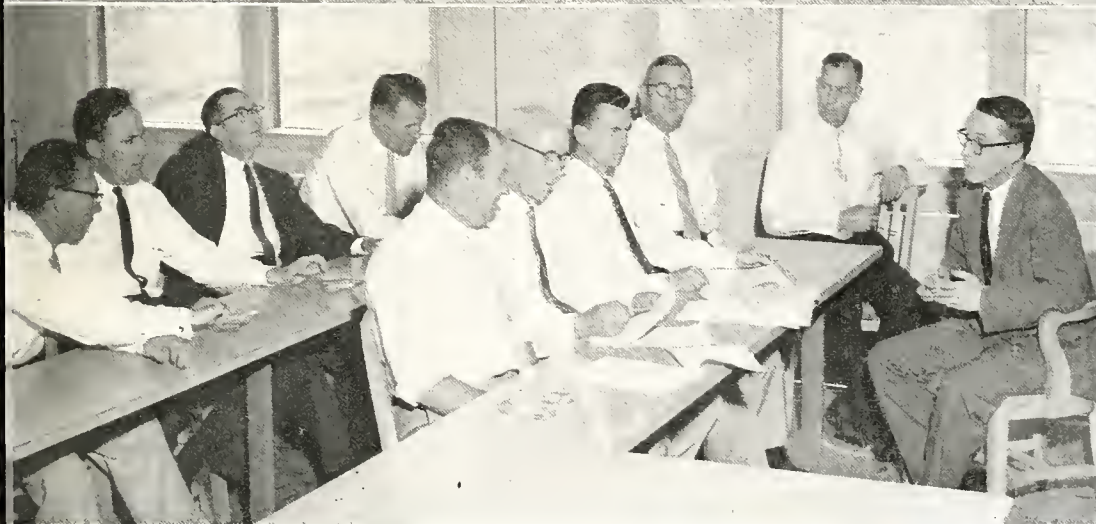


Popular Government

June 1957



The Municipal Administration Graduation Seminar

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UNIVERSITY OF NORTH CAROLINA
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CONTENTS

THE CLEARINGHOUSE	1
21 City Officials Complete Course in Municipal Administration	1
Modern Day Hinton James Drives 5,280 Miles to Institute School	2
Peck Receives George Cooper Franklin Award	2
Special Course Held for New Mayors and City Councilmen	2
Registers Meet in Chapel Hill	3
New Tax Supervisors Attend One-Week Course, May 20-24	3
Tax Collectors Due Here for Short Course	3
Institute of Government Is Host to Visitors from Two Continents	4
Publications Confused	4
Position Open with City of Lexington	4
County Accountants Hold Annual School	5
Bond Sales	5
Nothing New	5
Sewage School Held June 3-7	6
Personnel Notes	6
City Notes	6
Notes from A to Z	Inside back cover
GEOGRAPHIC DISTRIBUTION OF NEW MANUFACTURING ESTABLISHMENTS IN NORTH CAROLINA, 1947-1956. Part III: Small Plant (19 Employees or Less) Location in North Carolina, 1947-1954	7
PUBLIC PERSONNEL	10
FINANCING OFF-STREET PARKING FACILITIES	11
MUST CITY BOUNDARIES CONTINUE TO GROW?	19
BOOKS OF CURRENT INTEREST	24

COVER

Our cover this month depicts some of the activities of the graduation seminar of the Third Annual Course in Municipal Administration held May 17-18. The photos include the graduates of the course, Chancellor Robert B. House of the University of North Carolina presenting a graduation certificate, a small group discussion led by the Institute's George Esser, and Robert Peck receiving the George C. Franklin Award for his activity during the course. See stories concerning the seminar on pages 1 and 2.

(AG—Attorney General's ruling; MA—major article; C—column)

A

ADOPTIONS

Consent as a condition to suspension of jail sentence (AG), 8, May 57

AIRPORTS

News notes, 1, Nov 56

ALEXANDER, ROBERT P.

Assessing business inventories for taxation (MA), 12-13, 16, Inside back cover, Dec 56

ANNEXATION

The North Carolina annexation story, 1947-57 (MA), Ruth L. Mace, 15-18, 20, Apr 57

Selling annexation—the use of pamphlets and leaflets (MA), Ruth L. Mace, 19-20, Apr 57

ASSESSING BUSINESS INVENTORIES FOR TAXATION (MA),

Robert P. Alexander, 12-13, 16, Inside back cover, Dec 56

B

BIRTH REGISTRATION PUBLICATION OFFERED, Inside back cover, Sept 56

BOND ELECTIONS

Cost of holding bond elections (AG), 8, May 57

BOND ISSUES

News notes, 1, Oct 56; 23, Feb 57; 5, June 57

BOYD, CHARLES

Cancellation of instruments in North Carolina, 11-12, Oct 56

BUILDING REGULATION AND INSPECTION

Proposed legislation, 18, Feb 57

BURNS, F. KENT

General Statutes Commission recommends 17 changes in laws (MA), 5, 21, 27, Feb 57

C

CANCELLATION OF INSTRUMENTS IN NORTH CAROLINA, Charles Boyd, 11-12, Oct 56

CHESHIRE, JOSEPH B., JR.

Collecting ad valorem taxes from bankrupt taxpayers (MA), 12-13, Feb 57

CLERKS OF COURT

Appointment of administrator d.b.n., c.t.a. (AG), 25, Feb 57

Appointment of successor trustee (AG), 25, Feb 57

Authority of assistant clerk to act as judge of juvenile court (AG), 25, Feb 57

Duty in condemnation proceedings (AG), 8, May 57

COLLECTING AD VALOREM TAXES FROM BANKRUPT TAXPAYERS (MA), Joseph B. Cheshire, Jr., 12-13, Feb 57

CONSERVATION AND DEVELOPMENT OF WATER RESOURCES

Proposed legislation, 19, Feb 57

CONSTABLES

Time in which to qualify (AG), 8, May 57

COUNTIES

County accountants request legislation, 4, Dec 56

See also INSTITUTE OF GOVERNMENT SCHOOLS

County commissioners' authority to bury indigents, 2, Oct 56

County commissioners' authority to sell insurance to county (AG), 8, May 57

County commissioners seek eight acts (MA), 4, Dec 56

See also INSTITUTE OF GOVERNMENT SCHOOLS

County home rule and local legislation (MA), John Alexander McMahan, 3-7, Mar 57

County government (C), John Alexander McMahan, 1, 3, Sept 56; 2, 12, Oct 56; 23-24, Feb 57

Operation of two jails (AG), 17, Mar 57

Personnel changes, 23-24, Feb 57

Tax Study Commission's report as it affects cities and counties (MA), George H. Esser, Jr., and Henry W. Lewis, 7-11, 14, 27-28, Feb 57

COURTS

Jurisdiction of juvenile courts over minor more than sixteen years of age (AG), 8, May 57

Jurisdiction of recorder's court to proceed against motor vehicle confiscated under state prohibition laws before arrest and conviction of drivers (AG), 8, May 57

Jurisdiction of superior court to hear appeal from juvenile delinquency judgment (AG), 8, May 57

Proposed legislation, 6, Feb 57

CRIMINAL LAW

Proposed legislation, 26, Feb 57

CRIMINAL PROCEDURE

Appearance in misdemeanor cases through agent or attorney (AG), 17, Mar 57

Consent to adoption as a condition to suspension of a jail sentence (AG), 8, May 57

D

DEEDS

Cancellation of instruments in North Carolina, Charles Boyd, 11-12, Oct 56

E

ESSER, GEORGE H., JR.

Metropolitan growth must not be left to chance! (editorial), 3-4, Apr 57

The Tax Study Commission's report as it affects cities and counties (MA), with Henry W. Lewis, 7-11, 14, 27-28, Feb 57

Urban growth and municipal services: a series of articles (MA), 6-10, 12, Sept 56

— I: The municipal service pattern, 3-8, 16, Oct 56

— II: Costs and revenues from extending services to newly developed residential land, 5-12, Nov 56

— III: Adequacy of the city's tax structure and development policies, 5-14, Apr 57

— IV: Must city boundaries continue to grow, 19-24, June 57

EVIDENCE

Proposed legislation, 26, Feb 57

F

THE FAIR TRADE ACT AND GOVERNMENTAL PURCHASING, [Warren J. Wicker], 1, Dec 56

FINANCE

Proposed legislation, 15-16, Feb 57

The Tax Study Commission's report as it affects cities and counties (MA), George H. Esser, Jr. and Henry W. Lewis, 7-11, 14, 27-28, Feb 57

FINANCING OFF-STREET PARKING FACILITIES (MA), John

Alexander McMahan, 11-18, June 57

FOOD AND RELATED INSPECTIONAL ACTIVITIES

Proposed legislation, 18-19, Feb 57

G

GENERAL ASSEMBLY

Turnover in the membership of the General Assembly (MA), Catherine M. Maybury, 20-21, 26, Feb 57

GENERAL ASSEMBLY ADOPTS PEARSALL PLAN IN SPECIAL

SESSION (MA), Philip P. Green, Jr., 4-5, 12, Inside back cover, Sept 56

GENERAL STATUTES COMMISSION RECOMMENDS 17 CHANGES

IN LAWS (MA), F. Kent Burns, 5, 21, 27, Feb 57

GEOGRAPHIC DISTRIBUTION OF NEW MANUFACTURING ESTABLISHMENTS IN NORTH CAROLINA, 1947-1956: A SERIES

OF ARTICLES (MA), Ruth L. Mace, 11-13, 16-17, Mar 57

— Part II: MEDIUM-SIZED PLANT (20-99 EMPLOYEES)

LOCATION IN NORTH CAROLINA, 1947-1954, 4-6, 11, May 57

— Part III: SMALL PLANT (19 EMPLOYEES OR LESS)

LOCATION IN NORTH CAROLINA, 1947-1954, 7-9, 18, Inside back cover, June 57

GREEN, PHILIP P., JR.

General Assembly adopts Pearsall Plan in special session (MA), 4-5, 12, Inside back cover, Sept 56

Report of the Commission on Reorganization of State Government (MA), 15-19, 24-25, Feb 57

H

HABEAS CORPUS

Proposed legislation, 26, Inside back cover, Feb 57

HAYMAN, DONALD B.

Public personnel (C), 2-3, Sept 56; 3-4, Feb 57; 3, 10, May 57; 10, 18, June 57

Recent developments in county personnel administration

- in North Carolina (MA), 3-4, Inside back cover, Nov 56
- Social security amendments of 1956: police and firemen may now join system, 9-10, Oct 56
- The what, how, and why of position classification and pay plan (MA), 9-11, 14-15, Dec 56
- HEALTH
 - Proposed legislation, 3, 6, Dec 56
- HIGHWAYS, see ROADS AND STREETS
- HOME RULE
 - County home rule and local legislation (MA), John Alexander McMahon, 3-7, Mar 57
- HOUSING
 - North Carolina cities receive housing grants, Inside back cover, Sept 56

I

- INDUSTRY, see MACE, RUTH L.
- INSTITUTE OF GOVERNMENT PUBLICATIONS, Inside back cover, Sept 56; 1, Oct 56; Outside, Inside back cover, Oct 56; 1 Dec 56
- INSTITUTE OF GOVERNMENT SCHOOLS
 - Arson investigators, 2, 4, Feb 57
 - Civil service commissioners, 1, Mar 57
 - County accountants, 1, 3, Sept 56; 1, Apr 57; 5, June 57
 - County attorneys, 15, Dec 56
 - County commissioners, 1, 3, Sept 56; 1, Mar 57
 - Employment security employees, 2, Dec 56
 - Foresters, 20, Inside back cover, Mar 57
 - Jail management, Inside back cover, Sept 56
 - Local governmental retirement conference, 4, Feb 57
 - Mayors and city councilmen, 2-3, June 57
 - Municipal administration, 1, Oct 56; 1, 2, June 57
 - Municipal finance officers, 1, May 57
 - Purchasing officials, Inside back cover, Feb 57; 2, Apr 57
 - Registers of deeds, 3, June 57
 - Sewage and industrial wastes treatment conference, 7, June 57
 - State highway patrol, 2, Inside back cover, Nov 56
 - Tax collectors, 1-2, May 57; 3, June 57
 - Tax supervisors, 2, 15, Dec 56; 3, June 57

J

- JAILS
 - Operation of two jails (AG), 17, Mar 57
 - See also INSTITUTE OF GOVERNMENT SCHOOLS
- JUDICIAL COUNCIL MAKES PROPOSALS (MA), John A. Robertson, 6, 26, Inside back cover, Feb 57
- JUSTICES OF THE PEACE
 - Marriages before Justices of the Peace (MA), Royal G. Shannonhouse, 7, 10-11, May 57

L

- LAW ENFORCEMENT
 - Criminal jurisdiction in national forests, 1, Feb 57
- LEAGUE OF MUNICIPALITIES ADOPTS EXTENSIVE LEGISLATIVE PROGRAM, 3, Dec 56
- LEGISLATION, see Specific subject
- LEGISLATIVE RESEARCH COMMITTEE
 - Proposed legislation, 24-25, Feb 57
- LEWIS, HENRY W.
 - Local taxation of intangible personal property (MA), 8-10, 18, Mar 57
 - The Tax Study Commission's report as it affects cities and counties (MA), with George H. Esser, Jr., 7-11, 14, 27-28, Feb 57
 - Taxing private interests on government land; effects of a recent U. S. Supreme Court decision on N. C. tax situations, 13-16, Inside back cover, Nov 56

M

- McMAHON, JOHN ALEXANDER
 - County government (C), 1, 3, Sept 56; 2, 12, Oct 56; 23-24, Feb 57
 - County home rule and local legislation (MA), 3-7, Mar 57
 - Financing off-street parking facilities (MA), 11-18, June 57
 - A way to finance school capital outlay (MA), 14-16, Mar 57

MACE, RUTH L.

- Geographic distribution of new manufacturing establishments in North Carolina, 1947-1956: A series of articles (MA), 11-13, 16-17, Mar 57
 - Part II: Medium-sized plant (20-99 employees) location in North Carolina, 1947-1954, 4-6, 11, May 57
 - Part III: Small plant (19 employees or less) location in North Carolina, 1947-1954, 7-9, 18, Inside back cover, June 57
- The North Carolina annexation story, 1947-57 (MA), 15-18, 20, Apr 57
- Selling annexation—the use of pamphlets and leaflets (MA), 19-20, Apr 57
- MANUFACTURING, see MACE, RUTH L.
- MARRIAGES BEFORE JUSTICES OF THE PEACE (MA), Royal G. Shannonhouse, 7, 10-11, May 57
- MAYBURY, CATHERINE M.
 - Turnover in the membership of the General Assembly (MA), 20-21, 26, Feb 57
- METROPOLITAN GROWTH MUST NOT BE LEFT TO CHANCE! (editorial), George H. Esser, Jr., 3-4, Apr 57
- MOTOR VEHICLES
 - Confiscation of motor vehicle before arrest and conviction of drivers (AG), 8, May 57
 - Department of Motor Vehicles recommends changes in motor vehicle laws (MA), 7-8, Dec 56
 - Purchase of automobiles by local governments, 11, Sept 56
 - Safety-check programs, 1, Nov 56
 - Speeding, 3, Sept 56
- MUNICIPALITIES
 - Finance
 - Deposit and investment of municipal funds (AG), 17, Mar 57
 - Financing off-street parking facilities (MA), John Alexander McMahon, 11-18, June 57
 - Powell Bill funds (AG), 25, Feb 57; 8-9, May 57
 - The Tax Study Commission's report as it affects cities and counties (MA), George H. Esser, Jr. and Henry W. Lewis, 7-11, 14, 27-28, Feb 57
 - Municipal services
 - Metropolitan growth must not be left to chance! (editorial), George H. Esser, Jr., 3-4, Apr 57
 - Urban growth and municipal services: A series of articles, George H. Esser, Jr., 6-10, 12, Sept 56
 - I: The municipal service pattern, 3-8, 16, Oct 56
 - II: Costs and revenues from extending services to newly-developed residential land, 5-12, Nov 56
 - III: Adequacy of the city's tax structure and development policies, 5-14, Apr 57
 - IV: Must city boundaries continue to grow, 19-24, June 57
 - News notes, Inside back cover, Feb 57; 19-20, Mar 57; 2, 14, Apr 57; 2, Inside back cover, May 57; 7, Inside back cover, June 57
 - Powers and duties
 - Authority for sale of portion of city water system (AG), 9, May 57
 - Authority to grant option for sale of portion of municipal water system (AG), 9, May 57
 - Inspection of state buildings (AG), 17-18, Mar 57
 - Lease of city property as parking lot (AG), 25, Feb 57
 - Purchase of water and sewer system (AG), 9, May 57
 - Regulation of charges for drayage or cartage within city limits (AG), 17, Mar 57
 - See also ANNEXATION; LEAGUE OF MUNICIPALITIES

N

- THE NORTH CAROLINA ANNEXATION STORY, 1947-57 (MA), Ruth L. Mace, 15-18, 20, Apr 57
- NORTH CAROLINA ASSOCIATION OF SUPERIOR COURT CLERKS Convention, 2, May 57

O

- OCCUPATIONAL LICENSING BOARDS
 - Proposed legislation, 17-18, Feb 57

P

- PARKING
 - Financing off-street parking facilities (MA), John Alexander McMahon, 11-18, June 57

PEARSALL PLAN

General Assembly adopts Pearsall Plan in special session (MA), Philip P. Green, Jr., 4-5, 12, Inside back cover, Sept 56

