

HAL CROWTHER: BABE RUTH (p. 5)

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ILLUSTRATION BY TOM CHALICE

## HIGHWAY ROBBERY

How Campaign Dollars Rule the Roads



# Paving Under the Influence

BY BARRY YEOMAN

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When Jim Martin visited the Blue Ridge mountains one July day in 1988, the summer residents of Linville Resorts threw a grand outdoor party. A well-heeled group of stockbrokers and doctors, real-estate developers and retirees, they gathered under a pavilion to drink cocktails and shake the governor's hand. Republicans and Democrats alike dined on grilled trout and roast tenderloin, served with peanut rice.

William Lippitt, a retired surgeon from Savannah, Ga., remembers forking over \$125 to attend the dinner with his wife. And he remembers why. A long time resort member, Lippitt had grown tired of the traffic whizzing past the golf course and lodge. Like many of his neighbors, he wanted the state to build a new highway to steer cars and trucks around the country club.

"We were trying to get a road," says Lippitt. "So we gave a donation."

For 20 years, highway engineers had argued that the road Lippitt wanted would not "serve any useful purpose." Still, the next winter, the state Board of Transportation awarded a contract to build the Linville Bypass—a \$2.9 million road designed solely to divert traffic away from a resort whose members include some of Gov. Martin's closest political allies.

Campaign dollars rule the roads. That's the inescapable conclusion of an eight-month investigation into the insider deals and political connections that shape the state's highway system—and its spending priorities overall.

*The Independent* examined thousands of pages of documents and interviewed more than 150 people. We checked hundreds of names against a campaign-finance database created by the Institute for Southern Studies, a non-profit research group based in Durham. The investigation revealed that the people who donate big dollars to political campaigns maintain a tight grip on the N.C. Department of Transportation (DOT), steering millions of dollars to specific roads to help themselves and their friends.

The highway scandal of the 1990s isn't about lawbreaking, like the bid-rigging affair of the early 1980s. The new scandal is about waste. Political favoritism robs North Carolina



Cecil Crawford can tick off the names of several acquaintances who died on this winding mountain road outside Banner Elk. But the Martin administration's first priority for Avery County was a bypass around a summer resort. PHOTO BY M.J. SHARP

## ABOUT THE SERIES



ighway Robbery," a five-part series running from May 20 to June 17, examines how campaign contributions influence the state's \$1.6 billion annual transportation budget.

To research the series over eight months, we examined thousands of documents at eight state agencies and interviewed more than 150 people, including state employees, local planners, transportation experts, community residents, environmental leaders and elected officials.

The dollars described in the series as supporting "Republican causes" were tracked through (1) a database created by the Institute for Southern Studies of contributors to Gov. Jim Martin, Lt. Gov. Jim Gardner and the N.C. Republican Party since 1983; (2) Federal Election Commission printouts of contributors to presidential and congressional candidates, along with national PACs; and (3) a database compiled by the Washington-based Center for Responsive Politics of large donors to the national political parties.

Except for figures from other news re-

ports, our totals generally do not include contributions to local or state legislative races.

Research for this series was funded by the Durham-based Institute for Southern Studies as part of a larger study of how private money influences public policy. Founded in 1970, the Institute is a non-partisan research center and publisher of *Southern Exposure* magazine.

As the first part of its Money & Politics Project, the Institute determined that lobbyists spend more than \$10 million to influence each session of the N.C. General Assembly—yet the source and purpose of most of that money remained unreported due to loopholes in the state ethics laws. Reforms passed in the 1991 legislature will close many of those loopholes.

Support for the Institute's Money & Politics Project comes from the Z. Smith Reynolds, Mary Reynolds Babcock, Arca, MacArthur and Skinner foundations.

*Independent* intern David Richardson provided substantial research assistance for the series.

taxpayers of millions each year—at a time when the legislature has been cutting education and raising taxes. What's more, it harms the environment and paves over human communities.

DOT denies the connection. "I don't see there is a link between contributions and road-selection process," says Transportation Secretary Thomas Harrelson. He asserts that the state spends billions on highways to create jobs and stimulate growth. "Economic development goes with the roads," he says.

But new research challenges even that basic assumption. A study by two UNC researchers shows that new roads in North Carolina "appear totally unrelated to economic development... except [in] rural remote counties, where [they] appeared to harm rather than help." (See "Do Roads Equal Jobs?")

For the next five weeks, *The Independent* will dramatize the ways political power shapes our road system. In this first part, we will travel around North Carolina and look at three roads: a bypass around a country club, a private driveway to a textile mill, and a road routed around a quarry.



The old U.S. 221 went right past Linville Resorts—the straightest, smoothest road in the county. But some of Gov. Martin's staunchest political allies wanted a bypass built, and the Department of Transportation delivered. PHOTO BY M.J. SHARP

## THE BYPASS AROUND THE COUNTRY CLUB



Linville Resorts is an island of graceful living amidst one of North Carolina's poorest counties. A century-old development of \$300,000 and \$400,000 summer homes with stone chimneys and rough-hewn wood siding, the alpine resort is set among wildflowers, tall pines and thick rhododendron.

