

## **Kannapolis: From Mill Town to Research-Based Economy**

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Kannapolis is a thriving city of 43,115 people located along the 1-85 corridor in the Charlotte region of North Carolina. It began as a mill community in 1906 when J.W. Cannon purchased 808 acres of former cotton fields and began construction of “Cannon’s model mill town,” which ambitiously became known as Kannapolis. In its first year of operation, Cannon built two manufacturing plants and 75 homes for carpenters and construction workers. Shortly thereafter, 75 additional homes were built for the first wave of textile workers who came to the area with the promise of new opportunities. By 1920, the population of the community had grown to 5,027 men, women and children, living in 821 new houses. The mill employees resided in the homes, paying low rental rates and enjoying free maintenance, low cost utilities, free garbage collection, and no taxes.

Modern Kannapolis took shape in the 1930s as the mill continued to expand and new businesses and industry moved into the community. Subdivisions sprang up around the Kannapolis mills and surrounding mill villages as the population grew to over 13,000. By the 1950s, the expansion of the mills and the influx of “baby boomers” increased the population to almost 35,000 people.



**Cannon Mills, Kannapolis, 1950s.**

The mills continued to grow and flourish over the next two decades, registering more than \$450 million in sales in 1976. But the 1980s turned out to be a decade of significant change. In 1982, David Murdock acquired the Cannon Mills Company and began a \$200 million capital improvement program aimed at automating many of the plant's operations. Two years later the citizens voted to incorporate as a city and looked forward to partnering with Murdock in the redevelopment plans he had proposed for Kannapolis. The following year, Murdock sold the company to Fieldcrest Mills, Inc. Although unexpected, the news was well received by residents, as Fieldcrest had a national reputation for producing high quality textile products. The mills remained the bedrock of the Kannapolis economy over the next decade under Fieldcrest's ownership.

But the situation was different when the mill was sold again in 1997 to the Pillowtex Corporation of Dallas, Texas. This time the local population was fearful of the loss of jobs to automation that had accompanied previous changes of ownership. The merger placed Pillowtex in the top three American textile manufacturers, yet prior to the purchase, Pillowtex had been a much smaller company than Fieldcrest, and it took on a considerable amount of debt in the course of the deal. Furthermore, textile jobs all over the nation were being moved overseas in large numbers. City Council members, seeing that

their future was by no means secure, initiated an 18-month visioning process amongst citizens to determine what assets could be built upon to assure continued prosperity, with or without the mills that had always driven the local economy.

The result of these public deliberations was a document called *Weaving a Shared Future*. This plan prioritized economic development above all, but it also committed the city to investing in parks and recreation, transportation and streets, and historic preservation of buildings as well as the mill culture that shaped Kannapolis. Building on an earlier decision to annex 10 square miles of land through which NCDOT built a major highway, Kannapolis pushed to extend water and sewer to the newly incorporated areas, construct secondary roads, and pave the way for business parks and planned residential developments. Additionally, Kannapolis focused on refining its image by establishing a vigorous parks department, voting to allow liquor by the drink, and investing in marketing and branding activities. The recurring theme throughout these diverse initiatives was an openness to change, in terms of image, culture, and the economic base.

At the same time, the Cabarrus County Board of Commissioners was rethinking its approach to services and retooling its administrative structure to meet future needs. The result of this process was the transformation