PERSONNEL

Burlington personnel ordinance, 10, May 57
 Changes in highway personnel policies recommended, 3-4, Feb 57
 Employee handbook, 3, Feb 57
 Farmers assisted by county officials to qualify for OASI, 10, June 57
 Firemen train for police work, 10, 18, June 57
 In-service training in engineering, 3, 10, May 57
 Mecklenburg County classification plan revised, 4, Feb 57
 New training center in Greensboro, 4, Feb 57
 Pay increases, 3, Sept 56; 4, Feb 57
 Personnel changes, 3, Sept 56; 1, Nov 56; 1-2, Feb 57; 2, 18, Mar 57; 2, May 57; 7, June 57
 Police training, 10, May 57; 10, 18, June 57
 Prison employees receive speech training, 10, May 57
 Proposed legislation, 24, Feb 57
 Recent developments in county personnel administration in North Carolina (MA), Donald B. Hayman, 3-4, Inside back cover, Nov 56
 Retirement, 3, Sept 56
 Sick leave, 3, May 57
 Southeastern Management Institute, 3, Feb 57
 Wage survey, 2-3, Sept 56
 The what, how, and why of position classification and pay plan (MA), Donald B. Hayman, 9-11, 14-15, Dec 56
 Work week for Greensboro firemen, 4, Feb 57

See also INSTITUTE OF GOVERNMENT SCHOOLS

PRIVILEGE LICENSE TAX

Peddlers selling farm products (AG), 9, May 57

PROPERTY MANAGEMENT

Proposed legislation, 16-17, Feb 57

PROPERTY TAX

Assessing business inventories for taxation (MA), Robert P. Alexander, 12-13, 16, Inside back cover, Dec 56
 Collecting ad valorem taxes from bankrupt taxpayers (MA), Joseph B. Cheshire, Jr., 12-13, Feb 57
 Local taxation of intangible personal property (MA), Henry W. Lewis, 8-10, 18, Mar 57
 Property tax changes proposed for 1957 (MA), 5-6, Dec 56

A proposed list taking program: how to improve listing for ad valorem taxation (MA), 13-15, Inside back cover, Oct 56

Release of tax lien on real estate (AG), 17, Mar 57

Revaluation news, 2, Mar 57

Taxing private interests on government land: effects of a recent U. S. Supreme Court decision on N. C. tax situations (MA), Henry W. Lewis, 13-16, Inside back cover, Nov 56

See also INSTITUTE OF GOVERNMENT SCHOOLS

POLL TAX

Evasion and enforcement, 2, Mar 57

A PROPOSED LIST TAKING PROGRAM: HOW TO IMPROVE LISTING FOR AD VALOREM TAXATION (MA), 13-15, Inside back cover, Oct 56

PUBLIC CONTRACTS

Right of commissioner to sell insurance to county (AG), 8, May 57

PUBLIC PERSONNEL (C), Donald B. Hayman, 2-3, Sept 56; 3-4, Feb 57; 3, 10, May 57; 10, 18, June 57

PUBLIC PURCHASING (C), Warren J. Wicker, 11, Sept 56

PUBLIC UTILITIES

Water and sewer news notes, 1, Nov 56

PUBLIC WELFARE

Burial of indigents, 2, Oct 56

Proposed legislation, 22, Feb 57

PURCHASING

Carolinas' Chapter of National Institute of Governmental Purchasing, 1, 12, Nov 56

The Fair Trade Act and governmental purchasing (MA), [Warren J. Wicker], 1, Dec 56

Public purchasing (C), Warren J. Wicker, 11, Sept 56

See also INSTITUTE OF GOVERNMENT SCHOOLS

R

REGISTERS OF DEEDS ASK ADOPTION OF SIX PROPOSALS, 5, Dec 56

REORGANIZATION OF STATE GOVERNMENT

Report of the Commission on Reorganization of State Government (MA), [Philip P. Green, Jr.], 15-19, 24-25, Feb 57

ROADS AND STREETS

Changes in personnel policies of Highway Department recommended, 3-4, Feb 57

Highway study commission recommends extensive changes, 14, Feb 57

Powell Bill funds (AG), 25, Feb 57

ROBERTSON, JOHN A.

Judicial Council makes proposals (MA), 6, 26, Inside back cover, Feb 57

ROYAL INSTITUTE OF PUBLIC ADMINISTRATION, 4, June 57

S

SCHOOLS

Amendment of school budget (AG), 25, Feb 57

Authorized deduction from fines and forfeitures (AG), 9, May 57

General Assembly adopts Pearsall Plan in special session (MA), Philip P. Green, Jr., 4-5, 12, Inside back cover, Sept 56

Liability of school board for street assessments (AG), 25, 28, Feb 57

Supplementing salaries from the school current expense fund (AG), 9-10, May 57

Title to and use of activity bus (AG), 9, May 57

A way to finance school capital outlay (MA), John Alexander McMahon, 14-16, Mar 57

SELLING ANNEXATION—THE USE OF PAMPHLETS AND LEAFLETS (MA), Ruth L. Mace, 19-20, Apr 57

SHANNONHOUSE, ROYAL G.

Marriages before Justices of the Peace (MA), 7, 10-11, May 57

SHERIFFS

Execution on property conveyed by debtor to wife (AG), 10, May 57

SOCIAL SECURITY AMENDMENTS OF 1956: POLICE AND FIREMEN MAY NOW JOIN SYSTEM, Donald B. Hayman, 9-10, Oct 56

STATE GOVERNMENT

Proposed Department of Administration, 16, Feb 57

Proposed Division of General Services, 19, 24, Feb 57

T

THE TAX STUDY COMMISSION'S REPORT AS IT AFFECTS CITIES AND COUNTIES (MA), George H. Esser, Jr. and Henry W. Lewis, 7-11, 14, 27-28, Feb 57

TAXING PRIVATE INTERESTS ON GOVERNMENT LAND: EFFECTS OF A RECENT U. S. SUPREME COURT DECISION ON N. C. TAX SITUATIONS (MA), Henry W. Lewis, 13-16, Inside back cover, Nov 56

TURNOVER IN THE MEMBERSHIP OF THE GENERAL ASSEMBLY (MA), Catherine M. Maybury, 20-21, 26, Feb 57

U

URBAN GROWTH AND MUNICIPAL SERVICES: A SERIES OF ARTICLES (MA), George H. Esser, Jr., 6-10, 12, Sept 56
 — I: THE MUNICIPAL SERVICE PATTERN, 3-8, 16, Oct 56

— II: COSTS AND REVENUES FROM EXTENDING SERVICES TO NEWLY DEVELOPED RESIDENTIAL LAND, 5-12, Nov 56

— III: ADEQUACY OF THE CITY'S TAX STRUCTURE AND DEVELOPMENT POLICIES, 5-14, Apr 57

— IV: MUST CITY BOUNDARIES CONTINUE TO GROW, 19-24, June 57

W

A WAY TO FINANCE SCHOOL CAPITAL OUTLAY (MA), John Alexander McMahon, 14-16, Mar 57

WICKER, WARREN J.

The fair trade act and governmental purchasing, 1, Dec 56

Purchasing (C), 11, Sept 56

THE WHAT, HOW, AND WHY OF POSITION CLASSIFICATION AND PAY PLANS (MA), Donald B. Hayman, 9-11, 14-15, Dec 56

BOOKS REVIEWED

- The accident syndrome: the genesis of accidental injury; a clinical approach, Morris S. Schulzinger, 16, Dec 56
- American democracy under pressure, Donald C. Blaisdell, 24, June 57
- The American fluoridation experiment, F. B. Exner and G. L. Waldbott, 24, Inside back cover, June 57
- American local government and administration, Harold F. Alderfer, Inside back cover, Apr 57
- American state politics: an introduction, Valdimer Orlando Key, Jr., 12, Sept 56
- The American system of government (listing), John H. Ferguson and Dean E. McHenry, 16, Dec 56
- American water resources administration, Yang-Ch'eng Shih, 24, June 57
- Ballot position and voter's choice (listing), Henry M. Bain and Donald S. Hecock, Inside back cover, Apr 57
- A Catholic runs for President: the campaign of 1928 (listing), Edmund A. Moore, 16, Oct 56
- Citadel: the story of the U. S. Senate, William S. White, 24, June 57
- County, regional and district library laws, American Library Association, Inside back cover, Apr 57
- Courts of injustice, I. P. Callison, 16, Oct 56
- The dentist and the law (listing), Charles W. Carnahan, 16, Oct 56
- Doctor and patient and the law (listing), Louis J. Regan, 16, Oct 56
- Documentation in action, Jesse H. Shera and others, eds., 12, May 57
- Epilepsy and the law: a proposal for legal reform in the light of medical progress (listing), Roscoe L. Barrow and Howard D. Fabing, 16, Dec 56
- The FBI story: a report to the people, Don Whitehead, Inside back cover, Apr 57
- Fountain of justice: a study in the natural law (listing) John C. H. Wu, 16, Oct 56
- The government and administration of Delaware (listing), Paul Dolan, 28, Feb 57
- The government and administration of Iowa, Russell M. Ross, 12, May 57
- Government by the people: the dynamics of American national, state and local government, James Burns and Jack Peltason, Inside back cover, June 57
- Handbook of legal medicine (listing), Louis J. Regan and Alan R. Moritz, 16, Oct 56
- The industrial structure of American cities (listing), Gunnar Alexandersson, 16, Dec 56
- Industrial tax-exemption in Puerto Rico, Milton C. Taylor, 24, June 57
- Intergovernmental fiscal relations, William Anderson, Inside back cover, Apr 57
- Intergovernmental relations at the grass roots, Paul N. Ylvisaker, 12, Sept 56
- Introduction to the study of public administration (listing), Leonard D. White, 16, Oct 56
- Iowa's water resources: papers presented at the seminar on Iowa's water resources—sources, uses, and laws, John F. Timmons and others, eds., 28, Feb 27
- Jail administration, Myrl E. Alexander, 12, May 57
- Law and press: the legal aspects of news reporting, editing, and publishing in North Carolina, William C. Laster, 18, May 57
- Legal control of the press, Frank Thayer, 18, Mar 57
- Manual for prosecuting attorneys (listing), Morris Ploscowe, ed., 18 Mar 57
- Model county charter, National Municipal League, 16, Dec 56
- Mr. Justice, Allison Dunham and Philip B. Kurland, eds., 28, Feb 57
- Municipal nonproperty taxes: 1956 supplement to where cities get their money, Municipal Finance Officers Association, 16, Oct 56
- The office of governor in the United States, Coleman B. Ransone, Jr., Inside back cover, Apr 57
- Parker on police, O. W. Wilson, ed., 18, Mar 57
- The pattern of management (listing), Lyndall F. Urwick, 18, Mar 57
- Personnel administration in government (listing), Norman J. Powell, 16, Oct 56
- Perspectives on administration, Dwight Waldo, 28, Feb 57
- Plant location, Leonard C. Yaseen, 28, Feb 57
- Plant location in theory and in practice, Melvin L. Greenhut, 16, Oct 56
- Police drugs, Jean Rolin, 16, Dec 56
- Policeman's lot, Harry Soderman, 16, Dec 56
- Political party patterns in Michigan (listing), Stephen B. and Vera H. Sarasohn, Inside back cover, Apr 57
- Preparing your city for the future: how to make an economic study of your community, Robert Garrabrant, 16, Dec 56
- The presidency in the courts, Glendon A. Schubert, Jr., Inside back cover, Apr 57
- The prison at Philadelphia: Cherry Hill, Negley K. Teeters and John D. Shearer, 12, May 57
- Ready for the plaintiff: a story of personal injury law, Melvin M. Belli, 28, Feb 57
- Relationships between land value and land use in a central business district (listing), Gerald K. Taylor, Jr., Inside back cover, June 57
- Right of way in traffic law enforcement, Edward C. Fisher, 16, Dec 56
- The right to life (listing), A. Delafield Smith, 16, Oct 56
- Scientific examination of questioned documents, Ordway Hilton, Inside back cover, Apr 57
- Sexual offences: a report of the Cambridge Department of Criminal Science, L. Radzinowicz, ed., Inside back cover, June 57
- Shopping centers re-studied: part one—emerging patterns, J. Ross McKeever, 12, May 57
- Social security and public policy (listing), Eveline M. Burns, 16, Dec 56
- Some potentialities of experimental jurisprudence as a new branch of social science, Frederick K. Beutel, 12, May 57
- Some problems of proof under the Anglo-American system of litigation, Edmund Morris Morgan, 12, Sept 56
- Special district governments in the United States, John C. Bollens, 12, May 57
- Toward new towns for America, Clarence S. Stein, Inside back cover, June 57
- The truth about divorce, Morris Ploscowe, 12, May 57
- Water for the cities: a history of the urban water supply problem in the United States (listing), Nelson M. Blake, 16, Oct 56

THE CLEARINGHOUSE

21 City Officials Complete Course In Municipal Administration

Twenty-one city officials successfully completed the Third Annual Course in Municipal Administration offered by the Institute of Government and received certificates at graduation exercises in the auditorium of the Joseph Palmer Knapp Building on May 18.

General James R. Townsend, city manager of Greensboro, delivered the graduation address on the subject of "Administrative Leadership" and Chancellor Robert B. House of the University of North Carolina presented the certificates.

Members of the class began the course in November, 1956, and came to Chapel Hill every other week-end thereafter (twelve trips in all) to complete the 150-hour course. The course curriculum covered all the broad aspects of municipal administration, including techniques of administration, municipal finance, personnel administration, city planning, and somewhat limited coverage of specific problems in the administration of municipal functions and services.

The final session of the course began on May 15, and for two days



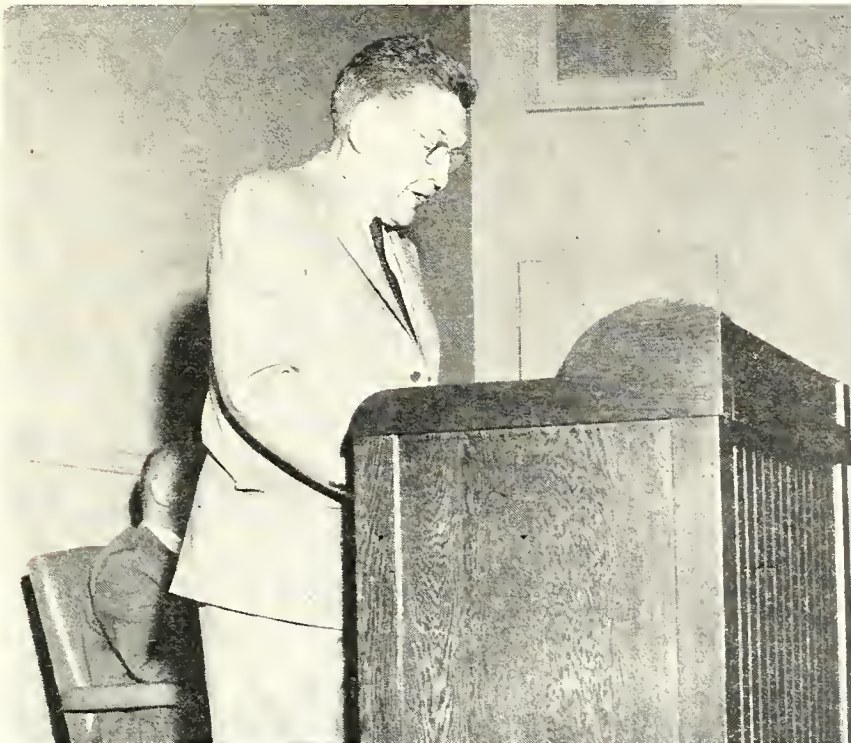
The Graduates

members of the class were broken down into four small groups. Each group handled four separate problems in municipal government during the two-day period. The problems emphasized different aspects of city government and required intensive application of principles and techniques covered during the course.

From 1:30 p.m. on Friday, May 17, to 11:30 a.m. on Saturday, May 18, members of the class, together with graduates of the two preceding classes and city managers, took part in a special seminar on "Human Relations in City Government." Highlights of the seminar were an address by Arthur M. Whitehill, Jr., R. J. Reynolds Professor of Human Relations in the UNC School of Business Administration, a discussion of communication problems in city government by Donald B. Hayman of the

Institute staff, the showing of two movies illustrating problems in the handling of employees ("Production 5118" and "All I Need is a Conference"), an after-dinner address on Friday night by Dr. William Noland, Chairman of the Department of Sociology and Anthropology on the subject of "What Employees Want," small group discussions of a case involving a strike by municipal employees, and small group discussions of a tape recording illustrating the problems of delegating authority to subordinates.

City officials who received certificates included: Edward James Anderson, director of parks, Gordon Leslie Dwiggin, superintendent of filtration, and Clarence H. Pritchard, clerk-treasurer, all of Raleigh; Albert Buel Casey, fire lieutenant, Claude Raymond Faust, superintendent of buildings and grounds, and Thomas Allen Surratt, traffic division lieutenant, all of Winston-Salem; Roma Coxe Fortune, chief of the fire department, Watson Melver Garrison, city engineer, and Richard Fletcher Moore, superintendent of sanitary department, all of Burlington; Nutt G. Edgerton, town clerk, and Jennings Carol Outlaw, town engineer, both of Smithfield; Henry Thomas Deane, clerk-treasurer of Albemarle; William Ellsworth Edens, director of public works and city engineer of Reidsville; Samuel Mallett Gattis, Orange County accountant and tax supervisor of Hillsboro; Hugh Benjamin Hines, Jr., city manager of Jacksonville; John H. Lomax, Jr., superintendent of public works of Denton; William M. Moore, assistant clerk and tax collector of Greenville; Cleveland Monroe Paylor, clerk-treasurer of Farmville; Robert H. Peck, city manager of Sanford; William A. Smith, Jr., assistant to the city manager of Norfolk, Va., and Aaron Calhoun Turnage, town manager of Selma.



Gen. James R. Townsend delivers graduation address.

Modern Day Hinton James Drives 5,280 Miles to Institute School

Hinton James has come back to the University of North Carolina, but he didn't walk from Wilmington this time, he drove 5,280 miles.

William A. Smith, Jr., assistant to the city manager of Norfolk, Va., who is the modern-day Mr. James, has been driving back and forth from Norfolk on alternate week-ends since Nov. 15. The object of his endeavor was the Third Annual Course in Municipal Administration which ended with graduation exercises at the Institute of Government on May 18.