UNC President C.D. Spangler belongs to the club. So does the family of General William Westmoreland. The 155 members have the use of tennis courts, a croquet greensward and an 18-hole championship golf course. They can take their meals in a dining room that serves nightly five-course dinners of French and New American cuisine (coat and tie required for gentlemen), and then stroll along stone walkways and over red footbridges that traverse a small creek. The resort also has a 30-room hotel called the Eseeola Lodge.

The members come from Charleston, Birmingham, Coral Gables. But the biggest bloc, about 40 percent, comes from Charlotte. Members of old-line families, they make up the Queen City's business elite—the people who helped Gov. Jim Martin launch his political career. Together, the current members of Linville Resorts and their families contributed more than \$309,800 to the Republican cause since 1983—including \$71,300 to Martin's political coffers.

"We have some folks who are pretty influential in the state—I won't deny it," says resort general manager John Blackburn.

Their leader—Linville Resorts' president—is one of the most influential of all. Alan Dickson serves as president of the Ruddick Corp., a Charlotte conglomerate that owns the Harris-Teeter supermarket chain and three other companies. Dickson also sits on the board of NationsBank and four other corporations.

A self-described "Republican purist," Dickson headed U.S. Sen. Jesse Helms' last reelection effort in Mecklenburg County. And he has used his network of Charlotte business contacts to raise money for Jim Martin throughout the governor's career. Since 1983, Dickson and his family have contributed \$5,700 to Martin and at least \$33,195 to other GOP candidates and committees. Ruddick Corp. kicked in \$2,000 toward the expenses of Martin's first inauguration, and the company's directors and their wives contributed \$13,125 to Martin's gubernatorial campaigns.

"I don't look for anything," Dickson says of his campaign contributions. "Hopefully, it's a good investment in a good person to do the right job."



Life at the Linville Resorts was a "golden world," in the words of manager Blackburn—except for one problem. U.S. 221, a two-lane road that meanders through the mountains, divided the resort. The lodge, golf course and most of the homes were on one side, while a parking lot and swimming pool were on the other. Truckers routinely broke the 35 mph speed limit, according to resort members, menacing pedestrians and other drivers alike.

"You pull out of your driveway and see a truck coming down at 50 mph, and you see the last 50 years of your life flashing before you," says Blackburn.

As far back as the 1950s, Linville Resorts had proposed a solution to this problem: The state should build a new road to divert traffic away from the country club.

The 1.3-mile bypass would skirt Pixie Mountain along undeveloped land donated by the resort. It would cross the Linville River and then come to an abrupt halt. Drivers who once had a straight shot into Boone would now have to make two turns.

Until Gov. Martin's election, no one inside the government took the idea too seriously. Avery County direly needed improvements to its existing roads; many of them were winding, shoulderless highways with close outcropping of rocks right at road's edge. But U.S. 221 was smooth and safe as it passed the resort. Federal officials scoffed at the notion of paying for the rerouting of the U.S. highway because—according to one state DOT document—the "project did not go anywhere."

"The feds wouldn't touch it with a 10-foot pole. You couldn't justify it," says William Ingram, who retired last year as head of the DOT's project management branch.

During Gov. Jim Hunt's administration, DOT put the road in its long-range plan and began some planning studies. But those studies were suspended after four months. "It appears entirely possible to build a road through the proposed corridor," wrote engineer Tony Comacchione in 1984. "However...it does not appear that the proposed bypass would serve any useful purpose."

All that changed within days of Martin's inauguration.

As soon as he settled into office, Martin took a cue from his predecessors and rewarded some of his most generous campaign contributors with seats on the Board of Transportation. The 24-member board, among the most coveted appointments in state government, has absolute control over which roads get built in North Carolina.

Near the top of that list of contributors was Seddon "Rusty" Goode, president of University Research Park in Charlotte. As a Davidson College freshman in 1954, Martin was Goode's "little brother" in the Beta Theta Pi fraternity. As the older boy's pledge, Martin served at Goode's beck and call, shining his shoes and performing other daily tasks.

Goode outgrew his frat-boy ways to become a major force in Charlotte's business and political circles, working the corporate commu-

nity for big-dollar campaign contributions. He and his family have contributed at least \$32,595 to the Republican cause since 1983, and he raised \$200,000 to \$300,000 for Martin's second gubernatorial campaign. He served as the token Republican on Jim Hunt's Board of Transportation—but it was during the Martin years that Goode earned the nickname of "Rusty God" for the power he held within DOT.



As one of the 100 top-paid executives in North Carolina—the president of a \$1.4 billion business—Linville Resorts head Alan Dickson knows an opportunity when he sees one. After Gov. Martin's election, "it was time to turn up the burner" on the Linville Bypass, he says. "I did that as a good loyal Republican."

Dickson lobbied everyone he knew within DOT, but he focused his efforts on Rusty Goode. Though not close friends, the two men belong to the same business and political circles. They attend the same cocktail parties, belong to three of the same country clubs—even run into each other in the elevator of the First Union office tower where they work on adjoining floors. And they raise money for the same Republican candidates. In 1990, Dickson and Goode co-chaired a Helms fund-raiser at Charlotte's Merchandise Mart that raked in \$1 million in one evening.

