

Popular Government

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"Welcome to Winston-Salem"

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COVER

The cover this month, in keeping with the annexation theme of this issue of POPULAR GOVERNMENT, depicts Fire Lieutenant Henry M. Flynn welcoming Mrs. Robert Davis and her youngsters to the Winston-Salem civic family following the January 1, 1957 large scale annexation. The picture of Lieutenant Flynn distributing the booklet, "Welcome to Winston-Salem," was made by Captain Norman Hastings, Winston-Salem Fire Prevention Bureau.

THE CLEARINGHOUSE

Ten Complete Basic School In County Accounting

Certificates were awarded to ten county officers and employees who completed the Basic Course in County Accounting held from February 25 to March 1 by the Institute of Government. Four of the ten were county accountants, one was a county accountant-elect, and five were employees in county accountants' offices. John Alexander McMahon, assistant director of the Institute of Government, was staff member in charge.

The curriculum of the school was divided into three parts. The first morning opened with a brief discussion of the functions of accounting, followed by an explanation of the principles and mechanics of double entry bookkeeping.

This Issue

In this issue POPULAR GOVERNMENT continues its series of articles on problems involved in extending municipal services to developing areas beyond city boundaries. In addition to the third article in the special series, there is an important editorial, an article tracing the use of the general law annexation procedure since 1947 (emphasizing successful use rather than the limitations of the procedure), and an article describing methods used in North Carolina to educate people on the problems of annexation.

The next day and a half were devoted to an examination of the prin-

ciples of county accounting. Among the subjects discussed were fund accounting, budget preparation, accounting for cash receipts and disbursements, accounting for non-cash transactions, financial reports, and budget control. The Institute of Government's *Guidebook for County Accountants* was used as the basis for discussion.

The final two and one-half days were devoted to working out a practice problem, applying the principles learned to an actual situation. This problem covered two months' activity in an average size county, and transactions were actually entered into journals and posted to accounts. A monthly financial report was prepared, books were closed at the end of the year, and annual financial reports were discussed. The problem ended with preparation of a budget for the following year.



BASIC COURSE IN COUNTY ACCOUNTING—Left to right: Mrs. Doris W. Little, County Accountant, Stanly County; Allen Lee Harrell, County Accountant, Edgecombe County; Mrs. Wilma M. Allen, Assistant County Accountant, Johnston County; Ted R. Russell, County Accountant, Madison County; Mrs. Betty Penland, Bookkeeper, Buncombe County; Mrs. Doris M. Sweatt, Assistant to the County Accountant, Davidson County; Mrs. Lucy C. Phelps, Payroll Clerk, Buncombe County; Mrs. Marjorie G. Moore, Bookkeeper, Forsyth County; Ralph T. Fox, County Accountant, Mecklenburg County; and R. L. Spencer, County Accountant-Elect, Tyrrell County.

First Local Government Purchasing School Held in February

The first local government purchasing school to be held in North Carolina took place at the Institute of Government in February. The three-day school, jointly sponsored by the Institute of Government and the Carolinas' Chapter of the National Institute of Governmental Purchasing, was attended by 75 officials from cities, towns and counties in North Carolina, South Carolina and Virginia.

John W. Huffman, national president of the NIGP and purchasing agent for Richmond, Va., spoke at a chapter banquet which was held during the school.

A business meeting of the Carolinas' Chapter of the NIGP was held on the first day of the school. Re-elected for a two-year term as president of the chapter was Aaron C. Shepherd, city purchasing agent for Winston-Salem. Other officers selected were C. E. Beatty, Charlotte's purchasing agent who was re-elected vice-president, and G. C. Robinett, city purchasing agent of Columbia, S. C., who was elected secretary-treasurer.

Serving as panelists, moderators, and discussion leaders for the 15 different class sessions were:

Purchasing Agents: A. C. Shepherd, Winston-Salem; L. C. LeGwin, Jr., Wilmington; C. E. Beatty, Charlotte; Herbert Winston, Jr., Greensboro; A. T. Crutchfield, Durham; G. C. Robinett, Columbia, S. C.; S. F. Taylor, Raleigh; and Bruce Boyette, Wilson.

City Managers: J. D. Mackintosh, Jr., Burlington; W. M. Kennedy, Rock Hill, S. C.; J. S. Carter, Gastonia;

G. W. Ray, Fayetteville; C. L. Lineback, Salisbury; H. E. Diekerson, Statesville; R. Powell Black, Aiken, S. C.; J. McDonald Wray, Beaufort, S. C.; and Bruce Turney, Newton.

Others on the program were P. H. Barnes, Jr., State Surplus Property Engineer; Allison W. Honeycutt of the Surplus Property Agency, Raleigh; Charles B. Wason of Associated Insurers, Raleigh; Lt. E. R. Wynn, Greensboro Police Department; Henry J. Dickman, Director of Public Works for Florence, S. C.; W. G. Reaves, North Carolina State Highway and Public Works Commission; Chief C. L. Cox, Durham Fire Department; R. F. Moore, Sanitation Superintendent, Burlington; S. E. Harris, Superintendent of Water and Sewer Department, Winston-Salem; and Alex McMahon and Jake Wicker of the Institute of Government.

City Notes

For the second consecutive year the city of **Wilson** did not have a traffic fatality and has been presented a certificate of merit in recognition of this record. The award was presented to the Wilson Police Department by the North Carolina State Automobile Association. The last fatal accident occurred on December 23, 1954.

A proposed bond issue for the city of **Clinton** has been trimmed from \$400,000 to \$350,000 to hold the tax rate below the \$2 mark. The \$50,000 was trimmed from that portion of the bond money earmarked for street widening and paving. The special bond election will be held sometime between April 15 and April 30. If the issue is approved, the money will

be spent as follows: street widening, \$135,000; construction of a city hall, \$125,000; addition to fire station, \$10,000; purchase of street maintenance equipment, \$60,000; and fire-fighting equipment, \$20,000.

* * *

A \$6,200,000 bond issue was approved three-to-one by **High Point** voters on February 23. The money will be spent for water, sewer, and traffic improvements in these proportions: water system improvements, \$2,550,000; sewer improvements, \$3,150,000; and street and traffic improvements, \$500,000.

* * *

The Civil Aeronautics Authority has turned down a proposal submitted by the Mid-Eastern Carolina Airports Authority for a central airport to serve 19 communities in the counties of Pitt, Greene, Lenoir, Wayne, Wilson, and Edgecombe. At the same time, the CAA recommended that a proposed new airport for **Rocky Mount** be so located as to serve both **Rocky Mount** and **Wilson** in order to provide improved air service for at least part of the area.

The Board of Aldermen of **Winston-Salem** have approved a trial of a combination fire-police patrol at the new fire station to be built on Reynolda Road. The plan calls for safety patrolmen trained in both police and fire-fighting work. They will patrol the residential area served by the new fire station, performing police patrol duties and meeting the fire truck at the scene of a fire in the event of an alarm. They will keep in constant touch with the fire department by radio.

(Continued on page 14)



J. D. Mackintosh, Jr., City Manager of Burlington, moderates a panel on service contracts at one of the sessions on the opening day of the Local Government Purchasing School held at the Institute of Government, February 21-23.

Metropolitan Growth Must Not Be Left to Chance!

North Carolina cities are growing, and growing rapidly. As the article beginning on page 5 shows, it is presently impossible for our cities to plan adequately for extension of vital services—because governmental boundaries cannot be easily changed as services become needed. Growing cities cannot afford the luxury of delay and inaction. Following such a course, cities can only meet emergencies with temporary and inadequate solutions to the problems of growth—such as periodic and often delayed large scale annexations. What should be done?

TO REALIZE THE POTENTIAL OF URBAN DEVELOPMENT IN NORTH CAROLINA, AND TO FORESTALL GOVERNMENTAL PROBLEMS BEFORE THEY ARISE, THERE MUST BE A METHOD, A PLAN, A STANDARD OPERATING PROCEDURE, WHICH WILL ENABLE LOCAL GOVERNMENTAL STRUCTURE TO DEVELOP IN HARMONY WITH THE ECONOMIC AND SOCIAL DEVELOPMENT IN THE STATE.

There is no fixed plan which should be adopted, and what is good for Wilmington may not be good for Asheville. But every city and county must face the problem from the same point of departure.

The Point of Departure - Yesterday - Today

Historically—

Counties were established to perform services needed by everyone in the county. To a remarkable degree that is just what a majority of counties in North Carolina are doing today. Counties in other states, in metropolitan areas, are performing services intended principally for persons living outside cities but who want city services. This trend has not yet become a permanent part of the North Carolina scene.

Cities were established to perform those services needed by people living heel-to-toe in congested or densely settled areas. Typically these services were those that the county could not provide for everyone—such things as special police protection, fire protection, street paving, and water and sewer services.

Before the day of the automobile, there was a sharp line between living in the city and living in the rural area of the county. Under this pattern of development, there was little need for other types of governmental organization, except for schools for which a system of separate districts was early established. When cities wanted to extend their limits, they secured legislative authority from the General Assembly. Some of these

acts merely made annexation effective at the date the act was ratified. Others provided for concurrence of the voters.

With the coming of the age of the automobile, and the accompanying spread of urban growth—with new homes, new factories, and new businesses scattering for tens of square miles beyond the city limits—it would be reasonable to suppose that changes would be made in the structure of government to allow for more flexibility in dealing with problems of urban areas at the local level. *THIS HAS NOT BEEN THE CASE. BASICALLY, STATE LAW STILL ASSUMES THAT THERE ARE JUST TWO PRINCIPAL TYPES OF LOCAL GOVERNMENT.*

To be sure, we have a general law procedure for annexation in North Carolina, but it has definite limitations. It does not permit effective and continuous planning for the extension and financing of facilities. It does not permit continuous and effective coordination of development outside the city with development inside the city. It does not allow for metropolitan area-wide planning.

Yet

Each urban area has common problems which cross boundary lines in their effects. Each urban area is one *community*, when people look upon it as a place to live, and insofar as economic development is concerned. There are certain governmental functions and services which should be provided throughout the urban area if this unity is to be encouraged. There are certain area-wide benefits which flow from many of the services provided by the city.

YET NEITHER THE CITY NOR THE COUNTY HAS ADEQUATE AUTHORITY TO DEAL WITH SOME OF THESE COMMUNITY WIDE PROBLEMS . . .

1) The city cannot be the sole unifying agency, because it cannot, under existing laws, effectively annex and serve the whole urban area. Such action would bankrupt the average municipality. Yet, what happens just beyond the boundaries of each city, as those boundaries now exist or as they may exist following a major annexation, will have a profound effect on the future of the city. In short, growth and development are part of a dynamic and continuing process that local government cannot cope with through periodic annexation alone.

County government, as it is now constituted, cannot be the sole unifying agency. Even though a few counties are authorized to provide for the needs of urban residents living in unincorporated

territory, county powers to deal with suburban growth are inadequate.

SOME NEW ANSWER MUST BE FOUND . . .

Not necessarily an earth-shaking upheaval of existing forms of government, nor necessarily a basic change in the powers and responsibilities of the city and the county as they now exist . . .

But what is needed is *A PLAN OF ACTION FOR THE ENTIRE URBAN AREA!*

What Does a Plan of Action Mean ?

An effective Plan of Action in an urban area must meet four general standards. It must be a plan through which:

- 1) The city, the county, and other local governmental agencies in each area can cooperate effectively to realize the common objectives shared by everyone in the urban area.
- 2) Governmental problems can be handled as they arise, not after they become acute.
- 3) The cost of necessary governmental services can be equitably distributed.
- 4) Services can be provided to newly developed areas when needed and at the level or standard required.