Hinton James, who was UNC's first student, may have had it hard on the shoes when he walked his great distance to enroll at Carolina, but Mr. Smith's Ford station wagon hasn't had an easy time either.

Just as transportation has come a long way in 160 years, UNC's services have expanded greatly. The Institute of Government, which sponsored the course, has attracted interest all over the nation.

"We have a definite need for a course of this type in Virginia," said Mr. Smith. "One had been planned for this year, but it fell through because of the small number who enrolled for it. After attending this course, I hope to drum up interest for one at the University of Virginia, and also do missionary work for the one down here."

Mr. Smith is one of 21 city officials who received certificates at the graduation exercises for the course on May 18. This was his 13th trip to Chapel Hill for the course, and he thinks "it was worth all the miles I had to drive. The real value of the course is that it gave us the wherewithal to recognize our municipal problems and the knowledge of how to solve them."

A native of Norfolk, Mr. Smith was connected with the city clerk's office for three years before moving to his present position in December 1949.

The students spent 150 hours in class studying the fundamentals of municipal management on a practical level. It was designed for city officials with management responsibilities and met on alternate week-ends so as not to interfere with the work of the officials who came to the course.

George H. Esser, Jr., assistant director of the Institute of Government, was in charge of the school.

Hinton James wouldn't recognize the University of North Carolina today, but his counterparts such as Mr. Smith recognize it and what it offers in ever-expanding services to the people of North Carolina and other states as well.



Mr. Smith and his car make their last trip to Chapel Hill.

Robert H. Peck, city manager of Sanford, received the George Cooper Franklin Award for the most distinguished record during the Third Annual Course in Municipal Administration. Peck received the award from Mayor E. J. Evans, president of the North Carolina League of Municipalities, and Mrs. George C. Franklin at graduation exercises for the class on May 18 at the Institute of Government. The award, carrying with it a cash prize of \$50.00, was established by the North Carolina League of Municipalities in 1955 in honor of George Cooper Franklin, long-time General Counsel of the League and an inspiration to governmental officials in North Carolina throughout his years of service with the League. The winner of the award is chosen by the staff of the Institute of Government who form the faculty for the course.

Special Course Held for New Mayors and City Councilmen

A special course for newly-elected mayors and councilmen was held at the Institute of Government June 16-18.

The purpose of this course was to give newly-elected mayors and councilmen (1) a review of their most important powers and duties; (2) an understanding of key municipal procedures such as the municipal budget, (3) a review of the major functions of city government and the most important problems of each, and (4) a key to the references, agencies, and individuals who can be of assistance to councilmen and to the town in solving problems of government.

Registration at the Joseph Palmer Knapp Building began at 3:00 p.m. Sunday, June 16, followed by the opening of the course by Albert Coates, director of the Institute at 4:00 p.m. Chancellor Robert House of the University of North Carolina and Mrs. Davetta L. Steed, executive director of the N.C. League of Municipalities, welcomed the new officials.

After the welcome, Mr. Coates spoke to the group on "Evolution of City Government in North Carolina." This was followed by a buffet supper.

The after-dinner sessions included a discussion of "City Government in North Carolina Today—Functions and Organization" by George H. Esser, Jr., assistant director of the Institute, who was in charge of the course, and group meetings on municipal organization and procedure. Mr. Esser conducted the group for councilmen from manager cities; and S. Leigh Wilson, assistant executive director of the League of Municipalities, conducted the group for councilmen from mayor-council cities.

On Monday morning, John Morrissey, general counsel of the League, led off with the subject "Regulatory Powers of North Carolina Cities." Alex McMahon, assistant director of the Institute, then spoke on "Sources of Municipal Revenue in North Carolina" and "Municipal Budget Making in North Carolina."

Donald Hayman and Philip Green, both Institute assistant directors, spoke on "Personnel Administration in North Carolina" and "City Planning and Zoning in North Carolina," respectively.

On Monday evening, Mr. Esser moderated part one of a panel on municipal services, during which Neal Forney of the Institute staff discussed police protection, and R. Kenneth Scott, chief engineer of the N.C. Fire Insurance Rating Bureau, discussed fire protection. There was also a discussion of public works by Mr. Esser. Fifteen-minute question periods followed each subject.

Warren J. Wicker, Institute assistant director, was moderator of part two of the panel on Tuesday morning at which time J. M. Jarrett, director of the Division of Sanitary Engineering of the State Board of Health discussed the planning of water and sewer systems; Mr. Wilson discussed financing such systems; and Mr. Esser spoke on miscellaneous municipal functions.

The final session was conducted by Mr. Esser and Mr. Wicker on "Growing Cities Create Problems." Mr. Esser closed the course at 12:15 p.m. on Tuesday, June 18.

On Tuesday afternoon, after the close of the course, a special clinic for councilmen was held from 2:00 to 4:00 p.m. to answer specific questions. The following members of the Institute of Government and the League of Municipalities were on hand for consultation: general municipal problems—Mr. Esser, Mr. Wilson, and Mr. Forney; financing and budgeting—Mr. McMahon and Henry Lewis; personnel administration—Mr. Hayman and Mr. Wicker; planning, zoning, and legal problems—Mr. Green, Mr. Morrissey, and Mrs. Ruth Mace.

Registers Meet In Chapel Hill

Approximately 50 registers of deeds gathered at the Institute of Government June 9-11 for the annual convention of the Register of Deeds Association.

Registration began mid-afternoon Sunday, June 9, and was followed by a social hour in the Joseph Palmer Knapp Building and a buffet supper at The Carolina Inn. Thad Eure, Secretary of State, delivered the address on this occasion.

Monday's activities began with a breakfast at The Carolina Inn. The registers then moved back to the Institute of Government for a number of discussions. D. W. Lambert, assistant regional representative, spoke on Social Security Administration

policy in regard to delayed birth certificates. A panel discussion on relations with the press followed.

C. R. Council, chief of the vital statistics section of the State Department of Health, discussed birth certificate forms.

On Monday afternoon, Alex McMahon, assistant director of the Institute, spoke on "Blanket Bonds." He was followed by attorney Clifton Bumgarner, staff consultant of the Institute, whose subject was "Assistants and Deputies."

A panel of three attorneys discussed the relation between lawyers and the register's office. Royal Shannonhouse, assistant director of the Institute, spoke on "The Jury List."

A business meeting was held at 3:45 p.m. Monday, and Monday night was taken up with a banquet at The Carolina Inn ballroom.

Tuesday, the closing day, featured a breakfast at The Carolina Inn and a discussion of new legislation by Mr. Shannonhouse; Lenuel Johnson, chairman of the legislative committee; W. G. Massey of Johnston County; and W. F. Booker of Wake County.

Plans for the convention were formulated at an April 27 meeting of the program committee at Chapel Hill. Those attending this meeting were Miss Betty June Hayes of Orange County, chairman of the program committee; D. G. Kinlaw of Robeson County; W. G. Massey of Johnston County; Thad Cranford of Montgomery County; and Mr. Shannonhouse, staff member of the Institute in charge of the activities of the registers of deeds.

Tax Collectors Due Here for Short Course

"The Fundamentals of Property and Privilege License Tax Collection" will be the theme of a course of instruction for new tax collectors and other tax office personnel to be held at the Institute of Government June 24-28.

Opening sessions on Monday will be devoted to an explanation of the course and discussions on the office of the tax collector, tax collection records, and reports required of tax collectors.

"Elements of Tax Collection" and "Privilege License Taxation" will be the topics of consideration on Tuesday, while Wednesday's sessions will be on "The Tax Lien" and "Collecting Taxes from Personal Property."

On Thursday, the tax personnel will hear discussions of "Sales of Tax Liens Against Real Property" and "How to Compute Discounts and Interest," as well as special privilege license tax problems for city and town personnel.

The final session on Friday morning will be on compromises, refunds and rebates and other matters that are not regularly scheduled but come up in the course of the week.

Certificates will be presented on Friday to those successfully completing the course.

Henry W. Lewis, assistant director of the Institute of Government, will be the instructor for the course and will also be available for individual discussions of specific problems.

New Tax Supervisors Attend One-Week Course, May 20-24

A one-week course for new tax supervisors and other tax office personnel was held May 20-24 in the Joseph Palmer Knapp Building of the Institute of Government.

Approximately 20 people attended the school, which was conducted by Henry W. Lewis, assistant director of the Institute of Government.

The theme of the instruction was "The Fundamentals of Tax Listing and Assessing." The opening session on Monday afternoon, May 20, was concerned with an explanation of the course and a discussion of the office of the county tax supervisor. The office of list taker and assessor was the topic of discussion on Monday eve-

ning.

Tuesday's activities included sessions on functions of boards of county commissioners with regard to administration of the property tax, and on real and personal property distinctions.

A discussion on listing and assessing personal property took up all of Wednesday morning. Listing and assessing real property was discussed on Wednesday afternoon and all day Thursday.

The final session was conducted on discovered property on Friday morning. At noon on Friday, certificates were presented to those successfully completing the course.

Institute of Government is Host to Visitors from Two Continents

Raymond Nottage, Director of the Royal Institute of Public Administration, London, England, visited the Institute on April 9 and 10. Mr. Nottage spoke to four groups while on the campus. He described the work of the Royal Institute to the staff of the Institute of Government; he delivered a luncheon address on research methods to the Institute for Research in the Social Sciences; and he described the British civil service and the British parliamentary system to classes in political science.

The Royal Institute was established in 1917 as a private association of persons interested in improving public administration. It is now supported by individual and governmental memberships, and prepares and publishes studies of interest to the officials of the local governments, the colonies, and the British government. The Royal Institute also publishes the magazine, *Public Administration*, and plans and conducts training institutes and conferences for local, colonial, and national officials.

While in this hemisphere, Mr. Nottage also spoke at the annual convention of the American Society for Public Administration in Chicago, and lectured at the universities of Puerto Rico, Florida, and George Washington University.

Six Latin American women visiting in the United States to study democratic processes were guests of the University of North Carolina April 22-28. They are touring the United States and are sponsored by the State Department. Miss Mary Cannon, chief of the International Division of the Women's Bureau of the State Department, accompanied them on their tour.

UNC is the only state university that they visited in this country.

While here, they stayed in the Joseph Palmer Knapp Building of the Institute of Government. Mrs. Helen Gillin of Chapel Hill was in charge of program planning for the group. She is the Latin American consultant for the Carrie Chapman Catt Fund, Inc., an organization founded by the League of Women Voters to acquaint women all over the world with the workings of government.

When they arrived on Monday, April 22, they began with a workshop on U. S. government, with discussions of levels of governments, public services, and taxation, by Mrs. Emil Chanlett, Mrs. Floyd Hunter, and Mrs. Raymond Adams, respectively.

On Tuesday, they visited the Chapel Hill Recorder's Court with Judge W. S. Stewart presiding, also visiting Governor Luther Hodges in Raleigh, the state legislature, and the women's prison.

A school tour was conducted on Wednesday with Mrs. Rogers Wade supervising.

On Thursday, they visited the White Cross Rural School in the morning and spent the afternoon in the government offices of Orange County in Hillsboro.

They went to the District Public Health office at 9:30 Friday morning, prior to a conference on public relations in Latin America with Sam Summerlin, Associated Press chief in Buenos Aires. In the afternoon they had interviews with Chapel Hill officials, Mayor O. K. Cornwell, Alderman Paul Wager, and Town Manager Tom Rose. They attended a political meeting at the Negro Recreation Center on Friday evening.

On Saturday they participated in a workshop on women's organizations and the community, conducted by Mrs. Harold Walters, Mrs. Paul

Cuthrie, and Mrs. Claude Shotts. In the afternoon they observed registration for town elections.

The visitors were Mrs. Leticia Antezana de Alberdi of LaPaz, Bolivia, secretary general of the National Council of Charity and Social Work; Miss Hilda Macedo of Sao Paulo, Brazil, chief of Women's Police of Sao Paulo; Dr. Anita Arroyo of Havana, Cuba, assistant professor in Spanish, American, and Cuban literature; Miss Celeste Espada of Guatemala City, Guatemala, free lance designer who teaches arts and crafts to underprivileged children; Miss Maria Esther Talamantes of Mexico City, Mexico, president of the Mexican branch of the International Federation of Women Lawyers; and Miss Maria Edelia Valero of Caracas, Venezuela, executive secretary of *Hogar Americano* and director of *Ecos de America*.

Confused?

The girl who manages the Institute's mailroom has had some requests for publications that she is not quite sure about. They vaguely resemble some publications of ours, but the name's not quite the same. If someone requested "Greensboro Suburban Paralysis" and "Preparation for Revolution," would "Greensboro Suburban Analysis" and "Preparation for Revaluation" serve the purpose?

The City of Lexington desires to receive applications from qualified individuals for the position of Sewage Plant Superintendent-Chemist. The City of Lexington presently has under construction two sewage treatment plants which will be completed in September 1957.

The plant superintendent-chemist would be in charge of both treatment plants and responsible for organizing work and supervising all activities at these plants. Salary is open depending upon the experience and qualifications of the applicant.

Interested applicants should contact the city manager's office in Lexington for further information on the position and for instructions for making application for the position. The City hopes to fill the job by not later than July 15, 1957.



Visitors from South America relax in Institute lounge.

County Accountants Hold Annual School

The annual school for county accountants was held by the Institute of Government from May 21 to 23. Alex McMahon of the Institute staff was in charge of the school.

The first session was devoted to a discussion of centralized purchasing. The advantages of centralized purchasing, purchasing procedures, and the sources and use of standards and specifications were all covered. The session concluded with a discussion of the relations between the purchasing agent and the various using departments, with Wayne C. Simpson of Rowan County and County Manager Harry Weatherly of Guilford County describing installation of centralized purchasing in their respective counties.

The second session covered the use of financial statements and financial reports, particularly with regard to their use in informing the public about financial affairs. An exhibit of financial statements and financial reports was available for perusal following the session.

Among other topics discussed were: the accountant's responsibility for auditing justices of the peace and other court officials; the annual settlement of the tax collector; some problems in accounting for taxes; the relations of a county with its banks; relationships between county commissioners and the sheriff and coroner; and the accountant's role in budget preparation.

During the school, the State Association of County Accountants held a business meeting. They made plans for the annual convention of the Association, to be held in conjunction with the convention of the State As-

BOND SALES

From January through April, the Local Government Commission sold bonds for the following governmental units. The unit, the amount of bonds, the purpose for which the bonds were issued, and the effective interest rate are indicated.

Unit	Amount	Purpose	Rate
Beaufort County	\$ 260,000	School building	3.28
Bladen County	500,000	School building	3.59
Cabarrus County	2,630,000	School building	3.12
Caldwell County	2,000,000	School building	3.49
Cumberland County	2,500,000	School building	3.38
Durham County	2,700,000	School building and stadium	2.94
Guilford County	2,000,000	School building notes	2.49
Mecklenburg County	2,000,000	School building	3.02
Rockingham County	117,000	School building	3.00
Sampson County	750,000	School building	3.59
Wake County	565,000	School building	3.28
Wayne County	176,000	Refunding	3.38
Wayne County	100,000	Hospital	3.26
Blowing Rock	40,000	Swimming Pool	3.73
Concord	74,000	City Hall	3.03
Drexel	65,000	Sewer	3.99
Durham	3,150,000	Water, Sewer, and Miscellaneous	3.03
Garner	250,000	Water	4.18
Gastonia	1,500,000	Water, Sewer, and Light	3.43
Greensboro	3,350,000	Water, Sewer, and Street	2.93
Greenville	275,000	Public Improvement	3.32
Morganton	700,000	Water	3.29
North Wilkesboro	359,000	Sewer	3.73
Red Springs	35,000	Public Improvement	3.17
Sanford	170,000	Sanitary Sewer	3.80
Statesville	675,000	Water and Sewer	3.27
Manteo School Dist. of Dare County	250,000	School building	3.83

sociation of County Commissioners in Raleigh from June 23 to 26.

ever-increasing taxes? — *Hybreas to Mark Antony, 42 B.C.*

* * *

Anything more corrupt than the man and times of today cannot be conceived.—*Cato, 239-149 B.C.*

* * *

For behold, the first of June, and nothing done by the Senate.—*Cicero, 106-34 B.C.*

From *National Municipal Review*

Nothing New

If the government can legislate two yearly tax tributes, it can doubtless legislate us a couple of summers each year and a double harvest time. How else are we going to meet these



County accountants hear speaker at recent school.

Sewage School Held June 3-7

The 1957 session of the Sewage and Industrial Wastes Treatment School was held at the University of North Carolina June 3-7.

Sponsored by the North Carolina Sewage and Industrial Wastes Association, in cooperation with the Institute of Government and the Department of Sanitary Engineering of the School of Public Health, this school offered intensive preparation for examination for A, B, C, and D certificates under the examination and certification plan of the North Carolina Sewage and Industrial Wastes Association.

The teaching staff for the school was composed of representatives of the membership of the Sewage Association, the Departments of Civil Engineering of N. C. State College and Duke University, the Department of Sanitary Engineering of UNC, and the Institute of Government.

Enrollment for the school was open to all persons engaged in the management and operation of waste treatment plants. Lecture and laboratory instruction was given June 3-7, and examinations for those seeking certification were held on June 7.

Those attending were divided into four study groups, according to the certificate for which they were working. Separate programs of instruction were given for each group.

Registration was held from 8:30 to 11:00 a.m. on June 3 in Room N-8 of the North Wing of the Medical and Public Health Building, Ground Floor.

Personnel Notes

J. R. Jamison of the Charlotte Fire Department has retired as fire department captain. He started with the department when it had only 27 men and three stations and worked 96 hours straight before being off 24 hours.

Attorney James E. (Bill) Walker has resigned as solicitor of Charlotte City Recorder's Court in order to devote full time to his private law practice. He has been solicitor of the recorder's court since May, 1953.

