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New chance for an old mill town

3 buildings open Monday on the biotech campus in Kannapolis, raising hopes and questions.

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The North Carolina Research Campus in Kannapolis opens Monday. DAVIE HINSHAW –

KANNAPOLIS Three years ago, billionaire David Murdock swept into a faltering town and laid out a bold vision: demolish the century-old textile complex and build a biotech hub in its place.

He wanted to provide high-paying jobs for the region and improve health and nutrition around the world with research created in Kannapolis. But would it work? Can you build an industry from scratch outside of areas where it had traditionally thrived, in a community steeped in NASCAR and textiles, not beakers and blood samples?

As the \$1.5 billion North Carolina Research Campus officially opens Monday, Murdock has made much progress. But the three buildings that are opening represent only a small corner of the 350-acre campus, and there's still far to go to fulfill Murdock's dream.

The campus, about 30 miles northeast of Charlotte, remains a busy construction zone with work on several other buildings continuing this year.

Murdock is picking up the bulk of the campus's costs. And more than \$47 million of taxpayer money is committed or anticipated to cover costs for N.C. universities and the community college collaborating on the campus.

The project continues to raise expectations and questions in a region thirsting for a diverse economy while wondering what work will be available for everyday residents.

Biotech is a dicey venture. It can take a decade or longer – and hundreds of millions of dollars – just to get one product to market, with no guarantee of success. An industry that requires

risk-takers for investing in new ideas is especially vulnerable to a turbulent market.

People also want to know that if their company fails, they can walk down the street and get another job, said Joseph Cortright, an Oregon economist and industry expert. "There's only a handful of places like that in the U.S., and Kannapolis is not one of them."

Cortright also pointed to the market volatility hindering biotech growth, and a new report on the decline in confidence by venture capitalists, who provide money for early-stage biotech companies. "This is a tough industry under normal circumstances," he said, "and the circumstances we are experiencing now are far from normal." Campus officials insist they are getting there.

Monday's events will focus on the Core Lab, one of the campus's biggest draws, with speciality equipment and labs, as well as buildings housing UNC Chapel Hill, N.C. State University and other researchers.

The campus replaced the Pillowtex mill complex, which closed in 2003, throwing more than 4,000 local residents out of work in the state's largest mass layoff.

"We've moved on ... to a new way of life," said Lynne Scott Safrit, who oversees campus development for Murdock. "It'd be hard to doubt (the project) when you see those big buildings and the investment that Mr. Murdock has made."

Businesses on board

Campus officials initially predicted they would have 100 companies within four or five years of opening, then soon doubled the projection to 200.

Now, three years later, 16 businesses are on board, as well as eight N.C. universities and the community college system. UNC, N.C. State and Duke University are among the big drawing cards academically, and some of the businesses could help lure others to Kannapolis as well.

Among the businesses that already signed on are Dole Food, which Murdock owns; LabCorp (whose chief scientist, Andrew Conrad, is Murdock's campus science adviser); and PPD, a contract research organization looking to bring 200 to 300 jobs.

Campus recruiters are pursuing food and beverage companies, too. For instance, Campbell's Soup confirmed it held preliminary talks with campus officials.

Pharmaceutical giant Pfizer said it sent several people to tour the campus to monitor its development, but has no immediate plans to partner with it. Clyde Higgs, Murdock's chief campus recruiter, said recently he would like to see 20 universities and 100 companies at the campus. Additional universities should arrive in the next two years, Higgs said, but declined to predict when the campus would hit the 100-company mark.

"There's a lot of momentum right now," said Michael Constantino, southeast area life sciences industry leader for Ernst and Young in Raleigh. He said the campus is the state's biggest planned life sciences center since Research Triangle Park was launched 50 years ago.

Opportunity for jobs

As recently as Thursday, the campus mentioned in a news release that it expects the project to generate 30,000 jobs, a reference to a consultant's estimate of direct and indirect jobs from the campus by 2027.

