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***Economic forces gang up to form a perfect storm
that could destroy the state's working waterfront.***

By Edward Martin



MAURY FAGGART

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ising over his shoulder, the sun tints the sky east of Teaches Hole the color of ripe peaches. Skirting Ocracoke Inlet, Bill Evans points his 24-foot skiff toward Portsmouth Island. Evans, 38, has done this since high school, but he never tires of mornings like this. Playing nature's lottery, a fisherman never

knows what swims beneath the glassy green surface. Today, he'll net about 800 pounds of Spanish mackerel, blues and slippery little butterfish.

In the afternoon haze, he ties up in Silver Lake, the tiny harbor encircled by the village of Ocracoke. The dock leads to the



**Bill Evans
separates his
day's catch
in Ocracoke's
fish house.**

fish house, a two-story building with a store where customers buy seafood — \$473,000 worth in the year ended in June. In a room in back, he tosses fish, most headed to wholesalers, into baskets according to size and kind. Like an apparition, in the doorway behind him appears an egret, a regular when fishing boats come in. "He gets his belly full every day," Evans says. Buck, fishermen call him, short for buddy in the old-English brogue that persists here.

That dialect is fading before an onslaught of newcomers. With it, eventually may go Evans and his kind, the several dozen watermen who still set to sea from this village that has been synonymous with Tar Heel coastal life since Edward Teach — Blackbeard — prowled here in the early 1700s. Forty years ago, on a good day, fishermen might unload 50,000 pounds in the half-dozen fish and crab houses that ringed Silver Lake. Now there's only Ocracoke Seafood Co. Then named South Point



EDWARD MARTIN

Market, it closed in 2005 but reopened last year after the Ocracoke Working Watermen's Association — stubborn islanders such as Evans and volunteer organizer Robin Payne — scrambled to raise nearly a half-million dollars in cash and promises to buy and upgrade it. The effort went over the top this summer when the N.C. Rural Economic Development Center awarded a \$325,000 grant to repay a loan obtained when it appeared South Point would be sold to developers.

Ocracoke Seafood isn't alone in its precarious hold on North Carolina's working waterfront. From Calabash on the South Carolina line to Currituck, more than 300 miles north near the back bays of Tidewater Virginia, marine industries have flourished nearly 400 years. A UNC Chapel Hill study found more than 3,500 such businesses, most in 20 coastal counties. Virtually all face a rising tide of tribulations. "Fishermen are nervous," says Billy Carl Tillett, 57, a fourth-generation waterman at Moon Tillett Fish Co., named after his 77-year-old father, on Roanoke Island. It runs two trawlers, a fish house and freezing and processing operations. "We don't know what our future is. Or if we have one." For good reason, others say.

"A hundred years ago, if I were talking about Carteret County industry, the focus would have been commercial fishing and boating," says David Inscoc, director of the Carteret County Economic Development Council in Morehead City and a member of a General Assembly-appointed committee to save the working waterfront. "Today it's barely on my radar. Less than 3% of our marine industry comes from commercial fishing." In 1995, the state seafood industry already was reeling from coastal development, ballooning regulation and competition from imports, but it ranked 10th in the nation. A decade later, it was 14th. Annual sales had plummeted from \$109 million to \$65 million, a tiny fraction of the \$2 billion Tar Heels raked in raising hogs.

"Things that are big here, like shrimp, have been decimated," says Scott Crosson, socioeconomics program manager of the N.C. Division of Marine Fisheries in Morehead City. "In inflation-adjusted dollars, shrimp is less than it was in 1970. In Brunswick County, you can buy shrimp from

Vietnam for \$3.50 a pound. That's not worth taking your boat out."

Fish houses, dockside markets where fishermen sell their catch, are falling like the barometer in a hurricane. From her home in tiny Gloucester, anthropologist Barbara Garrity-Blake, a member of the study committee, set out to tally them. From 2000 through 2006, 39 of 117 closed or were about to. More have since. "At one time, there were seven or eight here on Harkers Island. Now there are zero." Local craftsmen, including her husband, are known for the skipjacks and skiffs they build, working boats suited for the shallow sounds. "A lot

The fleet's end? "Fishermen are nervous. We don't know what our future is. Or if we have one."





MAURY FAGGART

**Boat building
and repair
has been a
Core Banks
tradition.**

are doing other things — painting houses, construction, fishing elsewhere.”

Piers, which provide blue-collar access to the sea and a market for baitfish, have succumbed to storms and condominium and luxury-home developers. Of the 36 in 1980, there are fewer than 20 now. Public boat ramps and access to beaches are vanishing behind multimillion-dollar houses and no-trespassing signs. In Marshallberg, a fishing and boat-building village with fewer than 600 permanent residents on Core Sound, developers have filed plans for more than 350 residential lots. One bought land around the town harbor and is trying to shut out the public, says Karen Armspacher, whose grandparents moved here in the late 1800s. “Our community club has raised more than \$80,000. We’re not going to give it up without a legal fight.”