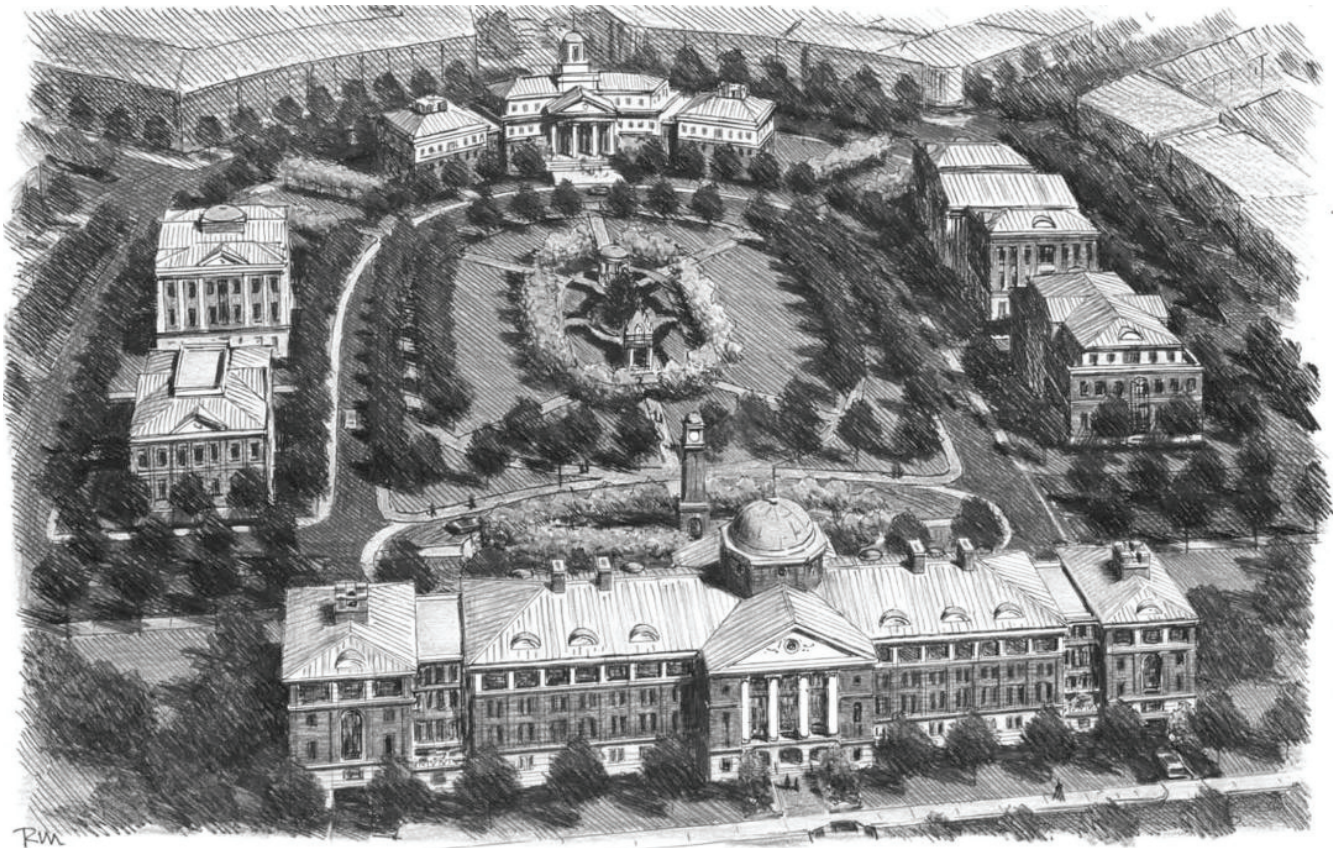
of the Cabarrus County Health Department into a public health authority in 1997; the resulting Cabarrus Health Alliance was the first independent health authority in North Carolina. As such it brings together more than 30 organizations, health and human service agencies, private medical and dental providers, government officials, educators, business and faith community representatives, and residents to plan and provide appropriate services to meet local needs. Funding comes from a dedicated grant-writing program as well as Medicaid reimbursements, sliding-scale client fees, and County support for traditional responsibilities such as communicable disease control, environmental health, and vital records.

Just as the City and County were building their assets, however, Pillowtex was losing its own. Diminishing sales left it unable to keep up with the debts it had acquired in 1997, and the company filed for bankruptcy in 2000. It carried on work at the mills and even emerged from bankruptcy for a year in 2002-2003, but the end arrived on July 30, 2003, when Pillowtex permanently closed its doors and announced that its assets would be liquidated. That day, the corporation fired 7,650 workers, and the 4,340 jobs lost in the Kannapolis plants rank as the worst one-day layoff in the state's history.

