



**THE TOBACCO TRUST FUND
COMMISSION'S ANNUAL REPORT TO
THE JOINT LEGISLATIVE COMMISSION
ON GOVERNMENTAL OPERATIONS
AND THE CHAIRS OF THE HOUSE AND
SENATE APPROPRIATIONS
COMMITTEES**

November 1, 2005

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November 1, 2005

The Honorable Marc Basnight
Co-Chair, Joint Legislative Commission on
Governmental Operations
2007 Legislative Building
Raleigh, NC 27601-2808

The Honorable Jim Black
Co-Chair, Joint Legislative Commission on
Governmental Operations
2304 Legislative Building
Raleigh, NC 27601-1096

Dear Senator Basnight and Representative Black:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Joint Legislative Commission on Governmental Operations from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

J.W. "Billy" Carter, III
Chairman



November 1, 2005

The Honorable David Hoyle
Co-Chair, Natural & Economic Resources Subcommittee
of the Joint Legislative Commission on Governmental Operations
300-A Legislative Office Building
Raleigh, NC 27603-5925

The Honorable William Owens
Co-Chair, Natural & Economic Resources Subcommittee
of the Joint Legislative Commission on Governmental Operations
635 Legislative Office Building
Raleigh, NC 27603-5925

Dear Senator Hoyle and Representative Owens:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Natural & Economic Resources Subcommittee of the Joint Legislative Commission on Governmental Operations from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

J.W. "Billy" Carter, III
Chairman



November 1, 2005

The Honorable Linda Garrou
Co-Chair, Senate Appropriations/
Base Budget Committee
627 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Walter Dalton
Co-Chair, Senate Appropriations/
Base Budget Committee
523 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Kay Hagan
Co-Chair, Senate Appropriations/
Base Budget Committee
411 Legislative Office Building
Raleigh, NC 27603-5925

Dear Senator Garrou and Senator Dalton and Senator Hagan:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Chairman and Co-Chairs of the Senate Appropriations/Base Budget Committee from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

J.W. "Billy" Carter, III
Chairman



November 1, 2005

The Honorable Debbie Clary
Co-Chair, House Appropriations Committee
303 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable James Crawford
Co-Chair, House Appropriations Committee
2301 Legislative Building
Raleigh, NC 27601-1096

The Honorable Beverly Earle
Co-Chair, House Appropriations Committee
634 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Edd Nye
Co-Chair, House Appropriations Committee
639 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable William Owens
Co-Chair, House Appropriations Committee
635 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Wilma Sherrill
Co-Chair, House Appropriations Committee
305 Legislative Office Building
Raleigh, NC 27603-5925

Dear Representative Clary and Representative Crawford and Representative Earle and Representative Nye and Representative Owens and Representative Sherrill:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Chairs of the House Appropriations Committee from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

A handwritten signature in black ink that reads "John William Carter III". The signature is written in a cursive, flowing style.

J.W. "Billy" Carter, III
Chairman



November 1, 2005

**TO: THE JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL
OPERATIONS AND THE CHAIRS OF THE HOUSE AND SENATE
APPROPRIATIONS COMMITTEES**

The tobacco industry recently made one of the most significant changes in its history. Farmers, quota holders and tobacco workers moved from a stable, federally run price support system to a free market, dependant on contracts and the goodwill of the cigarette manufacturers. This transition has forced both young and old people to make life changing decisions that will impact their operation for the rest of their lives. Larger farmers, for the most part, have been able to move more successfully into the contract growing world. This opportunity that most people would perceive as stable is still a fluid situation controlled by a few key players. The remaining members of the tobacco family have to choose new avenues of survival while still fighting the misinterpretation that the tobacco buyout funds made them whole. In actuality, change is still the order of the day.

But new alternative crops and agribusinesses require technical and marketing expertise that is not easily available for many farmers. These farmers are a core part of North Carolina's rural economy--- their prosperity drives the livelihood of the small-town retailer, the accountant, car dealer, insurance sales representative and others who keep our small towns alive.

In the last four years The Tobacco Trust Fund Commission has gained significant expertise in understanding what it takes to help farmers diversify successfully, through our grant program and our relationships with other expert organizations. We are uniquely equipped, and we are prepared to assist these farmers and others in tobacco-dependent communities to develop a viable rural economy in the 21st century where tobacco is no longer a price-supported commodity crop.

The members of the NC Tobacco Trust Fund Commission are grateful for the support of the members of the NC General Assembly, and stand ready to assist in expanding the prosperity of our great state to rural communities from the mountains to the coastal plain.

Sincerely,

J. W. "Billy" Carter, III
Chairman

COMMISSION MEMBERS

2005

BOWERS, Lynda G.

Sanford, NC
County-Lee
Appointee Officer-
Governor

BOYD, Robert B.

Waynesville, NC
County-Haywood
Appointee Officer-
President Pro Tem

CARTER, J.W. (Billy)
III - CHAIRMAN

Eagle Springs, NC
County-Moore
Appointee Officer-
Speaker of the House

EALEY, Gary

Marshall, NC
County-Madison
Appointee Officer-
Speaker of the House

HINNANT, David J.

Kenly, NC
County-Wilson
Appointee Officer-
Governor

JACOBS, Larry E.

Lumberton, NC
County-Robeson
Appointee Officer-
Speaker of the House

JENKINS, William B.
VICE-CHAIRMAN

Creedmoor, NC
County-Granville
Appointee Officer-
Governor

JONES, Kenneth W.

Pink Hill, NC
County-Lenoir
Appointee Officer-
President Pro Tem

KING, Lyle Ray

Ash, NC
County-Brunswick
Appointee Officer-
Speaker of the House

MCLAWHORN, John
B. Jr.

Hookerton, NC
County-Greene
Appointee Officer-
Governor

OWENBY, Larry W.

Brevard, NC
County-Transylvania
Appointee Officer-
Governor

SMALL, Willard

Fair Bluff, NC
County-Columbus
Appointee Officer-
President Pro Tem

SPAULDING, Eric V.

Selma, NC
County-Johnston
Appointee Officer-
Governor

TEAGUE, William H.
"Bill"

Leicester, NC
County-Buncombe
Appointee Officer-
President Pro Tem

WARD, George W.
Jr.

Providence, NC
County-Caswell
Appointee Officer-
Speaker of the House

WRIGHT, T. Craig

Whiteville, NC
County-Columbus
Appointee Officer-
President Pro Tem

COMMISSION HISTORY

Background

North Carolina's share of the Master Settlement Agreement (MSA) was divided into three different parts. Under the terms of the consent decree in North Carolina, 50% of the funds are directed to a non-profit corporation, Golden LEAF, to be used for economic development in tobacco-dependent communities. By statute the remaining 50% is equally divided between two state Commissions. The Health and Wellness Trust Fund Commission utilizes their portion for health-related needs. The final portion is allocated to the Tobacco Trust Fund Commission.

The Tobacco Trust Fund Commission was created on August 2, 2000 by the approval of House Bill 1431. The purpose of the Commission is to assist tobacco farmers, tobacco quota holders, persons engaged in tobacco-related businesses, individuals displaced from tobacco-related employment, and tobacco product component businesses in this State due to the adverse effects of the MSA. Funds can be disbursed through **compensatory programs** and **qualified agricultural programs**.

Commission membership is made up of 18 people, six appointed by the Governor, six by the Speaker of the House and six by the President Pro Tem of the Senate. The Commission met for the first time February 15, 2001 at which the members were given their charges and sworn in.

Since November 1, 2004

Since FY 02, the Commission had \$192.2 million of its Master Settlement Agreement funds diverted to the General Fund. Currently, the General Assembly has designated an additional \$34 million to be taken in FY 05, and the first installment of approximately \$2 million on the university bond package will come due. All told, over \$230 million will have been lost from the Fund for the redevelopment of the primarily rural tobacco economy.

The Commission decided at the May 6, 2005 meeting to conduct a granting cycle with awards up to \$3 million. The members decided to focus on the areas of agri-economic development, conservation of natural resources, diversification and workforce development. The Commission received 67 applications asking for over \$13 million by the August 1, 2005 deadline. After careful review with several steps of due diligence, the Commission voted to award 19 grants for a total of \$3 million at the October 21, 2005 Commission meeting.

Even with the limitations in funds, the Commission and its grantees made a strong contribution to North Carolina's rural economy. New enterprises have taken hold, new markets have been developed, and new knowledge has been delivered to farm families. These contributions, detailed throughout this report, illustrate the potential for additional investment to restore prosperity to tobacco-dependent communities and businesses. With passage of the Federal tobacco buyout legislation, thousands of farmers across North Carolina are trying to determine how they will make a living, competing with low-wage countries around the world. Alternative crops and new markets, value-added businesses and new technologies can be the answer for many of these farmers, provided they have access to the knowledge and incentive or transition grants to help them build the infrastructure. The Tobacco Trust Fund Commission, with its expert partners, has pioneered new approaches that can now be extended to additional farmers, workers and communities who are looking for a future beyond tobacco.

COMMISSION HIGHLIGHTS

Since November 1, 2004

- The **Commission** has met five times with the following actions:
 - Received and took action from Subcommittee reports.
 - Listened to presentations by our grantees.
 - Received and disposed of grant amendment requests.
 - Approved a 2005 granting cycle with awards up to \$3 million.
- The **Marketing Center Subcommittee** has met one time with the following actions:
 - Recommended to the Commission approval for a request from the NC Rural Center to fund the Burley Marketing Center a fifth year for up to \$220,163.
- The **Grant Review Subcommittee** has met three times with the following actions:
 - Recommended guidelines and application form for the 2005 granting cycle to the Commission.
 - Reviewed and recommended to the Commission 19 applications to be funded.

NC TOBACCO TRUST FUND COMMISSION 2001 - 2002

GRANTS

UPDATE ON ACTIVE GRANTS

Project: Burley Marketing Center Grant

Contact: N.C. Rural Economic Development Center
& The Agricultural Advancement Consortium
4021 Carya Drive
Raleigh, NC 27610
919-250-4314

Grant Amount: \$2.56 million over (5) years

This grant was used to create a pilot marketing center for burley tobacco in Asheville. North Carolina had only two burley auction warehouses left this past season. Due to the current tobacco situation, both of these warehouses were looking at closing prior to the 2002 season. This would have forced our burley producers to travel out-of-state to market their crop. At the same time, no tobacco company burley receiving stations for contract purposes are located in the state. To help our burley producers save money and put more finances in Western North Carolina's agricultural economy; the Commission established this grant as a Qualified Agricultural Program. Both of the remaining burley auction warehouses in the state are participating in this grant, which has prevented their closing and thus prevented the need for N.C. burley farmers to carry their product out of state to market it.