"I guess I hammered him pretty hard," Dickson remembers.

The hammering paid off. As soon as the governor reappointed Goode to the board, Martin's "big brother" began to lobby for the Linville Bypass. "As you know, I am most interested in seeing this project started as soon as feasible," he wrote in a letter to DOT deputy secretary Billy Rose just days after Martin took office.

"Rusty was instrumental in pushing that project through when it was a marginal project," recalls Rose, now retired from state government. "When you look at the other road needs in that area, you couldn't justify doing that project."

Most of the government professionals—both inside and outside DOT—who dealt with the project opposed it. They said it would make road conditions worse, because drivers who once had a straight shot would now have to make two turns. They also said it would degrade the Linville River, a clear swift-moving trout stream that flows into Linville Gorge, one of the finest wilderness areas in the nation.

The professionals also noted that building the bypass could create flooding problems and disturb the migration of bears, panthers and turkeys. "That was the sorriest project I recall," says Ingram, the retired DOT manager.

Still, DOT's top brass sent out a clear signal, both to its own ranks and to other government agencies: The Linville Bypass *would* be built. R. Wilson Laney, a U.S. Fish and Wildlife Service biologist, says he received "personal communication from DOT that it was a political project—that it didn't matter what the environmental effects were. It was politically desirable, and it was going to go ahead as designed."



ews of the Linville Bypass hit a deep and raw nerve among the full-time residents of Avery County.

Cecil Crawford, a former zoning board member in the town of Banner Elk, can tick off the names of several acquaintances who died on a single twisting road near his home. In all, 37 people died on the roads of the sparsely populated county over a 10-year period. Yet Avery, a small and poor Republican county in a state long dominated by Democrats, got short shrift when it came to road improvements. And now, the new Republican administration proposed to build a bypass around the straightest, smoothest road in the county.

In a spontaneous response, almost 300 angry citizens turned out at a public meeting to oppose the bypass. The county commissioners passed a resolution opposing the road. The usually tame local newspapers editorialized against the bypass. Letters and petitions flooded DOT.

"There are roads where school buses run which would give the average person a heart attack, yet we propose to build a bypass for this affluent neighborhood so that they...can run their golf carts and walk in the middle of what has always been a U.S. highway," wrote local resident Patti Setzer.

By May, DOT had received 197 letters—six supporting the highway and 191 opposing it. Four petitions opposing the bypass contained 803 signatures. "We thought we'd killed it," says landscaper Mike Hughes, who led the anti-highway effort. "Little did we know."

Then, at Rusty Goode's suggestion, DOT did something to defuse the opposition. With the consent of Linville Resorts, it moved up two road projects on its schedule—\$8.4 million worth of improvements to two of the most treacherous highways in the county. Mike Hughes calls the maneuver a bribe to buy off

the opposition; nonetheless, it worked. People were tired of fighting, and they were able to claim a partial victory.

"I wish we could recall all the dollars that they squandered," says Crawford, who led one of the petition drives. "But I lost interest in it after we got the [other roads] because I no longer wanted to stir up a hornet's nest."

At the same time, Linville Resorts launched an effort of its own. Resort manager Blackburn wrote to his members, urging them to mount a

"vigorous" letter-writing campaign. "We do not want political contributions, only letters this time around," Blackburn wrote. "We do not think it would be advisable for people to mention their political contributions to the Republican or Democrat party."

Summer residents bombarded DOT with letters; they also packed a second public hearing. DOT claimed that public opinion had turned around, and the Board of Transportation approved the bypass.

That's how the 1.3-mile Linville Bypass got built—at a cost to taxpayers of just under \$3 million. DOT did take some steps to lessen the impact on the Linville River. Blackburn says the bypass has removed most of the traffic off the old road, but some cars still speed past the resort. "It's not the smashing success I thought it would be, but it's been a success," he says.

Linville Resorts tacitly thanked Gov. Martin for his help by sponsoring the \$125-a-plate fund-raising dinner in 1988. State Board of Elections records indicate that the Martin campaign probably netted between \$10,000 and \$15,000 that day. Attending the soiree was Blackburn, the resort's general manager, who calls himself a liberal Democrat. Also there was James Hughes, a Republican former state senator. Hughes, who gave \$500 that day, owns the Pixie Motel and a gas station—both of which happen to be on the route of the new Linville Bypass. □

## THE DRIVEWAY TO THE TEXTILE MILL



he saga of the Unifi Connector ends in Yadkinville, a small Piedmont town where Southern civility has given way to death threats, corporate blackmail and a miniature citizen revolt.

But it begins on an airplane over the China Sea. That's where two of the state's leading Republicans met with a campaign contributor—and laid the groundwork for a \$1.3 million road that cuts through three residential neighborhoods on its way to the driveway of a textile mill.

Gov. Jim Martin was flying from Taiwan to Japan on a Far East trade mission, accompanied by James Broyhill, his secretary of economic development. Miles above the Earth, the two men met with their loyal supporter, G. Allen Mebane.