In such a plan, the city will necessarily be the principal governmental unit concerned, but a shift from action by the city—city-centered action—which annexation presupposes, to urban-wide action, in which annexation would play an important part (**but only a part**), may yield more far-reaching results. The need for such an approach becomes obvious when we look at metropolitan areas in other parts of the country, where relationships between the city and its suburbs have been characterized by mutual misunderstanding, baseless fears and misinformation. A shift in emphasis from unilateral to multilateral action offers the opportunity of avoiding these difficulties.

How Can a Plan of Action be Adopted ?

A Plan of Action can be adopted only after common study of the problems of urban development in each urban area by *representatives of the city government, the county government and a cross-section of citizens throughout the area affected*. No legislation is necessary to initiate such a study program. All that is necessary is mutual recognition of the problem by the governmental units concerned, and support for a joint effort to find a Plan of Action to meet the problem.

In simple terms, this representative group of citizens should study and make recommendations to the appropriate governing boards in the urban area on these questions:

1) How fast is the urban area growing, inside the city and in the suburban area?

2) What is the responsibility of local government to encourage that growth? What services must local government provide? What effect will local governmental functions and services have on the economic prosperity and better development of the entire urban area?

3) Under existing laws, can local governments in the area—the city, the county, and other municipalities and special districts—effectively carry out those governmental functions which will encourage economic development and attractive residential growth?

4) What method or methods, satisfactory in general to all the people in the whole urban area, can be suggested to encourage sound growth and development? Should the city undertake a program of annexation and under what conditions? Should the city establish a planning program? Should the county participate in or be primarily responsible for a planning program in the area outside the city? Should the city extend its services outside of the city limits and, if so, under what conditions? Should the county provide services in the unincorporated areas similar to those provided by the city and, if so, under what conditions?

The combination of suggestions growing out of the answers to (4) above will constitute a Plan of Action for the whole community. A suggested Plan of Action has been prepared as a starting point for one metropolitan area in North Carolina.¹ Other North Carolina cities may find some ideas from that study. But whatever the recommendations, action must be taken and **now** if *METROPOLITAN AREAS IN NORTH CAROLINA ARE TO AVOID THE EXPENSIVE AND HARMFUL PATTERNS OF GROWTH FOUND IN OTHER, OLDER METROPOLITAN AREAS*.

North Carolina metropolitan areas can avoid those mistakes, but they cannot avoid them through inaction. *Some changes in present operation are necessary*.

BUT SUCH CHANGES CAN COME ONLY FROM A WILLINGNESS ON THE PART OF CITIZENS THROUGHOUT EACH METROPOLITAN AREA TO FACE PROBLEMS OF GOVERNMENT SQUARELY AND TO SEARCH, SINCERELY, FOR A FUTURE COURSE OF ACTION DESIGNED TO SOLVE THOSE PROBLEMS!

George H. Esser, Jr.

¹ George H. Esser, Jr. *Greensboro Suburban Analysis*. Chapel Hill: Institute of Government, University of North Carolina, 1956.

Urban Growth and Municipal Services

III: Adequacy of the City's Tax Structure and Development Policies



By
GEORGE H. ESSER, JR.,
Assistant Director of the Institute of Government

At a time when North Carolina's cities are growing, new industries are setting up operation, new homes are being built to accommodate an expanding population, and new businesses are coming in to meet the demands of an expanding market, these cities face a number of basic problems. Should the city extend its services to newly developed areas outside its boundaries? Should the city attempt to expand its boundaries as new development proceeds. Should the city fix standards to which new suburban development beyond its boundaries must conform?

These problems are all part and parcel of the fundamental question: Is the city government responsible for sound development in the urban area beyond its corporate limits? Most cities today acknowledge this responsibility. Even if the city recognizes this responsibility, however, it cannot take effective action if it cannot find the funds to expand its services and to provide the necessary capital improvements.

Financial problems are not the same in any two cities. There are, however, some characteristics of a sound tax structure and of sensible public improvement financing that have application in every city. If a city is going to be able to afford extension of services to newly developed areas, its tax structure and financial policies will have to possess these characteristics. In simplified fashion, this article will attempt to describe these characteristics or qualities.

The Problem

An example is the best way to approach the problem, and the recent Institute of Government study of suburban Greensboro¹ affords a good ex-

¹ George H. Esser, Jr. *Greensboro Suburban Analysis*. Chapel Hill: University of North Carolina, Institute of Government, 1956.

What Has Gone Before

This article is a continuation of the series on Urban Growth and Municipal Services. The first article (POPULAR GOVERNMENT, September 1956, pages 6-10, 12), following an introduction to the series, examined the types of municipal services that are generally provided, and discussed when and where they are needed. There it was pointed out that as development begins to spread out over a wider and wider area of land, urban services of a uniform standard or quality are not necessary throughout the developing area. In short, the article concluded that within the growing metropolitan areas, typical of this state, only a few services (such as major streets, services to industrial sites and planning) need to be provided at a uniform standard throughout the area. Other services should be provided according to need, as determined by such factors as density of residential development, types of land use and protection of the public health.

The second article (POPULAR GOVERNMENT, October 1956, pages 3-8, 16) looked into the cost of servicing typical new residential areas. It included a description of a procedure for

measuring the actual costs involved in providing municipal services to such areas. This article concluded that if a North Carolina city has a sensible policy for financing improvements and a sound tax structure, it can provide a high quality of services to newly developing residential areas and still expect, over a period of 20 years, to derive revenue from that area more than sufficient to meet the cost of general fund services plus the amortized cost of capital improvements installed in the area. The article emphasized that the excess of revenue over actual costs is and should be applied to the cost of community-wide services (such as recreation and major streets) which cannot be charged to or directly financed by individual property owners.

An important question was raised in the second article: What constitutes a sensible policy for financing improvements and a sound tax structure? Rather than treat this question in two articles, as had been originally planned (see the September 1956 issue of POPULAR GOVERNMENT), the whole problem of municipal financial policies as they relate to growth will be discussed in this article.

ample.

The city of Greensboro now contains about 22 square miles of land and a population in excess of 90,000 people. Most of the land in the city is fully developed and is receiving a high quality of municipal services. To help the city council determine policies with respect to annexation and/or the extension of services such as water and sewer to the suburban area, a study was made of over 80 square miles of land surrounding the city, land where some possibility of urban development during the next 15 years exists. Within that area, there is a present population of about 35,000 people. More than half of this population lives in well developed areas contiguous to the city. After ample

allowance was made for land for future commercial and industrial growth, it was estimated that the remaining area under study could accommodate a total population in excess of 500,000 people (assuming full single family residential development under the city's subdivision policies). Allowing for a 20% vacancy factor, the maximum potential population in the area could be 400,000 people. Yet, realistic population forecasts (based on current growth trends) indicated that only about 50,000 more people would be living within the study area by 1970.

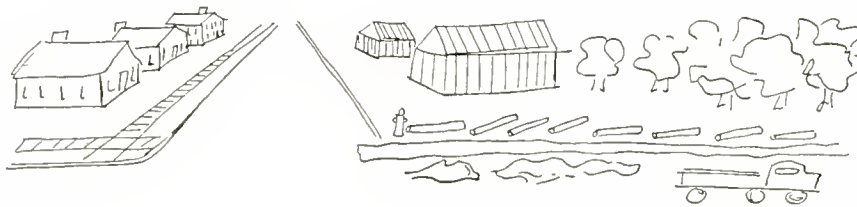
It is readily evident that Greensboro could not attempt to extend its boundaries to encompass the full study area and to provide municipal ser-

vices throughout that area. For one thing the entire area will not need municipal services in the foreseeable future. For another, the city could not pay the bill and at the same time continue to serve its present area and present population. An unreasonable increase in taxes and other charges would be the natural result.

What Greensboro did (and what every city must do) was to undertake a study designed to help the city answer specific questions. This study concerned itself with far more than the feasibility, from the point of view of costs, of extending city services. In this article, however, we are not concerned with annexation *per se*, nor with the attitudes of suburban residents, nor with the need for planning and health controls. We are concerned here with information that will tell the city which nearby areas will require municipal services, when they will probably need them and how extension of those municipal services can be financed. The best source for that information is, of course, a city planning agency which can not only make the basic study but also keep it up-to-date.

Now what are the specific questions which must be answered? They can be stated briefly:

- (1) How much development in terms of land area and population can be expected during the next 10, 15 or 25 years?
- (2) In what specific areas can this development be expected to take place? It is recognized that the exact location of new development will depend on such factors as the availability and cost of land, the availability of essential services and the location of new industry.
- (3) Which of these areas will be so densely populated, or used for commercial or industrial purposes, that municipal services will be necessary for sound community development?



When new property is developed for urban uses certain capital facilities must be installed.

- (4) How much will it cost to provide the areas identified in question three with municipal services?
- (5) How can these costs be met, and can they be met without (a) increasing taxes or utility charges or (b) lowering the quality of services now provided within the city?
- (6) What action should the city take on the basis of this information?

Municipal Services and How They Are Financed

In setting about to develop a sound financial plan to accommodate new growth, it is necessary to look away from the present city, the developed urban core that is already being served. Attention must be focused on the adjacent, newly developing areas to determine whether these new areas can be economically served.

Let's put it this way. Will revenues from newly developed areas, combined with revenues expected from the existing city, permit expansion of the city's street system, its water and sewer system, its police and fire departments and other municipal facilities, to meet the needs of the new areas without penalizing taxpayers in the present city through an increase in tax rates or an increase in utility charges? If an increase in taxes or utility charges is necessary, is that increase made necessary because of the actual cost of expanding city services or because of a basic weakness in existing tax policies and utility rate structures?

Since new development is generally scattered and covers more land than present residential and commercial areas in the city, and since there tends to be more vacant land in suburban areas than in the existing city, the natural conclusion is that extension of services to suburban areas will be more expensive than providing those same services inside the present city limits. To some extent this is true. Hasty conclusions should not be drawn, however. Before any are

drawn, we should first look at the impact of growth on municipal services and facilities, typical of North Carolina cities.

Table 1 contains a simplified breakdown of the types of municipal expenditures and of the various revenues usually used to defray each type of expenditure. Working from this table, we can get a better idea of the impact of growth on municipal expenditures and the factors which must be taken into account in any evaluation of a city's financial policies.

Classification of Municipal Costs

In Article II a distinction was drawn between services to property and services to people—that is, between (1) services which a city provides to land in the city and which are necessary because the land is used for urban purposes and (2) services which a city provides because of the demands of people using city facilities, whether or not they live in the city. Table 1 is set up according to this classification.²

All municipal costs can be divided into two categories—the *cost of capital facilities* which are expected to remain in use for varying periods of years and the *annual operating cost* of maintaining and operating these facilities and other services, costs that include principally labor and supplies.

Services to Property

When new property is developed for urban uses—residential, commercial or industrial—there are certain facilities which must be installed. The city is not concerned with the total cost of the development, but it has a direct interest in the quality of some of the improvements and may pay part or all of the cost of specified improvements. These include water and sewer lines, street grading and paving, storm drainage and curb and gutter and fire hydrants. All of these improvements should be installed when the land is first developed, and to the extent that the city bears part of the costs, it is incurring capital costs.

² The very fact that costs borne by North Carolina cities can be limited to those set forth in Table 1, as a general rule, emphasizes the good fortune of our cities. There is no concern for the costs of school construction and operation. There is no concern for the costs of public health services or public welfare services. There is no concern for the cost of building and operating some of the major highways in the area—those built and maintained by the state as part of the state highway system.