Update: Last season, the Center auctioned approximately 4 million pounds that accounted for approximately 52 percent of North Carolina's burley tobacco. The average price at the Center was \$1.95 - \$1.96 per pound. Overall, income to farmers has been greatly increased due to this project. Due to some additional partnering opportunities, the Tobacco Trust Fund came under budget on funds needed. The funds for 2005 came from unused funds in 2004.

Area Served: Western North Carolina – Burley

NC TOBACCO TRUST FUND COMMISSION 2002 - 2003

GRANTS

UPDATE ON ACTIVE GRANTS

Project: North Carolina Hazardous Materials Carrier Authentication Pilot Project**

Contact: Stan Crowe
Chairperson
Martin Co. Economic Development
c/o N.C. Telecenter
P.O. Box 310
Williamston, NC 27892
252-792-2044

Grant Amount: \$350,000

Project will help support the location of Transforming Technologies, Inc. to Martin County. Company provides training for hazardous materials truckers and will provide training and alternate employment for displaced tobacco workers. In Martin County more than 22 percent of families are at poverty level. The project is expected to create 50 jobs initially and 200 jobs at build-out and provide a capital investment of over \$10 million.

Area Served: Statewide including Chowan, Martin, Pitt, and Beaufort

Update: Phase One of the project involved research, development, and laboratory testing of the technologies and devices to be involved. Phase Two of the project incorporated actual field testing at selected driver's license issuance stations across the state. This included utilization of the actual biometric drivers' license by selected freight carriers' drivers with commercial HAZMAT licenses. The implementations of these additional phases, along with future work with DMV (if they elect for further participation), will create the opportunity for new jobs.

Project: Tobacco Transitions: Community Based Economic Renewal, Appalachian Sustainable Agriculture Project**

Contact: Gary Gumz, Director
ASAP
564 Indigo Bunting Lane
Marshall, NC 28753
828-649-9452

Grant Amount: \$347,500

Project will provide direct assistance to 25 burley tobacco growers to help transition to organic food production systems and develop new local and regional market opportunities for these growers. Also, the project will direct financial assistance to the newly established Mountain Tailgate Market Association that serves 100 area farmers (including 30 tobacco farmers). Project will also provide support to Carolina Organic Growers, Inc. to provide marketing opportunities to transitioned organic farmers.

Area Served: Madison and Buncombe

Update: ASAP has completed their Tobacco Transitions work in the areas of preservation, production and promotion. Preservation: ASAP wasn't able to fully realize this portion of the grant due to limited interest. The unspent portion of these funds was returned. Production: ASAP ended up making 23 separate grants to burley farmers to help with the transition to different commodities. Promotion: 87,000 copies of the local food guide have been distributed along with additional advertisements for the very successful Mountain Tailgate project that assists over 200 farmers. Sales of local products in retail and wholesale venues were very good. ASAP conducted two marketing conferences over the course of the grant that attracted more than 400 farmers.

Project: Re-Tooling for Alternative Agricultural Enterprises

Contact: Keith Baldwin
NC A&T State University
PO Box 21928
Greensboro, NC 27420
336-334-7957

Grant Amount: \$228,040

Project will provide instruction, evidence, and experience in crop production techniques by providing training in alternative and specialty crops for tobacco growers. The project will provide training on using plastic mulch and irrigation systems as well as providing a subsidy to 64 growers each year over two years. It is anticipated that this type of cultivation will yield five times as much as bare ground crops.

Area Served: Statewide

Update: This has been another successful year for the project. Currently, there are 33 farmers that are participating in this project. The grantee is talking with growers to determine successes with this production system and hopes to develop a listing of economic “impacts” that have resulted from the project. Due to early problems beyond their control (personnel, access to resources, etc....), the project has been extended until the end of this year.

Project: Recovery of Growers Self-Assessment Funds to the NC Tobacco Foundation for the NC Tobacco Research Commission**

Contact: Keith Oakley
Assistant Secretary
NC Agricultural Foundation
NCSU
Campus Box 7645
Raleigh, NC 27695-7645
919-515-2000

Grant Amount: \$350,000

Project will provide research and educational programs to support a competitive and profitable position for tobacco markets. Research will be directed at immediate and pressing needs to assist North Carolina’s rural economy. It is estimated that the project will assist 12,000 tobacco growers and related agribusinesses.

Area Served: Statewide

Update: Due to the massive economic loss caused by Tomato Spotted Wilt Virus (“TSWV”), the Tobacco Research Commission authorized the use of the funds to be dedicated to several research projects to control the TSWV.

- Effect of stand loss on tobacco value per acre and evaluation of replanting strategies for management of stand losses from TSWV.
- Site-specific determinants of TSWV outbreaks.
- Predicting outbreaks of TSWV.
- Study to minimize loss to TSWV with Actigard.
- Impact control strategies on natural virus populations.
- Development of flue-cured cultivars with resistance to TSWV.

Information from this project is being shared in publications. A final report is anticipated in the near future.

Project: Support for the Transition to Value-Added Agribusiness

Contact: Keith Oakley
Assistant Secretary

NC Agricultural Foundation
NCSU
Campus Box 7645
Raleigh, NC 27695-7645
919-515-2000

Grant Amount: \$295,000

Project will work with farmers to provide agricultural and economic strategies and transfer technologies such as on-farm diversification and entrepreneurship through hands-on consultation. The project will conduct community meetings to identify needs and participants, conduct technical and business education workshops, and provide individual guidance to farmers piloting the program. The project will target 200 families.

Area Served: Statewide

Update: To more effectively utilize this grant, the Commission decided to merge it with a new project funded by the Golden LEAF. The Grassroots Project is designed to equip educators and other service providers in the principles of developing value-added agricultural businesses, so that they can serve as effective "first responders" to potential business owners/developers. In addition, the capacity developed in service providers will be sustained and enhanced by developing and implementing information centered network that will foster information and resource sharing, connecting business people with needed resources, and supporting a value-added agricultural information website.

The aim of the TTFC component will be to enhance the significant design and expected outcomes of the Grassroots project by providing information to a wider array of users than the Grassroots project audience, and to add complementary training, instruction and experiential learning to the curriculum framework in the Grassroots project.

Creating Business Opportunities participants are developing their practicum as part of the CBO training. Guidelines for the practicum have been developed for the business development workshops. The business workshop purpose is to show the capacity built by the CBO training.

Project: Equipping Conservation Districts Through Automation and Outreach for Greater Service to Farmers Facing New Environmental Standards and Regulations

Contact: Cecil Settle
Executive Director
NC Foundation for Soil and Water Conservation Districts
2012 Lodestar Dr.
Raleigh, NC 27615
919-873-2158

Grant Amount: \$350,000

Project will minimize impact of farming on natural resources, particularly water resources, by installing computers in conservation districts, conducting outreach initiatives to targeted farmers, raising capacity of staff to provide high-tech services, and helping farmers determine nutrient losses on their farms and plan for nutrient management and thus mitigate the effect of farm run off on North Carolina water resources. The project will be implemented in at least 75 counties.

Area Served: Statewide

Update: The purchase and installation of the computers and related equipment has been completed. Initial outreach meetings were conducted attracting over 1,300 farmers. The farmers were offered assistance in the development of nutrient management plans and the accompanying Phosphorus Loss Assessment Tool (PLAT). A full color brochure was created in the outreach effort and 25,000 copies were printed. Public events at local Soil and Water Conservation District Offices and commodity group meetings have helped further the project. Recently, several radio spots were aired on the Southern Farm Network to further the communication effort.

On February 18, 2005, the Commission approved the grantee's request to use the remaining funds from this project for a Phase II component that will assist in conserving working farmland by obtaining conservation easements. Planning and implementation components are underway.

*** completed*

NC TOBACCO TRUST FUND COMMISSION 2003 - 2004

GRANTS

UPDATE

Project: Establishing a Life Sciences Revenue Bond Authority

Contact: Charles Hamner
NC Association for Biomedical Research
1304 Salem Lane
Chapel Hill, NC 27516
(919) 968-1270

Grant Amount: \$169,452

Project will assist in establishing a revolving loan program to bring biotech companies into the state and create jobs for those no longer employed in tobacco manufacturing jobs. This project will create a minimum of 20 jobs over five years and generate \$20 million in capital investment.

Area Served: Statewide

Update: This project has established an organizational structure and operation procedures to administer the programs of the North Carolina Life Sciences Development Corporation (official name of the authority). All project objectives were met: organization structure and operation procedures; credit enhancement vehicle described, guidelines for applicants, oversight, monitoring and management; arrangements for the collaboration and coordination with state, regional and local agencies, the university system; North Carolina Biotechnology Center, and State Treasurer; and the application form to identify, qualify and fund the approved applications. This project will provide a positive economic impact throughout the tobacco growing regions of the State. The NCLSDC will work with the Department of Commerce, local and regional development authorities to attract the manufacturing plants.

Project: Helping NC Farmers Improve Water Quality on their Farms

Contact: Cecil Settle
NC Foundation for Soil and Water Conservation Districts
2012 Lodestar Drive
Raleigh, NC 27615
(919) 873-2158

Grant Amount: \$350,000

Project will provide cost-share assistance to farmers transitioning from tobacco production or diversifying to additional income-producing agricultural enterprises. Project will provide up to 75% of the farmers' cost to implement water-quality best management practices that prevent pollutants from entering streams within the boundaries of their farms.

Area Served: 80 tobacco-producing counties statewide

Update: The Board's Executive Committee has approved nine Districts' proposals to date committing \$303,850 of the \$320,000 available for grants. One project has been completed and the eight remaining projects are well underway. One additional proposal is under consideration. The approved projects address existing problems on tobacco farms.

Project: Tobacco Communities Reinvestment**

Contact: Betty Bailey
Rural Advancement Foundation International–USA (RAFI)
PO Box 640
Pittsboro, NC 27312
(919) 542-1396

Grant Amount: \$350,000

Project will provide up to 40 individual (up to \$10,000) and community (up to \$30,000) cost-share initiatives in 14 tobacco-producing counties in order to test farm-based initiatives to supplement lost tobacco income.

