attendance**

**August 02, 2012 Madison, VA 10**

John Stephens Luca Paschina

Diane Flynt Mills Wehner

Mitzi Batterson Bill Tonkins

Christopher Blosser David King

Ruth Saunders Todd Haymore

**December 17, 2012 Richmond, VA 7**

John Stephens David King

WilliamTonkins Diane Flynt

Mitzi Batterson Mills Wehner

Secretary Haymore

**March 18, 2013 Charlottesville, VA 9**

John Stephens David King

Christopher Blosser Diane Flynt

William Tonkins Mills Wehner

Mitzi Batterson Ruth Saunders

Luca Paschina

**March 19, 2013 Charlottesville, VA 10**

John Stephens David King

Christopher Blosser Diane Flynt

William Tonkins Mills Wehner

Mitzi Batterson Ruth Saunders

Luca Paschina Secretary Haymore

**June 04, 2013 Richmond, VA 9**

John Stephens David King

Christopher Blosser Diane Flynt

William Tonkins Mills Wehner

Mitzi Batterson Luca Paschina

Secretary Haymore

**Financial Summary**

\*\*\*The general fund appropriation transferred in FY 2013 was $1,779,086.00 (Chapter 890, 2011 Acts of Assembly).

**Cost Code 605**

Actual Expenditures

Cash Balance: June 30, 2012 $394,257.07

Other Receipts: July 1, 2011 to June 30, 2012 $30,450.17

Deposit from general fund $1,779,086.00

Total Cash Balance and Receipts: $2,203,793.24

Total Actual Expenditures $1,868,309.66

Cash Balance: June 30, 2012 $335,483.58