TABLE I
CONVENTIONAL METHODS OF FINANCING MUNICIPAL SERVICES AND FACILITIES IN NORTH CAROLINA

	Financing	Services to Property		Services to People
		Local	City (or System)-Wide	(Metropolitan-wide)
CAPITAL COSTS				
Water System				
a. Supply, purification, distribution lines eight inches and up, storage tanks	Water revenues and bonds (revenue or general obligation)		X	
b. Distribution lines up to six inches	Special assessments and water revenues	X		
Sewer System				
a. Interceptors, outfalls, lines above eight inches, sewage treatment and disposal	Sewer charges and bonds (revenue or general obligation)		X	
b. Sewer lines up to eight inches	Special assessments and sewer charges	X		
Storm Drainage				
a. City-wide collector system	Property taxes		X	
b. Local drainage lines	Special assessments and property taxes	X		
Streets				
a. Arterial and collector streets; traffic signalization and engineering	State aid, property taxes, general obligation bonds, special assessments		X	X
b. Streets up to 32 feet wide serving residential streets	Special assessments and property taxes	X		
c. Street and traffic signs	Property taxes	X	X	
d. Street lights	Property taxes	X	X	
Curb and Gutter	Special assessments and property taxes	X	X	
Fire Protection				
a. Stations, vehicles, equipment, and alarm system	Property taxes	X	X	
b. Fire hydrants	Property taxes or water rates	X		
Police Protection				
a. Stations, vehicles, and equipment	Property taxes	X	X	
Garbage Disposal				
a. Landfill and equipment	Property taxes	X		
Recreation Facilities				
a. Swimming pools, community centers, etc.	Special property taxes or non-tax revenues			X
b. Neighborhood Playgrounds		X		
Library Buildings and Equipment	Special property taxes or non-tax revenues			X
OPERATING COSTS				
Water and Sewer Operation	Water revenues and sewer charges	X	X	
Street Maintenance	State aid and property taxes	X		
a. Local system			X	X
b. Major Street system			X	X
Traffic Engineering	Property taxes			
Police Protection	Property taxes			
a. General Protection		X	X	
b. Traffic Enforcement			X	X
Fire Protection	Property taxes	X	X	
Garbage Disposal	Property taxes	X		
Recreation Programs	Special property taxes or non-tax revenues			X
Library Services	Special property taxes or non-tax revenues			X

Notes:

1. The term "Property Taxes" is used in shorthand fashion. For most services property tax funds are supplemented by other General Fund revenues.
2. Costs of General Administration have not been specifically shown. Each type of cost must necessarily absorb a portion of general administrative costs.
3. The term "Special Assessments" includes both funds collected through formal assessment procedures and advance payments required from property owners before improvements are installed.
4. The classifications in the table are general. Refinements are possible of course. For example, there is a good argument to apply some property taxes to support of the water system in return for meeting fire protection demands. Furthermore, some other services are responsive to the demands of persons working in the city and living outside, but the impact is harder to trace.

When a new development has been completed and is occupied, the city will begin providing services to that area. At that time every city department will undertake a new responsibility and sooner or later that new responsibility will involve additional costs for each department.

In Article II, we showed how city departments serving newly developed property can measure the additional cost involved in servicing that property. To maintain a uniform quality of services throughout the city, each department must increase, proportionately and over a period of time, its facilities and its manpower in line with the new demand.

Specific consideration was not given in that article to the water and sewer system, but basically the same conditions apply. As water lines are extended, there is a new demand for water. As that demand increases, the water supply must be increased; the capacity of the purification system must be increased; and the system of transmission mains and storage tanks must be expanded to insure that water is distributed throughout the city, in the present territory and newly-developed territory alike, at the pressure necessary for domestic service and for fire protection. Similarly as more wastes run off through the sewer lines, the capacity of interceptor and trunk sewer lines must be increased and the capacity of the sewage disposal plant must be increased. Based on information concerning probable extent and location of new development, the water and sewer department can estimate when each part of the water and sewer system should be expanded and where new facilities will be needed. There will be both capital costs for new facilities and some increase in operating costs as new areas under development are given service.

Briefly, then, as new areas are served, each city department must be prepared to provide services to an increased population and area. To maintain services at a uniform standard, its facilities must be expanded, and it must be prepared to handle additional continuing demands.

Revenue Sources Available To North Carolina Cities

It is not necessary to discuss in detail here the sources of revenue available to North Carolina cities. The most important sources are shown in Table 1.

With the exception of water and sewer facilities, most functions of city government are financed from the property tax supplemented by some minor sources of revenue. Among these revenues are locally-levied taxes—poll taxes, automobile license taxes and privilege license taxes levied on businesses; the municipal share of four state-collected taxes—the gasoline tax, beer and wine taxes, utility franchise taxes and intangible property taxes; parking meter revenues; building permit fees and other regulatory fees; court costs and traffic penalties; and other fees and charges. In some cities, profits from utility systems, principally the electrical distribution system, are made available to support governmental services normally financed by property taxes.

Property tax revenues represent 80 to 90% of all municipal tax revenues in North Carolina cities and from 50 to 75% of all General Fund revenues³ in North Carolina cities and towns.

Utility systems in North Carolina cities—water, sewer, electricity and gas—are generally supported from

³ In addition to property taxes, the following revenues make up the general fund in North Carolina cities: state taxes (city share), license and other taxes, non-tax revenues (fees, costs, service charges), contributions, ABC revenues.

charges made for the services rendered. As a general rule most cities and towns try to operate their utility systems on a self-supporting basis, although there are exceptions. Some cities appropriate money from the General Fund to the water and sewer fund; some cities meet water and sewer deficits from the General Fund; some cities appropriate utility profits to help pay for General Fund services.

In addition to these revenues and taxes and service charges, many cities finance part or all of the cost of improvements benefiting property by assessing the costs against the abutting property owner. Some cities follow the statutory procedure whereby property owners pay for these improvements in installments; some cities require payment in cash in advance before improvements will be undertaken.

Finally, and here again we are speaking in broadest terms, cities may pay for capital improvements in two ways—through appropriations from annual operating revenues or through the issuance of long-term bonds or notes, with payment of principal and interest on the bonds and notes being met from annual operating revenues.

Are Present Municipal Policies Adequate to Finance Growth ?

The property tax, then, and other municipal tax revenues, are generally used to meet all expenditures except utility expenditures. The problem now is to determine whether these funds are applied to meet costs so that revenues from newly developed property, supplementing existing revenues, will permit expansion of facilities and services without necessitating an increase in taxes levied or utility rates charged. We must look separately at services supported by the property tax and by utility charges.

Services Supported By the Property Tax

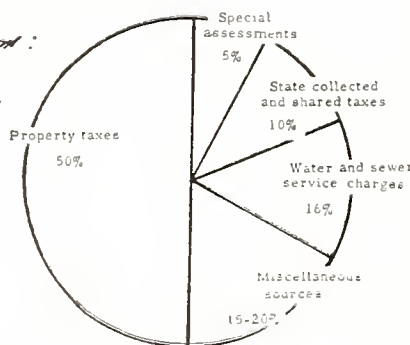
There seems to be no question that revenues from newly developed areas in or adjacent to North Carolina cities are, under certain conditions, sufficient to meet the cost of *services to property* in such areas. Whether these funds will also be sufficient to meet the additional cost of *services to people* in the same city will depend on a number of factors discussed below.

The conditions under which a city may expect to break even and have a surplus of revenues over expenditures in providing basic services to new

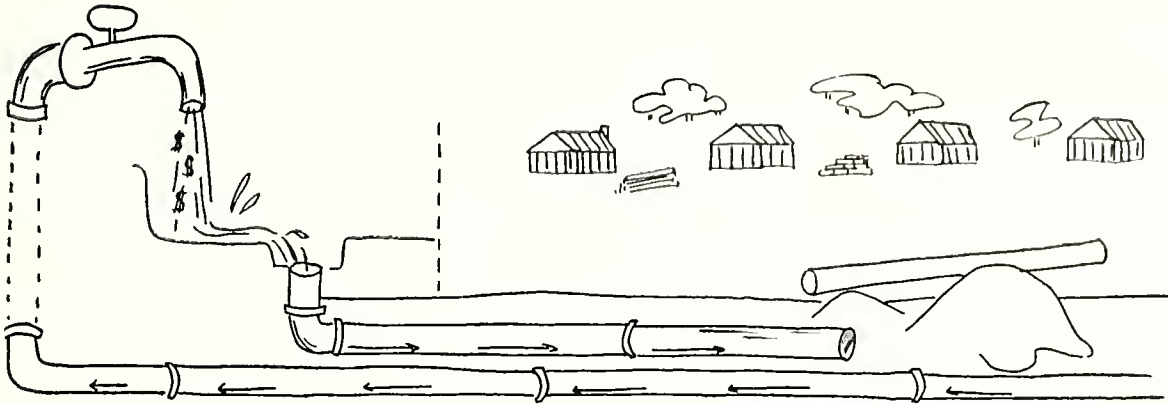
Where does the money come from:

North Carolina cities and towns obtain revenue from . . .

- Property taxes
- Special assessments
- State collected and shared taxes
- Water and sewer service charges
- Miscellaneous sources



Sources of revenue available to North Carolina's municipalities.



Will revenue from new utility users, supplementing existing revenues, permit expansion of facilities and services without necessitating an increase in taxes levied or utility rates charged?

residential areas may be discussed in terms of the Greensboro study cited in Article II. There it was found that for new residential subdivisions, the city would derive sufficient revenues over a period of 20 years to defray the city's share of capital costs and to meet all annual operating expenditures necessary to serve new subdivisions at densities and with home sizes typical of the Greensboro community. This was possible, however, only because Greensboro assessed the cost of street paving and curb and gutter installation up to \$6 per front foot. If the city had met the full cost of street construction, a deficit rather than a surplus would have resulted, except in the case of subdivisions with very expensive homes.

Are Benefit Assessments Justified?

While we are examining a fully developed new subdivision, we have a good opportunity to raise the question of whether assessment is equitable. Assuming for the moment that the city cannot depend on any other major source of revenue other than the property tax, and assuming that no type of land use produces property tax revenues sufficient to subsidize the capital costs of new residential development,⁴ these are the considerations before the city.

⁴ Many people feel that commercial areas, particularly the central business district, are a lucrative source of "tax profit" to a city because of their relatively high assessed valuation. It is important to recognize, however, that commercial areas in the city, particularly its central business district, require more city services and more expensive city services than any other land use. Thus, while they tend to have the highest property valuation for tax purposes of any land use category, these areas do not generally contribute sufficient revenue to yield a substantial tax profit. The central business district and other commer-

First, there is a demonstrable benefit to residential property when it is located on a paved street, has good drainage, and is served with water and sewer lines. Even in a sparsely settled community this benefit exists. The only question in sparsely settled areas is whether the cost to the property owner may exceed the dollar value of the benefit. In the ordinary situation, however, the real estate market clearly indicates that these services increase the value of the property. In general, then, the city which meets the cost of street paving and curb and gutter installation from general city revenues is helping to increase the value of a particular piece of property at the expense of all the taxpayers in the city.

Furthermore, if a city meets these improvement costs entirely from general city revenues (rather than shares them with or passes them on to the property owner directly benefited), either from annual appropriations or through bond issues, expenditures in the newly developed area in most cases will exceed revenues, even when the capital costs are amortized over a period of as much as 20 years. Thus, in a period of population growth and property development, that city will either have to increase its property tax rate gradually over a period of years to meet that deficit, or it will have to divert funds from such projects as major street construction, traffic control or better police and fire protection in order to finance these local improvement costs. This policy,

cial uses generally pay their way, and a little more, for services provided to them, but they are not subsidizing sound residential development in North Carolina communities. The same general statement frequently has application with respect to industrial land uses.

too, would be unfair to all the property owners in the city.