Area Served: Alleghany, Ashe, Bertie, Bladen, Columbus, Gate, Halifax, Hertford, Lee, Moore, Northampton, Robeson, Surry, Yadkin

Update: RAFI has been busy over the past year with participant follow-ups, previous recipient surveys and work on a new publication. From October 04 to March 05, 56 tobacco farmers were surveyed to find out what they have been doing and what they would like to be doing to replace lost tobacco income. Preliminary results have shown that farmers consult with other farmers which underscores the need for farmer-based demonstration projects. Some of the projects currently being monitored include organic transplant production, meat goats, muscadine grapes and espaliered apple trees.

Project: Further Development of Columbus County Community Farmers Market**

Contact: Irvin and Shirley Brown
Columbus County Community Farmers Market
612 Arthur Collier Road
Bladenboro, NC 28320
(910) 648-4575

Grant Amount: \$60,000

Project will assist with building a new farmer's market, including parking, vendors spaces, electricity and restrooms, creating 12 to 24 jobs, generating \$2,500 to \$3,000 in additional vendor sales and providing a centralized location for farmers to bring their commodities to sale.

Area Served: Columbus, Bladen, Robeson, Brunswick

Update: The new farmer's market building is completed and is open for business. Participation has been strong and consumer support is growing so much that state funds are being made available to extend an existing road to pass right by the new market.

Project: Self-Help Screening of Tobacco-Curing Barns for Carbon Dioxide Leaks

Contact: Kenneth Bateman
Johnston County Center of the NC Cooperative Extension Service
806 North Street
Smithfield, NC 27577
(919) 989-5380

Grant Amount: \$16,742

Project will educate farmers to use a carbon dioxide meter to screen 1,000 barns for combustible gas leaks and check-retrofitted barns for cracked heat exchangers, providing a cost saving of \$25,000 to farmers.

Area Served: Johnston (possible pilot)

Update: Due to changes beyond the recipient's control, this grant has been amended to widen its scope. Some of the contract companies adjusted their policy on barn inspections, which limited how many farmers would need the service in Johnston County. In order to fully realize the benefit of this project, Johnston County has opened up services to other tobacco producing counties to allow more farmers access to the equipment.

Project: Growing the NC Medicinal Herb Industry**

Contact: Jeanine Davis
NC State University
455 Research Drive
Fletcher, NC 28732
(828) 684-3562

Grant Amount: \$145,512

Project will provide 10 to 20 tobacco farmers with incentives from \$5,000 to \$10,000 to grow medicinal herbs, generating gross sales equal to or higher than traditional tobacco revenues per acre.

Area Served: Statewide

Update: 127 applications were received for the ten slots TTFC funded and the additional seven slots NCDA&CS funded. In addition to the farmers, five medicinal herb buyers signed on to the project. Of the seventeen original participants, sixteen remain in the program (one grower wanted to try production practices outside of the project plan). Several field days were conducted and assistance was given for soil testing, tissue analysis and heavy metal testing of their herbs. The majority of the farmers are interested in continuing the production of herbs. Distribution of information is going to be very valuable in determining the long term viability of herbs as an alternative crop. Herbs produced and sold by the cooperating growers generated approximately \$1,600 per acre.

Project: Old North State Wine State Business Incubator Winery

Contact: Fred Jones
Old North State Winegrowers Cooperative Association
PO Box 344
Mount Airy, NC 27030
(336) 789-8200

Grant Amount: \$166,000

Project will provide equipment and building renovation funds for the production of wine. Grapes will be purchased from 50 farmers, including tobacco farmers, with 200 jobs created in the vineyards.

Area Served: Surry, Stokes, Wilkes, Yadkin, Forsyth, Guilford, Davie, Rowan, Nash, Henderson, Alamance, Chatham, Orange

Update: The winery and restaurant are open for business with strong interest. Because it was not able to reach a satisfactory resolution on signage with DOT, the grantee is going to use the remaining signage money to develop a marketing program to enhance the exposure and sales of the product.

Project: Protecting Providers and the Public**

Contact: Norman Harrell
NC Cooperative Extension
1806 South Goldsboro Street
Wilson, NC 27893
(252) 237-0111

Grant Amount: \$196,114

Project will conduct training and provide resources to assist farmers and workers about agricultural machinery highway safety issues to help reduce the more than 300 per year farm-related highway accidents.

Area Served: Wilson, Edgecombe, Pitt, Greene, Wayne, Johnston, Nash

Update: Extension agents have successfully conducted workshops with large numbers of participation in the designated counties. This was done in conjunction with the N.C. Highway Patrol. They have also conducted demonstration/informational displays at several well visible agricultural activities. To check on understanding and follow-through, a survey was done that showed participants did well in taking the information and materials back to the farm for implementation. They also put together a Spanish version of the program to further educate Hispanic farm workers. This program won national recognition at the annual meeting of the National Association of County Agricultural Agents by receiving the Search for Excellence on Crop Production award.

Project: Northeast Technology and Business Center Expansion Project**

Contact: Stan L. Crowe
Martin County Economic Development Corporation
PO Box 310
Williamston, NC 27982
(252) 792-2044

Grant Amount: \$200,000

Project will renovate and upfit 50,000 square feet of the Northeast Technology and Business Center to facilitate the growth and expansion of two companies currently operating in the NC TeleCenter. The project will help create 250 jobs and leverage \$3 million in capital investment.

Area Served: Martin and 16 northeast counties

Update: This grant was de-obligated due to lack of need by the proposed tenants.

Project: Northeast Economic Development Diversification Initiatives**

Contact: Rick Watson
NC's Northeast Partnership
119 West Water Street
Edenton, NC 27932
1-888-872-8562

Grant Amount: \$180,000

Project will establish the Existing Business and Industry Service Program (to develop relationships with employers), the NorthEast Region Buyer-Supplier Network (to facilitate the purchase of local goods and services), and the NorthEast Tourism Web Portal (to develop an online welcome and information center promoting the Northeast Region).

Area Served: 16 Northeast counties

Update: **Existing Business & Industry Program** – North Carolina's Northeast Partnership, Inc., continues to implement its existing businesses/industry program, expanding its focus not only to the industries in the Region, but to the chambers of commerce and their memberships. Considerable amounts of investment and new job potential have been identified. **Buyer-Supplier Network** – The Northeast Buyer-Supplier Network is now “live” on the web and located at www.buynortheastnc.com. The Partnership is using its Existing Industry Program to market the availability of the buyer-supplier network to encourage businesses in the Northeast Region to use the network as a resource to establish buyer-supplier linkages. **Northeast Tourism Web Portal** – InterCerve, Inc. developed the Tourism Web Portal. Meetings with tourism development representatives, the Northeast Partnership, and InterCerve have been held to help train various tourism representatives on how to update the site.

Project: Nash Area Farmer's Market-Permanent Structure**

Contact: Wayne Moore
Nash County
120 West Washington Street, Suite 3072
Nashville, NC 27856
(252) 459-9804

Grant Amount: \$215,000

Project will assist with the construction of a permanent building to increase vendor spaces to 22 for area farmers to successfully market produce and products.

Area Served: Nash, Edgecombe, Wilson, Halifax

Update: The Nash County Farmers Market has been completed and is in use. Participation and support has been very strong. On some Saturdays, parking wasn't available on site due to large volumes of customers. A considerable amount of positive feedback has been received.

Project: Tobacco Growers Communication Assistance**

Contact: Graham Boyd
Tobacco Growers Association of NC
3700 National Drive, Suite 212
Raleigh, NC 27612
(919) 781-2307

Grant Amount: \$187,500

Project will sustain the services of communication information via TGANC's newsletter, website and resource guide, as well as, develop a study with NCSU on the impacts of the pending tobacco buyout and distribute the results.

Area Served: Statewide

Update: Newsletters, an annual report and the grower resource guide was distributed to over 10,000 agricultural related individuals providing timely information during a very transitional time period. Also, a study by Dr. Blake Brown on the tobacco buyout was developed and distributed. These tools were very valuable in keeping people informed.

Project: Tar River Tobacco Farmland Preservation

Contact: Jeffrey A. Fisher
Tar River Land Conservancy
211 North Main Street, Suite A
Louisburg, NC 27549
(919) 496-5902

Grant Amount: \$350,000

Project will protect 4,000 acres of land valued at \$12 million and 24 miles of streams by providing an alternative to tobacco farmers wanting to protect their farm from development by maintaining their land in an agricultural land base that purchases the development rights.

Area Served: Upper Tar River Basin, Granville, Franklin, Nash

Update: TRLC has closed two of the projects outlined in the original grant application. TRLC requested that two of the original projects be deleted due to TTFC funds not being needed and two new projects be added. They also requested that a fifth project that was removed earlier be reinstated for consideration. With these amendments, the total number of projects is now five.

Project: "New Generation" Cooperatives – A New Twist on an Old Model**

Contact: Billy Ray Hall
NC Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610
(919) 250-4314

Grant Amount: \$134,200

Project will fund improvements in the business environment for "new generation" Cooperatives which will lead to new opportunities for producer-owned, value-added businesses. "New generation" cooperatives provide farmers the opportunity to raise the capital to own and operate innovative, value-added businesses while allowing them to retain control of processing and marketing.

Area Served: Statewide

Update: The Rural Center conducted a workshop for stakeholders to gather feedback on current cooperative issues. With the assistance of Southern States Cooperative Foundation, a resource guide and case study were developed to use as tools for this project. After careful

review of the results and feedback received from existing cooperatives, the decision was made to conclude the grant at this point until the need for further study becomes necessary.

Project: New Start: Successful Transitions for Dislocated Workers through Community-based Solutions**

Contact: Anne Scharff
NC Rural Economic Development Center
4021 Cary Drive
Raleigh, NC 27610
(919) 250-4314

Grant Amount: \$350,000

Project will provide assistance in finding jobs for 440 displaced workers in Vance, Wilson and Transylvania counties and build momentum for action through a conference, with hopes to employ 75% of workers within six months.

Area Served: Vance, Wilson, Transylvania, Warren, Franklin, Granville, Buncombe, Henderson; Statewide

Update: With funding from the TTFC, the Rural Center worked with three local community based organizations in areas hard hit by tobacco layoffs to provide comprehensive workforce development services to 617 dislocated workers. 151 dislocated workers obtained education or job skills training, 196 received emergency or supportive services, and 247 dislocated workers found a new job. All 617 Project New Start participants received case management services, referrals, and help in setting career goals.

