

THE WINDSOR STAR

<http://blogs.windsorstar.com/news/from-potted-flowers-to-potted-pot-growing-a-new-cash-crop>

The new cash crop

Doug Schmidt

Dec 21, 2014 - 5:24 PM EST

Last Updated: Dec 21, 2014 - 10:51 PM EST

How is medical marijuana sold and distributed?

- A patient must have a doctor's recommendation through a medical document to be signed by the physician following a consultation. The document must specify the daily amount to be used (in grams) as well as the duration of use.
- The patient then needs to register online with a government licensed producer and choose the desired strain of cannabis.
- The order is placed, credit card payment is provided and the product containers, each with 10 grams of trimmed, loose bud, are delivered to the patient by Purolator courier inside plain packaging in shipments that are tracked.

Longtime greenhouse grower Cole Cacciavillani, his family a pillar of the Leamington community, jokes about acquaintances made during nearly three years of personal research into growing marijuana.

The challenge in expanding from geraniums and poinsettias for retail chains like Costco into marijuana for medical patients was that most of the existing expertise was built up around a crop still largely illegal.

"The problem with this whole industry is it's been mostly underground.... We have to make it legitimate," said Cacciavillani. He insists he's never ingested the new product he's now licensed to grow and sell.

“There’s no stoners here,” the suited business entrepreneur and greenhouse pioneer said when asked about what might make local farmers keen on growing pot. But Cacciavillani, the founder

and co-chair of Aphria Inc., suggests it’s probably a different story for some of the pot professionals he consulted along the way.

‘MASSIVE’ SECURITY TO PROTECT MARIJUANA

Located on the town’s urban edge and surrounded by acres of potted flowers under conventional greenhouse glass, the three sections dedicated to growing Essex County’s newest agricultural crop are distinguished by the barbed wire and towers sporting video cameras, lights and motion detectors that surround them.



Cole Cacciavillani, co-chair and founder of Aphria in Leamington, ON which grows medical marijuana. (DAN JANISSE/The Windsor Star)

“You’ll be blown away by the security.... It’s simply massive,” said company CEO Vic Neufeld, who moved to Aphria earlier this year after retiring as president and CEO of vitamin giant Jamieson Laboratories.

The unusually tight security and oversight at Aphria came into sharp focus during a recent tour when Cacciavillani accidentally knocked a single leaf off a pot plant.

Probably a handful of video cameras spied that leaf falling to the greenhouse floor amid the countless leaves on hundreds of other potted plants. “That should be logged,” Cacciavillani said of this tiniest of incidents. He then reconsidered, but not without a small concession to the cameras — with a sigh, he bent down, picked up the tiny fallen leaf and delicately placed it back on the mother plant.

About 50 video cameras with better resolution than those capturing the action from above the Caesars Windsor blackjack tables record everything, all the time, with a huge 500-terabyte hard-drive that ensures all that footage can be stored up to two years.

Police-screened employees log in and out when entering and exiting the various work areas, some behind doors that only open with the scanned fingerprints of specially permitted supervisors. Motion scanners detect and record the slightest movements around the complex, and Cacciavillani said there are additional security measures he won’t divulge. Every plant movement must be logged, and Health Canada inspectors randomly drop in for unannounced inspections.

The harvested pot that is trimmed, packaged and prepared for shipment is further locked away in the “vault” — a massive, 60-by-100-foot storage area behind steel-bar reinforced concrete walls surrounded by a further array of detection devices and security features.

It’s all for good reason. By the time Aphria got its licence to sell at the end of November, it already had 100 kilograms of rich medical marijuana bud ready to ship — at a low-end average sale price of \$8 a gram. That’s \$800,000 of legal weed.

LEAMINGTON POT WORTH MILLIONS

The company business plan sees Aphria shipping 1,600 kilograms of pot on an annualized basis by the end of next year — enough to supply about 3,500 patients. Its licence allows for 8,000 kilograms of annual production. That’s an estimated \$64 million in potential yearly sales.

