

Seaside dispensary to consider sales of recreational cannabis

Pot from Page 1A

lance, security, safes, alarms — has to meet high standards of oversight.

Surviving the moratorium

The next hurdles the business encountered were at a local level. In 2013, through Senate Bill 1531, the state gave municipalities the ability to enact a moratorium of up to one year on licensing medical marijuana dispensaries while they worked to establish “reasonable regulations.”

Not wanting to lose their location on U.S. Highway 101, the Geigers continued to undergo inspections by the Oregon Health Authority and pay an annual licensing fee of \$4,000 even during the moratorium.

“It wasn’t easy. We’ve got a very big space and a small store to support it,” Geiger said.

Seaside’s moratorium expired May 1. Even then, though, the Geigers were unable to operate as a dispensary, because the Code of Seaside’s general business license ordinance prohibits activities that violate local, state or federal law. Marijuana is still a schedule I drug at the federal level.

The waiting continued, Geiger said, as the Seaside City Council grappled with adopting provisions to control how, when and where dispensaries could be operated within city limits. Even after an ordinance was adopted May 11, it took 30 days for that to go into effect. Highway 420 was then subject to a surprise inspection by the Oregon Health Authority and local law enforcement, as well as background checks for all employees.

“We have been thoroughly searched, investigated, looked at up and down for weeks,



KATHERINE LACAZE/SEASIDE SIGNAL

Steve Geiger is the owner and buttender at Highway 420, Seaside's first legally operated medical marijuana dispensary since the city's moratorium expired.

months and years before we were finally able to get this,” Geiger said.

He believes the tenacity was worth it and feedback he’s received has confirmed that. Many customers have expressed gratitude that they put up a fight and the dispensary is now running, Geiger said.

“That part of it has been very rewarding, because every day people are coming in here and they’re happy,” he said. “That’s what we wanted to achieve and we’ve done it.”

In the two weeks after opening, the dispensary tracked about 700 points of service, although many were for repeat customers. The facility carries 20 strains of medical marijuana, as well as oils, edibles and other items. His products come from several sources, including some in the local area, Portland and southern Oregon.

“We’re getting new products all the time,” Geiger said. “When you’re brand new, you can’t just open up and have a store full of stuff. You have to go through the process, and it

takes a little bit of time, if you do it legally and correctly.”

When it comes to pricing, he said, the Oregon Health Authority requires dispensaries to derive a formula based on what they pay for their product, their operating costs and what it would take to turn profit. After calculating costs, Geiger said, they determine what to charge per gram based on what they paid for pound.

Recreational sales on the horizon?

Only a few weeks into operating their dispensary, the Geigers are faced with the decision of whether to start selling recreational marijuana in October. That became possible Tuesday, July 28, when Gov. Kate Brown signed Senate Bill 460 into law; the legislation allows existing dispensaries to sell limited quantities of dried marijuana, seeds and starter plants to all adults beginning Oct. 1.

“When we got into this, we never had an interest in recreational,” Geiger said. “We got into this to help people and we were interested in the medicinal side. But now that things have changed dramatically, the future of medical marijuana is uncertain.”

As a business person who has invested heavily in a medical marijuana dispensary, he added, “we’re really forced now to consider the recreational end, because if we don’t, we won’t survive.”

Looking into the future, the owners plan to provide recreational marijuana starting in October if the state will license them to do so and the city agrees to it. Senate Bill 460 allows local governments to adopt ordinances that prohibit sales of limited marijuana retail products.

Geiger hopes the city will not choose to do so, especially considering approximately

59 percent of Seaside voters approved of Measure 91 in the 2015 General Election last November.

“Maybe it’s time to start looking at marijuana differently than we have in the past, and instead of recoiling from it and thinking it represents something it doesn’t, embrace it and let the money that’s going to come from it, come to our town,” he said.

An uncertain future

In addition to steps the city could take to limit the presence of marijuana in town, Geiger said there are other factors that make the future uncertain for Highway 420.

It is very expensive and time-consuming for patients to get their medical marijuana card every year. Many will continue to benefit from having a card because taxes for medical marijuana will be significantly less than taxes for recreational marijuana. On the other hand, Geiger said, because people now can grow their own plants and possess marijuana in multiple forms, the medical card “doesn’t have near the value it once did.”