Mebane, who once described himself as

"just a country boy who knows how to make yarn," had a reason to collar Martin and Broyhill. His company, the Greensboro-based Unifi Corp., owned a sprawling textile mill on the edge of Yadkinville. Mebane wanted to expand the facility there, opening a new polyester plant that would create up to 200 jobs. And he needed the help of the governor and the secretary.

"He wanted to know if we could be of service, and we said, 'Certainly,'" recalls Broyhill, who is now retired.

Several months later, Mebane called back with a more specific request. What he really needed was an easier way to get trucks from the mill to the main highway. Unifi trucks currently have to go through downtown, rounding a tight corner at the courthouse.

So at the request of Broyhill's department, DOT engineers sat down privately with Unifi officials and drew up a 1.2-mile road called the



Seddon "Rusty" Goode: He used his political power to push through the Linville Bypass. PHOTO COURTESY OF THE CHARLOTTE OBSERVER

Unifi Connector. The road would start at Unifi's driveway, tear through two neighborhoods, bisect a third one, and dump up to 300 trucks a day at the most dangerous and congested intersection in town.

While it would only go through one home, the new road would chop off front yards and turn quiet residential communities into truck routes.

As its engineers designed the road, DOT never consulted with the residents whose streets would be torn up and yards taken away. Nor did it consider speeding up the construction of a road already on the books—a road that would help Unifi without affecting the neighborhoods.

DOT never even conducted a traffic study to see if Yadkinville needed the road. The department held no official public hearing. At the one meeting it did hold—not a public hearing—"not one person pulled out a piece of paper or pen to write down what we said," recalls Ron West, whose neighborhood would be torn up.

Yadkinville residents tried to set up a meeting with Unifi, town officials and DOT—a meeting that never occurred. "The Department of Transportation tried to involve the town and the public," Tommy Peacock, DOT's chief preconstruction engineer, said at a town board meeting earlier this year. "Maybe in this case, we didn't do our job the best."



Textile mills thrive in North Carolina's rural Piedmont, where they command a non-union workforce and the support of elected officials.

In 1970, *The New Republic* described another of Allen Mebane's mills—this one in the town of Mebane—as a low-paying workplace that blacklisted union supporters and discriminated against blacks. The article described how town leaders caught the mill tapping into the underground fire-protection water line for free water—and immediately rushed to the company's defense. "I think it was inadvertently," said Mayor Jack Phelps.

That was around the same time that Unifi Corp. cashed in on the growing leisure-suit craze by opening a textured polyester plant about 25 miles west of Winston-Salem. Before Unifi came, Yadkinville "was just a country sleepy town," remembers real-estate broker Floy Nell Garrison. "You did not get a headache after 6 o'clock because you could not buy an aspirin."

Since then, Mebane has built Unifi into a \$1.1 billion state-of-the-art manufacturer. At a time when textile giants are shutting down their mills, Unifi has managed to stay profitable.

As well as being a successful business, Unifi is a generous source of political contribu-

## DO ROADS EQUAL JOBS?

**S**tate officials, Republicans and Democrats alike, say North Carolina needs new highways to drive its economic growth.

"Who's going to put a plant at the top of a mountain where they only have a two-lane road to get to the bottom?" asks Sen. William Goldston (D-King), chair of the Senate Transportation Committee. "It doesn't take a genius to figure that out."

But a study by researchers Edward Bergman and Gunther Maier of the UNC Institute for Economic Development says that road-building could actually *hurt* the economies of some North Carolina counties. The 1990 study, done for the N.C. Rural Economic Development Center, has never been published.

Using a complex computer model, Bergman and Maier looked at a wide range of variables—including road-building and education—to see how they affect private non-farm income growth. They discovered that highway construction has its benefits, but it also has its downside.

For instance, a four-lane road into a city can drain profits from the small businesses in surrounding towns. "A Wal-Mart is built down the road," Bergman says, "and suddenly all the sales from the smaller places are moved to the larger place." Or it can hurt small-time manufacturers by encouraging workers to commute to city jobs.

According to the UNC report, better

roads seem to have no discernible effect on income growth in 61 of North Carolina's 100 counties. In the other 39 counties—the ones most removed from metropolitan areas—there is some indication that roads can actually slow private income growth.

"Higher levels of service appear to be totally unrelated to economic development in nearly all counties, except remote rural counties, where it appeared to harm rather than help build a wage and salary-based county economy," Bergman and Maier wrote.

"This finding does *not* argue against improved roads that offer greater convenience, safety or reliability," they continued. "Nor does it suggest that specific roads in particular regions cannot improve their prospects."

"It merely indicates that highway access as a broad economic development policy tool appears ineffective at best and a weak reed on which the future economic development of all rural counties might be expected to rest."

That's without figuring in the cost to taxpayers of building the roads. "You're losing economic growth even if you get [the roads] for free," Maier says.

Bergman is quick to caution that the data in his study have a substantial margin of error; the evidence that road-building can help or hurt income growth is "weak." Some statisticians might throw

out the numbers altogether—which Bergman calls a "very simplistic view of statistics."

When Bergman and Maier looked at other factors, the data were stronger. Education, entrepreneurship, and investment in manufacturing "are all consistently effective economic-development tools in North Carolina counties," the researchers concluded.