Many, of course, say the change is inevitable and not all bad. A relatively new industry, building upscale boats, is thriving. Fishermen and fish-house operators — the average age is 60 — are getting record prices for their property. “Fishermen don’t have 401(k)s,” says Mercedes Tabano, a

real-estate agent in the Outer Banks village of Duck and president of the 1,000-member Outer Banks Association of Realtors. “This is their retirement. A lot of sons don’t want to go into fishing or fish houses. There’re better jobs in construction.”

Visit the waterfront of Beaufort, called Fishtowne until it adopted its modern name — in 1723. “Private/members only,” signs on docks warn. On a Sunday afternoon, the public boat ramp is jammed. Tales circulate of developers offering \$10,000 a foot for water frontage. A stone’s throw away, rusting smokestacks loom over a half-dozen metal buildings and storage tanks. From here, steamers once set to sea to scoop up tons of menhaden, a bony, unsavory little fish, and bring them back to be squeezed, baked and ground into oil, livestock feed and fertilizer. There once were eight menhaden plants in town. In a good year, Beaufort Fisheries grossed \$5 million and employed 80. Developers, new arrivals and recreational fishermen complained about the smell, noise and interference with sport fishing. Three years ago, Beaufort Fisheries closed, the last fish factory in the state.

P

elicans loaf on faint breezes, then plunge into Pamlico Sound for fish. From the bridge of a boat, Hatteras emerges from the mist. North along two-

lane N.C. 12, sand dunes creep onto the pavement. The Atlantic wades ashore in knee-keep breakers. There are myriad reasons North Carolina's working waterfront is vanishing. In Outer Banks villages such as Rodanthe, Salvo and Avon, where houses routinely sell for more than \$2 million, soaring real-estate prices are only one element creating the perfect storm.

It doesn't begin here. Bump along puddled back streets of coastal villages to small, neat houses where rusting pickup trucks and aging work boats roost. Crosson, the socioeconomic, surveyed watermen to find that many make less than \$25,000 a year and, depending on location, a third to two-thirds wouldn't call themselves full-time fishermen, having to supplement that with other maritime work and construction jobs. "When you take over a business from your parents, you find yourself working 65 hours a week and making \$30,000 a year," says Courtney Hackney, chairman of the N.C. Coastal Resources Commission. "Or you can sell the property for development and make \$10 million overnight. It doesn't take many people too long to figure out what to do." With watermen worried about their futures — a third to nearly 60%, depending on where they live, told Crosson they don't expect to be in the occupation 10 years hence — rising land values tip them into selling and punish those that resist.

Armstrong considers herself and her husband lucky. On the mainland where they live in Marshallberg, across Core Sound from Harkers Island, their taxes merely doubled after the last eight-year real-estate appraisal bumped their home's value to \$250,000. Her 78-year-old mother's waterside house — three bedrooms, one bathroom and 1,400 square feet — jumped to \$500,000. "When this buying-and-selling

fever hit a year or two ago, she began getting letters every day. Three or four development groups were trying to buy up Harkers Island."

Few counties or towns discourage loss of the working waterfront. They usually follow the siren song of swelling tax bases and boast of rapid growth. Brunswick County's population has mushroomed 76% since 1990 — that of Currituck, Pender and Dare doubled — while the state as a whole grew only 31%. "If they didn't think it was in their best economic interests to let this happen, it wouldn't be happening," Hackney says. "But they see a fish house that's worth \$150,000 converted to condominiums worth \$5 million." In many places, a boat slip — dock space with an electrical hookup

Development threatens to cut off public access to the waterfront.



MAURY FAGGART

— costs as much as a house did 20 years ago. “You’re paying \$150,000 for a hole in the water,” Hackney says. That has led to dry-stack slips, where boats are suspended to make room for more. Some near popular Morehead City developments sell for \$100,000. “You’re buying a piece of air,” says Inscoe, the local economic developer.

Rocky Mount-based Market Opportunity Research Enterprises analyzes real-estate trends. It tracks prices by township — only part of a township might be on the water — but increasing values can still be startling. In many, they tripled between 2001 and 2006. Shallotte Township, south of Wilmington, is crisscrossed by tidal creeks. A residential lot averaged \$56,481 in 2001. In 2006, the price had risen to \$133,756. Using a common formula in which a lot represents about a fifth of a home’s value, a new house would typically sell for about \$660,000. In Harnett Township, which includes Wrightsville

Beach, residential lots that averaged \$70,269 in 2001 reached \$182,777 in 2006, indicating new-home value of more than \$900,000.

Rises like that have led to flipping, in which speculators attempt to resell lots quickly at inflated prices, and sight-unseen sales.