Although Kannapolis—once the world's largest

producer of textiles—was shocked by the loss of this central industry, the Council concentrated on making its earlier plans and economic contributions known to the region. To this end, the City made heavy use of incentives to attract new industry and new jobs, and it saw some success in the development of the Kannapolis Gateway Business Park, Biscayne Business Park and Dogwood Industrial Park. The City's demonstrated determination and cooperative spirit, as well as its asserted openness to change, may have been the factors that convinced former Mill owner David Murdock to purchase the Cannon Mills Plant One site at an auction in 2004. A year later, Murdock unveiled a plan to construct a \$1.5 billion scientific and economic revitalization project called the North Carolina Research Campus. This announcement signified the transformation from a manufacturing-based economy to a research-based economy. Demolition of the mills began on March 20, 2006, and after just two years, on October 20, 2008, the grand opening ceremony was held for the first three buildings on the campus: the David H. Murdock Core Lab, the UNC Nutrition Research Building, and the NCSU Fruit and Vegetable Science Institute Building.

Murdock envisions a campus where researchers walk to work, talented high school students mingle



Perspective of Central Campus, North Carolina Research Campus. *Castle & Cooke.*

	2008	2010	2012	2017	2022	2027	2032	Total
<b>Cabarrus</b>	2,614	2,466	1,747	3,866	4,553	5,459	5,619	26,324
<b>Kannapolis Part</b>	533	503	356	789	929	1,114	1,146	5,370
<b>Rowan</b>	609	678	525	2,137	2,954	3,482	3,776	14,161
<b>Kannapolis Part</b>	42	46	36	146	202	238	258	969
<b>Kannapolis</b>	575	549	392	935	1,131	1,352	1,405	6,339

**Projected Population Growth in Counties Surrounding North Carolina Research Campus.** *Benchmark CMR Inc.*

with internationally renowned scientists, and citizens of Kannapolis find opportunity for solid employment and growth. Shortly after Murdock announced the plans for the North Carolina Research Campus in 2005, he proclaimed:

The most exciting part of this project is to be able to create sustainable, better-paying jobs for the people of Kannapolis and the region, and the creation of this scientific community centered on biotechnology will allow a transformation of this economy from a manufacturing-based one to one centered on scientific knowledge and research. Through the collaboration of the university scientists, the biotechnology research, and the state-of-the-art laboratories, new discoveries will be made that will further my goal of teaching people about proper health, nutrition, and wellness.

The North Carolina Research Campus is a unique project, funded by private dollars, that provides research facilities for seven major North Carolina Universities, the North Carolina Community College system, and numerous private industries. The plans include the construction of 88 buildings on the 250-acre main campus. This includes the construction of the Core Lab, university buildings, an all-girls' school of math and science, numerous research offices, a hotel, a theater, numerous commercial buildings, and 18 parking decks.

Murdock has also proposed additional projects at off-site locations in Kannapolis. These include a biorepository facility, NCSU greenhouse facility, and infrastructure projects. In addition, the City of Kannapolis, in partnership with Cabarrus County, has implemented a Tax Increment Financing (TIF) District to fund numerous improvements around the NCRC main campus. The funds will be used to improve intersections,

widen streets, replace infrastructure, construct a new Health Alliance building, fund a science wing on the local high school, and complete several other projects. While it is true that the TIF district was based on the rise in property value as a result of the Research Campus, the city's investment in its new economic base and its openness to new alliances certainly helped pave the way for the Research Campus locating in Kannapolis.

Prior to the economic downturn of 2008, analysts predicted the proposed development would create as many as 5,535 new jobs at the NCRC by 2013. The biotech jobs were expected to attract an additional 9,291 jobs to Rowan and Cabarrus County by the year 2032. As a result of the new jobs created by NCRC and the associated "spin-off" development, exponential population and household growth were also projected: by 2032, Cabarrus County was projected to increase by 26,324 residents and Rowan County by 14,161 residents. While these projections may well see some delay due to current financial realities, complete build-out and unprecedented population growth is still expected, although the counties may have more time to prepare for it than originally predicted.

This massive economic transition from manufacturing to research and technology has been well received by the majority of residents in Kannapolis and surrounding communities. To assist with the transformation, the Rowan Cabarrus Community College is developing a program, known as R3 (Refocus, Retrain, Reemploy), designed to train the local workforce for opportunities at the NCRC. Whether the new campus brings as much opportunity for lower- and upper-income households as the old Cannon Mills once did will depend on individual participation in tuition assistance programs for education and skills training. If local leaders can successfully encourage workers that feel destroyed by the loss of their livelihoods to embrace a new path for the good of the community, then the prospects for Kannapolis look extremely bright, even as the nation's economic struggles begin to mirror the disappointment and need for change that Kannapolis residents have experienced for the last decade.