It is readily acknowledged that these improvements are of some value to the city as a whole. Areas served with paved streets are more attractive and have more stable property values than areas served with dirt streets and inadequate drainage. Maintenance costs may well be lower where streets are paved and the area is adequately drained. Streets that are too narrow can neither adequately accommodate traffic nor do they contribute to an attractive residential area. Thus the city should not avoid the issue of costs by lowering subdivision standards.

Some objection is made to the use of benefit assessments on the ground that they constitute an additional cost burden which will discourage moderate income families from building or purchasing homes. This argument is no longer as strong as it once was. Today the cost of these improvements is included in the financing plan for new housing, and housing developers install the improvements before lot or house is sold to the purchaser. The city is paid in cash and its risk is eliminated; the payments are included in the homeowner's purchase price and mortgage, and he meets the cost over a long period of years.

How much of the cost of streets, curb and gutter and drainage should be charged to benefited property owners is a question to be faced in each separate community. In arriving at a decision, it is important for the city to recognize the general value of such improvements to the community at large. At the very minimum, however, it would seem fair and equitable to fix the amount assessed high enough to insure that all costs to service property (including both annual costs

and capital improvements amortized over a reasonable period) will be met by tax revenues and assessments from the property served. Provision should be made so that the city will have authority to make necessary improvements in areas where the city council is convinced that property owners cannot meet assessment costs.⁵

All the discussion thus far has concerned fully developed, new subdivisions. What about the more usual situation where a large suburban area surrounding a city includes some fully developed subdivisions, spotty commercial and industrial development and much land that is either vacant or very sparsely settled? How far can the city extend services supported from the General Fund and how much land can be served in a period of new growth?

How Far Can the City Extend Services?

If we look at subdivisions alone, based on the data analyzed in the study cited in Article II, it would seem that a city could extend its services only to those areas 60% or more developed for residential or other urban uses. In actual practice General Fund services can be provided to much larger and more sparsely populated areas. There are several reasons.

The first reason is that some facilities have already been installed. High-

⁵ A recent Institute survey of assessment policies in North Carolina cities having a population of 10,000 or more reveals a definite trend toward assessing street and drainage costs. (See Warren J. Wicker, "Financing Improvements in N. C. Cities Over 10,000." POPULAR GOVERNMENT, v. 22, no. 8, May 1956, pp. 8-12, 15.) Smaller cities are not so uniform in assessing improvements costs. Already some of these cities have assumed a heavy obligation for street improvement under their existing policies which may prove to be an impossible burden in the future.

ways, secondary roads, and occasionally residential streets have already been built in parts of the area to which a city may just be beginning to extend services following annexation; to the extent that this is the case, the cost of improvements to the city will be reduced.

What is more important is that the inclusion of a reasonably large amount of vacant and undeveloped land within the area served by the city will not appreciably increase the cost of General Fund services, particularly since the streets reaching from the city across vacant land to new subdivisions are usually state highways, built and maintained by the state. Costs for police and fire protection, residential streets, drainage and garbage collection depend largely on the density of residential development at the point where services are actually provided. In a sparsely settled area, streets and drainage will not be installed until the property owners petition for these improvements. So long as development is sparse, these improvements may not be necessary.

Of course, the inclusion of undeveloped area will eventually become a limiting factor on the feasibility of police and fire protection and garbage collection. There is a physical limit to the area which a police patrol can cover, or a fire station can effectively serve under prevailing standards or a garbage truck can effectively serve.

One other factor is important. Outlying commercial and industrial areas, if they are soundly developed, are less expensive to serve than if they are concentrated as they are in the average central business district.

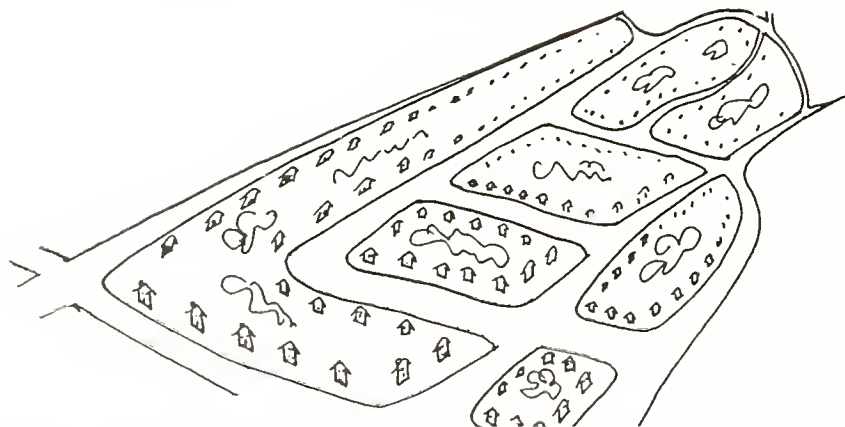
The amount of land which a city can effectively provide with General Fund services will depend, then, on the nature of the area and the man-

ner in which land is being developed. Neither the city nor the developer can afford to extend street and drainage facilities throughout a large tract of land if the lots within that tract are not going to be sold in a relatively short period of time. Rather, the prevailing pattern is for developers to open and develop step-by-step small portions of a larger tract.

Another limiting factor may well be the character and quality of existing development when services are first made available. If the area has grown up in small lots with an inadequate street pattern, inadequate street width, no building regulations, and inadequate septic tanks, the city may have to meet additional costs to remedy these mistakes. Similarly, if an area has an indiscriminate mixture of land uses—residences scattered among a variety of low-grade commercial and industrial properties—the cost of serving that area will be higher than if the land uses had been separated into logical groupings at the time development took place. Where mixed development is found, the entire area must be provided with the more intensive services required in commercial and industrial areas.

Information, gathered in a study prior to extension of services, will define the actual extent of the area which can be efficiently served. Several recent annexation studies in North Carolina cities substantiate the conclusion, however, that General Fund services can be economically provided to large sparsely-settled suburban areas. From the point of view of the city, it is desirable to do this since the city can then encourage and help control further sound development of this vacant or sparsely-developed land.

In Greensboro, for example, it was found that the city could more than



North Carolina cities can afford to extend General Fund services to soundly developed residential areas.



Municipal revenues meet the costs of "services to property" and community-wide "services to people."

double its present size without necessitating any increase in its tax rate, any change in the level of services provided or any delay in extending General Fund services (with the exception of that aspect of fire fighting which is dependent on water mains). A similar conclusion was reached in Winston-Salem where a large annexation has already been carried out. The result would seem to hold good for any North Carolina city where a sound property assessment system is in effect, where the major cost of local improvements is assessed against property owners, and where the city government is efficiently managed.

Situations Where Financial Policies Are Not Conducive to Expansion

There are at least three situations in North Carolina cities where expansion of municipal services supported from the General Fund cannot be readily undertaken.

(1) In cities where property tax values have been fixed at a very low ratio as compared to market value, the maximum property tax rate is presently levied, and the local administrations are already experiencing difficulty in financing an adequate level of services within their existing corporate boundaries, it is probable, that (even with full use of special assessments for constructing streets and other improvements) revenues from newly developed areas will not be sufficient to meet the additional cost of city services.

(2) In other cities one or another type of property may be valued disproportionately. Perhaps commercial property is improperly valued higher than residential property; perhaps a particular type of property, such as stored tobacco, represents an unusually large percentage of the total valuation. In such situations, residential property values may be too low and revenues from new residential areas will not be sufficient to meet the additional cost of city services.

(3) Finally, in a number of North Carolina cities, profits from the electric distribution systems are used to supplement the General Fund, and property tax rates are correspondingly reduced. Very often the city sells electricity to a partially-developed outside area. If such a city begins to service an area from which it is already deriving electrical revenues, property tax revenues from the newly served properties may not be sufficient to meet the additional cost of services. The reason, obviously, is that property tax rates have been lowered because electrical profits are available, and at present property owners in the city are enjoying an advantage therefrom. In such a city, property tax rates will have to be increased to permit extension of city services.

Adequacy of the Property Tax for Financing "Services to the Community"

Services to property are not the only services which the city must support. Cities must build and widen many arterial streets that are not part of the state highway system; they must contribute right-of-way to state highways; they must support recreation and library programs; they must meet traffic engineering expenses; they must build city-wide drainage facilities. These and other city services can logically be and are supported from the property tax and other municipal taxes and general fund revenues. To the extent that these services benefit all property owners and residents of the city, this is a logical use of property taxes, for the property tax has been traditionally thought of as a tax based on ability to pay rather than a tax based on benefits received.

However, to the extent that the property tax, levied on properties within the city, supports services that benefit the whole urban area, questions as to fairness arise. This is no small matter. The bill for these ser-

vices is increasing, along with suburban growth, and demands for such services are growing. Most cities recognize the importance of all of these services to the well-being of the whole metropolitan area, but there is the ever-pressing question of revenue to pay for them. Should not the tax base be widened to include some sort of contribution from people using these services, whether they live inside or outside the city?

But, the counter question always comes, how about the contribution of suburban residents, who work in the city, to the profits of the city's merchants? Taxes on these profits certainly go to pay part of the bill. To some extent this is true, but it is evident that one class of property owners has not been considered. The in-city residential property owner suffers this injustice—that he gets no substantial benefit from these outside dollars even while he pays heavier taxes for the benefit of the outside residents who use city facilities.

Alternative Revenue Sources for Financing Community-wide Services

Some other tax source, supplementary to the property tax, which reaches all the people using these major city facilities would be more equitable. For the sake of growing cities in North Carolina, some adjustment should be devised before the demand and the dollars needed to meet the demand grow so large that the financial status of city governments is imperiled. The North Carolina Tax Study Commission, recognizing in particular the need for alleviating traffic congestion in our largest cities, recommended two additional sources of revenue to help meet this problem. One was an increase in the city-levied motor vehicle tax from \$1 to \$10 per year; the other was authority for cities to levy a tax of up to \$10 per year on persons working in the city and earning salaries, wages, fees, commissions and gratuities in excess

of \$2000 per year, for the privilege of engaging in their occupations.

This is not to say that these are the best sources of revenue to grant to cities. The automobile tax will continue to fall on residents of the city, although it has the advantage of shifting some of the cost of major street construction and traffic control from property owners to automobile users. The occupation tax is a limited form of the so-called payrolls tax and even though the worker living in the city would be liable for the tax, his property tax would probably be decreased somewhat—or at least not be increased.

There are other possibilities. Many large cities facing this problem have secured authority to levy flat-rate income taxes and sales taxes. In a state where these taxes are levied at the state level, there is an obvious disadvantage in duplicating them at the local level. Another possibility is revision of the gasoline tax formula as it affects municipalities, with an additional grant being made available to cities experiencing the greatest need. Still another possibility is a system of block grants from the state to cities similar to the system used in the state of New York.

The purpose here is not to say what revenue sources should be made available to cities. Rather, it is to point out that the existing tax structure is not fair insofar as it imposes a burden on the city property owner, particularly the residential property owner, to meet service demands generated by non-residents of the city.

Services Supported by Utility Charges

Most water and sewer systems in North Carolina cities are theoretically set up on a self-supporting basis. As a practical matter, many cities do not raise sufficient revenue from their water and sewer systems to pay all costs which these facilities generate.

Water rates are generally so devised that the cost of operating the system, plus the cost of meeting principal and interest payments on bonds issued to build the system, is met from rates charged users of water. Some cities, in establishing the rate structure, allocate the cost of the distribution system to the principal types of users. Thus a relatively higher rate is charged residential and small commercial users on the theory that most of the cost of the distribu-

tion system is incurred to make water available to these small users. Most cities have a minimum charge and have a bracketed schedule such that large users pay a smaller rate for each unit of water used than do smaller consumers. This is justified on the basis that, as in any production system, the more units that are produced, the smaller is the cost per unit produced.