Coastal real-estate agents advertise that they can handle sales, including closings, without the buyer’s presence or even surveys. Once shunned, real estate on sounds and coastal rivers, traditionally the base of marine industries such as boat repair, has been discovered and marketed as the Inner Banks. Researchers say more than 100 subdivisions with 34,000 residential building permits have been approved on the Inner Banks and await construction.

Those new residents may have scant knowledge of local history and traditions and even less interest in them. Armspacher notes that more than half of Cedar Island’s 1,200 electric bills are mailed elsewhere.

**Pirate’s Cove
in Manteo is
one reason
Dare County
is booming.**



EDWARD MARTIN

"You're seeing a dramatic change of culture and heritage," adds state Senate President Pro Tem Marc Basnight, who grew up on a dirt road in Manteo and whose support of coastal projects has made him a hero to many waterfront business owners but drawn criticism from inland politicians. He coaxed the Rural Economic Center to make the grant Ocracoke Seafood needed to stay alive. "To this point, we've been totally ineffective locally and from the state and federal perspective in seeing that there's access to the water for the public and the fishing industry that was the reason we settled here in the first place. Are we willing to allow that to disappear? It certainly looks like we're moving that way."

Another factor is the watermen themselves. They're frustrated. On a recent summer day in , docks buzzed with news that *Watersport*, a long-line fishing boat, had just tied up, bringing in a 500-pound bluefin tuna. Prized for sushi in Japan, the species can sell for as much as \$100 a pound. But while its hands swabbed the deck, Billy Carl Tillett was shaking his head at Moon Tillett Fish Co. "We handled one bluefin tuna a few years back, and the paperwork was so annoying, we swore we'd never pack another one." Tillett, whose 34-year-old son runs the business, is among fishermen who say federal and state regulations are driving them out of business. On another day, a fisherman in Ocracoke had counted off eight regulatory agencies he reports to. "Hell," Tillett snaps, "I'm surprised there weren't more than that." Rules determine the kind of fish that can be caught, when, size, types of equipment that can be used and other factors.

Crosson, of the state division of marine fisheries, is understanding but can promise no relief. "Commercial fishermen are sort of ornery, and they're feeling pressure now from every quarter. But we're dealing with an open-access resource. We don't just impose these rules randomly. It's our job to preserve the resources for all different user groups to make sure there's enough of the resource left to reproduce."

EDWARD MARTIN



"Commercial fishermen are sort of ornery, and they're feeling pressure from every quarter."

While regulators can monitor what repair shops spill in the water or what fishermen catch, the greatest factor in the storm that threatens watermen is the most elusive. Imported seafood has a stranglehold on Tar Heel prices, which trickles down into virtually every aspect of the working waterfront — engine repair to sale of oilskins. In the retail market on the ground floor below the steamy, knotty-pine-paneled office where Robin Payne pores over the books of Ocracoke Seafood, shrimp is selling for \$10.95 per pound. Hours earlier, it was swimming in Tar Heel waters. "Imports are generally

half the price local shrimp would be," he says. "They're smaller and don't taste the same, but restaurants and grocery stores sell them, and customers don't know the difference." The nonprofit Carteret Catch in Morehead City, founded in 2005, touts restaurants and seafood markets that carry only North Carolina products. Wholesalers and others

frequently dwell on food safety — some seafood from Vietnam, China and elsewhere has been yanked from markets because it contains illegal antibiotics and other contaminants — but price usually trumps safety concerns. About 80% of the nation's seafood is imported.

States cannot regulate international commerce, and experts say

tariffs or quotas could trigger trade wars that might hurt Tar Heel fishermen. "Our fishermen can make fair money catching fish like tuna," Crosson says. "I've seen the big Japanese sushi buyers rolling in here in the fall. They're willing to pay big." But, many watermen say, not big enough.

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Still, some marine enterprises thrive, and successes often take odd turns. One is in Manns Harbor, population about 400, across Croatan Sound from Roanoke Island. It is a village of modest houses with neat yards, many with stacks of crab pots, and quiet streets where children play. And a revolution brewing.

"Developers were looking at the waterfront, and we knew what was about to happen," says Robin Mann, finance manager and partner with her husband in Paul Mann Custom Boats. "One was a four- or five-story project of \$1 million condos — and we'd already lost a couple of fish and crab houses."

Some residents pressed Dare County to zone the unincorporated community to prevent that. Zoning in many small places often is regarded an unspeakable intrusion on private-property rights. "You could see the fear in their eyes," she says. "'Oh no! The government's not going to tell me what to do with my property.'" But as people got wind of more development plans, they changed their minds. In May, Manns Harbor joined Wanchese and Stumpy Point, two other Dare County hamlets facing development, with regulations that permit such businesses — often home-based — as welding shops, crabbing



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and fish houses and boat building but prohibit big condos, big-box stores and strip malls.