Project: NC Farm Transition Network

Contact: Stephen A. Woodson
NC Farm Bureau Legal Foundation
5301 Glenwood Avenue
Raleigh, NC 27612
(919) 782-1705

Grant Amount: \$135,000

Project will connect retired farmers with new farmers by establishing a list serve and provide apprenticeship/mentoring programs for new farmers; as well as provide business and estate-planning services to retiring farmers and develop a list of professionals who can assist in farm transitions.

Area Served: Statewide

Update: Outreach work is continuing with presentations on farm business succession, as well as, individual farm client consults on various matters related to farm business continuation. Between October 1, 2004 and September, 2005, NCFTN, by leveraging TTF funds with a cooperative agreement with the USDA's Risk Management Agency, has delivered at least thirty-eight presentations on farm business succession planning, reaching approximately 600 producers in 23 counties. The NCFTN.ORG website was launched in December 2004. The website serves as a clearinghouse of farm succession planning resources, a listing service of farm opportunities for new/young farmers, a referral listing of farm business professional advisors, as well as, information on the aging farmer issue in North Carolina and elsewhere.

Project: Expanded Planning, Production and Marketing Assistance for Organic and Conventional Tobacco Growers**

Contact: Tony Kleese
Carolina Farm Stewardship Association
PO Box 448
Pittsboro, NC 27312
(919) 542-2402

Grant Amount: \$48,700

Project will expand the current program to help existing participants improve production and marketing of organic crops while recruiting 15 to 19 additional growers.

Area Served: Caswell, Person, Granville, Vance, Alamance, Orange, Durham, Columbus, Moore; Statewide

Update: A total of 21 farmers were assisted by this project in 2004. Built on the early successes of TTFC's work with CFSA, a decision was made to allow a vehicle (ECO) for marketing of organic products to be created to further expand the opportunities of the project's producers. CFSA has been involved with the creation of ECO – Eastern Carolina Organics. The production and marketing of organic products is going to continue to be developed with a focus on making ECO self-sustaining.

Project: Water Supply Preservation and Development**

Contact: Wayne D. Malone

Neuse Regional Water and Sewer Authority
1609-A West Vernon Avenue
Kinston, NC 28503
(252) 527-4800

Grant Amount: \$200,000

Project will design a surface water treatment plant and distribution system to preserve capacity of ground water sources in Lenoir, Greene and Pitt counties. Project will protect and create jobs in water-dependent enterprises and help maintain and improve sales in the agricultural sector.

Area Served: Lenoir, Greene, Pitt

Update: Work continues on developing an adequate water supply system. The objectives outlined in earlier reports, funded by TTFC, have been obtained. Due to the size of this project and continued increases in cost, additional support will be needed to see this valuable project come to fruition.

Project: Sustaining Far Western NC Farms through Financial Education

Contact: Tammara Cole
NC Cooperative Extension
PO Box 456
Cherokee, NC 28719
(828) 497-3521

Grant Amount: \$39,875

Project will provide 25 farmers in western NC with non-formal training in business financial management, including planning, to give them skills to sustain their occupation and families.

Area Served: Cherokee, Cherokee Reservation, Clay, Graham, Jackson, Macon, and Swain

Update: For 2005, January's classes focused on self employment tax, having the correct documentation for employees and planning for retirement. During February's classes, the participants learned about incorporating technology into their operations like using PDAs for keeping track of financial information. During March, the participants had an opportunity to work with one of TTFC's other grant recipients, Andrew Branan with NCFTN, to learn more about estate planning. This was followed up with one-on-one consultation.

Project: Equipment Upgrade of Tobacco Literature Service

Contact: Keith Oakley
NC Tobacco Foundation
NCSU Box 7645
Raleigh, NC 27695
(919) 515-9262

Grant Amount: \$72,695

Project will increase the publishing efficiency of Tobacco Abstracts by upgrading the software and equipment and by moving from print to an electronic format.

Area Served: Statewide

Update: This project is continuing the process of moving older print material to electronic format. This will greatly benefit educators by making the material more accessible in a timely fashion. This has involved a lot of design and data input. Staff has continued preparing the information and putting it on CDs for publication.

Project: Alternative Mushroom Industry (Black Truffles)**

Contact: Keith Oakley
NC Agricultural Foundation/Garland Truffles
NCSU Box 7645
Raleigh, NC 27695
(919) 515-9262

Grant Amount: \$235,000

Project will supply 50 farms currently growing one to 20 acres of tobacco with the stock, supplies and expertise to each plant 200 inoculated truffle-bearing trees.

Area Served: Statewide

Update: All the trees and supplies for the recipients of the truffle project were delivered by June 13, 2005. This was approximately six months later than anticipated. Some of the farmers were not ready to plant or had not prepared their orchard until this point. The initial trees that were planted in the fall of 2004 are all growing well. They were about 12 to 16 inches tall when delivered, and from the ones we have seen and reports from growers they are now 24 to 36 inches and well rooted.

Project: Agriculture Tourism and Crop Diversification Demonstration Program for Tobacco-Dependent Communities, Tobacco Farmers and Other Farmers**

Contact: Keith Oakely
NC Cooperative Extension Service Foundation
NCSU Box 7645
Raleigh, NC 27695
(919) 515-9262

Grant Amount: \$198,210

Project will provide seed money to aide western NC farmers with crop diversification and/or agri-tourism by creating a Mini-Grant Demonstration Program to help with financial aid, education, training and marketing. Project will conduct 25 workshops for 200 to 300 farmers and award 50 farmers each a \$2,500 grant.

Area Served: Western Counties including the Cherokee Reservation

Update: The project committee ended up selecting 51 farmers to assist them with a transition and/or an agri-tourism program. The Agricultural Tourism and Crop Diversification Program has been a great success and is creating discussion among the farming community about new ideas that will to help to generate economic activity in the mountains. Based on farmer's projected incomes for their projects, over one million dollars over the next 5 years is estimated to result from the seed moneys farmers received through the Agricultural Tourism and Crop Diversification Program. That translates into a 12% return on the dollar during the next five years.

***completed*

NC TOBACCO TRUST FUND COMMISSION 2004 - 2005
OUT-OF-CYCLE GRANTS**

Project: Project Rapid***

Contact: Jennifer Lantz
Wilson Economic Development Council
P.O. Box 728
Wilson, NC 27894-0728
(252) 237-1115

Grant Amount: \$350,000

The TTFC has partnered with other funders to recruit a pharmaceutical company to locate their North American packaging, quality control laboratory and distribution in Wilson County. The project will create an investment of \$70 million and create 300 jobs over five years in an area with large amounts of displaced tobacco workers. The grant was made out of cycle in the public interest of creating jobs in a tobacco-growing and tobacco-processing county.

Area Served: Wilson and surrounding counties

Update: This grant was de-obligated due to funds not being needed by Wilson EDC.

Project: Tobacco Communities Reinvestment Project

Contact: Jason Roehrig
Rural Advancement Foundation International–USA (RAFI)
PO Box 640
Pittsboro, NC 27312
(919) 542-1396

Grant Amount: \$185,000

During 2004-2007 this project will generate up to 15 cost-share (up to \$10,000) initiatives in 7 tobacco producing counties by (1), enabling individual tobacco growers and tobacco-dependent communities to test farm-based initiatives to supplement or replace tobacco income and (2), to help in developing the rural workforce by assisting growers in acquiring the skills to redirect scarce resources into viable agricultural businesses. This grant is made in response to hurricane damage to farms and the end of price supports for tobacco.

Area Served: Caswell, Duplin, Granville, Lee, Moore, Nash and Yancey

Update: Worked continued on follow ups with the new participants. In this granting cycle, RAFI is working on projects such as fall agri-tourism, organic corn production, alternative pork production, value-added processing kitchen, strawberry transplant production and a quail project.

Project: Growing the NC Medicinal Herb Industry

Contact: Jeanine Davis
NC State University
455 Research Drive
Fletcher, NC 28732
(828) 684-3562

Grant Amount: \$94,371

This project will introduce more tobacco farmers to herb production. The grantee will research and develop marketing benefits as part of their overall goal of determining if N.C. farmers can produce the quality and quantity of medicinal herbs required by the industry at a price that is competitive in a global market. The grant is made in response to hurricane damage to farms and the end of price supports for tobacco.

Area Served: Statewide

Update: With the second year of funding from the Commission, the Grantee is continuing to work with these growers to harvest the perennial herbs planted in 2004 and grow new medicinal herb crops. The overall goal of the project for all growers remains as before, that is to determine if North Carolina farmers can produce the quality and quantity of medicinal herbs required by the industry at a price that is competitive in a global market.

Project: Western NC Agricultural Tourism and Crop Diversification Program

Contact: Mr. Robert Hawk
NC Cooperative Extension Service
P.O. Box 308
Waynesville, NC 28786
(828) 255-5522

Grant Amount: \$104,313

Project's objective is to provide 'mini grants' as an incentive to diversify farm operations that could generate new economic growth in Western North Carolina. The grants will provide financial aide to farmers who are taking risks in new markets. This could be either through other crops or agriculture tourism efforts such as corn mazes and pick-your-own produce as examples. Project will include educating, training and informing 100 farmers and other individuals in their communities on the

opportunities and possibilities of agricultural tourism, crop diversification and marketing of these new business ventures. The project will award 30 tobacco farmers each a \$2,500 grant to reduce the start-up cost of new opportunities in local, regional, and global markets. The grant is made in response to hurricane damage to farms and the end of price supports for tobacco.

Area Served: 15-county area of Western North Carolina including the Cherokee Indian Reservation: Madison, Buncombe, Yancey, Haywood, Henderson, Avery, Macon, Mitchell, Jackson, Swain, Clay, Cherokee, Watauga, Transylvania, Graham

Update: The summer months have included farm visits to 2005 Western NC Agricultural Options grant recipients. All 30 grantees were visited during the months of July, August and September. Each one-on-one visit ranged from approximately 2-3 hours of discussing agricultural business with Erin Jasin, Robert Hawk, and the local county agricultural Extension agent and was focused on helping the farmers transition their farm operation into the future. These personal, hands-on visits are useful for both the farmer and the Extension agents in order to discuss the project's successes and failures in depth, while gaining a greater appreciation and knowledge of the farmer's overall agricultural operation. These visits are very advantageous since they provide feedback to all parties involved and give future direction to the needs of the farmers out in the counties.

