

# Pot stores find that strength in numbers a big thing

Retailers consolidate as a new industry evolves

By EDWARD STRATTON  
EO Media Group

Signs for Mr. Nice Guy, an ode to the 1998 stoner comedy "Half Baked," recently began popping up in Astoria.

The marijuana retailer has merged with a sister company, Hi Cascade, absorbing its location at the foot of the South Slope. Mr. Nice Guy will open another store next month on Bond Street downtown.

The new addition to Astoria's growing number of marijuana stores is also part of a trend toward consolidation, as many shops try to weather a weak market, sometimes taking on outside investment capital.

Will Wiedenmann, an assistant director of operations with Mr. Nice Guy, said the two companies' ownership felt they needed to make a universal brand behind Mr. Nice Guy. The company now has 16 locations in Oregon, including former Hi Cascades.



Dallas Matuszek fills an order for a customer at Sweet Relief in Astoria.

Colin Murphey/The Daily Astorian

"Strength in numbers is a big thing," Wiedenmann said.

Five Zero Trees, a Portland-based retailer that recently opened stores in Cannon Beach and Astoria,

has six locations on the North Coast and around Portland. Sweet Relief has five locations on the North Coast and inland to Columbia County. Cannabis Nation, with a location

in Seaside, has four stores around the state.

Marijuana stores have faced increasingly tight margins since overproduction after the drug was legalized in Oregon led to

a sharp decline in prices. Having more places to sell allows retail chains to buy at a larger scale for a lower price, said Beau Whitney, a cannabis economist with New Frontier Data.

"That creates a pricing differential relative to the smaller mom and pops that don't have the purchasing power," he said. "To me, this is a natural evolution of the market. It's starting to increase now lately."

It seemed like Oregon was reaching saturation when it recorded nearly 600 dispensaries, Whitney said. But the state had focused on getting more licensees and offering lower entry fees to help take consumers away from the illicit market.

"In retrospect, when you think about it, having unlimited licenses in a closed environment ... at some point there was naturally going to be a consolidation in the marketplace," Whitney said.

State regulators in June placed a moratorium on new licensees until they can work through the backlog of applicants seeking entry into the marijuana industry. That backlog is exacerbated by companies changing ownership as they take

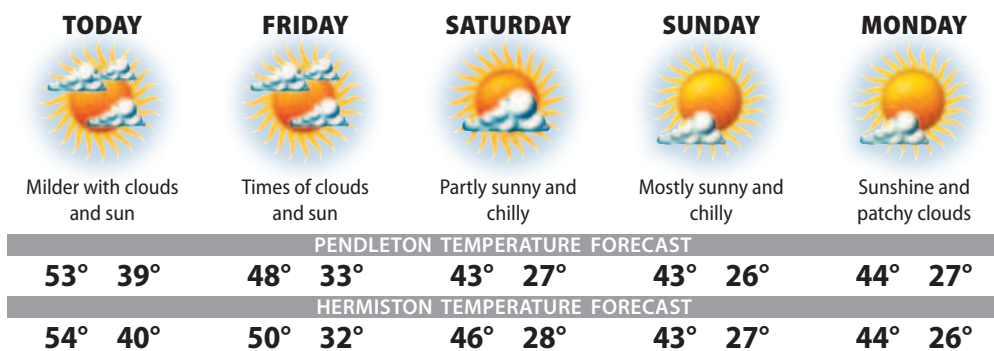
on investors, Whitney said. The process was made easier by the state Legislature in 2016 rolling back requirements that more than half of a marijuana store be owned by an Oregon resident.

Now out-of-state investors can contribute as much as they want to Oregon cannabis businesses, bankrolling new franchises. One of the most notable examples is Portland-based chain Chalice, which has taken on millions from Canadian investment firms to open new franchises across the western U.S. and Canada, according to *Willamette Week*. More than 1 in 5 of the state's dispensaries belong to a chain, the newspaper reported.

"Investors are coming in," Whitney said. "They see an opportunity. They are seeing a certain level of distress in the market. That distress is allowing them to buy high-value properties at a discount. They see this as an arbitrage opportunity."