Robert Wren, J. C. Williams and **W. G. (Bill) Alligood** are new mem-

bers of the civil service board of the Gaston County Rural Police Force. The board meets once a week and will continue to do so until the police force is fully organized and operating.

Aubrey Fowler and **William Hough** have been appointed recorder and solicitor, respectively of the Fairmont Recorder's Court.

J. A. Richards has resigned his position as city manager of Washington to accept a similar position in Winter Park, Florida. Mr. Richards has held this position since 1952.

Professor L. B. Pendergraph has retired from his post as superintendent of the Mount Airy City Schools after having held this position for 29 years.

D. F. Batts, Jr., has been appointed mayor of Macesfield to succeed **A. F. Felton** who resigned to accept an appointment to the Edgecombe County board of education.

George Hudgins, city recreation director of Roanoke Rapids for the past two years, has resigned this post to enter the real estate business.

William S. Bunn, who retired as register of deeds of Nash County in December, 1956, died on May 28 at the age of 75. He recently was presented with a television set and resolutions of appreciation at a meeting of the Nash County Board of Commissioners. The set was presented by the Nash County-Rocky Mount Bar Association and the board of commissioners. The resolution, read to Mr. Bunn by Dal L. Alford, Jr., chairman of the board, expressed appreciation for his service which began in 1912 when he became an assistant and clerical aid to the late J. B. Boddie, then register of deeds, and especially for the 20-year period that he served as register, 1936-1956.

City Notes

Clinton voters have approved a town manager form of government. A mayor and council presently govern the city. Under the new plan, a city manager will be added.

The Department of Interior plans to launch a pilot project in North Carolina next year in an effort to develop a new method of distilling

ocean water to meet increasing demands of fresh water throughout the country.

David Jenkins, director of the Interior Department's Office of Saline Water, said the tests will be carried out at **Harbor Island** near **Wrightsville Beach**. This will be the "very first" experiment in distilling ocean water to be undertaken by the Department, he added, although previous tests have been made with brackish water inland.

The town board of **Mooreville** has voted to initiate immediate action to secure desirable property in the downtown area to be devoted to off-street parking for the convenience of shoppers.

The **High Point** City Council has set September 1 as the tentative date for letting bids on the first phase of a planned five-year water and sewer improvement program made possible by the voting on February 23 that approved a \$6,200,000 bond issue.

The first project will include enlargement and reconditioning of the westside sewage plant; installation of water service main and the Ensley Creek outfall line; and construction of an eight-million-gallon clear water reservoir.

The Central Parking, Inc. building on Cherry Street in **Winston-Salem** has been completed and is now in operation. It houses 400 cars and is expected to be of great value in solving a major municipal problem common to all cities—congestion of city streets. Another level of the building will be opened in the near future to accommodate an additional 130 cars.

Greensboro recently got insurance against drought in 1957 when thousands of gallons of water flowed over the spillway of Hamburg Dam for the first time. Greensboro faced a severe drought and water-rationing period 30 months ago. The overflow meant that Lake Hamburg, begun shortly after the drought, had reached its 800-million-gallon capacity.

Dunn voters recently voted down a five-cent property tax hike which would have been used to support a free public library.

(Continued on inside back cover)

Geographic Distribution of New Manufacturing Establishments In North Carolina, 1947-1956. Part III: Small Plant (19 Employees or Less) Location in North Carolina, 1947-1954



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

This is the third in a series of articles, describing and analyzing the geographic distribution of new and relocated manufacturing plants in North Carolina. The first article dealt with plants employing 100 or more workers; the second, with those employing between 20 and 99 persons. This article is devoted to small plants, i.e., those employing 19 workers or less. All three articles make use of data drawn from the recently released 1954 Census of Manufactures and the 1947 Census of Manufactures. The fourth and final article (which will appear in October) will summarize and analyze the information presented earlier and will compare our findings with related findings of the Institute for Research in Social

<i>Industry Type</i>	<i>Gain or Loss</i>
Lumber and wood products (except furniture) ^a	+604
Fabricated metal products	+ 65
Machinery, except electrical	+ 59
Food and kindred products ^b	+ 44
Printing and publishing	+ 43
Miscellaneous manufactures	+ 39
Furniture and fixtures	+ 28
Transportation equipment	+ 26
Chemicals and products	+ 26
Leather and leather products	+ 15
Apparel and related products	+ 10
Pulp, paper, and products	+ 8
Textile mill products	0
Tobacco manufactures	- 1
Primary metal products	- 3
Stone, clay and glass products	- 32

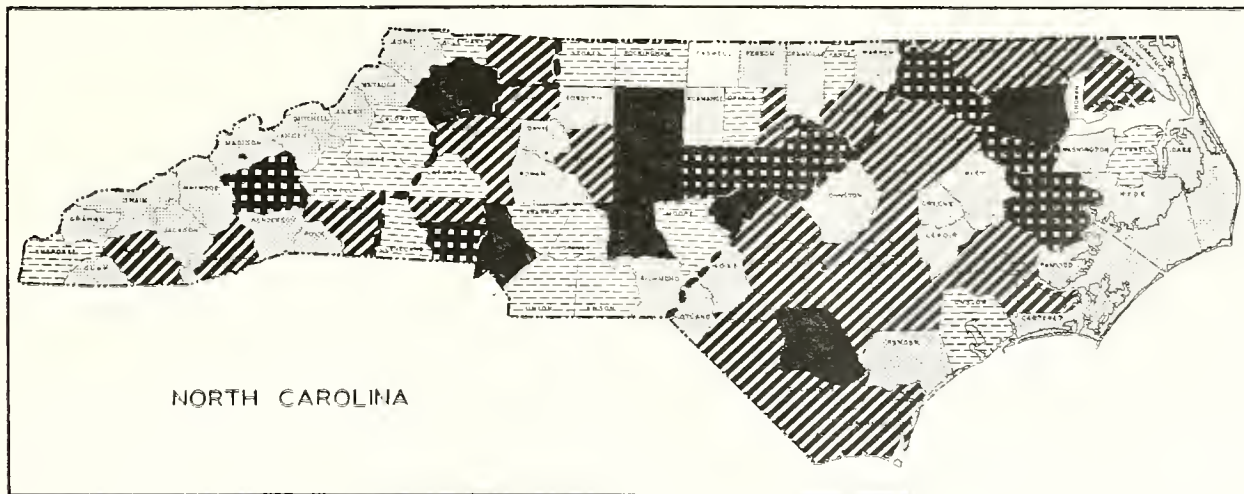
a 1954 Census totals for this industry group are not strictly comparable with 1947 data. In 1947, logging camps and contractors were not included in the Census; in addition only sawmills and planing mills that produced more than 200,000 board feet of lumber were included. In 1954, on the other hand, all such loggers and sawmills were included in the Census.

b The 1954 figures include establishments engaged in the processing and distribution of fluid milk and cream. For 1947, this type of establishment was not classified as manufacturing and, therefore, was not included in the Census figures.

Science. In addition, the fourth article will attempt to bring the picture up-to-date, making use of data collected by the North Carolina Conservation and Development Department from 1953 through the first half of 1957.

Comparing figures presented in the 1954 and 1947 Censuses of Manufactures, we find that North Carolina showed a net gain of 983 small manufacturing establishments during the

MAP III



LEGEND

- | | | | | | |
|-------------------------------------|--|-------------------------------|--|-----------------|--|
| Gain - Thirty or more plants | | Gain - Ten to nineteen plants | | No gain or loss | |
| Gain - Twenty to twenty-nine plants | | Gain - One to nine plants | | Loss in plants | |

Geographic Distribution of New or Relocated Manufacturing Establishments in North Carolina—Small Plants (1-19 employees)

seven-year period. This 30% gain is not real, however, since the 1954 Census included data for logging camps and contractors and sawmills and planing mills (producing less than 200,000 board feet of lumber), categories not included in the earlier Census. A more realistic picture of the gains in the small plant population can be derived by omitting from consideration the lumber and wood products classification. The figures, then, omitting small plants of this type, show a net gain of 379 small plants or a 21% increase in establishments of this size. The actual total number of small plants reported in 1947 was 3,311, as compared with 4,294 such plants (including the additional categories) in 1954.

Looking at the county totals we find that small plant gains were widely distributed over 80 of our 100 counties. (By way of contrast, it will be recalled that large plant gains were concentrated in 50 counties, while medium-sized plant gains were reported in only 54 counties.) Increases in small plant population ranged from the addition of one to 55 such plants for a total gain of 1,100. At the same time, 18 counties reported a total loss of 117 plants, leaving the statewide net gain at 983. Among these 117 "lost" plants it is possible (though not probable, in view of their size) that some may have shifted location within the state, while others may have moved out of state to be replaced by new plants or plants relocating from other states. Still others may have gone out of business, or more optimistically, have increased sufficiently in size to be counted in the medium-sized or large plant categories. Only two counties, Caswell and

TABLE 11
Geographic Distribution of New or Relocated Manufacturing Establishments in North Carolina 1947-1954
Small Plants - (1-19 employees)
Gains and Losses Among Twenty-one Counties Having Fifty or More Small Plants in 1947

<i>County</i>	<i>Gain or Loss (Number of Plants)</i>	<i>Number of Plants in 1947</i>
Randolph	+55	79
Guilford	+51	243
Mecklenburg	+45	173
Montgomery	+30	51
Gaston	+28	67
Chatham	+26	52
Wake	+26	92
Buncombe	+24	88
Iredell	+16	52
Davidson	+14	97
Durham	+12	65
Alamance	+ 8	55
Rowan	+ 7	65
Surry	+ 6	55
Forsyth	+ 3	102
Caldwell	-19	56
Cleveland	-14	51
Rockingham	- 4	55
Burke	- 3	62
Catawba	- 3	140
Moore	- 3	76

Chowan, remained static during this period, reporting neither gains nor losses in their small plant population.

It is not possible from the census data to identify these gains and losses on a county basis by type of industry. It is possible, however, to determine the relative significance of gains and losses in the various industry types for the state as a whole. This information is presented in Table 9 as background against which the various county gains and losses may be examined. Omitting from consideration the lumber and wood products category (which heads the list) since 1947 and 1954 data are not strictly comparable, we find that the most import-

ant gains in small plants were made in the fabricated metal products classification. Machinery and food and kindred products, respectively, are next in order of importance as far as quantitative gains are concerned, with printing and publishing coming up in fourth place. With the exception of the food and kindred products classification, gains in these categories were not outstanding in our analysis of large and medium-sized plants. If we assume that these categories are representative of a diversifying trend in North Carolina's manufacturing situation, it would appear that diversification progress is being made in the growing numbers of small plants, rather than in the other plant size categories.

TABLE 12
Geographic Distribution of New or Relocated Manufacturing Establishments in North Carolina 1947-1954
Small Plants (1-19 employees)
Gains and Losses Among the Six Counties Containing North Carolina's Standard Metropolitan Areas

<i>County</i>	<i>Gain or Loss (Number of Plants)</i>	<i>Number of Plants in 1947</i>
Guilford (Greensboro-High Point)	+51	243
Mecklenburg (Charlotte)	+45	173
Wake (Raleigh)	+26	92
Buncombe (Asheville)	+24	88
Durham (Durham)	+12	65
Forsyth (Winston-Salem)	+ 3	102

How Does Your County Rate ?

Gains

Table 10 shows, in rank order, the gains and losses among North Carolina's 100 counties. Looking at this table and at Map III from a regional viewpoint, we may note particularly that (in contrast to the situation with respect to large and medium-sized plants) the Coastal area has fared relatively well in terms of minimum losses and substantial gains in small plant population. In numerical terms, the 41 Coastal counties account for 45% of the small plant gains and less than 9% of the losses in this category. (This gain-loss picture should be com-

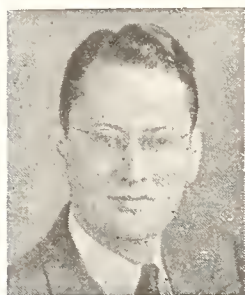
(Continued on page 18)

TABLE 10
Geographic Distribution of New or Relocated Manufacturing
Establishments in North Carolina
1947-1954

Small Plants
(1-19 employees)

Gains and Losses Among North Carolina's 100 Counties

County	Gain or Loss (No. of Plants)	No. of Plants in 1947	County	Gain or Loss (No. of Plants)	No. of Plants in 1947
<i>Thirty or more plants</i> (Eight counties)					
Randolph	+55	79	Alamance	+8	55
Guilford	+51	243	Carteret	+8	22
Mecklenburg	+45	173	Granville	+8	22
Bladen	+40	24	Polk	+8	12
Bertie	+32	10	Haywood	+7	14
Wilkes	+32	48	Pender	+7	19
Lee	+30	34	Rowan	+7	65
Montgomery	+30	51	Camden	+6	0
<i>Twenty to twenty-nine plants</i> (Seven counties)					
Gaston	+28	67	Currituck	+6	3
Halifax	+28	32	Graham	+6	1
Chatham	+26	52	Henderson	+6	22
Wake	+26	92	Hyde	+6	2
Buncombe	+24	88	Lenoir	+6	21
Beaufort	+20	27	Person	+6	22
Martin	+20	10	Scotland	+6	11
<i>Ten to nineteen plants</i> (Thirty counties)					
Rutherford	+19	32	Dare	+5	2
Harnett	+18	27	Davie	+5	22
Nash	+18	22	Greene	+5	4
New Hanover	+18	45	Swain	+5	4
Alexander	+17	13	Pitt	+4	31
Craven	+17	22	Warren	+4	23
Franklin	+17	16	Ashe	+3	24
Northampton	+17	9	Avery	+3	10
Pasquotank	+17	15	Clay	+3	1
Edgecombe	+16	17	Forsyth	+3	102
Iredell	+16	52	Jackson	+3	12
Lincoln	+16	26	Mitchell	+2	15
Surry	+16	55	Yancey	+2	8
Cumberland	+15	28	Hoke	+1	5
Wilson	+15	21	Madison	+1	12
Davidson	+14	97	Richmond	+1	35
Hertford	+14	16	Watauga	+1	13
Duplin	+13	26	<i>No gain or loss</i> (Two counties)		
Gates	+13	7	Caswell		14
Robeson	+13	34	Chowan		12
Sampson	+13	38	<i>Loss in plants</i> (Eighteen counties)		
Wayne	+13	34	Stokes	-20	38
Yadkin	+13	22	Caldwell	-19	56
Columbus	+12	21	Cleveland	-14	51
Durham	+12	65	McDowell	-12	38
Brunswick	+11	13	Onslow	-8	19
Transylvania	+11	7	Cabarrus	-6	39
Jones	+10	1	Stanly	-5	49
Macon	+10	13	Cherokee	-4	19
Perquimans	+10	8	Rockingham	-4	55
<i>One to nine plants</i> (Thirty-five counties)					
Johnston	+9	39	Union	-4	34
Pamlico	+9	6	Alleghany	-3	9
Washington	+9	4	Anson	-3	48
			Burke	-3	62
			Catawba	-3	140
			Moore	-3	76
			Orange	-2	32
			Tyrrell	-2	6
			Vance	-2	18



PUBLIC PERSONNEL

By DONALD B. HAYMAN

Assistant Director, Institute of Government

County Officials Assist Farmers To Qualify for OASI

The 1956 amendments to the Social Security Act brought self-employed farmers under Social Security for the first time. These amendments made farmers subject to the self-employment tax and also made it possible for farmers 65 years of age and older to qualify for OASI benefit payments.

The task of informing rural residents of both their responsibility to pay the Social Security tax and their eligibility for benefit payments has been too much for the small staffs of the local Social Security offices. The boards of county commissioners in several counties have recognized the coverage of self-employed farmers under OASI as a problem of tremendous economic importance to their counties. The commissioners in these counties have directed county employees to advertise the provisions of the Social Security Act and to assist persons to qualify for coverage under Social Security.

Northampton County was one of the first counties to take official recognition of this problem. The county commissioners directed J. Ivey Bridgers, county accountant, to set in motion a program to aid and assist persons to learn of their responsibilities and rights under the Social Security Act. The county service officer, Ben Ricks, was assigned to this work and was given a clerk to assist him.

The 1956 tax scrolls and other available records were reviewed in order to pick up the names and addresses of all persons who might be eligible for Social Security coverage. A questionnaire was prepared and mailed to each person who would appear to be eligible for Social Security as a result of the 1956 amendment. The questionnaires were to be returned to the Veterans Service Officer for processing.

After determining who was liable for the self-employment tax, the ser-

vice officer assisted these persons in getting the records necessary for establishing eligibility for Social Security benefits. This included preparing returns, getting the tax paid, and securing sufficient proof of age. Many of the farmers and self-employed residents to whom assistance was given were unaware of the tax liability or their eligibility to draw benefits.

The county commissioners of Pitt County have also acted to assist residents to learn of the provisions of the Social Security Act. They authorized a similar survey of citizens over 65 years of age. According to a report prepared by W. K. Whichard who has been in charge of the survey in Pitt County, newspapers, radio and television stations have been generous in their support of the educational program. More adequate office space has been arranged for the Social Security representative, and a large number of older persons have been brought under OASI in that county.

In commenting on the work done in Northampton County, Mr. Bridgers has written as follows: "We have only scratched the surface in Northampton and many dollars will soon be coming into the county to people entitled to receive it under the Social Security law who were not even aware of their eligibility. A long range view of this situation points toward a way to eliminate a great portion of the tax money our counties are now expending for Old Age Assistance."

Firemen Train for Police Work

Ten Winston-Salem firemen have recently completed an intensive 176-hour training course in law enforcement and police work. After completing on-the-job training with veteran police officers, the firemen will be designated as fire-police officers and assigned to the new Reynolda Road station in the Wake Forest College area.

One of the firemen completing the police training program was Captain Overby of the Winston-Salem Fire Department who will be in charge of the fire-police station. In addition to the nine fire-police officers, Captain Overby will supervise seven firemen who will be assigned to the Reynolda station to drive the pumper to the scene of all fires.