*** The Full Commission decided at the June 15, 2004 meeting that the normal granting cycle be suspended because of the lack of new funding this year. Instead of funding new initiatives through a 2004 granting cycle, the members decided to focus the Commission's limited available funds on maintaining current grantees and otherwise furthering the statutory obligations of the Tobacco Trust Fund Commission.*

**** Prior to the June 15, 2004 meeting*

NC TOBACCO TRUST FUND COMMISSION 2005-2006

GRANTS

Project: Helping NC's Farmers in Transition from Tobacco Production Improve Water Quality While Protecting Natural Resources for the Public

Contact: Cecil Settle
NC Foundation for Soil & Water Conservation, Inc.
2012 Lodestar Drive
Raleigh, NC 27615-2519
(919) 873-2158

Grant Amount: \$150,000

Project will provide cost share assistance (up to 75%) to farmers, transitioning from tobacco production or diversifying to additional income producing agricultural enterprises, for installing BMP's that prevent sediment, nutrients, or other pollutants from entering streams within the boundaries of their farms.

Area Served: Statewide

Project: Sustaining Working Farms Through Conservation

Contact: Reid Wilson
Conservation Trust for NC
PO Box 33333
Raleigh, NC 27636
(919) 828-4199

Grant Amount: \$200,000

Project will build on the ongoing work of North Carolina Land Trusts to contact tobacco farmers and buyout participants to make them more aware of conservation easements as a tool to protect their farms, keep them in farming, and provide tax incentives and other economic benefits. The project will use the results of outreach activities for Phases One and Two and the Farmland Conservation Plan (FCP) developed through May 2005 "Tobacco Buyout Farmland Conservation Planning" grant.

Area Served: Statewide

Project: Tobacco Communities Reinvestment Project

Contact: Jason Roehrig
Rural Advancement Foundation International-USA
PO Box 640
Pittsboro, NC 27312
(919) 542-1396

Grant Amount: \$300,000

Project will generate up to 15 cost-share initiatives in 22 counties in order to enable individual tobacco growers to test farm-based initiatives to supplement or replace tobacco income. In addition, these initiatives will help develop the rural workforce by assisting growers in acquiring skills to redirect scarce resources into viable agricultural businesses.

Area Served: Alexander, Alleghany, Ashe, Caswell, Craven, Davidson, Duplin, Franklin, Granville, Iredell, Jones, Lenoir, Onslow, Person, Robeson, Rockingham, Sampson, Stokes, Surry, Vance, Warren

Project: Western North Carolina Agricultural Options Demonstration Program

Contact: Erin Jasin
HandMade in America / NC Cooperative Extension West District
94 Coxe Ave.
Asheville, NC 28802
(828) 255-5522

Grant Amount: \$250,000

Project will assist farm operations to diversify and expand in order to generate new sustainable economic growth in Western NC. Project will provide seed money to aide western NC farmers with crop diversification and/or agri-tourism and help with financial aid, education, training and marketing.

Area Served: Buncombe, Haywood, Madison, Yancey, Graham, Avery, Cherokee, Cherokee Reservation, Clay, Henderson, Jackson, Macon, Mitchell, Swain, Transylvania, Watauga

Project: Regional Water Supply System

Contact: Wayne Malone
Neuse Regional Water and Sewer Authority
PO Box 6277
Kinston, NC 28501
(252) 522-2567

Grant Amount: \$172,543

Project will design a surface water treatment plant and distribution system to preserve capacity of ground water sources in Lenoir and Pitt counties. Project will protect and create jobs in water-dependent enterprises and help maintain and improve sales in the agricultural sector.

Area Served: Central Coastal Plain

Project: Management of Pierce's Disease of Grapes in the Piedmont of NC

Contact: Turner Sutton
NC Agricultural Foundation, Inc.
Box 7616, NCSU
Raleigh, NC 27695
(919) 515-6823

Grant Amount: \$71,795

Project will develop a management program for Pierce's disease of grapes, which will allow tobacco farmers and others in the eastern and southern Piedmont of North Carolina to successfully plant winegrapes. Winegrapes are at considerable risk because of Pierce's disease.

Area Served: Piedmont, Southern Mountains

Project: Value Added Projects for Tobacco Farmers in Transition

Contact: Blake Brown
NC Foundation for Value Added Agriculture and Applied
Biotechnology
Box 8109, NCSU
Raleigh, NC 27695
(919) 515-4536

Grant Amount: \$245,028

Project is to increase the effectiveness of CALS faculty in developing and implementing profitable value-added enterprises for North Carolina farm families. This project will enhance the effectiveness of CALS extension and research projects by providing 1) farm business management resources to faculty to assist with evaluation of the profitability and implementation of newly developed value-added enterprises, 2) assembling information on potential value-added opportunities and publishing information about the cooperative efforts of NCSU and TTFC, 3) grant writing and planning assistance to faculty developing research or extension proposals for value-added projects for farm families and 4) facilitating assembling resources for

faculty projects. This proposal is an initial step by CALS to increase faculty focus and resources on value-added enterprises.

Area Served: Statewide

Project: Development of the North Carolina Tobacco Black Shank Task Force

Contact: Kelly Ivers
NC Tobacco Foundation, Inc.
NCSU Department of Plant Pathology
455 Research Dr.
Fletcher, NC 28732
(828) 684-3562

Grant Amount: \$47,868

Project will conduct an intensive survey of the tobacco-growing regions for the incidence of black shank in tobacco cultivars, collect isolates of Ppn (fungus causing black shank disease) and determine the race structure of field populations across the state, and correlate Ppn race profiles with supplementary crop and field-site information.

Area Served: Statewide

Project: College of Agriculture and Life Sciences Agricultural Leadership Development Program

Contact: Bill Collins / Billy Caldwell
NC Agricultural Foundation, Inc.
Box 7643, NCSU
Raleigh, NC 27695
(919) 515-2717

Grant Amount: \$144,440

Project will develop a leadership seminar where participants will learn of pertinent agricultural issues and develop leadership skills. The project will conduct eight three-day seminars that targets agricultural professionals aged 25-45. The program will enhance the economic impact of participants by increasing their understanding of their businesses, industries, communities, economies and society as they are related to agriculture and rural communities. The program will enhance participants' capacities in problem solving, interpersonal communications, practical application of leadership abilities, and participatory processes to enable them to more effectively address contemporary issues related to agriculture, rural communities and citizens.

Area Served: Statewide

Project: Tobacco Grower Communication Assistance

Contact: Kathy Kennel
NC Tobacco Foundation & Tobacco Growers Association of NC
Box 7645, NCSU
Raleigh, NC 27695
(919) 515-9259

Grant Amount: \$140,413

Project will sustain and deliver critical and valuable information to tobacco growers statewide by producing the Tobacco Grower Newsletter, The Tobacco Grower Resource Guide and a new edition of the Tobacco Growers Field Manual.

Area Served: Statewide

Project: Reducing Losses to Tomato Spotted Wilt Virus in Tobacco

Contact: Bill Collins
NC Tobacco Foundation, Inc.
Box 7643, NCSU
Raleigh, NC 27695
(919) 515-2717

Grant Amount: \$75,025

Project will develop the knowledge and management tools necessary to reduce losses to the tomato spotted wilt virus (TSWV) in tobacco. The project's goal is to develop a system to predict the likelihood that damaging levels of TSWV will occur each year over locations in order to provide growers information on which to base their management practices and reduce losses. This information will be distributed to all NC tobacco farmers.

Area Served: Statewide

Project: Project New Start: Phase II

Contact: Anne Bacon
NC Rural Economic Development Center
4021 Cary Drive
Raleigh, NC 27610
(919) 250-4314

Grant Amount: \$300,000

Project will refine the Project "New Start" model of helping dislocated workers through community-based strategies, explore new ways to engage nonprofit organizations in helping dislocated workers, and support research to identify to what extent tobacco farm workers need the kind of help that Project New Start has targeted to tobacco processing workers. The project's goal is to provide job re-training assistance to former tobacco workers.

Area Served: Wilson, Statewide

Project: Project "Skill-UP"

Contact: Barbara Boyce
NC Community College System
5001 Mail Service Center
Raleigh, NC 27699-5001
(919) 807-7100

Grant Amount: \$184,000

Project will develop customized fast-track (3-8 month) programs that focus on the development of basic workplace skills to minorities (especially males), Hispanics, welfare recipients, and the working poor--who are over-represented in tobacco-related employment. Program participants will receive skill assessment, training, and career development counseling in order to obtain marketable skills.

Area Served: Statewide

Project: Increasing the Utilization of Biodiesel Fuels in the NC Agricultural Community

Contact: Sandra Maddox
NCDA&CS Research Stations Division
1001 Mail Service Center
Raleigh, NC 27699-1001
(919) 733-3236

Grant Amount: \$61,000

Project will establish the use of biodiesel fuel on all agricultural research stations, provide biodiesel information at each research station Field Day, which are open to the public, and conduct additional Field Days to highlight and increase the use of biodiesel. The project's goal is to provide farmers information regarding the benefits of using biodiesel on their farms.

Area Served: Statewide

Project: Agricultural Heritage Outreach & Agritourism Program

Contact: Lynn Wagner
Tobacco Farm Life Museum, Inc.
PO Box 88
Kenly, NC 27542
(919) 284-3431

Grant Amount: \$100,000

Project will procure resources such as supplies, equipment, technology updates, and Board of Director's and staff development necessary for the operation of the tobacco museum and the expansion of the education and agritourism programs. The Museum will also employ farmers who will conduct farm tours for participating tour groups.

Area Served: Eastern NC

Project: Capital Access: Creating a Continuum of Financial Services for Alternative Agriculture in NC

Contact: Brian Schniederman
Center for Community Self Help
PO Box 3619
Durham, NC 27702
(919) 956-4400

Grant Amount: \$45,750

The Capital Access project is a continuation and enhancement of the previous financial needs survey of farmers. This project will provide further outreach to farmers and lenders and advocate for reforms in lending policies and programs to better serve farm enterprises. The project's goal is to survey tobacco farmers to determine their banking needs and then educate bankers on the benefits of providing loans to assist tobacco farmers with their diversification initiatives.

Area Served: Statewide

Project: Expanding Homegrown/Handmade in Ashe County

Contact: Ken McFayden
Town of West Jefferson
PO Box 490
West Jefferson, NC 28694
(336) 246-3551

Grant Amount: \$100,138

Project will assist Ashe County growers in developing and maintaining profitable farm operations by offering a viable market for their crops, and increasing pedestrian traffic. A Farmers Market shelter addition with restrooms and electricity will be constructed. The project's goal is to provide amenities to the farmers market in order to attract additional customers and farmers to the site.