While the Rural Economic Development Center, a non-profit group supported with both state and private dollars, will let the public see the study, the center has decided not to publish the researchers' findings. "It's a good study. It raises a lot of good questions," says policy director Mark Messura. "It by no means provides any conclusive evidence." Messura says the margin of error is too high to make the statistics valid.

Messura says his organization does use the study internally in its training programs—"to get people to think about the non-conventional approaches to economic development."

That's a far different response than Bergman received in Arkansas, where Gov. Bill Clinton commissioned a similar report. Based on the Arkansas study's similar findings, the state cut a proposed \$2.2 billion highway program in half, and poured more money into education.

—Barry Yeoman

tions. Mebane himself has given at least \$8,700 to Republican candidates and PACs since 1983, including \$1,000 to Martin and \$1,500 to then-U.S. Sen. Broyhill. If you add three other top Unifi officials, the total comes to \$40,775 for Republican causes—including \$9,900 for Martin and \$3,000 for Broyhill.

DOT Secretary Harrelson says those contributions did not help Unifi get the road. "What helped is [that] the company is a major employer in North Carolina."

Until the proposed connector, Unifi had the unwavering support of all of Yadkinville. Unifi is by far the largest employer in the county, employing 1,000 people at some of the highest wages in the county. By building a new plant, the company would create even more jobs.

But when the news of the road leaked out, some residents questioned their old loyalties. They feared for their homes, and resented that their communities would be uprooted so that Unifi could have its own driveway to the main highway. The town board came out in favor of the connector, but the town attorney resigned, saying his conscience wouldn't let him serve a board that supported the road.

The opposition solidified into a group called Yadkinville Concerned Citizens for Responsible Development. Last October they sued the state, contending that DOT planned to spend public money for a private road.

"At a time when the General Assembly has just increased our taxes by [almost] a billion dollars...we have a question to ask of you," wrote Concerned Citizens leader Roy Lane to his fellow Republican, Gov. Martin. "How can you...condone building a highway for a private purpose that will cost the taxpayers over a million dollars?"

Then last fall, the Concerned Citizens ran their own set of candidates—and in a high-turnout election, they ousted the mayor and most of the town board. To lead the town, they elected Roy Sisk, a courtly 65-year-old man with no political experience.

The new mayor was adamantly opposed to the road. "I didn't think it was right to ruin three residential neighborhoods to build a private driveway that would benefit no one else but Unifi, especially since there was a much better road in the [town thoroughfare] plan," Sisk says.

Like many road opponents, Sisk believes that Unifi had another motive for wanting the connector built. The road in the old thoroughfare plan would have gone through farmland—opening up that land to industrial development. "Being good business people and recognizing that they had a monopoly on [labor]," he says, "it would certainly be to their disadvantage to have other companies coming in, competing for the workforce. It would drive wages up."

Unifi officials failed to return repeated phone calls for this story.



At its first meeting last year, the new council voted 4-1 to oppose the road.

DOT said it would build the road anyway. "What the hell's the town board? Two people? Three people? The majority of people want that road," said



Board of Transportation member Richard Vaughn is friends with the owner of Ararat quarry—"from a business point of view." He says he did not influence the route of the U.S. 52 Connector. PHOTO BY M.J. SHARP

DOT deputy assistant secretary Harry Robertson.

And then, just after the New Year, Unifi turned up the heat. Mebane told a reporter that if Yadkinville's citizens didn't want the road, maybe they didn't want Unifi either. Mebane said his company had an option on some land in nearby Davie County, and it wouldn't be too difficult to build the new facility down there—or even move the company's entire Yadkinville operation. "We don't want to be anywhere we're not wanted," he said. "There's nothing nailed down that can't be moved."

Reading the paper, Yadkinville residents panicked. "This is our economic lifeline," says Garrison, a chamber of commerce director. "The town has grown because of Unifi's salaries. The housing has grown. I think all the fast-food stores are here because of Unifi."

Some business owners launched a campaign to keep Unifi. Billboards sprung up with the message, "Yadkin County Wants Unifi." The Carolina Gold tanning salon offered \$20 discounts to Unifi employees, and some local businesses began posting pro-Unifi signs in their windows.

"Mr. Mebane cracked his whip, and everybody jumped back into the traces and started singing his tune," Sisk says.

Then—after Mebane had threatened the town with economic death—the real death threats began.

Sisk began receiving anonymous phone calls at his home, warning the mayor that he was putting his life at risk by opposing the road. "You'll answer for this," the callers said. "If you cause Unifi grief, we'll cause you grief." Sisk believes Mebane's threats to leave Yadkinville "just turned the troops loose."

At the same time, one of the commissioners announced he had spoken to Unifi's chairman. "Mr. Mebane was very upset—said he wanted that road, and he wanted it by December, that

nothing was nailed down. If Yadkinville doesn't want him, he could find somewhere else to go," Sisk says, recalling the conversation. Mebane wanted the commissioners to reverse their decision—and he wanted them to do so unanimously.

"It was going to take a 5-0 vote to satisfy Mr. Mebane," town manager Larry Adams later testified in court.