The fire-police officers will be assigned to patrol duty in a station wagon equipped with fire extinguishers and other light fire fighting equipment and first-aid supplies. They will also be equipped with service revolvers and night sticks and qualified to make arrests for any type of violation. Functioning as law enforcement officers, the men will be especially on the lookout for traffic violators, particularly speeders and reckless drivers.

The fire-police station wagon will be equipped with two-way radio on the fire department frequency. As the fire-police officers will work under a captain of the fire department, when requested to do special assignments on police calls, the message will be handled through the fire department radio.

The fire-police officers will work a 44-hour week and will receive police pay which is approximately ten per cent higher than the pay of full-time firemen.

Although a number of municipalities in other states have already integrated their police and fire departments, the Winston-Salem experiment is probably unique in one respect. All of the fire-police officers were recruited from among the trained members of the fire department.

This experiment in Winston-Salem offers the possibility of a considerably expanded service at a smaller cost than would normally be required to provide separate fire and police services.

(Continued on page 18)

Financing Off-Street Parking Facilities

The General Assembly, in three places in the General Statutes, has given cities and towns authority to acquire, construct, and operate off-street parking facilities.

(1) G.S. 160-200(31) provides that "The governing authorities of all cities and towns of North Carolina shall have the power to own, establish, regulate, operate and control municipal parking lots for parking of motor vehicles within the corporate limits of cities and towns. Cities and towns are likewise hereby authorized, in their discretion, to make a charge for the use of such parking lots."

(2) G.S. 160-414 and 160-415 grant additional authority to municipalities to construct and operate parking facilities. Parking facilities are defined by the sections to include "lots, garages, parking terminals or other structures (either single or multi-level and either at, above or below the surface) to be used solely for the off-street parking of motor vehicles, open to public use for a fee." Acquisition of necessary land, easements, and rights in land may be by gift, purchase, or the exercise of eminent domain.

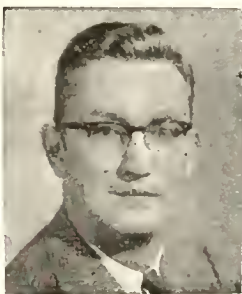
(3) G.S. 160-498 and 160-499 authorize a municipal governing body "to acquire, construct, reconstruct, equip, improve, extend, enlarge, maintain, repair and operate parking facilities within the corporate limits of such municipality." The term "parking facilities" as used here is defined in terms similar to those set forth in the preceding paragraph.

Constitutional Problems

Before examining the methods that may be used to acquire off-street parking facilities, two questions must be considered: first, is the acquisition and operation of parking facilities a public purpose? And second, is the acquisition and operation a necessary expense?

Parking Facilities as a Public Purpose

Article V, section 3, of the North Carolina Constitution provides that "taxes shall be levied only for public purposes." While this limitation by its terms applies only to taxes, it seems quite likely that the prohibition extends to any funds of a municipality. If so, a municipality may not spend any funds for an activity



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that is not found to be a public purpose.¹

The North Carolina Supreme Court has twice considered the question of whether the acquisition and operation of off-street parking facilities is a public purpose. The two cases are *Britt v. Wilmington*, 236 N.C. 446, 73 S.E. 2d 289 (1952) and *Henderson v. New Bern*, 241 N.C. 52, 84 S.E. 2d 283 (1954). In both cases, the court conceded, without specifically deciding, that the proposed off-street parking facilities were a public purpose. The court did not have to reach the public purpose question in either case, although there was nothing in either opinion to indicate that had it reached that question it would have found the facilities not a public purpose.

The Supreme Court has made it clear, however, that it is not ready to say that off-street parking facilities would in every instance be a public purpose. In the *New Bern* case appears this statement: "It cannot be said, however, that every hamlet, village, and town of the State irrespective of size, or local conditions, may maintain off-street parking facilities as a proprietary public-purpose function of the municipality, the legislative declaration to the contrary notwithstanding. Of necessity, the question must be made to depend in each instance upon local conditions as found and declared by the municipality in resolutions duly adopted after notice and an opportunity for local citizens to be heard." The case contains a clear warning

that a municipality wishing to establish off-street parking facilities, must make a finding of "public necessity and convenience."

Other states have uniformly held the acquisition and maintenance of off-street parking facilities to be a public purpose.² Apparently no jurisdiction holds at the present time that this is not a public purpose.³

It may therefore be concluded that the North Carolina court will hold that the acquisition and operation of off-street parking facilities is a public purpose, in those cases where the governing body has made a finding that the off-street facilities are necessary to relieve traffic congestion by providing would-be parkers with a place to park. This would seem to be true even though privately-owned lots were in operation in the municipality, if additional off-street spaces were necessary because of the traf-

² *Barnes v. City of New Haven*, 140 Conn. 8, 98 A. 2d 523 (1953); *Gate City Garage Co. v. Jacksonville*, 66 So. 2d 653 (Fla. 1953); *State v. Chambers*, 77 S.E. 2d 297 (W. Va. 1953); *Brodhead v. City and County of Denver*, 126 Colo. 119, 247 P. 2d 140 (1952); *Michigan Boulevard Building Co. v. Chicago Park District*, 412 Ill. 350, 106 N.E. 2d 359 (1952); *Pool v. City of Kankakee*, 406 Ill. 521, 94 N.E. 2d 416 (1950); *Parr v. Ladd*, 323 Mich. 592, 36 N.W. 2d 157 (1949); *Cleveland v. Detroit*, 324 Mich. 527 (1949); *McSorley v. Fitzgerald*, 359 Pa. 264, 59 A. 2d 142 (1948); *Lowell v. Boston*, 322 Mass. 709, 79 N.E. 2d 713 (1948); *Opinion of the Justices*, 94 N. H. 501 (1947); *Miller v. Georgetown*, 301 Ky. 241, 191 S.W. 2d 403 (1946); *Whittier v. Dixon*, 24 Cal. 2d 664, 151 P. 2d 5 (1944); and *San Francisco v. Linares*, 16 Cal. 2d 441, 106 P. 2d 369 (1940). See note, 8ALR 2d 373 (1949), and supplement; and 1953 NIMLO Municipal Law Review 282-3.

³ In *Cleveland v. Ruple*, 130 Ohio St. 465, 200 N.E. 507 (1936), the Ohio Supreme Court held that the operation of a municipal parking garage was not a public purpose but there was no relation shown between the operation of the garage and traffic regulation, and the suit was brought by a private parking lot operator who was hurt by the competition from the municipal garage. Insofar as this case might be interpreted as holding that off-street parking facilities are not a public purpose, it has been overruled by *State ex rel. Gordon v. Rhodes*, 156 Ohio St. 128, 107 N.E. 2d 206 (1952).

¹ See the language of the court in *Nash v. Tarboro*, 227 N.C. 283, 42 S.E. 2d 209 (1947). See also Note, 66 Harv. L. Rev. 898 (1953), suggesting that the public purpose limitation "has in fact if not in theory, developed into a limitation upon all municipal expenditures."

fic situation.⁴ The municipality must, however, be ready to show the relation of the facilities to public necessity and convenience, as the opinion in the *New Bern* case indicates.

Parking Facilities as a Necessary Expense

Article VII, section 7, of the North Carolina Constitution prohibits municipalities from contracting debts and levying taxes for non-necessary expenses without the approval of the voters at an election. The North Carolina court has not had a case where the question to be decided was whether off-street parking facilities were a necessary or non-necessary expense. This question was not an issue in the *Wilmington* case, and that case sheds no light on what the court might hold in the future. The fact that the court decided in the *Wilmington* case that parking facilities financed under the Revenue Bond Act of 1938 in general, and the parking facilities in issue in that case in particular, were proprietary activities rather than governmental activities, does not give an answer to the necessary versus non-necessary distinction; in *McKinney v. High Point*, 237 N.C. 66, 74 S.E. 2d 440 (1952), the court made this clear, pointing out that though water and electric operations were proprietary, they were also necessary expenses.

It is to be noted in the *New Bern* case that the city apparently considered that the establishment of the off-street parking facilities under consideration would be a non-necessary expense. It proposed to finance the facilities from funds derived from sources other than taxation. Following the city's lead, the lower court in its judgment required the city to use only money derived from sources other than taxation in paying for the facilities. The Supreme Court did not deal with this question, since it reversed the order of the lower court on other grounds.

The North Carolina court has had occasion to consider a great number of cases dealing with the necessary versus non-necessary expense distinction.⁵ Perhaps the cases closest

to the off-street parking situation are the cases holding that the operation of water and electric systems are necessary expenses, even though they are activities conducted by a city in its proprietary capacity.⁶ An abattoir is also a necessary expense,⁷ but an airport⁸ and terminal and dock facilities⁹ are non-necessary expenses. Cases from other jurisdictions are of no assistance on this point, for no other state seems to have incorporated in its Constitution the necessary—non-necessary distinction found in the North Carolina Constitution.

Whether the off-street parking facilities in any given situation are necessary or non-necessary would seem to depend upon the particular circumstances at issue. In the *Wilmington* case, the proposed lot would hold 60 automobiles, parking was to be allowed for any period from ½ hour to 18 hours, and according to the evidence, it was anticipated that the parking lot would be a profitable operation.¹⁰ On these facts, the court concluded that the lot was to be used for the storage of vehicles and hence that the alleviation of traffic congestion might well not be directly affected, and that therefore the public convenience was not the "dominant motivating reason" for the acquisition of the lot. But in another situation, where the use of the facilities could be shown to be directly related to the alleviation of traffic congestion—perhaps through a requirement of rapid turnover of automobile parking in the facility as opposed to authorizing the use of the facilities for storage during a large portion of the day—an argument that the facilities are

of the North Carolina Constitution," by Albert Coates and William S. Mitchell, 18 N. C. L. Rev. 93 (1940).

⁶ *Fawcett v. Mount Airy*, 134 N.C. 125, 45 S.E. 1029 (1903); *Storm v. Wrightsville Beach*, 189 N.C. 679, 128 S.E. 17 (1925); and *Williamson v. High Point*, 213 N.C. 96, 195 S.E. 90 (1938).

⁷ *Moore v. Greensboro*, 191 N.C. 592, 132 S.E. 565 (1926).

⁸ *Sing v. Charlotte*, 213 N.C. 60, 195 S.E. 271 (1938).

⁹ *Henderson v. Wilmington*, 191 N.C. 269, 132 S.E. 25 (1926).

¹⁰ The city estimated that it would earn from the lot more than \$11,000 per year, which after maintenance, repair, and debt service on the revenue bonds to be issued to finance the lot, would leave a profit of over \$3,500 per year. This estimation may have been optimistic, in order to attract purchasers for the revenue bonds to be issued.

a necessary expense might well be sustained by the court. Thus, the conclusion might be ventured that where the facilities will apparently be a profitable undertaking in competition with private business, and where the facilities can be used for day-long storage of automobiles, the court will find that the expense of acquisition is non-necessary, even though it might find the acquisition to be a public purpose. But where the health, safety and welfare of the inhabitants of the municipality demand governmental operation of off-street facilities in order to alleviate traffic congestion, there may be a good possibility for a finding that the facilities are a necessary expense.

The following sections of this article give attention to the possibilities for financing the acquisition of off-street facilities. The acquisition from current revenues is considered first, the acquisition from the proceeds of bonds is considered next, and finally attention is given to the use of parking authorities.

Acquisition from Current Revenues Outright Purchase

The most direct method of financing the acquisition of off-street parking facilities is the outright purchase of land and the making of necessary improvements to the land from current revenues of the municipality. Expenditures so made would of course have to be provided for in the current appropriation ordinance adopted under the provisions of the Municipal Fiscal Control Act (G.S. 160-409 *et seq.*).¹¹

Because of the prohibition of Article VII, section 7, of the North Carolina Constitution discussed above, taxes levied by the municipality could be used for the purchase and improvement of off-street facilities only if such facilities were found to be a necessary expense. As has already been mentioned, the decision as to whether the facilities are necessary or non-necessary will very likely depend upon the particular circumstances at issue. If the acquisition of a lot is necessary to provide parking places for people who would otherwise be tying up street traffic while seeking a place to park, it would seem

¹¹ See also the discussion of the necessity for an appropriation in the opinion in the *New Bern* case, cited above.

⁴ The existence of privately-operated lots did not prevent the court from holding that the off-street facilities were a public purpose in Illinois and Pennsylvania. See the *Kankakee* and *McSorley* cases cited in footnote 2.

⁵ For a summary of the cases see "Necessary Expenses Within the Meaning of Article VII, Section 7,

that the expenditures for acquisition and necessary construction might be for a necessary expense and hence that tax funds could be used for this purpose.

If expenditures for facilities in a particular situation were considered to be for a non-necessary expense, non-tax funds could be used for the acquisition, since such funds would not run into the Article VII, section 7, prohibition. Thus, fees and charges for self-supporting activities over the costs of operation; utility profits over the costs of maintenance, operation, and debt service; income from revenue-producing facilities over the costs of operation (including revenue from other off-street parking facilities); and net profits from ABC stores not specifically ear-marked for other purposes by statute; all could be used.¹² In addition, the municipality's share of the state-collected intangibles tax, beer and wine tax, and franchise tax could also be used for this purpose, since these revenues are not derived from taxes which have been levied by the governing body of the municipality and hence they do not fall within the necessary expense limitation of Article VII, section 7.¹³ And finally any surplus funds on hand derived from non-tax sources could also be used.¹⁴

It is also possible that the proceeds of on-street parking meters could be used for the outright purchase of off-street facilities. G.S. 160-200 (31) specifically provides that the proceeds derived from on-street parking meters "may be used to provide for the acquisition, construction, reconstruction, improvement, betterment, or extension and operation of off-street parking facilities as defined in G.S. 160-414(d)."¹⁵ There

would be no further question about the use of on-street meter revenues were it not for the fact that in the *Wilmington* case, the North Carolina Court held that on-street revenues could not be pledged to the payment of bonds issued to acquire off-street facilities. The court's reason for refusing to allow such a pledge is not clear. It seems to depend in part on the fact that G.S. 160-200(31), as it existed at the time of the *Wilmington* case, provided only that on-street meter revenues could be used "exclusively for the purposes of making (parking) regulations effective and for the expenses incurred by the city or town in the regulation and limitation of vehicular parking, and traffic relating to such parking, on the streets and highways of said cities and towns." (The present authority in G.S. 160-200(31), quoted above and authorizing the use of on-street revenues to acquire off-street facilities, was added after the decision in the *Wilmington* case.)

But the court also used confusing language concerning the legality of the use of revenues derived in the performance of a governmental function to aid in the financing of a proprietary function, but no decision was cited in support of this position. The court may have been troubled by the possibility that a pledge of on-street revenues would have tied the hands of the governing body in the future as to what it might do in the area of on-street parking regulations, but of course this difficulty would not apply to the application of on-street revenues already in the treasury to the purchase of off-street facilities. The court may also have been suggesting that revenue derived from on-street parking facilities is in the nature of a tax, and therefore, subject to the limitation of Article VII, section 7. The possibility of this interpretation is strengthened by the opinion in the *New Bern* case, where the court seems to be saying that funds derived from on-street parking facilities do not fall within the category of those non-tax funds which could be used to finance a non-neces-

sary expense. It may therefore follow that the amendment to G.S. 160-200 (31), allowing on-street meter revenues to be used to acquire off-street facilities, will be read by the court along with Article VII, section 7, and that on-street meter revenues may only be used to acquire off-street facilities that meet the necessary expense test.

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tion has been suggested. "[This definition] limits the use of on-street meter revenues to the financing of off-street facilities as defined in G.S. 160-414(d). Since that subsection defines such facilities as being 'open to public use for a fee' the possibility of financing free lots with on-street meter revenues would seem to be foreclosed." Note, 31 *N. C. L. Rev.* 426-427 (1953).

It is to be noted in this connection that courts in other jurisdictions have held, even in the absence of statute, that it would be entirely proper to use on-street revenues to acquire off-street facilities, since the latter were closely connected with traffic regulation.¹⁶ In addition, other courts have authorized the pledge of on-street revenues to the payment of bonds issued for off-street facilities,¹⁷ which would obviously imply that there was authority to use on-street revenues on hand to require off-street facilities.

A final possibility for revenues for outright purchase of off-street facilities would be the use of special assessments imposed on business property benefited by the facilities. Statutory authority has been given to municipalities to impose special assessments in connection with the issuance of general obligation bonds under the provisions of Article 39, G.S. Ch. 160 (these provisions are discussed in full below). No such authority exists to impose such assessments in the case of outright purchase, however, so before a municipality could levy such assessments, additional authority would have to be obtained from the General Assembly.

Lease of Off-Street Facilities

Cities and towns apparently have authority to lease land for use as an off-street parking facility. The authority given municipalities in G.S. 160-200(31), when read in conjunction with G.S. 160-200(1) which specifically authorizes municipalities to lease property; the provisions of G.S. 160-499(e), which authorizes municipalities to acquire interests in land as well as land itself; and the authority in G.S. 160-415(a), which author-

¹² See *Sources of Municipal Revenue*, by John Alexander McMahon, published by the Institute of Government, Chapel Hill, 1953, pp. 36-49.

¹³ The section reads: ". . . nor shall any tax be levied or collected by any officers of the [county, city, town, or other municipal corporation] except for the necessary expenses thereof, unless approved by a majority of those who shall vote thereon in any election held for such purpose." See *Sources for Municipal Revenue*, *supra*, pp. 58-61.

¹⁴ *Airport Authority v. Johnson*, 226 N.C. 1, 36 S.E. 2d 803 (1945); *Goswick v. Durham*, 211 N.C. 687, 191 S.E. 728 (1937); *Sources of Municipal Revenue*, *supra*, p. 50.

¹⁵ This definition was quoted in part in paragraph (2) at the beginning of this article. A hidden limita-

¹⁶ *City of Hutchison v. Harrison*, 173 Kan. 18, 244 P. 2d 222 (1952); *State v. Douglas*, 117 Vt. 484, 94 A. 2d 403 (1953).