As of the time that a water rate system is adopted in a city, the revenues produced will presumably pay for operating costs and for debt service. As bonds are progressively retired additional funds will become available for extension of the system. Similarly as demand increases and as new customers are added, additional revenues will be provided. A portion of these revenues will be needed to pay increased operating costs. The remainder will not be needed to meet debt service already incurred, but may be applied to meeting the cost of expanding the entire system. Some of the remainder must be applied for expansion of the water supply and purification system; some of it must be used for new transmission mains to insure that extensions of water mains into newly developed land will be carrying water at the necessary pressure for domestic and fire protection uses.

Thus far, typical utility financing generally applicable to all cities has been stated. Some variation exists with respect to financing local distribution mains (six inches, average size).

Some cities assess part or all of the cost of such local distribution lines against abutting property owners on the grounds that the service is primarily of benefit to the property served. Such assessments may be collected either on the basis of cash in advance or in a series of installments.

On the other hand, some cities adopt the so-called "utility" plan of financing, borrowed from private utilities, and pay for part or all of the extension of local distribution lines. This may be done either on a basis of (1) a stated number of dollars per new connection, (2) a stated number of feet of new pipe per new connection, or (3) the property owner paying the full cost of extension and receiving a rebate of part or all that cost from revenues produced for a period of years following connection.

Both of these systems result in the property served paying a portion of

the cost of these distribution lines. Under the utility system, part of the cost may be shared by all water users, particularly if the city installs more pipe than the new connection will pay back in revenue over a reasonable period of time. Under the assessment system, the cost still may be shared by all users if assessment costs per foot are not regularly checked and increased as cost of installation increases.

The two systems may be compared very briefly:

(1) The utility system will result, comparatively speaking, in higher rates than where the assessment system is used, because the rates *must* produce sufficient revenue to pay for the new line extensions.

(2) The utility system cannot satisfactorily protect individual property owners in cases where developers install all lines. If the developer installs all lines, the cost of installation will normally be included in the total cost of development for computing the cost of each lot. Thus the person purchasing the property will pay for the cost of water line installation when he buys a lot. The rebates, however, will go to the developer as the lots are sold and connections are made, and in many cases the developer will be paid twice for the same line—in the cost of the lot and in the rebate.

(3) For individuals, in particular, the utility system may encourage connection to the water system by definitely assuring some help to the property owner or some return on his investment. Many persons would rather pay higher water rates and recover part of the cost of installation than pay for the lines outright through assessment and pay a lesser rate. As a matter of fact, even cities which assess the cost of utility lines pay a portion of the total cost of installation.

(4) The assessment plan may be simpler for the city to administer and finance.

In any event, the solvency of any water system, when extension of that system is considered, depends on the ability of the system to produce revenues sufficient for expanding the entire system as more lines are extended, more consumers are connected, and demand increases.

Financing of the sewer system through sewer charges is similar to the water system. Sewer charges must be sufficient to meet operating costs and debt service costs. As the

system is enlarged, sufficient revenue must be produced to extend interceptor and trunk outfalls and increase the capacity of the sewage disposal plant.

In terms of growth, however, there are limitations on expansion of the water and sewer system that are not encountered in expansion of general fund services. In most cases, water and sewer system costs will be more of a limiting factor on the geographical extension of all city services than the cost of extending general fund services. There are two main reasons for this:

(1) There is less flexibility in the water and sewer system. If a neighborhood far from other development is to be served, expensive feeder mains and interceptor sewers must still be installed. Furthermore, good management requires that mains of sufficient size be installed to handle future growth in the intervening area. When labor costs are high, and when development trends are definite, it is poor economy to extend water through a four or six-inch main that will have to be replaced in a short number of years. Thus vacant land is an important factor in extension of utilities, whereas it is not in the extension of General Fund services.

(2) Topographic considerations are also important. Water lines can move out more or less in keeping with development, but sewers must follow drainage lines. A new development may be a relatively short distance from existing city sewer lines but either be in a completely different drainage area or require a very long outfall line to drain into existing sewer lines. In such a case either new sewage disposal facilities or a pumping system to reach existing disposal facilities may be necessary.

To sum up, then, the same general conditions apply to the expansion of General Fund services and water and sewer services to newly developed land. For stable growth, the city must, at one and the same time, extend services to property under development and expand the facilities and manpower making those services available so that the quality of service to existing users is not reduced. The larger capital costs involved limit the speed with which a city may extend water and sewer services as compared to general fund services. The expense of these facilities makes it desirable that new development be centered in and around areas served by the water and sewer system.

Prerequisites to a Sound Financial Plan

There are at least three prerequisites to adoption of a financial plan designed to help the city grow in a sound manner. These are:

(1) A planning program in the community so that the city government will have some concrete idea of what growth potentialities are. Specifically, how much population growth can be anticipated? What are the logical locations for residential, commercial and industrial development? What will this growth require of the city in terms of additional water supply, additional purification facilities, new fire stations, new major streets, etc.? When will these new facilities be needed?

(2) Adoption of subdivision and special assessment policies that specify the improvements required by the city as new land is developed and fix financial responsibility for installing these improvements on the land. Assessment policies should not be fixed until financial studies are made to determine what portion of the cost should be borne by developers or property owners. As a general rule, however, the taxpayers in the city should not have to bear the ultimate cost of these improvements.

(3) Adoption of a capital budget in which the capital improvements, necessary as the city grows, are planned in advance. The improvements needed must be planned with an eye to revenues available now or in the foreseeable future. Once adopted, the capital budget should be revised every year on the basis of changes in the community affecting the need for capital facilities.

Obstacles to Sound Financial Planning

Even if all these prerequisites are met, some cities will not be able to adopt a financial plan that will permit orderly extension of municipal services when and where they may be

needed. There are obstacles that will be briefly noted.

(1) Not enough cities have the planning assistance necessary to collect and analyze the information necessary to plan for growth in the urban area. Without such information, and without a realization of responsibility for growth on the part of the city, no sound financial planning can be undertaken.⁶ Financial policies that may be adequate for land now within the city limits may be unsound if they are applied to newly developing territory. For example, the city which is now making in-city street or water and sewer improvements at its own expense probably will find it financially impossible to pay for such improvements in large new areas now developing on the outskirts of the city. In order for the city to extend services to these areas, the city will have to amend its financial policies or float a large bond issue. The decision may be made to withhold services. Such a decision could result in substandard development in unincorporated areas adjacent to the city boundaries, thus creating problems for the future.

(2) North Carolina's municipal tax structure offers no relief to the city meeting large expenditures in providing community-wide services to its metropolitan area short of wholesale annexation. This is not always a satisfactory answer. Some additional tax source should be made

⁶ House Bill no. 400, now pending in the N. C. General Assembly, would authorize the creation within the Department of Conservation and Development of a division of community planning. Among the duties of the proposed division would be to provide planning assistance to communities and to receive and expend federal and other funds to provide for such assistance. Communities of under 25,000 population, particularly, stand to benefit from planning assistance financed in large part from federal grants. If this legislation is enacted, small communities, where physical and fiscal planning is needed, will be eligible for guidance and financial aid.



An additional tax source should be provided to aid North Carolina cities in financing metropolitan-wide services such as major streets (that may not be part of the state highway system).

available to cities so that the burden of these metropolitan, area-wide expenditures (up to 30% in the larger cities) can be shared by all those receiving substantial benefits and so that some relief can be given to the owners of residential property in the city. There is no logical reason why these property owners should shoulder major responsibility for services which affect the whole metropolitan area.

(3) Procedures for extending city limits in North Carolina are not sufficiently flexible to permit cities to plan effectively for expansion of such facilities as the water and sewer system. From the point of view of engineering design, it is not practical to extend such systems in a piecemeal fashion, unless the extensions can be fitted into an overall plan. It is not sensible to extend two-inch mains to provide water service alone if these mains will eventually have to be replaced by six-inch mains to provide adequate fire protection. It is economically unsound to extend a six-inch main outside the city if engineers know that a 12-inch main will be required to provide adequate water pressure and supply to that area in the future. Yet, the city cannot plan system-wide expansions if some of the land where these expansions are necessary is outside its jurisdiction. On the other hand the following situation is possible. From a planning standpoint, improvements located on undeveloped land may be desirable for such purposes as construction of new sewer outfalls. At the same time property owners in that territory may not want to come into the city, even though these improvements are available, because their land is not in immediate need of municipal services. A fair solution which balances the interests of the city, in making improvements for the benefit of the entire urban community, and the interests of individual property owners, who do not at the present time want to come into the city, is long overdue in North Carolina. The next article in this series will examine this question.

Underlying many of these obstacles to sound financial planning is a basic lack of understanding, on the part of city and suburban residents alike, of the problems faced by the growing metropolitan area and of the relationship that city services have to sound economic and political development of the entire metropolitan area. No satisfactory solution to the

tax and boundary problems, now so keenly felt by city governments, will be reached until this lack of understanding is remedied. This can be done. One suggestion for overcoming this mutual lack of understanding follows.

Clearinghouse (Continued from page 2)

Personnel Notes

L. Page Benton, Jr., a native of Evergreen, has been named city manager of Goldsboro to succeed **Col. Zeno G. Hollowell** who retired March 1 because of his health. Mr. Benton came to Goldsboro as assistant city engineer after graduating from N. C. State College in 1955. He became assistant city manager last year.

Mason Page Thomas, Jr., a former member of the Gaston County Welfare Department, has succeeded **Robert William Kirby** as solicitor of the domestic relations division and counselor of the juvenile division of the Gaston County Domestic Relations and Juvenile Court. Mr. Kirby had held this post for two years prior to his recent resignation.

Mrs. Elizabeth DeKay Johnson of Raleigh has been appointed to the newly created post of employer relations supervisor with the Employment Security Commission. Her job will be to seek closer cooperation among employers and local ESC officers around the state in order to further promote the job placement phase of the commission's program.

Arthur R. England has been selected to fill the newly-created position of manager of Gaston County, beginning May 1. He will have charge of county-employed personnel and will coordinate the work of all departments, reporting directly to the commissioners. Mr. England is now city manager of Princeton, W. Va., and was formerly city manager of Graham and assistant city manager of Durham.

E. W. Gupton, after more than 40 years as a law enforcement officer and nearly 31 years with the Rocky Mount Police Department, has resigned. He joined the Rocky Mount force in 1926 and has served under three chiefs of police in the period since then.

W. Cleve Davis, chairman of the Mecklenburg County Board of Elections, died at his home in Charlotte on February 19. He was a former member of the city Civil Service Commission, former recorder pro tem of the Mecklenburg County Recorder's Court, and past president of the Mecklenburg Bar Association.

A. B. Wooten, chief of police of Statesburg for the past 14 years, has resigned from that post to accept a similar position in Bailey.

Keith Howard has resigned as mayor of Cornelius to become acting postmaster, and Mayor Pro Tem **B. S. Sherrill** has been named to succeed him.

Edwin Hartshorn has been named mayor of Biltmore Forest to fill the vacancy created by the death of **Mayor Sheldon Leavitt** in December. Mr. Hartshorn has been a town commissioner for 18 years.

Notes From Here and There

Bartlesville, Okla., police are offering reduced rates on traffic tickets. A parking meter has been installed inside police headquarters. If a motorist gets a parking ticket, he can settle it cheaply by getting to headquarters within 45 minutes and depositing a nickel in the meter. If he doesn't, it costs a dollar.

The women win! The city engineering department of **Miami, Fla.**, has given in to women's fashions. They have ordered 500 new manhole covers with holes too small to catch the heels of women's shoes. Holes in the new covers will be 5/8 inch across; the old ones were one inch in diameter. The decision to buy them came "on the heels" of a lawsuit brought by a woman who caught hers in one of the old style covers.