At its next meeting, without public discussion, the town board voted unanimously to reverse its earlier resolution. "I don't think two or three town commissioners want to buck heads with the whole county," commissioner Hubert Gregory explains.

Mayor Sisk announced he could not sign an agreement to build the connector. "I had my resignation prepared," he says. He quit his post as mayor, and walked out of the Town Hall.

Meanwhile, Concerned Citizens hired a high-powered lawyer named Edward Powell to represent them in their lawsuit against DOT. Powell, a human whirlwind with a drawl that rises and falls theatrically in the courtroom, himself served on the Board of Transportation in the 1970s. At the court hearing inside Yadkin County's pink courthouse, residents told how their neighborhoods and homes would be destroyed by the road. Powell made an impassioned closing argument.

"This is a public-be-damned road. The people of Yadkinville have been violently wronged by the people in Raleigh," Powell boomed. "This is an administration plan to help an administration friend, and the people of Yadkinville have been taken in on this."

But Superior Court Judge Julius Rousseau ruled in favor of DOT. Even if the state wasn't "too wise" in how it handled the connector, Rousseau said, it was still a public road. The N.C. Court of Appeals refused to hear the case.

"The poor man has a right to his property as much as a rich person," Rousseau ruled. "But we live in a society where people have to give and take. We want better roads; we want better jobs; we want more money.... A road does not cease to be a public road merely by reason of the fact that one individual or corporation derives more benefit more than anyone else."

This year, the Department of Transportation expects to begin building the connector. Unifi plans to start building its new plant, using a construction firm headed by Board of Transportation member C. Richard Vaughn. (Vaughn abstained on the road votes.) And Roy Sisk hopes to keep a lower profile than he did as mayor.

"Politics is a dirty business," he says, reflecting on his short term in office. "DOT is going to do just about what they want to, regardless of what the people want." □

## STEAMROLLER OF THE WEEK

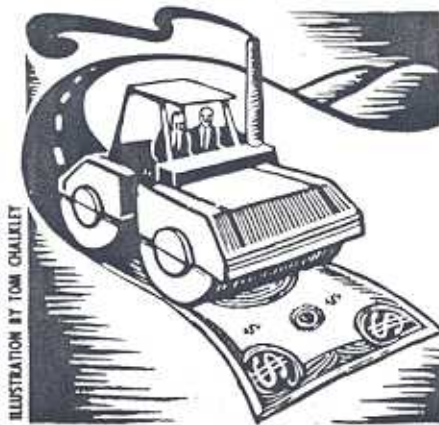


ILLUSTRATION BY TOM CHALLEY

This week's Steamroller Award goes to DOT Deputy Secretary Jacob "Jake" Alexander for making sure that a major highway got widened—local residents be damned.

In January, Rep. Richard Morgan (R-Pinehurst) asked permission to address the Board of Transportation about the widening of U.S. 15-501, which his townspeople opposed. "We see Pinehurst as a jewel box," Mayor Albert Bethel explained. "You can't keep it that way if you cover our elbow room with asphalt."

Alexander not only barred Morgan from speaking to the board—the deputy secretary

also told Morgan he was unwelcome at the meeting. "There is no way in hell you will get within a mile of the board room," Alexander said. Although Board of Transportation meetings are open to the public, Morgan stayed away.

DOT Secretary Thomas Harrelson later explained that Alexander's remark was "facetious." But Harrelson also reiterated that Morgan's opinions were unwanted. "He has not been what I would characterize as a leader in transportation issues," the secretary said. "Those are the people I deal with."

## THE ROAD AROUND THE QUARRY



There were no citizen uprisings or angry public hearings over the U.S. 52 Connector in Surry County. No evidence of deals cut at cocktail parties. None of the political intrigue that makes the Linville Bypass and the Unifi Connector so fascinating.

The highway is far more typical of how roads get built in North Carolina. The local chamber of commerce backs the road, and most elected officials believe it will bring jobs to the rural county on the Virginia border. Local environmental groups have paid almost no heed to the state's construction plans.

But look deep enough into the files at the N.C. Department of Transportation, and questions emerge about whether the state is wasting \$3.8 million of the \$73 million price tag to satisfy a big-money Republican campaign contributor. More important, questions arise about the power of the highway-building lobby in North Carolina.

For two decades, Surry County leaders have discussed how to move traffic through the mountainous terrain. Though two major freeways (I-77 and U.S. 52) traverse the county, there's no easy way for drivers to get from one road to the other. Truckers must compete with school buses and dense traffic on a winding mountain road if they want to get from the Ohio Valley to the Winston-Salem area. Or they have to drive more than 40 miles out of their way.

That's why DOT came up with the idea of building a four-lane road to hook up the two major highways. The U.S. 52 Connector would allow drivers to zip from Virginia down to the Piedmont or the beach. Civic leaders also hope it will bring jobs; already, the town of Mount Airy has bought land for an industrial park

near the new highway.

"It is a natural money-making corridor for North Carolina," says Robert Comer, director of the Surry County Economic Development Commission.

The real question for DOT wasn't *whether* to build the road—but rather *where* to build the segment closest to U.S. 52.