Area Served: Ashe

Project: Iseley Farm

Contact: Bethany Olmstead
Piedmont Land Conservancy
PO Box 4025
Greensboro, NC 27404
(336) 691-0088

Grant Amount: \$300,000

Project will assist with protecting a 370-acre organic tobacco producing farm in Alamance County through an agricultural easement. The Iseley Farm currently grows certified organic tobacco, maintains certified organic greenhouses, has a cow-calf beef cattle operation, has an on-site farm market selling strawberries, fresh vegetables, mums, etc... and offers educational programs for schoolchildren. The project will also protect the water quality of the Haw River by establishing a no-touch riparian areas along several tributaries to the Haw River and to the Haw River itself.

Area Served: Alamance

Project: Growing Local Profits

Contact: Keith Baldwin
NC Agriculture and Technical State University
PO Box 21928
Greensboro, NC 27420
(336) 334-7995

Grant Amount: \$112,000

Project will demonstrate the economic viability of horticultural crops by providing farmers opportunities to diversify using plasticulture, assisting with fertigation systems, and assisting with direct marketing through local food projects. The project's goal is to place approximately 100-400 acres of farm land under efficient irrigation and weed-management systems.

Area Served: Statewide

Tobacco Trust Fund Commission Operating Statement July 1, 2004 - June 30, 2005 (2004-2005 Fiscal Year)

	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Total Amounts
Cash Carried Forward	\$6,444,492.64												
INTEREST INCOME*	\$15,658.29	\$15,950.63	\$16,060.95	\$14,695.37	\$13,942.81	\$12,931.53	\$12,846.39	\$11,768.63	\$11,335.95	\$12,593.25	\$13,316.83	\$17,424.05	\$168,524.68
TOBACCO SETTLEMENT*										\$2,160,237.20			\$2,160,237.20
OTHER REVENUE	\$18.50	\$648.85					\$2.40		\$284.47	\$8.30		\$1.80	\$964.32
Fiscal Year 2004-2005 Revenue	\$15,676.79	\$16,599.48	\$16,060.95	\$14,695.37	\$13,942.81	\$12,931.53	\$12,848.79	\$11,768.63	\$11,620.42	\$2,172,838.75	\$13,316.83	\$17,425.85	\$2,329,726.20
		{1}								{2}			
EXPENSES													
<u>Personnel Expenses</u>													
Per Diem-BD MEM	\$0.00	\$45.00	\$120.00	\$90.00	\$240.00	\$15.00	\$90.00	\$225.00	\$195.00	\$0.00	\$240.00	\$0.00	\$1,260.00
Trans-BD MEM	\$0.00	\$71.25	\$16.00	\$189.00	\$842.50	\$42.50	\$180.25	\$642.75	\$801.00	\$0.00	\$704.75	\$0.00	\$3,490.00
Subsistence-BD MEM	\$0.00	\$91.50	\$61.00	\$183.00	\$648.12	\$30.50	\$183.00	\$484.25	\$427.00	\$0.00	\$427.00	\$0.00	\$2,535.37
Other-BD MEM	\$0.00	\$0.00	\$0.00	\$0.00	\$305.85	\$52.83	\$0.00	\$0.00	\$17.60	\$0.00	\$0.00	\$0.00	\$376.28
	\$0.00	\$207.75	\$197.00	\$462.00	\$2,036.47	\$140.83	\$453.25	\$1,352.00	\$1,440.60	\$0.00	\$1,371.75	\$0.00	\$7,661.65
<u>Staff Personnel Expenses</u>													
Sal, Ins, Ret, SS Bene.**	\$10,856.24	\$11,603.56	\$11,340.80	\$11,340.80	\$11,340.80	\$11,562.59	\$11,340.80	\$12,573.02	\$11,340.80	\$11,340.80	\$11,340.80	\$11,340.80	\$137,321.81
Travel, Exp Acts, Reg Fees, Train.	\$838.24	\$100.50	\$87.60	\$0.00	\$0.00	\$230.55	\$141.36	\$199.45	\$41.25	\$94.68	\$191.05	\$260.46	\$2,185.14
	\$11,694.48	\$11,704.06	\$11,428.40	\$11,340.80	\$11,340.80	\$11,793.14	\$11,482.16	\$12,772.47	\$11,382.05	\$11,435.48	\$11,531.85	\$11,601.26	\$139,506.95
<u>Office Expenses</u>													
Repairs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Postage Freight & Del***	\$303.56	\$373.90	\$30.34	\$46.95	\$37.00	\$88.43	\$137.76	\$531.80	\$188.28	\$39.36	\$563.19	\$219.76	\$2,560.33
General Office Supplies	\$0.00	\$0.00	\$0.00	\$592.96	\$0.00	\$0.00	\$51.69	\$0.00	\$268.00	\$103.15	\$0.00	\$492.65	\$1,508.45
Furniture	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Computer Equipment	\$156.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$68.00	\$119.20	\$0.00	\$0.00	\$0.00	\$343.50
Communication/Office Equipment	\$0.00	\$5.00	\$1,063.16	\$17.20	\$17.20	\$17.20	\$17.20	\$22.20	\$17.20	\$12.20	\$17.82	\$434.99	\$1,641.37
Other Administrative Expenses	\$5.41	\$5.01	\$9.24	\$0.00	\$225.00	\$0.00	\$0.94	\$797.21	\$0.00	\$0.00	\$249.95	\$0.00	\$1,292.76
Telephone Services****	\$22.15	\$161.76	\$295.33	\$0.00	\$141.19	\$146.20	\$142.36	\$289.94	\$0.00	\$300.78	\$0.00	\$294.66	\$1,794.37
	\$487.42	\$545.67	\$1,398.07	\$657.11	\$420.39	\$251.83	\$349.95	\$1,709.15	\$592.68	\$455.49	\$830.96	\$1,442.06	\$9,140.78
<u>Professional Services</u>													
Legal Services/Office Equip.-DOJ	\$26,453.53	\$982.25	\$0.00	\$0.00	\$28,029.18	\$0.00	\$0.00	\$24,030.62	\$0.00	\$2,295.44	\$23,436.13	\$0.00	\$105,227.15
Contract Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00	\$0.00	\$0.00	\$0.00	\$2,000.00	\$2,300.00
Misc.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$26,453.53	\$982.25	\$0.00	\$0.00	\$28,029.18	\$0.00	\$0.00	\$24,330.62	\$0.00	\$2,295.44	\$23,436.13	\$2,000.00	\$107,527.15
Fiscal Year 2004-2005 Expenses													\$263,836.53

Encumbered Funds		2002 Granting Cycle Paid Out				2003 Granting Cycle Paid Out				
2002 Granting Cycle	\$416,525.17		FY 02-03	FY 03-04	FY 04-05		FY 03-04	FY 04-05	Cash Carried Forward	\$6,444,492.64
Burley Marketing Center	\$205,003.00	NC A&T	\$9,440.00	\$63,330.23	\$39,494.23	NC Assoc Biomedical Research	\$94,700.00	\$35,928.04	Total Revenue 04-05	\$2,329,726.20
2003 Granting Cycle	\$737,687.40	Stokes County	\$49,500.00	\$43,143.49	-639.10	NC Foundation Soil & Water	\$175,000.00	\$0.00	Total Expenses 04-05 (-)	\$263,836.53
Out-of-Cycle Grants (\$372,288.46 under contract)	\$500,030.31	NC Tobacco Foundation	\$87,500.00	\$15,460.79	\$16,117.82	RAFI	\$200,000.00	\$75,582.71	Total	\$8,510,382.31
2005 Granting Cycle	\$3,000,000.00	NC Ag Foundation	\$147,500.00	\$110,953.06	\$204,367.53	Columbus County	\$30,000.00	\$28,185.78	Total Grants Paid Out (-)	\$1,774,192.63
TOTAL	\$4,859,245.88	TGANC	\$44,090.00	\$2,330.00	\$0.00	Johnston County Coop Ext	\$8,371.00	\$0.00	Current Cash Balance	\$6,736,189.68
Budget Shortfall Transfers		NC Foundation Soil & Water	\$175,000.00	\$25,000.00	\$43,903.10	NCSU	\$30,000.00	\$102,498.20	Encumbered Funds (-)	\$4,859,245.88
FY 02 Designated Interceptions	\$82,004,511.11	Johnston Co. Farmers Market	\$350,000.00	\$0.00	\$0.00	Old North State	\$47,500.00	\$92,181.44	TOTALGrantMgmt/Admin/ Enforcement of the MSA	\$1,876,943.80
FY 03 Designated Interceptions	\$38,000,000.00	CFSA	\$10,000.00	\$10,000.00	\$0.00	Wilson County Coop Ext	\$179,034.23	\$17,063.26		
FY 04 Designated Interceptions	\$37,146,734.06	ASAP	\$112,472.96	\$64,737.58	\$81,162.53	NC Northeast Partnership	\$90,000.00	\$90,000.00		
FY 05 Designated Interception {1}	\$406,814.53	RAFI	\$250,000.00	\$50,000.00	\$0.00	Nash County	\$0.00	\$215,000.00		
FY 05 Designated Interception {2}	\$34,593,185.47	Martin Co. EDC	\$175,000.00	\$132,575.00	\$0.00	TGANC	\$93,750.00	\$83,752.53		
TOTAL	\$192,151,245.17	Columbus Co. Farmers Market	\$32,500.00	\$29,250.00	\$0.00	Tar River Land Conservancy	\$98,000.00	\$20,230.28		
Total Grants Paid Out Since Inception		SUBTOTAL	\$1,443,002.96	\$546,780.15	\$384,406.11	Rural Center - Cooperatives	\$67,100.00	\$0.00		
Barn Retrofit	\$41,090,228.00	FTCC	\$1,865,352.00	\$8,969.84	\$5,792.01	Rural Center - Workforce Dev	\$85,057.79	\$244,517.49		
Burley Marketing Center	\$2,350,000.00	TOTAL	\$3,308,354.96	\$555,749.99	\$390,198.12	Farm Bureau Legal Foundation	\$67,500.00	\$19,075.66		
NCD&NCSU Barn Retrofit	\$168,254.00	2004 Out-of-Cycle Grants Paid Out				CFSA	\$17,298.75	\$31,064.23		
Hay Relief	\$5,000.00			FY 04-05		Neuse Regional Water & Sewer	\$100,000.00	\$100,000.00		
FTCC	\$1,880,113.85	RAFI		\$92,500.00		Cherokee Coop Ext	\$0.00	\$19,937.50		
2002 Granting Cycle	\$2,374,189.22	NC Ag Foundation-Herbs		\$47,185.50		NC Tobacco Foundation	\$36,347.50	\$5,770.91		
2003 Granting Cycle	\$3,000,216.43	NC Ag Foundation-Agritourism		\$0.00		NC Ag Foundation	\$184,954.12	\$37,709.47		
2004 Out-of-Cycle Grants	\$139,685.50	TRLC		\$0.00		NC Coop Ext Svc Foundation	\$151,294.03	\$25,811.51		
TOTAL	\$51,007,687.00	TOTAL		\$139,685.50		TOTAL	\$1,755,907.42	\$1,244,309.01		