¹⁷ *State ex Rel. Gordon v. Rhodes*, 156 Ohio St. 128, 107 N.E. 2d 206 (1952); *State v. Chambers, Gate City Garage v. Jacksonville, Brodhead v. City and County of Denver*, and *Parr v. Ladd*, cited in footnote 2.

izes the acquisition of rights in land as well as land itself, are all broad enough to authorize the lease of land on which to construct necessary off-street facilities. And the opinion of the court in the *New Bern* case indicates that there is authority to lease land for off-street facilities.

The same funds, subject to the same restrictions, which could be used to acquire land by outright purchase could also be used to lease land, including tax funds if the facility were a necessary expense, and non-tax funds, whether the expense was a necessary or non-necessary expense so long as it was a public purpose.

Lease payments for such facilities would have to be provided for in the appropriation ordinance, at least to the extent of payments falling due in the fiscal year covered by the appropriation ordinance. The authority granted in G.S. 160-399(d), to make continuing contracts to be performed in whole or in part in an ensuing fiscal year, would authorize long-term leases; appropriations would have to be made in the ensuing years sufficient to meet the amounts to be paid in those years.

Purchases of Facilities on Time

Let us now consider the possibility of purchasing off-street parking facilities over a period of time on an installment basis. The provisions of Article V, section 4, of the North Carolina Constitution cause difficulty. That section prohibits the contracting of a debt in any one year in excess of two-thirds of the net debt reduction of the preceding year, unless the question is submitted to the voters and is approved by a majority of those voting. Installment contracts which obligate a municipality to make payments on the purchase price from the general funds of the municipality over a period of years are generally held to create a debt for the full amount of the purchase price in the beginning, because they commit the future taxing power of the municipality just as the issuance of bonds does; hence such contracts are subject to any debt limitation.¹⁸ An additional difficulty arises out of the fact that at the present time municipalities have no statutory authority to commit future taxes to the pay-

¹⁸ See the discussion of this problem in "Constitutional Restrictions upon Public Debt in North Carolina," by William Henry Hoyt and Jefferson B. Fordham, 16 N. C. L. Rev. 329 (1938), at p. 345.

ment of installment contracts, whether within the amount of the debt restriction in Article V, section 4, or in excess of it.

Municipalities may purchase off-street parking facilities on the installment plan, however, if future installment payments are limited to the revenues of the particular lot purchased or to the revenues from all off-street facilities.¹⁹ In such a situation, tax funds cannot be applied to future payments,²⁰ so no debt is incurred which would be subject to the limitations of Article V, section 4, and Article VII, section 7. In addition to the pledge of revenues of off-street facilities, G.S. 160-200 (31) would presumably authorize a pledge of on-street meter revenues to payments due under such a contract. There is, however, some doubt that the validity of such a pledge could be sustained under the reasoning of the *Wilmington* case. The same considerations would apply to this situation as apply in the pledge of such revenues to the payment of revenue bonds, for from a financial standpoint, the installment contract with limited pledge of revenue and the revenue bond device are closely related.

An additional possibility is the use of the "lease with option to purchase" device. G.S. 160-200(1) provides that municipalities may acquire property by "lease with privilege to purchase." The use of current revenues to make lease payments has already been discussed. When the option to purchase is exercised, presumably funds on hand will be used to meet the final purchase price, and the use of current revenues for the purchase of facilities has also been discussed.

The difficulty with any lease-purchase agreement is the possibility that it is in effect merely an installment contract disguised. If such were the case, it might well be that a court would strike it down as incurring a debt without authority, and in violation of constitutional limitations on incurring debt. The North Carolina court has not as yet had

¹⁹ For an example of such an installment contract, see *Town of Graham (N. C.) v. Karpark Corp.*, 194 F. 2d 616 (CCA 4th) 1952.

²⁰ *Brockenbrough v. Board of Water Commissioners*, 134 N.C. 1, 46 S.E. 28 (1903); *Williamson v. City of High Point*, 213 N.C. 96, 195 S.E. 96 (1938). See "Constitutional Restrictions upon Public Debt in North Carolina," *supra*, pp. 346-350.

occasion to consider the validity of a municipal lease-purchase agreement. The Attorney General, however, has had an opportunity to do so.²¹ In the process, he cited a number of cases upholding the validity of lease-purchase agreements, and a number striking them down as installment contracts in disguise. He then concluded that if the agreement called for a reasonable lease payment and did not obligate the city in any way as to the future, such an agreement would be valid; otherwise the agreement might be subject to attack on the grounds that it obligates the municipality for future payments.²² Thus, a lease-purchase agreement, if mutually satisfactory terms can be worked out between the municipality and the land owner, may well provide a good solution to the term payment plan when it is desired not to issue bonds for the purchase of the off-street facilities.

Joint Financing with Private Groups

One possible method of joint financing of parking facilities, whereby a municipality and the owners and operators of private business would share the cost of acquisition, would be through the imposition of special assessments on such owners and operators specially benefited. As has been pointed out, however, municipalities have at the present time no authority to levy special assessments to assist in defraying a portion of the cost of parking facilities financed from current revenues.

Under the provisions of G.S. 160-499(d), municipalities may accept "aid and contributions from any source of either money, property, labor or other things of value," which are to be used for the purpose for which such aid and contributions are

²¹ See letter from the Attorney General to George C. Franklin, dated 3 October 1952, subject: "Municipal Lease-Purchase Contracts; Continuing Contracts; Public Bidding."

²² The cases cited by the Attorney General upholding lease-purchase agreements were: *Rothchild v. Board*, 254 Ky. 467, 71 S.W. 2d 1003 (1934); *Dean v. Kuchel*, 35 Cal. 2d 444, 218 P. 2d 521 (1950); *Walinske v. Detroit-Wayne Building Authority*, 325 Mich. 562, 39 N.W. 2d 73 (1949); and *City v. Offner*, 19 Cal. 2d 483, 122 P. 2d 14 (1942). Cases holding such agreements as mere subterfuges include: *Brewster v. Deschutes County*, 137 Ore. 100, 1 P. 2d 607 (1931); *East St. Louis v. City*, 360 Ill. 490, 196 N.E. 442 (1935); *Summerlin v. Fowler*, 229 S.W. 2d 75 (Tex., 1950); and *Cole v. McCracken County*, 297 Ky. 797, 18 S.W. 2d 461 (1944).

made. Thus, the owners and operators of private business might be encouraged to make a contribution toward the purchase price of off-street parking facilities. Or a businessmen's association or civic club might make an annual donation to be applied to rental payments by the municipality of leased facilities. The municipality would be bound to use the contribution or donation in accordance with the conditions, if any, imposed by the contributors or donors.

Whether a municipality could join together with a group of businessmen organized formally or informally for the joint acquisition or lease of parking facilities is a more difficult question. As has been pointed out, municipalities may acquire a lesser interest in property than a fee simple title, and this might be interpreted to include the interest of a tenant in common. Whether a court would uphold the acquisition of such an interest is an open question, but even if it would, practical difficulties should be considered. How would disputes between the several owners, including the municipality, be settled? What would be the result if one or more of the owners wished to sell its interest? Who would pay the cost of improving the facilities? Before joint ownership should be seriously considered, every possibility of sole municipal ownership should be exhausted, including the possibility of contributions by the private individuals to assist in municipal acquisition. If the private individuals want specific assurances, the contributions could be subject to such restrictions as the contributors deemed advisable.

Another possibility is the gift of money by the municipality to a private organization, such as a businessmen's association or civic club, to assist the latter in the acquisition and operation of parking facilities. Such an arrangement is always subject to the challenge that it is an exclusive emolument, in violation of Article I, section 7, of the North Carolina Constitution which provides that "No person or set of persons are entitled to exclusive or separate emoluments or privileges from the community but in consideration of public services." Whether such a gift would be an exclusive emolument would depend on the situation, and it might be difficult to have such an arrangement upheld. Perhaps the same essential result might be obtained through a gift of money or property to the municipality to acquire title, with the

municipality then leasing the property back to the private organization or private operators for operation. The lease by a municipality of off-street parking facilities is authorized by G.S. 160-415(f) and G.S. 160-499(f).

There are undoubtedly other ways to provide for the joint financing of off-street parking facilities between a municipality and other organizations, formal or informal, in the municipality. The above discussion will assist in analyzing the possibilities and difficulties of such various arrangements.

Acquisition from Bond Proceeds

Authority exists in North Carolina to issue both general obligation bonds and revenue bonds for the acquisition of off-street parking facilities. The use of these two types of bonds is discussed in the succeeding paragraphs.

General Obligation Bonds

The issuance of general obligation bonds for the acquisition of capital improvements generally, including off-street parking facilities, is subject to the constitutional limitations of Article V, section 4, and Article VII, section 7, of the North Carolina Constitution. The first section prohibits the incurrence of debt by a municipality in an amount in excess of two-thirds of the previous year's net debt reduction without a vote of the people, and the second prohibits the incurrence of debt for a non-necessary expense without a vote of the people. Thus the issuance of general obligation bonds for off-street facilities must meet two tests if the bonds are to be issued without an election: (1) the acquisition of the facilities must be a necessary expense (see the earlier discussion of this problem), and (2) the amount of the bonds must be within two-thirds of the amount of the net debt reduction of the preceding year.²³ In all other cases, the issuance of the bonds must be approved by the voters.

There are two acts under which general obligation bonds for the acquisition of off-street parking facilities may be issued: (1) the Municipal Finance Act, G.S. 160-367 *et seq.*, and (2) the additional authority con-

tained in Article 39, G.S. Chapter 160.

The Municipal Finance Act authorizes the issuance of general obligation bonds for any purpose for which a municipality can appropriate money (G.S. 160-378), and it has been pointed out above that there is authority to appropriate money for off-street facilities. Full authority is given to each municipality to levy sufficient ad valorem taxes to meet principal and interest on the bonds (G.S. 160-397).

It is to be noted that G.S. 160-200 (31) contains authority to pledge on-street revenues to meet debt service on bonds issued for off-street facilities. This pledging authority did not exist when the *Wilmington* case was decided, and in that case the court held that on-street revenues could not be pledged to the payment of debt service on revenue bonds issued to acquire off-street facilities. The court might authorize such a pledge in the case of a general obligation bond issue, but before the pledge would be certain a further court test would probably be necessary. Since general obligation bonds are purchased by the investing public for the most part on the strength of the municipality's taxing power for debt service, it is uncertain whether the pledge of on-street revenues would result in a lower interest rate. And even if the pledge did result in a lower interest rate it is questionable whether the lower interest rate would more than make up for the cost of a court suit to determine the validity of the pledge.

Article 39, G.S. Chapter 160, entitled *Financing Parking Facilities*, contains additional authorization for the issuance of general obligation bonds. Debt service on the bonds must be met in part from special assessments levied against the owners of property in the area to be benefited by the construction of the facilities. Since the special assessment procedure must be inaugurated by a petition from the owners of property in the area to be benefited, the municipality itself cannot initiate action to issue bonds under this article. In addition, the revenues of the off-street facilities acquired or constructed, and all the revenues of the on-street meters until a maximum reserve has been established, must be pledged to the payment of the bonds.²⁴

²³ For a full discussion of the two-thirds limitation, see "Constitutional Restrictions upon Public Debt in North Carolina," by William Henry Hoyt and Jefferson B. Fordham, 16 N. C. L. Rev. 329 (1938).

²⁴ When the original bill was introduced into the General Assembly.

Since the *Wilmington* case casts doubt on the legality of a pledge of on-street meter revenues, the requirement that these revenues, be pledged to the payment of the bonds throws the validity of the entire article into question. It seems unlikely that any bonds will be issued under the article until the Supreme Court clarifies the situation.

Revenue Bonds

The Revenue Bond Act of 1938 (G.S. 160-413 to 160-424) authorizes the issuance of revenue bonds for the construction of off-street parking facilities. Parking facilities are defined by G.S. 160-414(b) to "mean and . . . include lots, garages, parking terminals or other structures (either single or multi-level and either at, above or below the surface) to be used solely for the off-street parking of motor vehicles, open to public use for a fee, including on-street parking meters if so provided by the governing body, and all property, rights, easements, and interests relating thereto which are deemed necessary for the construction or the operation thereof."

In *Britt v. Wilmington*, 236 N.C. 446, 73 S.E. 2d 289 (1952), the plaintiff sought to enjoin the issuance of revenue bonds by the City of Wilmington. The city planned to issue the bonds to purchase an off-street lot, to pledge the revenues from the operation of the lot and the revenues from on-street meters to pay debt service on the bonds, and to use criminal process to enforce the rules and regulations adopted for parking on the off-street lot. According to the facts developed by the city to encourage the sale of the proposed bonds, it anticipated annual revenue from the lot at more than \$11,000; maintenance, repair, and debt service were estimated at around \$7,500.

the pledge of on-street revenues and the pledge of special assessments was permissive, so that neither or either or both might have been pledged to the payment of the bonds at the discretion of the municipal governing body. The article was amended by the General Assembly to make mandatory the pledge of on-street meter revenues and the pledge of special assessments, so it would seem that the General Assembly's intent was to authorize the issuance of bonds under the article only after the imposition of special assessments had been requested by the owners to be benefited, and only with a pledge of the revenues of the on-street meters.

leaving a net balance, or profit, of over \$3,500 per year. The court concluded that the facility proposed was commercial in nature, and it held that it would be operated by the city while acting within its proprietary powers.

The court held that the revenues from the on-street meters could not be pledged to pay debt service on the proposed revenue bonds. It pointed out that G.S. 160-200(31), as that section then existed, authorized the use of on-street meter revenues only for the regulation and limitation of parking and traffic relating to parking, and contained no authority to use on-street meter revenues to acquire off-street facilities. Moreover, the opinion indicates that there might be further objection to the pledge, as on-street meter revenues were said to be "in the nature of a tax." Thus, even though G.S. 160-200(31) has been amended to specifically authorize the pledge of on-street revenues to meet debt service on bonds issued to acquire off-street facilities it is by no means certain that such a pledge will be upheld.

The court went out of its way in its decision to state specifically that the holding should not be interpreted as prohibiting the issuance of revenue bonds to finance off-street parking facilities. There is no reason to suppose, therefore, that a proposal to issue the traditional form of revenue bonds to finance parking facilities would be invalid. In the traditional form, principal and interest are to be paid solely from the revenues of the facility to be acquired or constructed, and there is no recourse by the bondholder to any other revenue of the municipality; particularly there is no recourse to the taxing power of the municipality. The difficulty with such bonds is their sale to the investing public. The public has had little experience with off-street parking facility revenue bonds. Investors, therefore, may well be reluctant to purchase such bonds, or if they do agree to do so, may well require a high rate of interest.

It has been suggested elsewhere, because of the uncertain market for revenue bonds for off-street facilities, that security over and beyond the mere revenues of the facility be pledged to the payment of debt service on bonds.²⁵ Some of the devices

include (1) the pledge of revenues from other lots, (2) the pledge of on-street meter revenues, and (3) the pledge of revenues from concessions.

(1) G.S. 160-414(a) and 160-415(d) seem to give authority to pledge revenues from other parking facilities to the payment of debt service on revenue bonds issued to acquire an additional facility. In *Brockenbrough v. Board of Water Commissioners*, 134 N.C. 1, 46 S.E. 28 (1903), the court authorized the pledge of revenues from existing facilities to meet debt service on bonds issued to acquire new facilities. Nothing in the *Wilmington* case, which dealt with the pledge of on-street meter revenues to meet debt service on bonds issued for off-street facilities, raises a question about the validity of a pledge of revenue from other off-street facilities. Moreover, the Illinois court has specifically authorized the pledge of such revenues under similar circumstances.²⁶

(2) The pledge of the on-street meter revenues to payment of debt service on bonds issued for off-street facilities is precisely the question raised in the *Wilmington* case, and the court held there that the on-street revenues could not be pledged. It seems possible, however, that the pledge of on-street revenues might be authorized in different circumstances. Consider, for example, the situation where an off-street facility is acquired, and it can be shown (a) that the acquisition of additional parking spaces is necessary to alleviate traffic congestion, (b) that the parking regulations on the off-street facility are similar to that imposed on the on-street spaces (for example, a one hour limit and no fractional parking), and (c) that the off-street facility by itself cannot be proven to be a profitable undertaking. In such a case, the court might well uphold a pledge of the on-street revenues, for the situation is completely different from the *Wilmington* facts. It is to be noted that courts in other jurisdictions have uniformly upheld the pledge of on-street revenues to the payment of debt service on revenue bonds issued to construct off-street facilities, even in some cases on facts very similar to those in the *Wilmington* case.²⁷

²⁶ *Poole v. City of Kankakee*, 406 Ill. 521, 94 N.E. 2d 416 (1950).

²⁷ *State ex Rel. Gordon v. Rhodes*, 156 Ohio St. 128, 107 N.E. 2d 206 (1952); *State v. Chambers, Gate City*

²⁵ "Revenue Bond Financing of Public Off-Street Facilities," by John Pershing, 36 Va. L. Rev. 1019 (1950).

(3) A third possibility which offers the prospective bondholder additional security is the operation of concessions and the pledge of revenues from such concessions to the debt service on the bonds. In this connection it is to be noted that the definition of the term "parking facilities," now found in G.S. 160-414(b), was inserted by the 1951 General Assembly. When the original bill was introduced to add that definition to the General Statutes, it defined parking facilities to include "facilities for trucks and busses, facilities for servicing motor vehicles and for the sale of gasoline, oil and other accessories, waiting rooms, lockers, and, if deemed necessary by the governing body for the financing of any parking facilities consisting of or including a lot, garage, terminal or other structure, space to be leased for such uses as the governing body may deem advisable for the greatest utilization of the structure, and all facilities appurtenant thereto." This broad authority to operate concessions in conjunction with the parking facilities was stricken from the bill by the General Assembly, thereby apparently indicating that the General Assembly was unwilling to grant to municipalities the authority to operate such concessions in conjunction with parking facilities.²⁸

Perhaps the best revenue bond possibility is the sale of the bonds to businessmen who have something to gain from the installation of adequate off-street parking facilities near their places of business. Such a device would give the businessmen an opportunity to recover their investment in full with interest. Even if the facility turned out not to be self-supporting, they might be out no more than if they had made an outright contribution, or if they had been specially assessed for a portion of the cost of the facility. In cases where a municipality is not in a position to pay the entire cost of an off-street parking facility outright, and yet where businessmen in the area are reluctant to pay an assessment or make an outright contribution to the

Garage v. Jacksonville, Brodhead v. City and County of Denver, and Parr v. Ladd, cited in footnote 2.