Of the three routes studied by DOT, the town of Mount Airy preferred the northern route. It came the closest to city limits, where it could hook up to a business route right into downtown. "This is a critical concern for the city," wrote Mayor Maynard Beamer in a 1990 letter to DOT.

What's more, the northern route was the cheapest—at least \$3.8 million less than the southern one. It displaced fewer homes, created fewer noise problems, crossed fewer streams, and disturbed about one-half the upland forest and one-third the amount of wetlands. State environmental agencies considered it less disruptive to wildlife habitats. And it avoided the Maranatha Baptist Church, which stood in the path of the southern corridor.

"It was apparent [which route to choose]," says former Mount Airy city manager Jerry Cox. "The data speaks for itself—the environmental impact and the cost."

So it surprised town officials when DOT announced it would build the more expensive, more disruptive southern route. And it begged the question of whether the state was trying to avoid land owned by a local Republican named James Crossingham Jr.



known as "Big Jim" to his friends, Crossingham is a true believer in the American free-enterprise system. When not vacationing at his Wyoming ranch, he runs

Spencer's, a baby-clothes manufacturer whose powder-blue mills dot the local landscape. "He's an outstanding businessman, and he's not afraid to take chances," says Mallory "Mac" Fowler, a retired highway engineer who now chairs the Surry County Democratic Party.

Though he is one of the leading industrialists in the county, Crossingham keeps to himself much of the time. "I've tried to break into his shell," says Comer of the Economic Development Commission. "He's just kind of cold." *The Mount Airy News* has tried to interview him for a profile, but he refuses to cooperate. He didn't return repeated phone calls for this article.

What's more, while most of the county's leaders work together to recruit industries to the region, Crossingham steers clear of those efforts. "He's one of the old-line industries that want to protect their labor market," says Comer. "Mr. Crossingham has never been a supporter of governmental economic development. He thinks economic development happens all by itself."

But while Crossingham believes that the government should keep its nose out of business, he clearly does *not* believe that business should keep its nose out of politics. Over the last nine years, Crossingham and his family have given at least \$22,675 to Republican candidates and conservative political-action committees (PACs). The Crossinghams gave \$2,000 to Gov. Jim Martin's re-election campaign and \$3,700 to Lt. Gov. Jim Gardner, plus \$4,475 to U.S. Sen. Jesse Helms and the National Congressional Committee.

But what gives Crossingham a special status within the Department of Transportation is his ownership of another business—this one a rock quarry that produces stone and gravel: Ararat Rock Products is 1,200-acre mining operation—an artificial canyon amidst a moonlike landscape, from which heavy



"It seems we can't afford to lose a quarry," Transportation Secretary Thomas Harrelson wrote in an internal memo. That might explain why the U.S. 52 connector was routed around the Ararat Rock Products crushed-stone mine near Mount Airy. PHOTO BY M.J. SHARP

machines scoop out the Earth's innards and grind them into materials for asphalt and concrete.

The northern route of the U.S. 52 Connector would have skirted the edge of the quarry, which produces between 500,000 and 1 million tons of stone each year. Much of that stone gets sold to the N.C. Department of Transportation.

Because it provides the raw materials for road construction, the crushed-stone industry carries enormous weight within state government. During the early '80s, DOT and the mining companies teamed up to kill a proposed "severance tax" on materials extracted from the earth. Now the industry is fighting a proposal to strengthen the state's 20-year-old mining laws.

The industry maintains a fleet of lobbyists that other businesses can only dream of. Former Gov. Jim Hunt lobbies for Martin Marietta Aggregates, one of the nation's biggest crushed-stone companies. Former Transportation Secretary James Harrington lobbies for Vulcan Materials. At those two companies alone, corporate officials and lobbyists have contributed at least \$37,150 to top North Carolina politicians since 1983. That doesn't include the thousands of dollars each year filtered through Vulcan's own North Carolina PAC—or the thousands spent courting legislators. For instance, Martin Marietta hired the N.C. Symphony for \$6,000 to entertain lawmakers at an outdoor party.

"When you go down to some of the legislative hearings, you see the way the representa-

tives of [the mining] industry are greeted by the representatives of government. Everyone's on a first-name basis," says Charles Sullivan Jr., vice chair of Citizens for Mining Act Reform. "These people are wining and dining together. They're living in a very close political environment."

When Gov. Martin solicited private contributions for his first inauguration, Martin Marietta stood first in line, with a check for \$4,000. Other crushed-stone businesses followed—until the industry had donated \$17,100 toward the gala event.



When they announced their decision on the U.S. 52 Connector, DOT officials explained that the southern corridor would provide a more direct route—saving drivers 0.3 miles (and 9 cents) per trip. The southern corridor would also open up more land for industrial development, a fact that pleased some local business leaders.

Those could well be the reasons for DOT's decision. But the department's files also point to another explanation: The state didn't want to do anything that would hurt Crossingham's mine. In one internal document, DOT lists the No. 1 advantage of the southern route as, "Will not impact Ararat Rock Products quarry operation." DOT Secretary Harrelson also penned a note to state highway administrator William Marley Jr. saying, "It seems we can't afford to lose a quarry." And in January 1990, Harrelson both met with Crossingham and wrote him a

reassuring letter.