That poses the following questions: How many patients will continue to pay to keep their cards? How will the Oregon Liquor Control Commission address medical versus recreational marijuana? What fees and taxes will the state establish?

“All those are questions that are still left to be answered, and as a business person there’s no way you can do any sort of profile or business plan around something that doesn’t exist yet,” Geiger said.

His goal is to continue trying to politically engage the public to get involved and foster a cannabis-friendly environment in which the dispensary can survive.

City Council crafting regulations for cultivating medical marijuana

By Katherine Lacaze
Seaside Signal

Marijuana farmers will have room to grow in Seaside’s industrial areas, but will be prohibited from the city’s commercial and residential zones.

One resident, however, is concerned that an herbal product like pot might suffer from industrial conditions and could be detrimental to the product.

On Monday, July 27, Seaside City Council members moved forward in the process of establishing licensing requirements for local medical marijuana growers.

The proposed two-pronged legislation was considered at a second public hearing on medical marijuana production and processing.

A new chapter in the city code would set restrictions on where and how those businesses could operate, limiting production to Seaside’s three industrial zones. Growers, producers and processors would need to obtain or renew annual licenses from both Seaside and the Oregon Health Authority. The city would require grow site owners, managers, operators, employees, agents and volunteers would be subject to criminal record background checks. Grow sites would be subject to periodic inspections by the Seaside fire marshal to ensure they remain in compliance with applicable fire and life safety regulations established in the ordinance.

Astoria resident Zachary Seidel said he was opposed to

the idea of medical marijuana being restricted to industrial zones. He said he does not believe that is the cleanest environment for producing and processing a natural product. Seidel said it could be detrimental to the quality of the product.

Since the sites in city limits would be indoors in a controlled climate, that should not be an issue in Seaside, City Councilor Jay Barber said. “That provides purity, which is a major issue in the growing of marijuana in any city,” he said.

Additionally, Barber said, the state measures the product to ensure quality before it is passed on to consumers.

A third reading of the bill is scheduled for a future council meeting.

In other news:

• Panhandlers and others got another month’s reprieve, as the City Council postponed a discussion of the proposed ordinance regarding itinerant merchants. The ordinance would amend legislation on the books since the 1980s, and would require panhandlers, street salesmen, musicians and others to obtain a license for \$50 per day. The council scheduled a work session on the proposed ordinance for Aug. 31 at Seaside City Hall.

• Seaside Fire Chief Joey Daniels informed council the office remodel at the fire station was completed. The remodel bid was for \$32,984. The total cost for the remodel was \$39,383 because of unforeseen issues that came up during the process.

Seaside marijuana grower expands operation

Grower from Page 1A

of his strains in state competitions and won first place for his “Krome’s White” strain.

That sense of accomplishment, knowing he could create a quality product, drove him “to keep going and keep getting a little bit bigger and a little bit better,” he said.

Early in 2015, for logistical and security purposes, he and his partners transferred their operation to its own space. Break-ins posed not only a constant threat but actually occurred at Saucedo’s residence. Additionally, the partners were gearing up for an anticipated merge of the medical and recreational cannabis industries and their accompanying rules and regulations.

He considers his operation still relatively small; he and his partners all have external employment for income. Most of their profit from growing cannabis has been spent to prepare their facility to meet the structural and security regulations it will have to when they are required to get state and city licenses in the coming months.

The growing process

Saucedo’s workshop has three rooms for flowering. The cultivation process starts with cloning. The growers take a cut from an established plant they have identified and acquired from a quality source.

It takes about 14 days for the cuts to root, and then they can be transported to a 5-inch pot. In about a week, the plants move to a 1- or 2-gallon pot, and then a 25-gallon pot. Saucedo uses a coco coir fiber for his potting mix.

Once the plants have moved to the large pots, they are given two or three weeks to vegetate. Growers have to fabricate an artificial light cycle that mimics and expedites the natural cycle cannabis plants are exposed to outdoors. Once the plants are ready to flower, they are exposed to light only 12 hours per day instead of 24, which will trigger that effect.

Saucedo tries to keep the ratio at one plant per light so “we can stay within the legal limit and grow optimal-sized plants.” Growers are restricted to six plants per patient.

“We try to get the plants as big

as possible,” he said. “One pound a light is our goal.”