If anyone wants to live in **Federalburg, Md.**, or set up an office there, he had better have his feet on the ground. Wheels are outlawed. The mayor and council have passed an ordinance, which is now in effect, making it unlawful for anyone to live in a trailer or structure built so that it can be equipped with wheels and readily moved. Those now on wheels have six months to start rolling out of town.

The North Carolina Annexation Story, 1947-57

By RUTH L. MACE,
Staff Member, Institute of Government

There has been a tremendous increase in population in, and particularly around, our cities since the close of World War II. This phenomenal, new urban development has naturally led to a great interest in annexation. It is not surprising, therefore, to find that almost all North Carolina cities—large, medium-sized, and small—have been annexing or talking annexation during the last ten years. The survey that will be presented in this article, although it is by no means complete,¹ will give some idea of annexation activities in North Carolina during the 1947-1957 period. As part of this story we shall report on the procedures employed in bringing these annexations about.

It will be recalled that up until 1947 annexations took place only by legislative act. In that year, however, the General Assembly passed a statute setting up a procedure whereby cities and towns could annex adjoining and contiguous land.² The hope was expressed, at that time, that this action would eliminate many requests for special laws extending city limits. The extent to which that hope has been realized will be described here.

The Institute survey uncovered annexation actions in 65 of our 87 cities having 2,500 or more population. In addition, some 53 small communities, whose population was less than 2,500 at the time of the 1950 census, annexed additional territory during the 1947-1957 period. This article will only look at the 65 larger cities in which annexation took place. For a manageable discussion these cities have been broken down into five size groups: (1) cities of 2,500-5,000; (2) cities of 5,000-10,000; (3) cities of 10,000-25,000; (4) cities of 25,000-50,000; and (5) cities of 50,000 or more population.

1. This article is based on an examination of newspaper clippings related to annexation, General Assembly action, and the annual survey conducted since 1948 by the League of Municipalities for the *Municipal Yearbook* of the International City Managers' Association. These sources cannot provide the complete story. Every week, in one community or another, small parcels of land have been and are being annexed under the general law without publicity or fanfare. Many of these "quiet annexations" have undoubtedly escaped our attention.

2. G.S. 160-445 through 160-453.

In assigning cities to these categories, 1950 census data have been employed.

Annexations in Cities of 2,500-5,000

According to the 1950 census there are 34 cities in North Carolina within this population range. Our data show annexation actions in these 20 towns: Beaufort, Clinton, Edenton, Forest City, Jacksonville, Leaksville, Mount Olive, North Wilkesboro, Plymouth, Rockingham, Roxboro, Rutherfordton, Scotland Neck, Selma, Siler City, Southern Pines, Spindale, Valdese, Whiteville and Williamston.

In 10 of the 18 annexations actually effected, extension of the corporate limits resulted from special legislative acts. Of the other eight actions, which took place under the general law, we know that in four cases annexation followed a vote in the area to be annexed, in three cases annexations were effected through council action, and in one case specific information as to the procedure followed is not available.

Special Comment

In most cases these annexations involved relatively small areas or subdivisions containing a small population. However, Clinton (a community of 4,414 in 1950), in its first annexation since 1913, nearly doubled its population when a 1953 special act brought between 2,500 and 3,000 inhabitants into the town. Forest City (1950 population, 4,971), in its first annexation action since 1901, took in three-fourths of a square mile of territory containing a population of 700 to 800 people, following a favorable vote in 1953 by residents of the area concerned. Leaksville took in four new areas, containing a total population of 1,200, following a favorable 1953 vote. Rockingham, in a 1955 annexation, added 750 people—and in January of this year brought in, by vote, areas north and south of town containing 1,200 people. Siler City is currently considering its first annexation since the middle 40's, when three blocks surrounding Chatham Hospital were taken into the city. The only other annexation in the city's 70-year history was when the city cemetery

was taken in. The area to be annexed is east and south and includes 114 homes or business firms now purchasing water from the city. It is estimated that this area contains approximately 500 persons. Williamston, by council action, annexed in 1955 a "large area."

Annexations in Cities of 5,000-10,000

We found reports of annexation action in 17 of the 23 cities in this group. These cities are Chapel Hill, Dunn, Graham, Laurinburg, Lenoir, Lumberton, Mooresville, Morehead City, Morganton, Mount Airy, Newton, Oxford, Roanoke Rapids, Smithfield, Tarboro, Washington and Waynesville. Of the 45 separate annexations carried out in these cities, 16 were effected by action of the General Assembly, and the remaining 29 under the general law. Of these 29 general law actions, we have detailed information for 15. In only three of these 15 cases was a vote in the area to be annexed necessary.

Special Comment

Once again we find that most of these annexations involved relatively small parcels of land and few fringe residences. Substantial extensions were made, however, in Chapel Hill, Lumberton, Mount Airy and Roanoke Rapids. It should also be noted that a substantial annexation was considered in Mooresville, but rejected following a special study and report and a resulting negative recommendation by the planning board.

Chapel Hill is one of the few communities in the state which has had an annexation policy and program since 1950. These were devised following unsuccessful annexation efforts in the 40's. The town board recognized that these failures were due largely to its inability to supply basic information when questions were raised by residents of the areas proposed for annexation. The board was thus forcefully made aware of the necessity and desirability of analyzing the annexation question thoroughly before moving on to action. Chapel Hill's annexation policy and program, which grew out of a comprehensive study by the town manager and auditor, have been

highly successful.³ This is evidenced in part by the fact that the town has added according to schedule 280 acres (population, 355) in 1950, 66 acres (population, 200) in 1951, and an additional 1,075 acres (population, 2,440) in 1956. The 1950 and 1951 annexations were brought about by ordinance with no opposition from the area residents. There were three separate annexations in 1956. The major one followed a vote by the residents of the area annexed, and the minor ones were by action of the board of aldermen.

The major extension of Lumberton's city limits, in which East Lumberton, North Lumberton and a large adjoining residential area were annexed, took place following a successful election in January, 1955. This action, which added about 4,000 new citizens and increased the town area by about 25%, terminated some 20 months of effort by the city council and interested citizens. Several areas proposed for annexation, where opposition was strong, were not included in the final successful annexation.

In two other major annexations, Mount Airy in 1949 took in almost a half square mile of additional territory, with a population of 600, and Roanoke Rapids in 1955 gained between 4,000 and 5,000 new residents as a result of a successful, special extension election. This was the first such action in Roanoke Rapids in 24 years.

Annexation in Cities of 10,000-25,000

At least 18 of the 20 cities in this group annexed territories during the last decade. Conspicuously absent, at least so far as our information shows, are Reidsville and Shelby. The 18 annexing cities are: Albemarle, Burlington, Concord, Elizabeth City, Gastonia, Goldsboro, Greenville, Henderson, Hickory, Kinston, Lexington, Monroe, New Bern, Salisbury, Sanford, Statesville, Thomasville and Wilson.

Of the 52 separate annexation actions that took place in these cities, 37 were effected under the general law, and 15 by action of the General Assembly. Details are available for 10 of the general law actions. Eight

3. For a complete description of the Chapel Hill program, see George H. Esser, Jr., "Chapel Hill—A Program for Annexation," *POPULAR GOVERNMENT*, v. 18, no. 5, January, 1952, pp. 5-11, 16-17.

were by ordinance and two followed successful elections in the annexed areas.

Special Comment

Once more the story is largely one of small and frequent additions. Concord, however, annexed more than half a square mile of territory in 1948, adding 1,000 new citizens. Elizabeth City added approximately a square mile of territory and brought in 1,500 citizens in 1953. Gastonia in several large annexations (in addition to numerous small ones) has added appreciably to its size. In 1950, by annexing over a square mile of territory, it brought an additional 5,500 people within its borders. Annexation actions following successful elections in 1955 brought about 8,000 new citizens into Gastonia and more than two square miles of additional territory. After more than 100 years during which its city limits remained unchanged, the town of Henderson in 1949 annexed West Henderson and several small sections east of the city, as a result of a favorable election. Two thousand citizens were added to Henderson's population by this action. Still another attempt at large-scale expansion of the city limits was voted down in 1955. This annexation would have taken in North and South Henderson and added 4,000 to the city's population.

A recent all-out effort at large-scale annexation of areas adjacent to Hickory was voted down 1770 to 1003 by residents of the areas to be annexed. This annexation would have more than doubled the area within the city's corporate limits and boosted its population to an estimated 25,000. The February, 1957 election climaxed many months of spirited campaigning on the part of groups favoring and opposing the action. Both groups were well organized, the proponents being led by the Hickory Development Association, among others, and opponents by the Right to Vote Committee Opposed to Annexation. Brochures were issued by both organizations.

In other actions, Kinston in 1955 annexed two large suburban areas, Green Acres and Green Mead (combined total population, 1,800), by a council action without opposition; and in Thomasville a proposed annexation of three square miles of territory with a population of between 3,000 and 4,000 was voted down on March 12.

Annexation in Cities of 25,000-50,000

There were four incorporated cities in this size range at the time of the 1950 census, Fayetteville, High Point, Rocky Mount and Wilmington. Our information tells of 16 annexations during this period in these four communities—six in Rocky Mount, one in Wilmington, five in High Point and four in Fayetteville. Of these 16 actions, two were brought about by legislative act, and 14 under the general law. Of the 14 general law actions, detailed information is available for six. In four cases no vote was necessary, but in the other two, elections were held.

Wilmington annexed conspicuously little during the 1947-1957 period. The only extension was effected by an act of the 1947 General Assembly. Talk of annexation or city-county consolidation has been cropping up occasionally during the past year in the Wilmington press, but thus far no definite plans have been formulated.⁴ High Point, also, has been somewhat inactive on the annexation front, with only small piecemeal actions reported over the 1948-1955 period. A fairly substantial expansion was contemplated in 1951. However, considerable opposition developed and the proposal was not pushed to a vote.

Fayetteville and Rocky Mount have been considerably more active along these lines. Fayetteville took in 587 acres and 1,000 new citizens in 1950, and more than a square mile with a population of 1,742 in 1955. In 1956 an additional 200-300 people were brought in when the Tokay area was annexed. The Rocky Mount story includes, in addition to minor actions in 1949, 1950 and 1957, a substantial city limits extension when Englewood, Southside and Oakwood Park with a combined area of almost two square miles and a population of 1,500 were brought within the corporate limits by action of the board of aldermen in 1955.

Annexations in North Carolina Largest Cities (Population 50,000 or More)

There are six cities in this category in North Carolina—Asheville, Charlotte, Durham, Greensboro, Raleigh

4. Towns and municipalities in New Hanover and Dare Counties are specifically excluded from the general annexation statute. (G.S. 160-453).

and Winston-Salem. Among them we have record of at least 30 annexation actions, and we know that many more are likely to have taken place. Twenty-two of these actions took place under the general law, and six by legislative act. The other two actions, major city limits extensions in 1949 and 1956 took place in Winston-Salem under a 1947 charter amendment (Sess. Laws, 1947, c.710) that set up an annexation procedure calling for a combined vote of city and suburban residents.

Our detailed information for eight of the 23 general law actions breaks down as follows—six were by ordinance, and two followed successful elections. It is very likely that our information on the total number of general law actions in these larger cities is incomplete, since minor extensions by the governing board in some of these cities are both routine and frequent. We did not poll these cities as to the total number of such actions, but we did ask the Greensboro Planning Department to provide us with information on the total number of annexation actions in 1956. In Greensboro alone, 16 such actions took place last year. Twelve of these 16 actions involved areas of less than 100 acres.

Special Comment

Asheville, like Wilmington, is conspicuous in its inactivity on the annexation front. Having somewhat overextended itself in a large-scale extension in 1929, Asheville waited until 1955 for its next city limits move. Even then, the addition of 22 acres scarcely bears pointing out. City Manager J. Weldon Weir said in the spring of 1956 that there is a "need to expand all around the city" and that he is in favor of taking in "a whole area around the city." Beyond these comments, however, Asheville appears to be giving little thought to annexation.