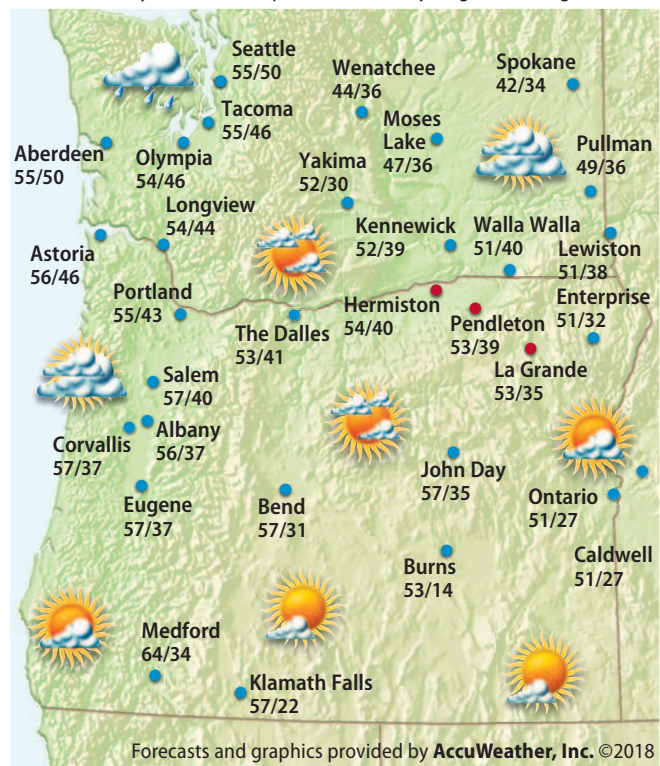
Another reason for the rush of outside capital is that marijuana business owners can't access traditional financing, such as loans, because of federal prohibition, Whitney said.

## Forecast for Pendleton Area



## OREGON FORECAST

Shown is today's weather. Temperatures are today's highs and tonight's lows.



## ALMANAC

**PENDLETON** through 3 p.m. yest.

TEMP.	HIGH	LOW
Yesterday	50°	26°
Normals	50°	33°
Records	72° (1953)	-4° (1955)

**PRECIPITATION**

24 hours ending 3 p.m.	0.00"
Month to date	0.10"
Normal month to date	0.60"
Year to date	8.25"
Last year to date	14.27"
Normal year to date	10.59"

**HERMISTON** through 3 p.m. yest.

TEMP.	HIGH	LOW
Yesterday	49°	32°
Normals	51°	33°
Records	69° (2001)	6° (1978)

**PRECIPITATION**

24 hours ending 3 p.m.	0.00"
Month to date	0.01"
Normal month to date	0.53"
Year to date	6.46"
Last year to date	8.15"
Normal year to date	7.81"

**WINDS** (in mph)

	Today	Fri.
Boardman	SW 4-8	NNE 4-8
Pendleton	W 4-8	NW 6-12

**SUN AND MOON**

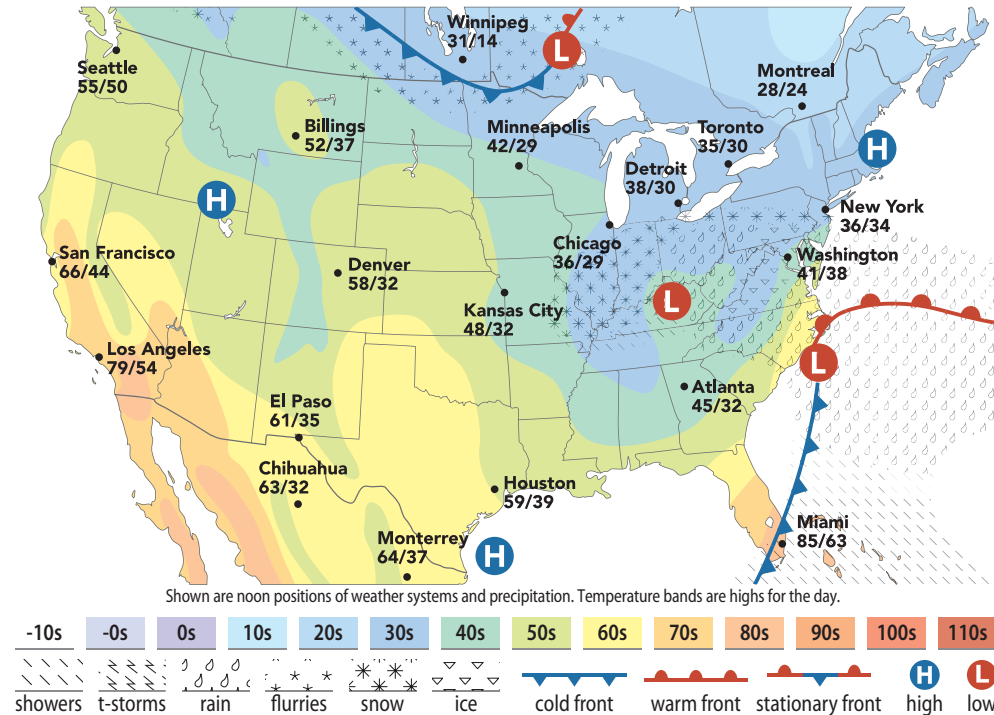
Sunrise today	6:54 a.m.
Sunset tonight	4:24 p.m.
Moonrise today	1:17 p.m.
Moonset today	11:33 p.m.