Any extra is just a bonus, he added. That means each month, they harvest about 4 to 6 pounds per room.

The whole process — from cloning to having the product ready for use — takes about three to four months. In addition to the light, growers also control humidity levels and temperature, which should be 45 to 50 percent and between 70 and 80 degrees, respectively.

When it comes to choosing nutrients for the plants, some growers opt for synthetic materials and others for organic products. Saucedo and his partners start with a synthetic feeding method known as Lucas Formula and incorporate proteins by adding in different organic materials.

Who gets the product

Saucedo is licensed to grow medical marijuana for himself and three patients, and his partners are, as well. Growers may legally produce marijuana for no more than four patients or designated primary caregivers concurrently, as per Oregon Revised Statutes. Growers may possess up to six mature plants and up to 24 ounces of usable marijuana for each patient or caregiver for whom marijuana is being produced and up to 18 marijuana seedlings or starts for each patient.

Saucedo has to carry his own patient card, as well as grow cards for each of his patients. Any excess he has after selling to his patients he is able to provide to dispensaries.

If a grower is selling to a dispensary, a product sample of three grams must first be tested at a specialty lab, which can take one day or more, depending on how much the grower is willing to pay for expediency. The labs, which are designated solely for testing marijuana, do a potency analysis and check for mold and mildew.

Where growers will see more oversight in the coming months from the state and local level is regarding their facilities. The city of Seaside is currently considering legislation that would require growers to obtain a business license and a license

to have a grow operation. If the ordinance passes, grow sites would be subject to inspections from the city’s building official and fire department.

The ordinance would restrict grow sites to the city’s industrial zones, which wouldn’t affect Saucedo’s operation as it already is located in an industrial zone. However, he said, “it’s not really leaving the market very wide open.”

A couple months ago, he asked the city to consider allowing operations in some commercial zones, as long as they met other regulations. The city has not discussed that option at a City Council meeting since starting the process to pass the proposed marijuana grow operation ordinance.

An awkward time for growers

The Oregon Health Authority reported in April there were 439 growers and 370 growsites in the county; there were 674 registered medical marijuana patients in Clatsop County, as of July. The legalization of recreational marijuana with the passage of Measure 91 last year has created a changing legal environment for growers.

Overall market prices for marijuana have seen a decline in recent years, Saucedo said. He and his partners used to get about \$3,000 to \$4,000 per pound depending on the variety. Now, the price ranges from about \$1,600 to \$2,400 per pound.

While that may be good for patients and dispensaries, “a small guy may just get pushed out and the profit-margins may not be high enough for up-and-comers,” when it comes to growers, Saucedo said.

Only those producing the highest quality product will survive, or rather, “the solid craftsmen will rise to the top,” he said. Large-scale operations also should make it, he said.

Consumers have to educate themselves on what counts toward quality for marijuana and decide what they are willing to accept.

“The marketplace will determine what’s good and what’s bad — what’s an acceptable end product,” Saucedo said. “It’s just like beer. You could get a Coors or go to Fort George



SUBMITTED PHOTO

In 2010, Seaside resident and cannabis producer Eric Saucedo took first and second place at the Oregon Green Free Sixth Annual Oregon CareGrowers Cup.

Brewery. A lot more time and love will go into one and the others are mass-produced.”

Saucedo is trying to cultivate quality varieties of cannabis that will thrive in the product’s new market environment. As a landscaper, he is around plants all day so he is able to identify and treat any problems his marijuana plants might have. Almost any growing question he has can be answered by a quick Internet search.

“There shouldn’t be much of a learning curve for growers if they seek out the information,” he said.

Saucedo sells his product in leaf or smokable form, but there are many other different niches in the industry, among them concentrates, oils, edibles, marijuana-infused items and other products.

“There are many positions in this industry we haven’t figured out yet,” he said.

Saucedo hopes to see his business grow to the point it can be his sole occupation and he can provide employment for others.

A few varieties in their arsenal have been there for years, and likely are there to stay. Others are given a shot but don’t make the cut. Under current regulations, which limit the number of plants a grower may possess, real breeding isn’t possible. Saucedo said he hopes to see that change.

“We’d like to, if the state allows it, have a real breeding program and come out with our own varieties,” he said, adding, “we would like to put a strain throughout the world that represents Seaside, Ore.”

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