²⁸ The original provisions of Article 39, G.S. Chapter 160, entitled *Financing Parking Facilities*, contained similar authority to operate concessions, but that authority, too, was stricken from the proposed legislation by the General Assembly before final enactment.

municipality, such a financing device may prove a feasible compromise. (This device did prove feasible in Durham where \$475,000 of revenue bonds were offered to businessmen in the downtown area. The bonds were oversubscribed, and acquisition and construction of an off-street facility is going forward.)

Acquisition by Parking Authority

Article 38, G.S. Chapter 160 (G.S. 160-475 to 160-496) authorizes the creation of parking authorities by municipalities. The governing body of the municipality is to hold a hearing to consider the necessity of organizing a parking authority. If it finds it to be necessary, the governing body may then appoint a five-member authority to acquire and operate off-street facilities.

The authority is a corporate body exercising powers as an agency or instrumentality of the city. It may acquire by purchase or condemnation such property as is necessary for its purposes; it may construct such facilities as are necessary; and it may maintain and operate such facilities and charge rentals and fees for their use. The city may convey real and personal property to the authority, and contracts are authorized between the municipality and the authority. The authority may issue bonds to finance the acquisition and construction of facilities in an amount not in excess of \$3,000,000, but the bonds are to be paid only from the revenues of the authority and not from the revenues of the municipality generally. The municipality may pledge all or any part of the revenues of on-street meters to the authority for the period during which the bonds of the authority shall be outstanding.

There is no doubt in North Carolina that authorities may be created to exercise governmental powers.²⁹ Thus if acquisition and operation of parking facilities are public purposes, then an authority can be created to acquire and operate them. Previous discussion has indicated the likelihood that expenditures for off-street parking facilities would be for a public purpose. Other jurisdictions have upheld the use of parking authorities.³⁰

²⁹ *Wells v. Housing Authority*, 213 N.C. 744, 197 S.E. 693 (1938).

³⁰ *Barnes v. City of New Haven*, 140 Conn. 8, 98 A. 2d 523 (1953); *McSorley v. Fitzgerald*, 359 Pa. 264, 59 A. 2d 142 (1948).

The difficulties to be met in financing off-street facilities by parking authorities are similar to those found in the case of revenue bonds. It may be difficult to sell bonds whose only security is the revenue of facilities to be constructed. Moreover, the authority to pledge on-street revenues to such authority for payment of principal and interest on bonds issued poses the same questions as the pledge of on-street revenues to the payment of debt service on revenue bonds issued by the municipality itself.

Summary

It can reasonably be concluded that expenditures for off-street parking facilities in North Carolina will be held to be for a public purpose where the facilities are necessary to relieve traffic congestion, or where they are reasonably related to the relief of traffic congestion. As the court in the *New Bern* case pointed out, however, it will be necessary for the governing body to make a finding of "public necessity and convenience" in order to put itself in a position to argue, if challenged, that the facilities are indeed for a public purpose.

The question of whether expenditures for off-street parking facilities are for a necessary or a non-necessary expense is more difficult to answer. The conclusion has here been ventured that where the facilities will apparently be a profitable undertaking in competition with private business, and where the facilities can be used by parkers for long-term parking of several hours or more, the court will find that the expense of acquisition is non-necessary. On the other hand, where the health, safety, and welfare of the inhabitants of the municipality demand governmental operation of off-street facilities in order to alleviate traffic congestion; where the parking regulations on the off-street facilities are similar to those imposed on the on-street spaces; and perhaps where the off-street facilities cannot be shown to be a profitable undertaking; the court may find that expense of acquisition is necessary.

As to the financing of the off-street facilities, it has been pointed out that there are a number of possible ways of acquiring facilities from current revenues, including outright purchase and lease. The necessary expense question is very relevant here, for tax funds can be used for ac-

quisition, improvement, and operation only if the facilities are a necessary expense. Non-tax funds could be used, however, whether the acquisition is necessary or non-necessary.

One further word is necessary in connection with expenditures for acquisition, improvement, and operation. Suppose a municipality spends money for off-street facilities, under existing authority, and suppose the expenditure is challenged. Could the members of the governing body be held personally liable? It may reasonably be concluded that a public officer would incur no personal liability for expenditures made in reliance on a statute, even though the statute might later be held to be unconstitutional.³¹ The appropriate remedy for a person objecting to the acquisition, or the proposed method of financing, would be by injunction prior to the completion of the transaction.

Statutory authority exists for the acquisition of off-street parking facilities from the proceeds of general obligation bonds, supported by the taxing power of the municipality, and from revenue bonds. Constitutional debt limitations will apply to the issuance of general obligation bonds, but such bonds will undoubtedly command a lower rate of interest than revenue bonds. Revenue bonds can, however, be issued without a vote of the people, and may in certain instances present a feasible method of financing the facilities.

³¹ See 43 Am. Jur., Public Officers, section 306. See also *Old Fort v. Harmon*, 219 N.C. 241, 13 S.E. 2d 423 (1941), where the court said that public officers "in the performance of their official and governmental duties involving the exercise of judgment and discretion, may not be held liable as individuals for breach of such duty unless they act corruptly and of malice." See also *Harrison v. New Bern*, 193 N.C. 555, 137 S.E. 582 (1927), where the court said that transactions beyond the power of a municipality are unassailable after they have been fully performed.

Public Personnel

(Continued from page 10)

Effective April 1, Charlotte became the first North Carolina municipality to place its firemen on a five-day, 60-hour work week. Under the new work schedule, firemen will get two days in succession off each week instead of the present one day off each week.

Because the Charlotte Fire Depart-

ment operates on a two-platoon system, the hours of the work week will vary. When a fireman is on night duty, he will work 70 hours a week. He will report at 6 p.m. and will work until 8 a.m. the next day or a 14-hour shift. When a fireman is on the day shift, he will work 50 hours a week. He will report at 8 a.m. and will be relieved at 6 p.m. or after a 10-hour shift. Under this schedule each fireman will work 120 hours every two weeks or an average of 60 hours a week.

As of January 1, 1957, an estimated 23 municipalities in the 13 southeastern states and the District of Columbia had adopted a 60-hour or less work week for firemen. Three municipalities, Birmingham, Miami, and Bossier City, La., had adopted a 56-hour work week for firemen. The 20 other municipalities, including Atlanta, Houston, Washington, D.C., and six municipalities in Louisiana and 11 in West Virginia, had adopted a 60-hour work week.

Besides the shorter work week, 80 Charlotte firemen with 15 years of service will also be eligible this year for the first time to enjoy a third week of annual vacation.

The shorter work week and the longer vacation allowance were made possible by the addition of 40 new firemen who increased the department to 275 members. The additional firemen will increase the cost of the fire department approximately \$140,000 a year.

Officers Vote for Social Security

On May 15 the law enforcement officers of 160 governmental units in North Carolina voted on the question of whether they desired to be brought under the Old Age and Survivor's Insurance provisions of the Social Security Act.

Returns from these elections indicate that policemen in only four of the 160 governmental units voted against being brought under Social Security. The officers voting against OASI coverage were employees of Greensboro, Mecklenburg County, Shelby, and Winston-Salem who belonged to the Law Enforcement Officers' Benefit and Retirement System.

Plant Location Study

(Continued from page 8)

pared with the Coastal showing for medium-sized plants—12% gain, 47%

loss; and large plants—26% gain, 53% loss.)

Turning now to a detailed examination of the distribution of small plant gains and losses, we find that moderate gains of one to nine plants were made in 35 counties. Map III shows that these gains were fairly widely distributed throughout the state, with 14 Coastal counties, eight Piedmont counties, and 13 Mountain counties accounting for the total. More substantial gains of from 10 to 19 plants were reported in 30 counties—19 Coastal, seven Piedmont, and four Mountain. Most substantial gains, from 20 to 29 plants, were made in seven counties, three Coastal, three Piedmont, and one Mountain. Outstanding gains of 30 or more plants were made in eight counties, two Coastal, five Piedmont and one Mountain. Piedmont Randolph heads the list, followed closely by Guilford and Mecklenburg (also in the Piedmont area).

Static Counties

Only two counties, Coastal Chowan and Piedmont Caswell, reported neither gain nor loss. Both of these had a relatively small plant population in 1947.

Losses

Only 18 counties reported losses in small plant population during the seven year period. Eleven of these were Piedmont counties, five Mountain, and two Coastal.

The Relationship Between 1947 Plant Population and New Plant Location

Table 11 shows the extent of gains among the 21 counties having 50 or more small plants in 1947. Eleven of the counties reporting substantial to outstanding gains are included in this group, and it may be observed that there is some (although not a strong) consistent relationship between a large 1947 small plant population and the rate of gain in such population.

Plant Additions in the Vicinity Of North Carolina's Largest Cities

Table 12 shows the relative gains among the counties containing North Carolina's six standard metropolitan areas. As in the case of large and medium-sized plant gains, Guilford County heads the list in volume of gains, with Mecklenburg again in second place. Both Guilford and Mecklenburg (it will be observed in ex-

(Continued on inside back cover)

URBAN GROWTH AND MUNICIPAL SERVICES:

Part IV: Must City Boundaries Continue To Grow

The preceding articles in this series have examined particular problems concerned with growing cities. Attention has been given to the types and quality of services necessary as development takes place in the vicinity of a city, to the problem of new service costs as a city grows, and to the overall characteristics of a tax policy and an improvements policy which would support sound expansion of city services. In this article consideration will be given to the alternative policies which city governing boards may adopt in extending services to newly-developed land, including annexation policies.

As in the preceding articles, specific reference will not be made to existing legal procedures for extension of services or of boundaries. It is always important to look at the situation in a particular city to determine what *should be* the policy in that city without regard to statutory procedures for extending services or for annexing territory. When the city has decided on a policy, it can then determine if its policy can be accomplished within existing statutory procedures or whether statutory procedures should be changed. The city which undertakes planning on a restricted basis may well be unable to formulate a comprehensive plan to meet its particular needs. Thus an examination of the situation should come first without regard to legal limitations, which if necessary can be eliminated or changed.

Frequent reference has been made in this series of articles to the need for continuous planning for the extension of municipal services. Fundamental to such planning is the availability of several types of basic information. Such information is also basic to a consideration of the alternative service extension policies which will be discussed in this article. Careful study of the following would seem to be necessary:

1. Basic information on land surrounding the city with respect to the way it is used, its population, degree and direction of development, present availability of necessary municipal service, and its geography and topography.

2. A thorough understanding of the ability of the city to expand and ex-



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tend services to contiguous land. This includes an appreciation of costs that will be incurred not only in extending services into newly-served areas, but also in expanding present facilities to meet the additional demands.

3. A thorough analysis of the cost of extending each service, now offered by the city, which might be wanted or needed in areas contiguous to the city, and of the revenues which would accrue to the city from annexation of those areas or under sales contracts with those areas.

In securing this information and putting it into workable form, the most successful method has been to divide the area surrounding a city into sub-areas. Each sub-area should be homogeneous in itself as to the kind of development that predominates. Boundaries for each sub-area should be recognizable boundaries such as governmental boundaries, natural boundaries such as creeks and ridge lines, or man-made boundaries such as major highways. All of any particular sub-area should be within the same drainage area for purposes of estimating the impact and cost of sewage facilities. All parts of any one sub-area should be subject to the same tax and service charge burdens, which means that governmental boundaries should not split the sub-area.

In undertaking such a study a city or town can, and probably should, rely on city personnel, if trained personnel are available. The city planning office can easily develop this information. The city engineer with the assistance of the finance officer can develop the information. If, however, trained personnel are not available, an initial study can be made under contract with a consultant. City officials should, however, be trained to keep the information up-to-date.

When complete information on the character and cost of servicing areas contiguous to the city is available, the council is in a position where it can examine the available, alternative policies which it may adopt with respect to extension of services or extension of city boundaries. The information at hand should tell the city council first of all whether its present tax and improvement policies will permit the town to expand and extend its services without discriminating against taxpayers presently in the city. If, under existing policies, the city cannot reasonably anticipate that services can be extended without an increase in property taxes or water charges, attention should first be directed toward fixing tax policies, improvement policies, and water and sewer rate schedules which will permit expansion of facilities to accommodate newly-developed territory without imposing an unfair burden on taxpayers presently in the city. The general principles for determining such policies were covered in the last article.

Once tax and improvement policies have been studied and corrected, the city council is faced with the several basic policy choices which will be discussed in the remainder of this article. The discussion will include an analysis of the general effects which each policy choice may have on land and taxpayers inside and outside the city. The success of any given policy will depend upon the overall effect that it will have on population and land use within the city, on land development and the quality of municipal services in the area outside the city, on taxpayers inside and outside the city, and on the city government itself. As these policies are considered, the governing board should keep in mind the type of criteria for overall urban development which has been set forth in this series of articles.

The first policy which is within the power of the city governing board and which should be examined in some detail is a policy which results primarily from inaction and inertia. That is the policy whereby a city over a long period of years takes no action either to extend its corporate limits or to provide its services beyond its boundaries.

Course of Action: "Sit Tight"

Effect on Population and Land Use—City

Over a period of years, when a city fails to extend its limits, vacant land inside the city is progressively used up. This means that, for many types of development, property values in the city will gradually increase as the supply of vacant land decreases. As already developed areas begin to age, however, property values in those areas will begin to decline. At the same time, if the city continues to grow either in population or as a retail, wholesale or industrial center, the demand for and cost of municipal services throughout the city will probably continue to rise. This has been characteristic of post-war development in cities throughout the country. Thus as vacant land is used up, and as all developed property in the city continues to age, property values in the city will reach a peak and begin to decrease at the same time that there is a demand in the city for a higher quality of services such as police and fire protection and major street construction. As a result, within a few years the city which has not extended its limits will face a demand for services that can be met only through higher taxes. The only alternative to higher taxes will be a lower quality of services.

A further disadvantage to this policy is the effect that it has on industrial development. The city that fails to expand its limits soon runs out of land suitable for industrial development, and potential industrial sites tend to be found outside the city. In many cases these sites are not marketable for industrial use unless services such as city water and sewer lines are available. The city which refuses to extend either its limits or its services makes development of good industrial sites almost impossible. Without new industry and the new jobs it brings, development in the city will tend to level off in the future.

Effect on Land Use and Services—Outside the City

New suburban residential development outside of a city, if it is to be of a high quality, must either have public water and sewer services or must take place on larger lot sizes in order to avoid present and future sanitation problems. Larger lot sizes in suburban areas tend to increase housing costs. Many marginal de-

velopers, however, unable to get city water and sewer services outside the city, install inadequate wells and septic tank systems which become even more inadequate as the land is intensively developed. The alternative then, outside of a city which does not extend its services, is either development on small lots with almost inevitable sanitation problems which grow more serious as the land is built up or development on large lots with an accompanying increase in housing costs.

If neither the city nor the county has any authority to guide land development in areas outside the city, undesirable development may take place. It is common to find in unincorporated areas adjacent to North Carolina cities a mixture of residential and commercial land uses which results in unattractive and unlivable neighborhoods for residential purposes and inefficient areas for commercial uses. When this mixture occurs, land values tend to become depressed and sub-standard subdivisions with low-quality homes develop. Furthermore, if suitable industrial sites are not protected, land desirable for industrial uses may be unwisely and prematurely developed as a speculative residential subdivision.

In addition to sanitation problems resulting from inadequate provision for water and sewer services, other service deficiencies are often found in suburban areas where municipal services are not available. Fire and police protection will probably be inadequate. Failure to apply standard building regulations may increase fire hazards. Garbage collection may not be up to minimum standards. Residential streets may be too narrow to permit effective incorporation of these streets into the city's street

system under future annexations, and such narrow streets tend to depress property values.

Effect on Taxpayers

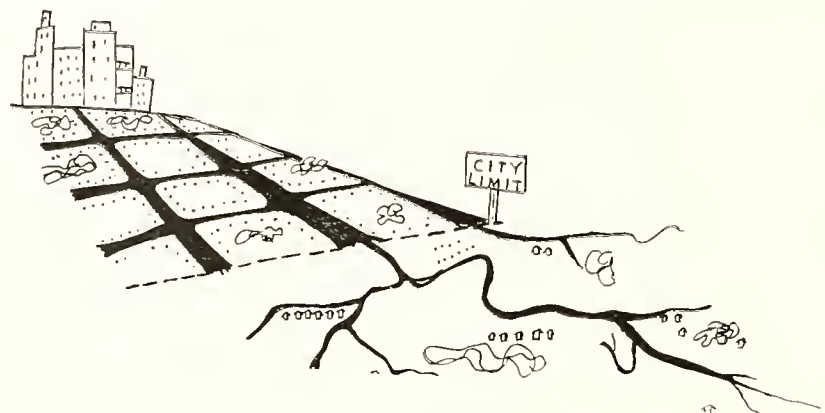
When a city sits tight and refuses to extend either its limits or its services, taxpayers in the cities initially do not suffer. There will come a time in the future, however, when tax values will reach a peak and begin to decrease while service demands increase. Then, almost inevitably, taxes must rise. At the same time, housing and service costs tend to be high outside the city, whether homeowners purchase basic services from private contractors or band together into special tax districts to obtain a minimum level of services. If sub-standard conditions exist outside the city, there is also eventual loss to the community in that the overall value of property is depressed.