Nov 15 Nov 22 Nov 29 Dec 6

## NATIONAL EXTREMES

Yesterday's National Extremes: (for the 48 contiguous states)  
High 91° in Immokalee, Fla. Low -8° in West Yellowstone, Mont.

## NATIONAL WEATHER TODAY



# Brown, Wheeler support river ferries to relieve I-5 congestion

By CLAIRE WITHYCOMBE  
Capital Bureau

A months-long effort to fashion a new ferry service across the Columbia River in Portland comes into public view on Friday before the Oregon Transportation Commission.

The ambitious plan to ferry hundreds of people between Vancouver and Portland has been encouraged by Gov. Kate Brown, Portland Mayor Ted Wheeler and other leaders.

The force behind the plan is a company called Frog Ferry.

Its founder and president is Susan Bladholm, a marketing executive with prior public sector experience at the Port of Portland and in public economic development agencies in Oregon. She also co-founded Cycle Oregon, the popular bicycle ride.

Bladholm said her company has been developing its plan for a year and a half. She wasn't ready in an interview to reveal the full details, saying such a disclosure could jeopardize efforts to round up help from government agencies to make the plan work.

Frog Ferry's idea is to deploy passenger ferry service in three stages. The first stage would mean round-trip service between Vancouver and Portland from stops on the Columbia and Willamette rivers.

A one-way trip would take about 40 minutes.

The ferries, which could each carry 149 passengers, would have bicycle storage but wouldn't carry cars.

Frog Ferry says the ferries could carry nearly 600 people during commute times, taking 500 vehicles off the congested Interstate 5 span between Washington and Oregon.

More ferry stops would be added over the next two stages with service extending up the Columbia Gorge.

The ferry service would be an answer to growing traffic congestion in the Portland metro area that is clogging freeways, extending commutes and costing businesses.

Such congestion cost Portland commuters \$1.76 billion in time and fuel in 2014, according to a 2015 analysis by the Transportation Institute at Texas A&M University.

Brown believes the Frog Ferry proposal is "the most organized effort to date" to turn to the rivers for relieving "unprecedented levels" of congestion, according to Nikki Fisher, a spokeswoman for the governor.

She said the governor thinks "our waterways are an untapped resource to increase mobility."

The depth of the support was revealed

in letters Frog Ferry submitted to the state ahead of Friday's meeting of the state Transportation Commission.

"Transit remains a critical priority for our region, and I appreciate you working with the Portland Bureau of Transportation, the Bureau of Planning and Sustainability, the Office of the Harbormaster, and my office to pursue a Portland-area river taxi service," Wheeler wrote in a Jan. 12 letter to Bladholm.

Curtis Robinhold, executive director of the Port of Portland, addressed Frog Ferry's proposal in a Feb. 9 letter to Bladholm.

"I support the Frog Ferry initiative as a public-private partnership, and wish you well in leveraging local, state and federal funding sources, as well as private sector investors to aggregate resources and improve the traffic situation," Robinhold wrote. "Best of luck to you as the initiative moves forward."

Bladholm approached Matt Garrett, director of the state Transportation Department, six months ago about appearing before the state commission, according to Tom Fuller, agency spokesman. He said Garrett has taken no position on the plan.

"I think the commission is just interested in hearing information and ideas around ferry service and we'll just have to see whether anything comes of it after that," Fuller said.

Commission Chair Tammy Baney said she didn't expect any decision at Friday's meeting.

The commission "is charged with ensuring a safe and efficient transportation system. This concept is one that we want to know more about," she wrote in an email to the Oregon Capital Bureau. "Susan Bladholm, of the Frog Ferry, has been working with ODOT on feasibility. It makes sense for us to be informed."

In an interview Monday, Bladholm couldn't estimate the cost of the river ferry service but said her company would seek public and private funding to launch the service.

## Corrections

The Nov. 14 "Aiming to recapture commuters" misstated Pendleton Triangle's address and how many more units would be developed. The address is 289 S.W. 28th Drive, and there are 13 more units expected to be completed.

The Nov. 13 article "Company provides cutting-edge bovine IVF treatments" incorrectly stated when Luciano and Alina Bonilla worked for Wheat-sheaf Group. They worked for a different biotech company in Wisconsin before moving to Hermiston.

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