The high security — a sizable portion of Aphria’s \$6-million startup costs — is to assure Health Canada that not a single gram of pot gets diverted from its intended use, which is

bringing medical relief to the growing number of patients being prescribed marijuana by doctors.

Despite all the security, which includes giant carbon filters to ensure that distinctive marijuana odour doesn't escape into the outdoors, Aphria's operation looks a lot less imposing than the typically brick-enclosed, windowless and bunker-like appearance of the cannabis competition.

From the outside, this still largely has the appearance of any other greenhouse business. Aphria's 22,000 square feet of growing area is a small footprint inside the 450,000 square feet of space dedicated to growing flowers, spread across 10 acres of greenhouses that CF Greenhouses uses to produce an annual crop – marijuana excluded – of 6.5 million plants.

As one of only two new producers granted approval to sell since Health Canada's regulations changed in the spring, Aphria's principals believe it's going to be much tougher now for others to enter the scene. They also feel that, going forward, their experience and local skill sets acquired over decades in the farm and pharma sectors will put them at a competitive advantage as the medical marijuana market expands.

"No one's been down this path before. We're the first in this new process," said Neufeld.

"All the others are box growers, we're greenhouse growers," said Cacciavillani.

Whether it's for security or due to the sketchy roots of marijuana's recent past, all the other growers approved so far operate in what the Aphria partners dismissively describe as "boxes" – windowless structures that rely completely on artificial lighting.

The newness of the industry and relatively low level of competition that currently exists might allow for a wide range of growing conditions and pricing, but Cacciavillani said the market will tighten up soon enough. That's when Aphria, operating under the meticulous scheduling, yield-boosting and growing guidelines developed for the greenhouse industry, will have the advantage, he and Neufeld said.

Energy costs alone, Cacciavillani said, are about 75 per cent lower in a greenhouse environment. “Those other box producers, they can afford to do it their way now, but not in the future,” he said.

The Aphria growing area is very high-tech, with plants in five stages of growth – from tiny cuttings to bushy mother plants – on movable steel trays and fed a controlled diet of liquids and given strict dosages of daylight and lamplight.

Cacciavillani, who co-chairs Aphria with fellow long-time grower John Cervini, runs CF Greenhouses, pioneers of a high-tech agricultural sector that now boasts more than 2,000 acres of greenhouses in the Leamington and Kingsville area — the highest concentration in North America.

Before Aphria, Neufeld headed Windsor’s Jamieson’s Laboratories and grew it into a globally recognized brand name and Canada’s largest manufacturer and distributor of products such as natural vitamins and botanical medicines. He moved to Aphria after Jamieson’s sale in January to new private equity owners.

After two-and-a-half years of mostly hush-hush development and preparation, Aphria – now publicly traded but 52 per cent owned by the three principals: Cacciavillani, Cervini and Neufeld – got Health Canada approval to sell pot on Nov. 27. Without even having started a marketing strategy, the counselling service hired by the company to service client questions fielded 25 calls on that first day, and there are already times when “it’s a zoo” with eager potential clients. The first client shipment went out Dec. 10.

“We understand scale and we understand production,” said Cacciavillani, adding his new company, barely out of the starting block, has already fielded several buyout offers from bigger companies.

With medical marijuana now being legally produced and sold, Neufeld is convinced it’s only a matter of time before recreational pot is approved.

“Right now, we don’t need any potheads in a suit. None of us are from that culture,” said Neufeld. “But if it goes recreational, there’s no doubt we’ll need people like that, although I don’t think we’ll have a problem finding them.”

dschmidt@windsorstar.com or on Twitter [@schmidtcity](https://twitter.com/schmidtcity)













[Find Windsor Star on Facebook](#)

Tags: [Aphria Inc.](#), [Cannabis](#), [Cole Cacciavillani](#), [Health Canada](#), [Leamington](#), [medical marijuana](#), [Photos](#), [Vic Neufeld](#), [Videos](#)