Charlotte's last substantial annexation took place in 1947. By a special act of the General Assembly 10 square miles of territory were taken in with a population of 15,000. Many piecemeal annexations have been effected since that time, extending the corporate limits approximately two square miles, but no substantial additional territory has been added. But the pot is now boiling and has been, on and off, since 1954. The proposal advanced in the spring of that year was for an extension of the corporate line to take in approximately 20

square miles of land. Since that time, and following a detailed study by the planning department released in March, 1956, the proposal has been expanded to include an area of 31 square miles and a population of approximately 30,000. The fate of this proposal appears to be resting in the hands of the Mecklenburg legislative delegation to the General Assembly. The Charlotte City Council has requested the Mecklenburg delegation to introduce legislation to provide for an annexation election in which city and suburban residents may vote together on the annexation issue, with a simple majority to determine the final course of action. The situation as it stands at this writing is that the Mecklenburg delegation has committed itself to introducing the city-sponsored annexation bill. One of the members of the delegation, however, publicly opposes the proposal.

The Durham story is one of council and city administration interest in annexation and substantial opposition from outside residents. Many of the Durham suburbanites are in the fortunate position of being served by city utilities and they see little reason to join the city in a formal manner; hence, piecemeal annexation over the last few years. In 1955 there were five such extensions which added about one square mile of territory and a population of approximately 1,000.

Greensboro's last substantial annexation took place in 1923 when it increased its area from about four square miles to about 18 square miles.

Since that time the boundaries have been adjusted by small piecemeal annexations from time to time, many of these extensions having been effected by action of the State Legislature and more recently by council action under the 1947 general law. In 1954, the city council, recognizing that the time had come for a comprehensive look at the new city beyond the city limits line, called upon the Institute of Government to make an intensive study of the city and its surrounding metropolitan area in order "to provide the city council primarily, and citizens and public officials in the city and surrounding suburban areas secondarily, with information on which annexation and service policies could be formulated." Since the publication of that report⁵ in late 1956 the city has an-

nexed a number of substantial areas. These annexations are as follows: Highland Park West, 195 acres, population approximately 1,092; North Pomona, 77.44 acres, population approximately 410; Cottage Grove, 306.91 acres, population approximately 670. As has been noted above, Greensboro undertook 16 separate annexation actions in 1956. These added 933.52 acres of land to the city and a population of approximately 1,400. Thus far in 1957, Greensboro has undertaken four additional annexation actions, adding about 400 acres of land and a population of about 1,100. All of the annexation actions described above in 1956 and 1957 were accomplished by city ordinance under the 1947 general law without opposition.

At this writing, Representatives Turner, Hunt, Kemp and Shreve of the Guilford County delegation to the General Assembly have submitted three bills in the House which would extend the city limits and take in an additional 31 square miles of territory with a population of 35,000. Two special bills (HB 390 and HB 391) provide respectively for the annexation of the incorporated communities of Bessemer sanitary district and the town of Hamilton Lakes. In both of these communities favorable straw votes have been held on the annexation issue. The other measure (HB 392) provides for the annexation of the remaining unincorporated territory that the city proposes to take in.

Since its last large-scale annexation in 1941, Raleigh's annexation actions have been largely piecemeal. Nevertheless, a fair amount of territory and a considerable population have been added to the city during the 1954-1956 period. In 1954, by three separate actions, more than a half mile of land with a population of 2,800 was annexed. Early in 1955, Belvedere Park and its 220 families joined the city following a successful election. In October of the same year four large residential tracts, with a population of 3,070, were annexed to the city by ordinance without sufficient opposition to require an election. A large neighboring industrial area on the Louisburg Road (U. S. 1 North) was omitted from annexation consideration when substantial opposition developed. The annexation of Country Club Hills in 1956, after a successful election, brought an additional 350 acres and 500 people into the city.

5. George H. Esser, Jr., *Greensboro Suburban Analysis*. Chapel Hill: Institute of Government, University of North Carolina, 1956.

The Winston-Salem story has a happy ending, at least for the city and other annexation proponents. It began in June, 1955, when Mayor Marshall Kurfees recommended immediate extension of the city limits to include large industrial, business and residential suburbs. Prior to that time, Winston-Salem's last major city limits extension had taken place on January 1, 1949, after a 1948 election under a special act with city and suburban residents voting together. In this action about three square miles of territory and 5,500 people were added to the city. Following this extension, in the 1951-1955 period, the city experienced some growth through piecemeal annexation. In 1954, for example, 1,500 people and more than a quarter of a square mile of territory were added in six separate actions. After Mayor Kurfees' 1955 recommendation, a full scale study was undertaken by an annexation committee of city officials appointed by the mayor. In September, 1955, this three-man committee recommended the annexation of 12.54 square miles of territory adjacent to the city limits. The area included an estimated 9,933 residents. In November the board of aldermen approved the plan as recommended and called for a survey of the areas to be considered for annexation, preliminary to advertising a public hearing and calling an election. Public hearings were set for February 27, 1956. At the time of that hearing considerable opposition was voiced by the suburbanites—as the *Winston-Salem Journal* put it, "the large Municipal Courtroom at City Hall was packed to the walls for four solid hours last night while Winston-Salem suburbanites declared their love for the city and their desire to remain outside its boundary lines." Following this reception, Mayor Kurfees advised delay until July or August on the annexation election, which was final-

ly held on September 15, 1956. The election was held under the 1947 special statute (Sess. Laws, 1947, c. 710) by means of which city and suburban residents voted together. Of the 1,633 suburban residents who voted, 1,431 were opposed to annexation. However, city residents went down the line for the annexation plan and carried the measure—the total vote was for, 4,050; against, 2,213. On January 1 of this year, as a result of that election, Winston-Salem took in 11.7 square miles of territory and 8,200 new citizens.

Summary

Number of Annexations and Procedures Employed

The 10-year tally of annexations and the procedures employed in these annexations for cities in the various size groups is shown in Table 1. From an examination of this table, it is obvious that, while a considerable load has been taken off the General Assembly by virtue of the 1947 general annexation statute (as witness the large number of small annexations brought about by action of the local governing body), many cities continue to rely on legislative action to bring about city limits extensions. There are several possible explanations for this fact. One is that a number of these actions may have taken care of situations in which cities were attempting to annex sparsely populated areas with less than 25 voters where some of the voters objected. On the other hand, annexation by legislative fiat is a convenient procedure for circumventing local opposition, and it may be that this was the reason for a number of these acts. Undoubtedly some of the special acts were unnecessary in view of the power provided localities under the general law to bring about annexation locally. It is also clear from an examination of

the table that, for the most part, where annexation took place under the general law, voting was not necessary. This may be explained in part by a natural tendency on the part of cities to hack off from annexation action where sufficient opposition develops to demand a vote. As has been noted before, it is probable that a great many more annexations took place by council action without opposition than we have reported on here. Such extensions may well go through with little or no publicity, while actions involving an election are bound to be more widely publicized.

Frequency of Annexations

Going back over the great mass of details presented in the foregoing pages, it is of some interest to note those actions that followed long periods of inaction and were therefore, in effect, events of considerable importance in the towns concerned. For example, Clinton's substantial expansion in 1953 took place after 40 years during which the town's size had remained unchanged. Forest City's 1953 annexation was its first such action in 52 years. Siler City is considering the first significant expansion in its 70-year history. The Roanoke Rapids 1955 annexation was the first such action in 24 years. Henderson waited 100 years before extending its city limits in 1949.

For the most part, however, these occasional dramatic expansions appear to be the exception rather than the rule. The cities included in our survey have been annexing in small quantities, but frequently, once a year or even more often. These annexations appear to be sporadic occurrences rather than part of the fabric of a plan to meet fringe area annexation problems as they arise. In many cases they are undertaken at the request of and as a convenience to the devel-

(Continued on page 20)

**TABLE I
ANNEXATION ACTIONS IN NORTH CAROLINA CITIES
1947-1957**

City Size	Number of Cities in Size Group	Number of Cities Reporting Annexations	Total Number of Annexations	Legislative Fiat	Total Actions	PROCEDURE EMPLOYED			
						General Law			
						Detail Known	No Vote	Vote	Other
2,500-5,000	34	20	18	10	8	7	3	4	.
5,000-10,000	23	17	45	16	29	15	12	3	.
10,000-25,000	20	18	52	15	37	10	8	2	.
25,000-50,000	4	4	16	2	14	6	4	2
50,000 +	6	6	30	6	22	8	6	2	2 ^a
TOTALS	87	65	160	49	111	46	33	13

^a In 1949 and again in 1956 Winston-Salem annexed under a 1947 charter amendment (Sess. Laws, 1947, c. 710) which provided for an election in which city and suburban residents voted together.

Selling Annexation -- The Use of Pamphlets and Leaflets

By RUTH L. MACE,
Staff Member, Institute of Government

Growing emphasis on annexation in North Carolina demonstrates that its cities look upon annexation as one of the best devices for dealing with the problems of suburban growth. In proposing annexation, the city frequently finds that the suburban resident across the city line may see eye-to-eye with the city on the need for annexation; in other cases, the suburban resident may not have given the matter much thought; in still other cases, he may be downright opposed to the idea.

In any event, cities in North Carolina about to embark on annexation programs are confronted with the fact that successful annexation depends to a large extent upon the consent of the persons whose property is being annexed. If annexation is to be accomplished under the provisions of the general law,¹ the residents of the affected area are given the option of demanding an election if as many as 15% of the qualified voters in the area present a petition to the city council. If the election goes against the city, annexation will not take place.² In the face of determined opposition, the city's only recourse is to persuade the county legislative delegation that annexation should be accomplished through a special legislative act, and legislators are understandably reluctant to pass such legislation in the face of such opposition.

The city, then, if it is to promote its own healthful growth, has the duty to *sell the need for annexation*. Past experience shows that much of the opposition to annexation comes about through lack of adequate information on the need for annexation and the effect of annexation on suburban property owners. Furthermore, accurate information is essential if misinformation on the results of annexation is to be counteracted. A public relations information program which emphasizes facts rather than opinion may be only a part of the answer to a

successful annexation program, but it is an important part.

Whether or not opposition exists or is anticipated, the city which is contemplating extension of its corporate limits must and should assume the responsibility for supplying accurate and thorough information about proposed boundary changes. Many ways are available to provide such information—special reports, leaflets, newspaper stories, radio and TV programs, mass meetings, and public hearings. Public officials may make personal contacts with suburban residents or meet them in groups. Which method is most effective in a particular community will depend on circumstances in that community. It may be that a well-rounded public relations program should include several or all of these devices for getting the facts across, since each has its special appeal and effect. In any case it is clear that good

salesmanship does have an effect on the ultimate success of annexation programs.

This article describes some of the reports, pamphlets and leaflets which have been used successfully in North Carolina to explain proposed annexation programs or to welcome new city residents following a successful annexation. These reports have all been based on facts gathered by the city in its study of the feasibility of annexation. This article does not attempt to be comprehensive. The reports described are merely used as examples of techniques which have been employed.³

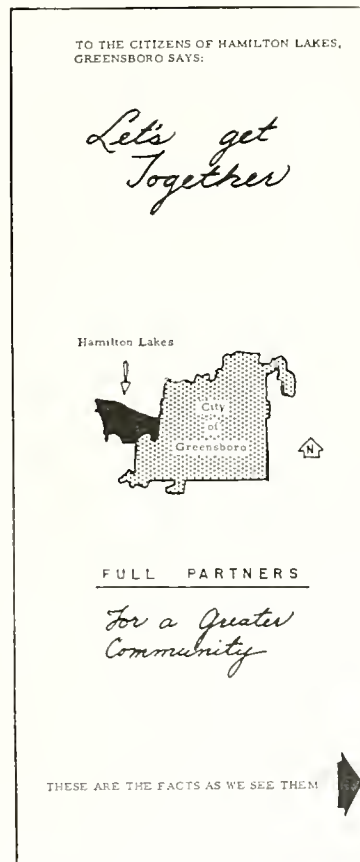
Examples of Materials Used in North Carolina

A number of North Carolina cities have prepared and issued informal publications outlining for prospective new residents the advantages of annexation and setting up a framework in which the property owner can estimate how much annexation will cost or save him. Some of these materials were prepared and distributed by the city; some were issued by citizens' committees.