**This report is based on data from
7/1/04 - 6/30/05**

Tobacco Trust Fund Commission Operating Statement July 1, 2005 - June 30, 2006 (2006 Fiscal Year)

	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Total Amounts
Cash Carried Forward	\$6,736,189.68												
INTEREST INCOME*	\$15,591.25	\$17,983.06	\$17,410.17										\$50,984.48
TOBACCO SETTLEMENT*	\$0.00	\$0.00	\$0.00										\$0.00
OTHER REVENUE	\$0.00	\$0.00	\$0.00										\$0.00
Fiscal Year 2006 Revenue	\$15,591.25	\$17,983.06	\$17,410.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,984.48
EXPENSES													
<u>Personnel Expenses</u>													
Per Diem-BD MEM	\$0.00	\$0.00	\$0.00										\$0.00
Trans-BD MEM	\$0.00	\$0.00	\$0.00										\$0.00
Subsistence-BD MEM	\$0.00	\$0.00	\$0.00										\$0.00
Other-BD MEM	\$0.00	\$0.00	\$0.00										\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<u>Staff Personnel Expenses</u>													
Sal, Ins, Ret, SS Bene.**	\$12,047.68	\$11,340.80	\$12,106.41										\$35,494.89
Travel, Exp Acts, Reg Fees, Train.	\$800.74	\$0.00	\$0.00										\$800.74
	\$12,848.42	\$11,340.80	\$12,106.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$36,295.63
<u>Office Expenses</u>													
Repairs	\$0.00	\$0.00	\$0.00										\$0.00
Postage Freight & Del***	\$10.79	\$253.12	\$143.77										\$407.68
General Office Supplies	\$32.50	\$989.32	\$33.85										\$1,055.67
Furniture	\$0.00	\$0.00	\$0.00										\$0.00
Computer Equipment	\$0.00	\$1,457.43	\$0.00										\$1,457.43
Communication/Office Equipment	\$22.98	\$831.11	\$12.20										\$866.29
Other Administrative Expenses	\$5.54	\$58.00	\$0.00										\$63.54
Telephone Services****	\$0.00	\$301.56	\$144.37										\$445.93
	\$71.81	\$3,890.54	\$334.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,296.54
<u>Professional Services</u>													
Legal Services/Office Equip.-DOJ	\$21,912.36	\$3,226.09	\$0.00										\$25,138.45
Contract Services	\$0.00	\$0.00	\$0.00										\$0.00
Misc.	\$0.00	\$0.00	\$0.00										\$0.00
	\$21,912.36	\$3,226.09	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25,138.45
Fiscal Year 2006 Expenses													\$65,730.62

Encumbered Funds	
2002 Granting Cycle	\$382,161.80
Burley Marketing Center	\$205,003.00
2003 Granting Cycle	\$681,409.51
Out-of-Cycle Grants	\$470,030.31
2005 Granting Cycle	\$3,000,000.00
TOTAL	\$4,738,604.62
Budget Shortfall Transfers/Debt Service Payments	
FY 02 Designated Interceptions	\$82,004,511.11
FY 03 Designated Interceptions	\$38,000,000.00
FY 04 Designated Interceptions	\$37,146,734.06
FY 05 Designated Interceptions	\$35,000,000.00
FY 06 Planned Interception/Debt Svc Pmt	\$37,958,192.00
TOTAL	\$230,109,437.17
Total Grants Paid Out Since Inception	
Barn Retrofit	\$41,090,228.00
Burley Marketing Center	\$2,350,000.00
NCD/NCSU Barn Retrofit	\$168,254.00
Hay Relief	\$5,000.00
FCTCC	\$1,880,113.85
2002 Granting Cycle	\$2,408,552.59
2003 Granting Cycle	\$3,056,494.32
2004 Out-of-Cycle Grants	\$169,685.50
TOTAL	\$51,128,328.26

2002 Granting Cycle Paid Out			2003 Granting Cycle Paid Out		
	FY 03-05	FY 06		FY 04-05	FY 06
NC A&T	\$112,264.46	\$0.00	NC Assoc Biomedical Research	\$130,628.04	\$0.00
Stokes County	\$92,004.39	\$0.00	NC Foundation Soil & Water	\$175,000.00	\$0.00
NC Tobacco Foundation	\$119,078.61	\$0.00	RAFI	\$275,582.71	\$27,071.24
NC Ag Foundation	\$462,820.59	\$0.00	Columbus County	\$58,185.78	\$0.00
TGANC	\$46,420.00	\$0.00	Johnston County Coop Ext	\$8,371.00	\$0.00
NC Foundation Soil & Water	\$243,903.10	\$0.00	NCSU	\$132,498.20	\$0.00
Johnston Co. Farmers Market	\$350,000.00	\$0.00	Old North State	\$139,681.44	\$0.00
CFSA	\$20,000.00	\$0.00	Wilson County Coop Ext	\$196,097.49	\$0.00
ASAP	\$258,373.07	\$34,363.37	NC Northeast Partnership	\$180,000.00	\$0.00
RAFI	\$300,000.00	\$0.00	Nash County	\$215,000.00	\$0.00
Martin Co. EDC	\$307,575.00	\$0.00	TGANC	\$177,502.53	\$9,797.51
Columbus Co. Farmers Marke	\$61,750.00	\$0.00	Tar River Land Conservancy	\$118,230.28	\$0.00
SUBTOTAL	\$2,374,189.22	\$34,363.37	Rural Center - Cooperatives	\$67,100.00	\$0.00
FCTCC	\$1,880,113.85	\$0.00	Rural Center - Workforce Dev	\$329,575.28	\$14,337.57
TOTAL	\$4,254,303.07	\$34,363.37	Farm Bureau Legal Foundation	\$86,575.66	\$5,071.57
2004 Out-of-Cycle Grants Paid Out					
	FY 05	FY 06			
	\$92,500.00	\$0.00	CFSA	\$48,362.98	\$0.00
NC Ag Foundation-Herbs	\$47,185.50	\$0.00	Neuse Regional Water & Sewer	\$200,000.00	\$0.00
NC Ag Foundation-Agritourism	\$0.00	\$0.00	Cherokee Coop Ext	\$19,937.50	\$0.00
TRLC	\$0.00	\$30,000.00	NC Tobacco Foundation	\$42,118.41	\$0.00
TOTAL	\$139,685.50	\$30,000.00	NC Ag Foundation	\$222,663.59	\$0.00
			NC Coop Ext Svc Foundation	\$177,105.54	\$0.00
			TOTAL	\$3,000,216.43	\$56,277.89

Cash Carried Forward	\$6,736,189.68
Total Revenue 06	\$50,984.48
Total Expenses 06 (-)	\$65,730.62
Total	\$6,721,443.54
Total Grants Paid Out (-)	\$120,641.26
Current Cash Balance	\$6,600,802.28
Encumbered Funds (-)	\$4,738,604.62
TOTAL GrantMgmt/Admin/ Enforcement of the MSA	\$1,862,197.66

*Interest Income-May vary due to adjusting interest rates & date of deposit.

**Sal, Ins, Ret, SS Bene.-Some data was not available at the time of this report.

***Postage Freight & Delv-NCDA&CS keys USPS fees for TTFC. Several months are accumulated before data is entered into NCAS.

****Telephone Services-Due to billing dates, some data was unavailable for this report.

**This report is based on data from
7/1/05 - 9/30/05**

Berries: The next cash crop? Madison couple look to the sweet fruits

By John Boyle
SENIOR WRITER
June 20, 2005

REVERE-RICE COVE — When it comes to cash crops in the mountains, for decades it's been hard to beat burley tobacco.

But Pam Zimmerman — armed with three acres of berries — is giving it a shot.

"We wanted to try something different, so we don't have our eggs all in one basket," said Zimmerman, who runs Zimmerman's Berry Farm with her husband, Billy. "Each year we just keep adding on, and we're not meeting the demand."

The field that now is home to blueberries was a tobacco field for 60 years. The Zimmermans started growing blueberries and raspberries six years ago, and berry sales now constitute one-third of their farm income, a figure they hope to boost to one-half this season.

Tobacco has been grown commercially in the mountains since the 19th century and for decades put bread on the table and children through college. But today farmers like the Zimmermans are looking to diversify, mainly because the U.S. Congress last year passed a \$10.1 billion buyout bill that ended the federal tobacco price support program put in place in 1938.

In exchange, tobacco growers and quota holders will receive a lump-sum payout disbursed over 10 years, with the first payment coming by Sept. 30.

Program helps farmers diversify

The Zimmermans took advantage of another program this spring, receiving a \$2,500 grant from the WNC Agricultural Options Program, which is administered by the N.C. Cooperative Extension Service. They're using the grant for a greenhouse to start vegetable and berry plants.

Last year, the service, in partnership with the N.C. Department of Agriculture and HandMade in America, secured a \$198,210 grant from the **N.C. Tobacco Trust**



photo: John Fletcher/STAFF PHOTOGRAPHER

Pam Zimmerman and her daughter, Ashley, handle a basket of black raspberries they picked Saturday at Zimmerman's Berry Farm in Madison County. While berry income hasn't surpassed tobacco yet on their farm, it is gaining ground.

Fund Commission. This year it has disbursed 51 grants of \$2,500 each to help farmers explore new options, including agricultural tourism and crop diversification.

Erin Jasin, the extension service's western district project coordinator for agricultural tourism and crop diversification, says the grants are a way of reducing growers' risk. Based in the Buncombe office, Jasin works with farmers in 15 western counties.