"I recognize the contribution your quarry makes to the economy of our region and to our highway industry," Harrelson wrote. "Our department will need all the help we can get to deliver the expanded highway program. We do not want to affect this valuable resource if at all possible."

Ironically, the state's own Environmental Impact Statement said that even the most harmful corridor would not affect Ararat until the year 2051.

After DOT announced the decision, city manager Cox and local builder Tom Webb met with the consultants who prepared the Environmental Impact Statement. According to the minutes of that meeting, Cox and Webb "inquired as to how much influence Jim Crossingham of Ararat Rock Products quarry had in the decision. [The consultants] responded that they did not know."

But the consultants did point to local Board of Transportation member C. Richard Vaughn as having "been involved in the decision," presumably as "a key figure." Vaughn, the president of a local construction company, headed up Gov. Martin's re-election fundraising effort in Surry County; he estimates that he brought in about \$20,000 for the governor. He also held a \$1,000-a-head fund-raiser for Lt. Gov. Jim Gardner at his house last year, netting \$34,200.

Vaughn is a longtime GOP activist who (along with his wife) has personally contributed more than \$23,000 to top Republican



candidates since 1983, including \$7,385 to Martin. "Whatever he says he wants, he usually gets," says Democratic Party leader Fowler.

Vaughn and Crossingham are friends—"from a business point of view," the board member says. Vaughn's construction company has worked for Crossingham's clothing manufacturer, while Ararat Rock Products sells stone to Vaughn's firm. The two men belong to the same country club and run in the same business circles.

When Gov. Martin appointed him to the Board of Transportation, Vaughn made clear the importance of the U.S. 52 Connector to him. "[The connector] is the primary reason I am serving on the Board," he wrote in a letter to highway administrator Marley. In 1989, his company moved into a new building on U.S. 52, about a mile from where the connector is slated to intersect the existing highway. Vaughn says the road would not increase the value of that land.

In a 1990 *Winston-Salem Journal* article, Vaughn said he planned to be involved in the work leading up to the final decision about where to locate the road. Now he says he wasn't involved in that decision at all. "If I had had the ability to influence the decision, I would have certainly taken advantage of it," he says. "But I don't think it's my right nor authority."

"It didn't make a damn to me where the road went," he adds. "I personally didn't give a hoot in hell. I just wanted the connector."

Others in Mount Airy did "give a hoot in hell" about the connector's location. A week after DOT unveiled its chosen route—originally at a cost \$7 million higher than the northern one—the town board held a gripe session with DOT planner Ron Elmore. "How can you people in all sincerity justify \$7 million?" town commissioner Emily Taylor asked at that meeting.

But while DOT's decision disappointed Mount Airy's officials, the town board eventually voted to send only a mild protest. "We don't want to lose that connector," commissioner Bud Oliver explained at a meeting. "If someone feels we're coming on too strong, we may endanger the whole project. And I certainly don't want to do that." ■

**Next week: How DOT skirts environmental laws to get its roads built quickly.**

# THE ROAD NOT TAKEN

Money in North Carolina is tight. Last year, to make up a \$1.2 billion shortfall, the state legislature cut \$576.5 million in spending, eliminated 3,398 jobs and hiked our taxes by \$657 million.

This year, Governor Martin has proposed cancel-

ling a \$29 million installment of the Basic Education Plan. Meanwhile, here is how the N.C. Department of Transportation is spending some of our money—and how that same amount of money could be spent on local schools:

**Livville Bypass**  
The \$2.9 million bypass around the country club

**AVERY COUNTY**



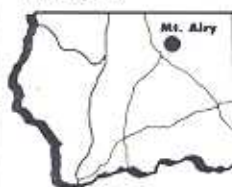
In Avery County, \$2.9 million could:



- Build enough classrooms to reduce class size and create a full pre-school program (\$2.4 million).
- Fund enough teachers to lower class sizes for one year (\$200,000).
- Build math and science labs and staff them with technicians for one year (\$200,000).
- Hire sufficient school social workers for one year (\$100,000).

**U.S. 52 Connector**  
The \$73 million road around the quarry

**SURRY COUNTY**



In Surry County, \$3.8 million (the extra cost of choosing the most expensive route) could:



- Restore the last year's cuts in books and supplies (\$400,000).
- Hire sufficient teachers to reduce class size for one year (\$2.6 million).
- Buy equipment to meet the schools' minimum computer needs (\$300,000).
- Take care of the school system's energy needs for one year (\$500,000).

**Unifi Connector**  
The \$1.3 million driveway to the textile mill

**YADKIN COUNTY**



In Yadkin County, \$1.3 million could:



- Build 12 more classrooms needed to reduce class size (\$600,000).
- Buy adequate computer equipment (\$100,000).
- Raise teacher salaries for one year to make them competitive (\$400,000).
- For one year, hire more elementary teachers, along with a guidance counselor and a nurse (\$200,000).

Research on unmet school needs by David Richardson, based on interviews with local school superintendents.