Publications Issued by Citizen's Groups

In Chapel Hill, prior to a 1956 election, a group of citizens in the area to be annexed assembled facts already gathered by the city and available in a formal report to the city council, wrote them up in a more informal manner, and mimeographed a statement for the use of all persons voting in the election. The statement included an estimate of the cost or savings involved for the average property owner. This literature was mailed to all residents in the areas proposed for annexation.

In Hickory a citizens group, composed of both city and suburban residents, distributed an attractive print-



The Greensboro city administration explains advantages of annexation to the citizens of the Town of Hamilton Lakes.

¹ G.S. 160-445 through 160-453.

² G.S. 160-52 also permits annexation of areas having fewer than 25 legal residents with the approval of all property owners in the area. Subdivision developers frequently petition for annexation under this section.

³ Many cities throughout the country have issued and distributed similar materials. Good examples are those which have been used in Phoenix and Tucson, Ariz.; Kansas City, Mo.; Spartanburg, S. C.; Stockton, San Jose and Sunnyvale, Calif.; Denver, Colo.; and Milwaukee, Wis. City officials planning annexation programs may find it helpful to obtain some of these materials.

ed brochure explaining the advantages of a proposed annexation to all persons who were contacted to sign petitions for annexation. The brochure had been prepared by the city planning board at the request of the citizens group, and it had been approved by the city council. Expenses of publication were met from private donations of citizens interested in expansion of the city limits.

Publications Issued by the City

During the past year Greensboro has been engaged in an extensive program for expansion of city limits. While the city is now attempting to get a major extension through legislative action, it undertook in 1956 to annex a number of adjacent communities and neighborhoods under the general law. As part of this effort it issued a brochure intended for property owners in the areas proposed for annexation. This leaflet, shown in the accompanying photographs, outlines in general terms the advantages to the suburban property owner of annexation to the city and services he may expect to receive. Anticipating that residents of the area would be primarily concerned with "how much will it cost?" the city included a sample tax and services balance sheet with a blank form to enable each property owner to compute his own costs. The brochure was so prepared that it could be used with minor modifications in each of the areas being considered for annexation.

Raleigh, Fayetteville, and Burlington have also used informal publications meeting the same purposes, and more recently Charlotte has had prepared an attractive printed brochure for distribution in areas where annexation is being considered.

Post-Annexation Publications

In Winston-Salem no separate publications were issued prior to the annexation election of 1956. The city administration carefully made available to the newspapers all pertinent facts and figures. Convinced that annexation was in the public interest, Winston's newspapers did a very thorough job of preparing feature stories and editorials. Subsequent to annexation, however, the city government prepared a pamphlet to distribute to all residences in the area that was annexed as of January 1, 1957. This publication welcomes the new resident and presents in question-and-answer form a description of the new

city services and the benefits he will receive. A novel method of distribution was employed that accomplished several objectives. Each fire company which was given responsibility to serve a part of the annexed area was also asked to distribute the pamphlet in the area which it was to serve. The driver of the fire truck remained on the apparatus in radio contact with headquarters while the other firemen went from door-to-door, personally delivering the pamphlet to homeowners.

This method of distribution had three specific advantages. First, the information was placed in the hands of each resident. Second, the presence of the fire truck and the fire company served to dramatize the new protection that each resident now enjoyed. Third, the firemen were able to familiarize themselves with the streets and buildings in the new city territory.

Greensboro has also prepared a similar pamphlet outlining city services which has been distributed in newly-annexed areas.

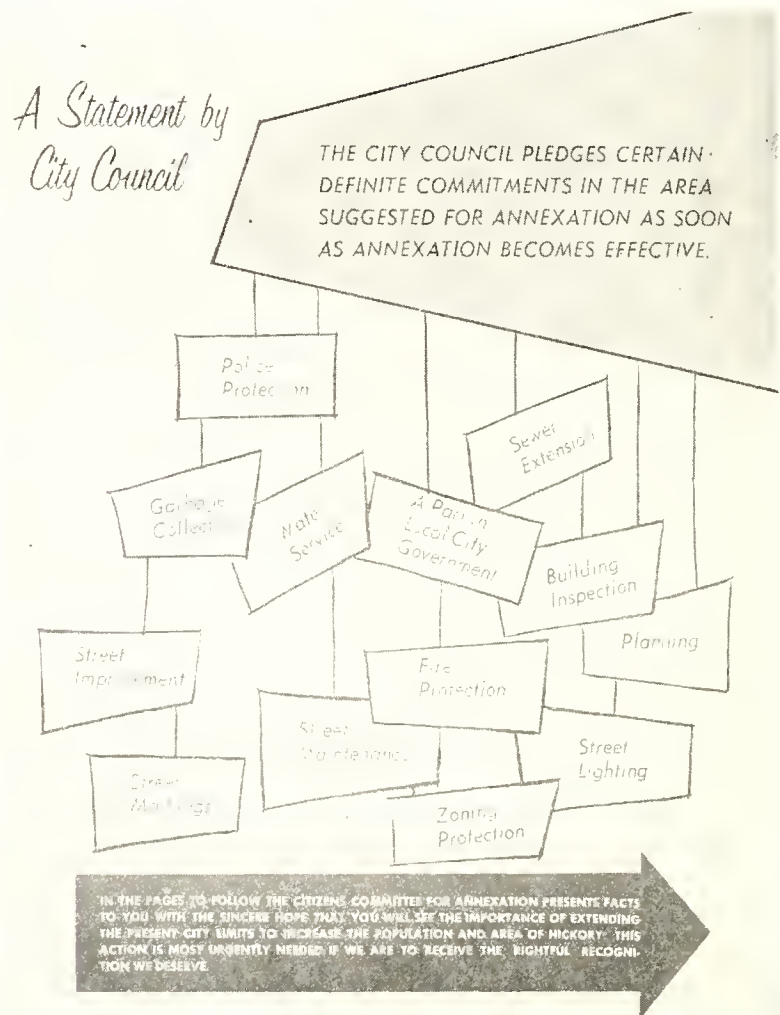
Conclusion

Other cities in North Carolina can benefit from the experience of these North Carolina cities and other cities throughout the country. Distribution of information, alone, whether in printed form or through meetings or through newspapers and radio and TV, will not assure a successful annexation campaign, but it is clear that such publicity helps to answer questions and to promote good will.

The Annexation Story

(Continued from page 18)

operators of new residential subdivisions. In line with the seemingly unplanned nature of many of these annexation actions, it is of some interest that a number of cities have made annexation studies, of greater or lesser comprehensiveness. Among these are Edenton, Chapel Hill, Dunn, Mooresville, Hickory, Burlington, Rocky Mount, Fayetteville, Durham, Raleigh, Charlotte and Greensboro.



From the pamphlet *A Greater Hickory: Its Advantages to Our Citizenship*.

Books of Current Interest

INTERGOVERNMENTAL FISCAL RELATIONS, by William Anderson. Minneapolis 14: The University of Minnesota Press, 1956. 131 pp. \$3.00.

This study is number eight in a series of research monographs on intergovernmental relations in the United States as observed in the state of Minnesota. Topics covered include, among others, the financial problems of a federal system, the financial relations of Minnesota and the nation, national and state taxes in Minnesota with special reference to overlapping, federal grants-in-aid as a revenue source, and state payments to local governments.

THE PRESIDENCY IN THE COURTS, by Glendon A. Schubert, Jr. Minneapolis 14: The University of Minnesota Press, 1957. 391 pp. \$5.50.

A study of executive powers is one of continual interest, and is particularly so today. This well organized and capably written volume deals with these powers of the chief executive as interpreted by the courts and examines the question whether or not the courts can and do exercise any effective check upon a president who will submit to their authority.

COUNTY, REGIONAL AND DISTRICT LIBRARY LAWS, compiled by a Committee of the Extension Section of the Public Libraries Division of the American Library Association, Dorothy Randolph, Chairman. Chicago: American Library Association, 1957. 48 pp. \$1.75.

A revision of REGIONAL AND DISTRICT LIBRARY LAWS—published by A.L.A. in 1942—the new book is arranged alphabetically by states. For

each state the source and subject of existing laws are cited and the history of county and regional library legislation is outlined in an introductory note. A chart outlines the types of library service available in each state, and a useful glossary of special terms is included.

AMERICAN LOCAL GOVERNMENT AND ADMINISTRATION, by Harold Freed Alderfer. New York 11: The Macmillan Company, 60 Fifth Avenue, 1956. 662 pp. \$5.90.

The purpose of this work is to present an over-all description of the entire field of American local government and administration, including counties, townships, school districts and special districts as well as urban and municipal local units. Special emphasis is put on federal-local and state-local relationships. A complete and comprehensive listing of sources is found at the end of each chapter.

THE FBI STORY: A REPORT TO THE PEOPLE, by Don Whithead. New York 22: Random House, Inc., 457 Madison Avenue, 1956. 368 pp. \$4.95.

What is the FBI? How did it come into being? What has it accomplished? What are its powers? Above all, what does the mere fact of its existence mean to every citizen of the United States? This book, written with the cooperation of J. Edgar Hoover and FBI personnel, answers these questions once and for all.

THE FBI STORY, written by one of America's top reporters, takes you behind the scenes and into the FBI files to reveal the record of America's crusade against crime and subversion. It is, in effect, the story of the people's

efforts to achieve government by law.

BALLOT POSITION AND VOTER'S CHOICE, by Henry M. Bain and Donald S. Hecock. Detroit: Wayne State University Press, 1957. 108 pp. \$1.95.

POLITICAL PARTY PATTERNS IN MICHIGAN, by Stephen B. and Vera H. Sarason. Detroit: Wayne State University Press, 1957. 76 pp. \$1.75.

THE OFFICE OF GOVERNOR IN THE UNITED STATES, by Coleman B. Ransone, Jr. University, Alabama: University of Alabama Press, 1956. 417 pp. \$6.00.

This study seeks to describe how the gubernatorial function is actually being carried out in the various states. Since no chief executive operates in a vacuum, the political setting in which he must function—the character of gubernatorial politics in the various states—is examined first. With the political scene set, the author discusses the actual functioning of the governor in his three principal areas of operation—policy formation, public relations, and management. A final section of the book investigates the long-time quest for accountability.

SCIENTIFIC EXAMINATION OF QUESTIONED DOCUMENTS, by Ordway Hilton. Chicago 30: Callaghan & Company, 6141 N. Cicero Avenue, 1956. 322 pp. \$15.00.

This volume constitutes the first up-to-date book surveying the entire field of examination of questioned documents written especially for the attorney or investigator who has a questioned document problem. The volume includes definitions, what an examination of a document may reveal, discovery of facts by comparison with known material, the attorney-investigator's part in a questioned document problem, and the document problem in court.

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Public libraries in North Carolina: proceedings of the First Trustee-Librarian Institute, March 22, 1952, edited by George H. Esser, Jr. 1952. \$1.00.

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Purchasing bulletins for local government, monthly: #1, October 1955—, \$1.00 a year; \$0.25 single copy.

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