In Wanchese, another twist to conventional wisdom is unfolding. On the gritty outskirts of the Roanoke Island village, a state project once derided as an ugly duckling hatched by pork-barrel politicians has transformed itself into an economic-development swan. Wanchese Seafood Industrial Park, built in the early '80s at a cost of more than \$8 million, was intended to lure fish canneries and processors. Legislators specified that it be used only for commercial-fishing enterprises — at the exact time commercial fishing began its decline. In an office on the 45-acre park, which wraps around a placid 15-acre man-made harbor, director Bob Peele traces its history. "Until about 1994, it was empty. It was considered kind of a failure."

The fix was an amendment allowing all marine industries. By then, development pressure had begun driving businesses from waterfront locations. With its affordable lease rates — some waterfront sites lease for as little as 23 cents per square foot per year — the park is now full with 29 tenants, including boat builders, engine suppliers and repair shops. Only three are seafood-related. With nine companies on his waiting list, Peele says, "I wish we had another 40 acres." Basnight has vowed to push for similar projects in at least two other coastal counties.

Few success stories, though, equal the rise of the luxury-boat industry in North Carolina. In a shop that sprawls over nearly an acre in Manns Harbor, smells of juniper and resin fill the air. Four sport-fishing yachts are in various stages of construction — the largest, at 81

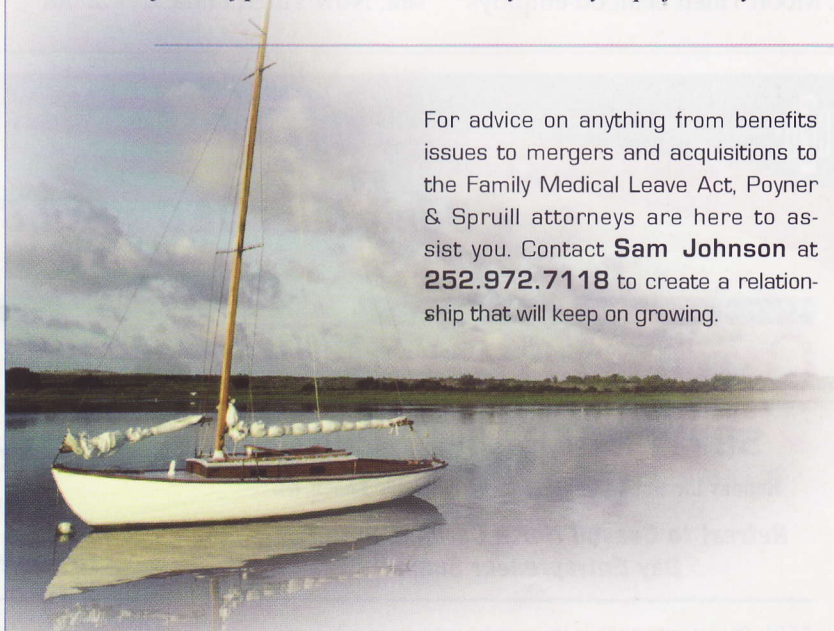
feet, will sell for more than \$5 million — at Paul Mann Custom Boats, which employs 44 craftsmen. Dare County alone has nearly two dozen boat builders. A member of the family the village is named for and a commercial fisherman until starting the business in 1988, Mann carries on the Tar Heel boat-building tradition. But many newer builders

have their roots elsewhere. Brunswick Corp., a conglomerate based near Chicago, recently announced that it will build boats 45 feet and longer at a former Rampage Yachts building in Navassa, on the Cape Fear River in Brunswick County. The company said it will spend \$51 million to upgrade the factory and hire 858 workers.

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There's a glimmer of hope on another front, too. In early August, the legislature adopted several key recommendations of the Waterfront Access Study Committee it had created in 2005, including taxing property of waterfront businesses based on its use rather than its market value. Lawmakers also authorized \$20 million in borrowing to buy critical waterfront parcels. Maine and Florida have taken similar steps, though maybe too late. Peele says the marine industrial park frequently gets inquiries from Florida industries wanting to move. The working waterfront may have one other asset that's harder to define. In Wanchese, Billy Carl Tillet fumes over the plight of fishermen. His brother runs one of the family's boats, crewed by his two sons. Moon Tillet Seafood employs

eight full time, a number that soars to 30 or more seasonally when catches are good — and he can hire them. "Hiring captains and crews is hard." His great-grandfather plied these waters in a boat propelled by sail. Now Tillet fantasizes about

selling out. "My dad paid \$30,000 or something like that for this in the '70s. If we could get eight-10 million that's just dreaming. It gets in your blood. We'll probably be right here 25 years from now. Still gripping."



MAURY FAGART

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