The tobacco price support program worked well for decades, Jasin says, but it hurt growers in one crucial area: marketing. The grants may prod farmers to try something that requires them to entice buyers.

"There are a lot of people who want the experience of being on the farm, and that's sort of the beginning of agri-tourism," Jasin said.

Pam Zimmerman, Jasin says, has a natural flair for marketing. Zimmerman's farm is mostly a "pick-your-own" operation, but she will pick berries for those who don't want to do their own labor. She also sells a variety of jams, jellies and other products.

Right now the raspberry season is kicking into high gear. Black raspberries in particular, which have a richer taste than others, are in demand.

"We sold every one we had last year," Zimmerman said. She got calls throughout the spring from people who reserved them.

Burley is hard to give up

While the berries are delivering financially, the Zimmermans aren't giving up on burley, planting seven acres this year. With many older farmers getting out of tobacco, total production of burley is down this year, increasing demand.

But farmers need to remember that burley is now being grown in non-traditional areas, including the North Carolina Piedmont and Georgia, according to Blake Brown, an agricultural economist at N.C. State University.

"There are an awful lot of unknowns right now with U.S. burley — it's definitely going through a lot bigger transition than flue-cured tobacco," Brown said of the mainstay variety of eastern tobacco production and the main type of leaf in cigarettes. "If you plan on growing burley in the future, I think it's important to have a fall-back plan as well."

Already the price for burley has dropped to the \$1.50-a-pound level from \$2 or so last year, although growers' production costs have also dropped. But the price may drop further in coming years, though, as big tobacco companies buy cheaper leaf from Brazil, China and other countries.

Farmers have been leaving burley for years. In 1993, Madison County had 1,250 tobacco growers, a number that has dwindled to about 700 now, according to the Farm Service Agency's county office.

David Kendall, an agent with the Madison County office of the N.C. Cooperative Extension Service, specializes in agri-tourism and alternative crops. He says Madison's farmers fall into two groups: older farmers who are watching and waiting to see what happens with burley, and younger farmers open to almost anything.

"A lot of this is still in the experimental phase," he said. "People are trying a lot of different things. A lot of the old-timers don't want people on their farms (for agri-tourism), and some of the newer ones are worried about liability. So, a lot of them are adjusting to it and have to ease into the right match."

No crop is a panacea

The Zimmermans feel as if they've struck a nice balance. Their children, Will, 14, and Ashley, 11, help with the operation, and they want them to grow up on a farm, whether it's producing tobacco or berries.

"If the blueberries ever get to where they're productive, we'll make more money off the berries (than tobacco)," Zimmerman said.

Both berries and burley are very labor-intensive, and Zimmerman says she's not using spray chemicals to fight pests or diseases, which makes the job even harder.

Kevin Hardison, a marketing specialist with the N.C. Department Agriculture and Consumer Services, estimates the state has well more than 200 berry farmers, a number that ebbs and flows as farmers try it out and realize berry farming is no cakewalk.

"When you're raising strawberries, for example, it's not an easy thing — they are very, very labor intensive," Hardison said. "It takes a pretty good amount a money for one acre to get going."

Strawberries can generate \$1,000 an acre "off the bat," Hardison says, but generally speaking, farmers will be hard-pressed to reach that \$4,000- to \$5,000-an-acre cash-flow level that burley tobacco has generated.

"It would take a very good year — high yields, minimal waste, high demand," Hardison said. "I'm not saying it won't be attained, but I would say to get there it would take a lot of hard work and a lot of good marketing on the farmer's behalf."

With berries such as blueberries or blackberries, the plants remain year after year, so you don't have to replant. But fruit production typically doesn't peak for three to five years, so patience must accompany the hard work.

Decades of tobacco cultivation also left the fields' pH out of whack, requiring the Zimmermans to add powdered sulfur to the soil to lower it.

The berries have required Pam Zimmerman to acquire some new skills, too.

"I learned how to run a Rotorvator," she said with a laugh. "I looked like a dust ball when I came out."

Learning to market

Pam Zimmerman is well aware that the U-pick berry industry has no guaranteed buyer, as tobacco used to.

"There's a whole lot more marketing involved," Zimmerman said. "That was something we had to learn by trial and error. I understand the growing process, but I had to learn the marketing."

Early on, Zimmerman took half-pint containers of berries to Hot Springs and distributed them — with big cards about her farm, complete with directions — to tourists.

"I think a lot of people would be intimidated or wouldn't want to fool with the public," Zimmerman said. "But I get to talking, and I know people say they wish I'd hush."

This summer, she's hoping to talk to plenty of customers. But if sales do slow down, Zimmerman, always considering her options, has a plan B.

"You can always eat them if you can't sell them," she said with a laugh.

Contact Boyle at 232-5847 or

jboyle@CITIZEN-TIMES.com.

Want to visit a berry farm?

What: Zimmerman's Farm is a family-owned and operated pick-your-own berry operation. Picking season is under way with black raspberries. Blackberries and blueberries typically are ready in July, red raspberries in August.

Directions: Take U.S. 19/23 north to the Marshall exit (U.S. 25/70). Take 25/70 and go about 10 miles past Marshall. Where the road veers left to Hot Springs, stay straight onto N.C. 208. Go 3.5 miles and turn right on Guntertown Road. Go 1.7 miles and turn right across bridge onto Revere Road. Go 2.2 miles and farm is on the right.

Phone: 656-2056.

Web site: <http://brwm.org/zimmermansberryfarm>

Berries and Tobacco

North Carolina ranks fourth in berry production in the United States.

2004

- Blueberries: 22.9 million pounds, \$32.2 million in sales.
- Strawberries: 17.6 million pounds, \$15.8 million.

2003

- Blueberries: 22.5 million pounds, \$34.7 million.
- Strawberries: 17 million pounds, \$15.3 million.

2002

- Blueberries: 15.5 million pounds, \$22.5 million.
- Strawberries: 22.5 million pounds, \$19.1 million.

Source: N.C. Department of Agriculture and Consumer Service (Only strawberries and blueberries).

TOBACCO

- The 11 westernmost counties of North Carolina had about 3,500 tobacco growers last season.
- Burley tobacco sales generate between \$8 million and \$10 million in sales annually just through the Asheville tobacco auctions.
- Burley tobacco has been the cash crop king in the mountains because it takes relatively little land and typically grosses \$4,000 to \$5,000 an acre, a total other crops usually can't touch.
- Madison County is the top burley- producing county in North Carolina, but the tobacco buyout legislation will allow the variety to be grown in the Piedmont this year, which means more competition for mountain growers.

Pick-your-own berry farms:

- Dogwood Hills Farm: 369 Ox Creek Road, Weaverville. Cherries, blueberries, blackberries, raspberries, apples, honey, grapes. Tel. 645-6286 (call by 9 a.m.)
- Hickory Nut Gap Farm Market Gardens: 1860 Charlotte Highway in Fairview. Strawberries, raspberries, blueberries. Tel. 628-3348.
- McKinney Small Fruit: McKinney Fruit Drive , Fletcher. Blueberries, Grapes. Tel. 891-8947.
- The Apple House Owenby Orchards: Edneyville in Henderson County. Blackberries, blueberries, boysenberries, cherries and more. Tel. 685-9917.
- Thomas Berry Farms: 78 Medallion Drive, Cullowhee in Jackson County. Blueberries. Tel. 293-5132.
- Timberlane Farm: Hayesville in Clay County. Blueberries. Tel. 389-3097.
- For a full listing: Visit the Appalachian Sustainable Agriculture Project Web site at: www.asapconnections.org
Source: www.pickyourown.org/NCwestern.htm

Published on: 2005-09-18

Farmers hope profits mushroom

By Venita Jenkins
Staff writer

LUMBERTON - Two Robeson County farmers hope a fungus will reap them big profits.

R.W Bracey and Lou Henderson have turned to truffles as an alternative to tobacco.

Truffles are round and irregular in shape and can grow to the size of a fist. The fungus lives on roots of certain trees such as hazelnut. They are mostly found in Europe and Asia.

The men hope to be part of the growing truffle market in the United States.

Bracey and Henderson received a grant through the North Carolina Tobacco Trust Fund to buy equipment and trees inoculated with truffle spores.

It takes seven years before farmers can harvest the mushrooms. The season for most truffles falls between September and May. Truffles are harvested with the use of trained dogs or pigs. They are able to detect the strong smell of the truffles under the ground.

Bracey and Henderson feel it's worth the wait.

The mushroom is among the most expensive natural foods in the world, the local growers said. The price ranges from \$250 to \$2,000 a pound.

"Either you come in with millions of dollars to start an orchard or do it slowly over time," Bracey said. "I don't have millions of dollars to put into truffles. To me, this is a hobby that will hopefully turn into a huge investment."

Henderson, 63, hopes to put whatever money he makes toward retirement.

"I enjoy growing things," he said. "Besides, I don't have a penny invested in it because of the grant. Why not pursue it?"

Henderson owns Henderson Produce in Maxton. His partner in the truffle orchard is Bill Sullivan of Maxton.

Specialty trees

The average cost of an inoculated tree sapling is \$20. Both men have at least 200 trees in their orchard. The trees were purchased through a company that specializes in truffle production. Henderson's trees have been planted since November. Bracey hasn't planted his trees yet.

"You have to have specialty trees," said Melissa Hoggard, a herbal horticulture extension agent with the county's Cooperative Extension Office. "You can't go to the garden center at Lowe's and pick them up."

Truffle production is a venture that takes time and effort, Hoggard said. Certain chemicals can't be used to treat the trees because they may kill the spores. The trees must have the right level of light and be on a watering schedule.

"It takes a good bit of babying," she said. "You really have to devote the time, but it can pay off."

Bracey and Henderson are the only two farmers exploring truffle production in Robeson County, Hoggard said. More farmers have expressed an interest in truffles as an alternative crop since the tobacco buyout.

Farmers must find a niche market for the truffles. The mushroom is mostly used in upscale restaurants. Chefs use the truffle in sauces and dishes.

"We could have a market as more gourmet restaurants open in the Wilmington, Raleigh, Charlotte and Myrtle Beach areas," Hoggard said.

Bracey, who operates a farm in Rowland, said he believes the interest in truffles will increase as more people become exposed to the mushroom.

"It has unique properties unlike anything else," he said. "It has an intoxicating allure."

"If North Carolina produces good wine and truffles, we will be on par with Italy and France."

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