For now, between construction workers and scientists, more than 100 people are at work, Safrit estimated. The group that made the overall jobs projection, Market Street Services, warned in a July study that Cabarrus and Rowan County workers faced a crisis. They can't compete for most of the jobs at the campus because many lack the education and have little opportunity to improve their skills, the study said.

"The residents are not equipped to take advantage of the jobs," study co-author William Teasley told the Observer in July. "They are competing against people from across the state, nation and the world."

Campus and community leaders urge former mill workers and others to seek retraining for campus jobs, many of which would be support work that do not require major scientific backgrounds.

David Hollars, who runs the Centralina Workforce Development Board, remains optimistic the entire Charlotte area will benefit. "Biotech will help with job diversity in the region," he said. "(The campus) is one tool, but it's a big tool. It's a jackhammer."

A big challenge for the campus, he said, is to keep people aware of the opportunities in Kannapolis.

Web sites posting jobs have just been launched: [www. jobsatncrc.net](http://www.jobsatncrc.net) and [www. jobsatncrc.com](http://www.jobsatncrc.com). Late last week, the only listings were for two post-doctoral university scientists, a senior clinical research associate and an administrative support associate.

The universities are busy with their own recruiting.

In a January e-mail to campus and university leaders, Steven Zeisel, who is leading UNC's Nutrition Research Institute in Kannapolis, wrote of how he hoped to reel in world-class metabolomics scientists.

"It will not be easy because they are highly prized by their current universities and comfortably supported," he wrote. "They are interested because of the outstanding core facilities and because of the adventure of creating a new world-class research center in nutrition."

Public money

Even before the campus opens, taxpayers hold a significant stake.

Kannapolis and Cabarrus County are sharing costs of issuing \$168.4 million in self-financing bonds for infrastructure projects. New tax revenue created by the district goes toward paying the bond debt.

In Raleigh, lawmakers have approved about \$19.5 million for buildings, operations and staff for the universities at Kannapolis, said Rob Nelson, vice president for finance with the UNC system. The system plans to ask the legislature for another \$10 million to cover additional

personnel costs from 2009-11.

Nonrecurring startup costs for the universities came to \$9million.

And Rowan-Cabarrus Community College, which will provide biotech training for the community at the campus, has received approval for more than \$9 million for its costs.

Campus and university officials are trying to land a U.S. Agriculture Department human nutrition center, as well as pursuing federal and private grants. Duke University already received a five-year, \$52.7 million grant through its medical school from the federal National Institutes of Health to cover work in Kannapolis.

Murdock has spent \$293 million on construction and equipment through August, the city estimated. And he helped Duke University launch its long-term health study of area residents last year with a \$35 million gift.

But not even Murdock is immune from the economy. Plans to build townhomes along Main Street are on hold, because, as Safrit said, the timing isn't right.

Community benefits

People like Lisa Efird are eager for the campus to open. She works in a Kannapolis church next to the complex, and feels the community will benefit from the changes.

Some changes already have occurred. Last year, Murdock opened a restaurant on the campus, calling it Forty Six for the number of chromosomes in the human cell. It serves only healthful foods, and its bathroom doors reference chromosomes, with the men's room labeled "XY" and the women's room "XX."

Higgs said he's already seen scientists from different groups meeting up at the restaurant and discussing their mutual interests. It's just the type of interaction Murdock wants to stimulate.

Just down the road from the restaurant, Wayne Daniel, who spent about two decades in the mill, thinks the campus has little to offer people like him who are around retirement age. "Ultimately, it could be good for the community," Daniel said. "It's a wait-and-see type of thing."

Not everyone's waiting.

Mayo Caldwell walked downtown clutching a list of campus job contacts to mail to friends. The Kannapolis resident owns The Detergent Shop, a cleaning supply distributor, and hopes to land campus subcontracting jobs.

He said the campus has the chance to significantly change the community. "It's given people hope where they'd pretty much given up."