Effect on City Government

It may seem ridiculous to suggest that any city would pursue a policy that has such unfavorable consequences. Yet many cities in this country and in this state have done so. Not permanently, to be sure, but they have delayed taking action for such a long period of time that the cure, if there is one, is the expenditure of many thousands and millions of dollars more than would have been necessary had land been served progressively as it was developed. When at length the delaying city acts, it is more as a result of the need for more taxes within the city or for industrial land within the city than because of any recognition of a need for a long-range policy.

Overall Probable Effect

In a city that takes no action or delays action for a period of years, the chances for a continued healthy



Unhealthy sprawl is the wage of a "sit tight" policy—a sin which does not eliminate, but merely postpones, the day of reckoning.

growth throughout the metropolitan area are permanently damaged. Eventually every city and surrounding suburban area must embark upon a planned program for growth and development. The city that "sits tight" merely postpones the day of reckoning.

Course of Action: City Becomes A "Service Center"

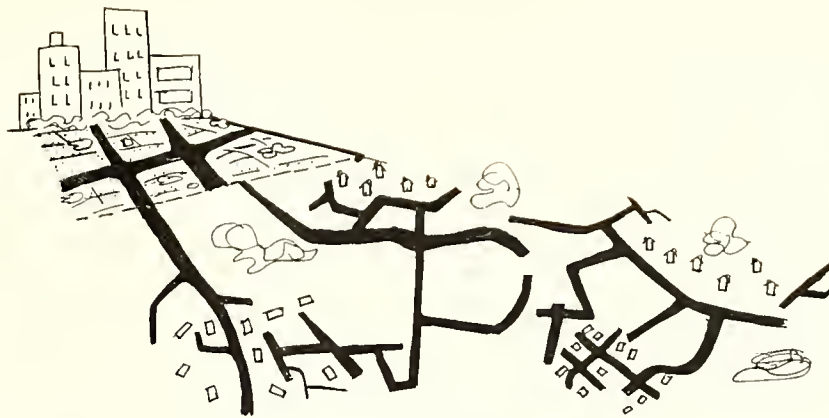
A second popular policy among cities in this state and throughout the country is for the city to take no action in respect to extension of city limits but to make some or all of its services available to property outside its limits on a contractual basis.

Effect on Population and Land Use—City

If municipal services essential to attract industry and encourage sound residential development are made available by contract with the city, development within the urban area is necessarily encouraged and population increases will accompany that growth. At the same time the demand for vacant land in the city will fall as desirable sites for development are opened up outside the city with municipal services available. Movement of population from the city is encouraged when new homeowners and new businesses can receive city services outside the city. Eventually the city will face the same impasse as if it had extended neither limits nor services—that is, property values within the city will reach a peak and begin to decline at the same time that the demand for services to protect business areas and older residential areas are on the increase. In other words, availability of city services outside the city in the long run encourages development outside the city at the expense of development inside the city.

Effect on Land Use and Services—Outside the City

Better development will necessarily take place outside of the city if water and sewer facilities and other services such as fire protection are available on contract from the city. In the absence of county or other municipal action, however, the only control on land development in the outside area will be through conditions imposed by the city in making services available. Some cities in this state, for example, have required that new subdivisions conform to city subdivision and build-



The "service center" city encourages suburban development at the long-range expense of city property owners. A multiplicity of independent communities and separate governmental units is likely to grow up.

ing regulations as a condition to receiving city water. Such conditions help insure that development outside the city will meet accepted standards. In order to protect city consumers and city taxpayers from water and tax rate increases to expand facilities to provide water and other services outside the city, cities generally charge higher water rates to suburban users than users within the city. In addition they generally fix a high cost for services such as fire protection. In subdivisions of low-cost housing outside the city, installation of septic tanks and wells may be more acceptable than the conditions imposed for city services. Thus, the potential advantage of imposing such conditions may be lost to areas which most need both controls and water and sewer facilities. It is in these minimum subdivisions where city services are not utilized that sanitation problems often develop.

As a suburban area grows in size, pressures often develop for a higher quality of service throughout the suburban area. These pressures are usually met through the incorporation of separate municipalities, sanitary districts or fire districts for the purpose of financing construction of water and sewer lines, obtaining fire protection, obtaining police protection, garbage collection, and other municipal services. Incorporation is also sought in order to impose zoning ordinances and other regulations to protect land development. On the other hand, in some metropolitan areas, suburban communities are incorporating to avoid being subject to zoning ordinances. When a multiplicity of small governmental units grows up in a suburban area, the ability of the city to expand its boundaries is con-

finer, perhaps permanently. Furthermore, each of these small governmental units does not have the taxing capacity or area jurisdiction necessary to provide a high quality of service as the area develops further. This multiplicity of small governmental units should be avoided in the vicinity of any growing city.

Effect on Taxpayers

In a city which becomes a service center, taxpayers in the city feel no adverse effects initially, but at some time in the future, when tax resources in the city begin to decrease while service demands increase, taxes may rise. Under contractual arrangements, furthermore, housing and service costs are higher outside the city, whether the homeowner provides his own services, purchases them from the city or joins in the incorporation of a separate municipality.

Effect on City Government

As in the case of the city which "sits tight," the city which sells services will eventually face a crisis, though the day of reckoning may be longer delayed if the city realizes profits from the sale of services. Many of the cities in North Carolina now attempting to annex are paying the price for having sold services over a long period of time to their suburban areas. The time inevitably comes when the city decides to annex adjacent developed land but finds that the avenue to annexation is blocked either by resistance on the part of outside residents who already have the services they want or by the existence of separate municipalities and tax districts on every side. North Carolina cities have been fortunate in the relatively small number of separate municipalities and tax dis-

tricts incorporated in suburban areas, but they need only look at cities in other parts of the country to see how future incorporation of small municipalities can permanently block growth.

Overall Probable Effect

The city which sells services encourages development in the suburbs and therefore throughout the metropolitan area, this encouragement is provided at the long-range expense of city property owners. This policy of selling services will probably result, in the long run, in making it difficult for a city to annex land when it realizes the need for annexation.

Course Of Action: City Annexes Only Those Areas Which Can Pay For Themselves

Many cities are quite willing to annex territory if they can be sure that the territories annexed will return sufficient revenue to off-set the cost of services. It is important to examine the probable effect of such a policy.

Effect on Population and Land Use—City

Generally speaking, those areas which will pay for themselves initially are (a) industrial and commercial areas and (b) well-developed residential subdivisions. If the city holds a whip hand on extension of municipal services, a good proportion of the higher value subdivisions and industries on sites adjacent to the city can be annexed. In such an event population in the city would rise slowly; property values would increase in proportion to the number of areas annexed. This result is good as far as it goes, but most of the land coming into the city would be developed land. If there is a lack of vacant land in the city, adoption of such a policy would not include annexation of vacant land needed for future industrial development and for further residential development.

Effect on Land Use and Services—Outside the City

Areas which cannot initially produce enough revenue to pay for their services are most often the same areas which (a) have sub-standard development, (b) have sanitation problems, and (c) need municipal services and controls. Such territory is and will continue to be part of the metropolitan area of the city, and if corrective action through services is not taken by the city, it will tend to remain or

become a suburban slum.

Rapidly-growing areas which do not initially produce revenue sufficient to support services may, with sound development, become healthy and productive. Looking into the future, these areas should be brought into the city as they are being built up so that sound development can be encouraged. If annexation is delayed until they are fully developed, and in the absence of any land use control in the suburban area, additional costs will be incurred to straighten out faulty street patterns, replace inadequate water lines and sewage disposal facilities, and install storm drainage. These additional costs may be the difference in determining whether an area will "pay for itself." Inadequate fire and police protection will also be a problem in those areas of intensive development which are not taken into the city. As these serious problems develop, a multiplicity of special purpose tax districts may spring up.

Effect on Taxpayer

Picking and choosing areas to be annexed according to their ability to produce revenue has serious political consequences. Outside residents resent either (a) being annexed because their property has high taxable value or (b) being left out because it does not have such revenue-producing value. Furthermore, industries and businesses frequently get the impression that they are being annexed purely for the taxes their property will bring in. If annexation policy is based on selection, this charge has some truth. If, however, annexation proceeds according to a comprehensive policy of community growth and development, this argument loses its force.

Effect on City

In following this course of action the city is, in effect, adopting a "do nothing" policy in relation to its poorly developed and undeveloped suburbs. For reasons that have been noted at length in earlier articles, a policy of this kind is likely to have disastrous effects upon the health, livability and economic well-being of the city and the metropolitan area as a whole. Furthermore, political resistance to annexation builds up under this policy, and the city may find that areas which it wants to annex will give stiff opposition.

Overall Probable Effect

The city will continue to grow.

The time will come, however, when it is ringed about with unhealthful, unattractive suburbs which detract from its appearance and reputation as a livable city. Vacant industrial land may be unwisely developed, undermining the future economic well-being of the city and the metropolitan area. If a policy of annexing only those areas which will pay for themselves is combined with a policy of selling services outside the city, any incentive for annexation on the part of suburban areas will have been removed. Once all vacant land is gone in the city, the city will have great difficulty in annexing outside areas, because those areas will have the services they want.

Course Of Action: City Annexes All Areas Having A Need For Municipal Services

If the city adopts a policy of annexing all those areas which have a present need for municipal services, irrespective of their revenue-producing potential, and all of those areas which are now under development, the effects of such policy may be anticipated as follows.

Effect on Population and Land Use—City

This policy, if pursued aggressively, will bring both developed areas and those under development into the city. The amount of territory annexed would depend largely on how fast the city could finance extensions of its services. Population within the city would increase substantially. Improvement costs in newly-annexed, vacant or sparsely-developed land under development subsequent to annexation would tend to be less than if this land had been completely developed prior to annexation. The city would have vacant land available for industrial and residential development, and this land would be attractive for development because of the availability of city services.

Effect on Land Use and Services—Outside the City

Even if the city follows this policy successfully, within the limits of its financial ability, problems of urban development beyond the boundaries of the newly-enlarged city would arise in a relatively short period of time. In other words, the areas annexed could be encouraged to develop in a sound manner, but development has a habit of pushing ahead beyond city boundaries. Unless the city could secure extra-territorial planning juris-

diction, or make arrangements for planning outside the city, there would be no control over this new fringe development. The problems now faced by the city in the suburban areas would present themselves again as the natural process of growth continues on the city's periphery.

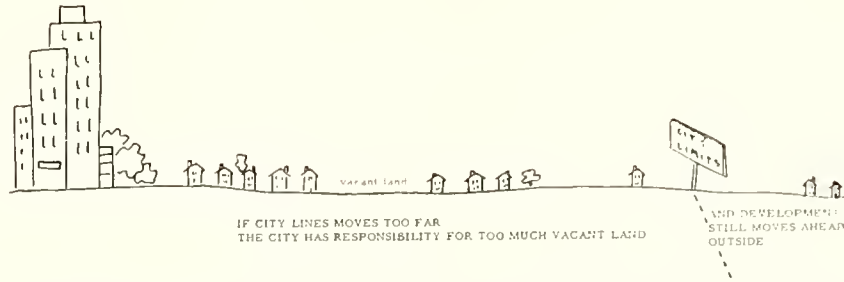
Effect on Taxpayers

More than any course of action thus far considered, this policy brings services to the land as they are needed. In so far as intensive development is brought into the city at the time of development, a good investment by the city without subsidization of suburban land is assured. Continued growth inside the city protects the city taxpayer from future tax increases to meet the rising cost of services, provided that the city's tax and improvement policies are sound. Participation by the newly-annexed areas in the cost of capital facilities insures a more equitable distribution of the cost of development.

Effect on City Government

This course of action carries with it the disadvantage that considerable pressure is placed on the city government. In order to make this policy work, there must be a sustained campaign or course of action to extend city limits as the need for services becomes apparent in areas outside the city or as services are requested by land owners now outside the city. With the many other responsibilities facing city government, there is the danger of moving too slowly.

This pressure also manifests itself in relationships with the outside area. When the city maintains pressure for annexation, it must combine that pressure with very good public relationships and salesmanship if it is to avoid political opposition to annexation. No matter how effective the city's planning for systematic extension of services into areas under development may be, opposition from the outside area may make that plan useless.



Too-ambitious annexation means higher cost of services; creates dissatisfaction in outlying areas; and still leaves development inadequately directed.

It must be emphasized that this policy assumes extension of services and boundaries, in line with the ability of the city to finance such extensions. As we have seen, this ability is limited, particularly with respect to water and sewer costs, and the areas to be served must be chosen with care. In other words, the city has a responsibility for working with real estate developers and citizens in suburban areas to encourage urban development in areas where urban services can be efficiently provided.

shortage of vacant land to having an overabundance of vacant land. Much vacant land in the city will not be developed even though it is subject to city taxes. The property owner will be forced to assume an additional tax burden for many years without promise of immediate return. Population and development will move forward, but it will be more scattered because there will be more choice of land where services are available. This, of course, will tend to reduce land speculation.

Overall Probable Effect

This policy, aimed at keeping the city boundary coterminous with development of a density requiring municipal services, is preferable to those considered thus far. It falls considerably short, however, of meeting the problem of development throughout the metropolitan area. As we shall see later in the article, the city cannot hope to serve the entire metropolitan area and still afford a uniform quality of service.

Effect on Land Use and Services—Outside the City

Land development, outside the city, despite the extension of city boundaries to take in many square miles of vacant and undeveloped land, will continue. This has been observed in many cities throughout the country where boundaries have been extended and some development still leapfrogs the vacant city land and takes place just outside the city. As long as this development is not subject to planning controls, and is in need of municipal services, the same dangers noted under the preceding policies will be present.

Course of Action: City Annexes To Outer Reaches of Metropolitan Area

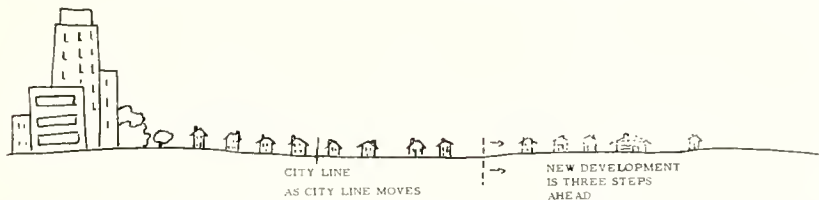
Finally, we should consider a policy where the city tries to bring into its boundaries all parts of the metropolitan area which are city-centered.

Effect on Population and Land Use—City

When a city undertakes an extremely ambitious policy of annexation, it will move from having a

Effect on Taxpayers

The principal disadvantage of this policy, and it can be formidable, is that it obligates the city, morally if not legally, to extend expensive services and to construct expensive facilities in very sparsely-developed territory. If the city annexes and does not provide services, or if the extension of services is delayed for several years, residents of the newly-annexed area understandably complain of "taxation without compensation." Yet, if the city attempts to provide these same residents with all municipal services immediately, other taxpayers may complain of vast funds invested in projects with a doubtful return. Whether higher costs and taxes will be necessary will depend



Annexation which keeps pace with development makes extension of services financially possible. But it does little to direct development throughout the metropolitan area.

upon the particular situation, but higher taxes to provide services to sparsely-developed land are likely.

Effect on City

Under this policy the city is faced with difficult alternatives. It has a substantial obligation within the city, one that may lead to heavy costs. Because of that obligation it may not be able to move to annex or serve additional areas outside its new boundaries. By the time development within the city is served, the outside area may have grown up in a sub-standard manner. Therefore, the purpose for annexing a large area in the first place may be defeated.

Overall Probable Effect

A too ambitious annexation policy may lead to higher costs because services must be scattered; it may create dissatisfaction in subjecting large areas of vacant land to city taxes; it may not accomplish the purpose of controlling or helping all new development.

Comment on Courses of Action

The alternatives suggested on the preceding pages do not cover all the different policies that may be exercised or devised. There has been no specific consideration, for example, of the effect of county zoning as a supplement to the city's powers. These possibilities were intentionally omitted from the discussion so that attention could be focused on those policies which are primarily city-centered, which are (within limits) within the reach of cities, and which the council will have to decide upon.

Any solution which is city-centered, however, will probably not go to the heart of the problem of metropolitan development today. Under our system of local government in North Carolina and in this country, no one governmental unit has sufficient flexibility of powers and of financial policies to guide the growth and development of a large urban area. A bewildering array of statutory and constitutional restrictions on the financing of local governmental services and on the exercise of governmental power at the local level help make one government for a metropolitan area impractical. When the political interests of varied groups throughout the area are considered along with the needs and desires of its people the possibility of devising a system of local government which can meet the needs of growing metro-

Books of Current Interest

INDUSTRIAL TAX-EXEMPTION IN PUERTO RICO, by Milton C. Taylor, Madison: The University of Wisconsin Press, 811 State Street, 1957. 172 pp. \$3.50.

Industrial tax-exemption has been given most of the credit on the Island of Puerto Rico for an embryonic industrial revolution in the past ten years. On the other hand, this subsidy often has been viewed by public finance agents as perverse, inequitable, and ineffective. How tax exemption can be so maligned in public finance literature and yet at the same time ride the crest of congenial public support and political favor in a particular area is the subject of this particular study. In the light of current developments, this book should prove interesting and helpful to those North Carolinians interested in attracting new industry to North Carolina.

politan areas seems even more difficult.

This was the import of the editorial in the April issue of POPULAR GOVERNMENT. That is, the city government, as it is constituted in North Carolina and throughout the United States today, has neither the power nor the financial resources to govern all of the land which economically and socially is one community. Cities cannot provide a flexible scale of services at flexible prices to densely congested areas on the one hand and to rural areas on the other. Nevertheless, cities have an interest in the way that new land development takes place in rural areas. On the other hand, rural areas have an interest in how cities develop, extend their services, and create a pattern of living.

What must be done in North Carolina urban areas is to devise an approach to local government in the metropolitan areas which recognizes the basic social and economic unity of the metropolitan area, which could receive widely-based political support on an adequate basis of representation, which could assure a good quality of services to land under development when and where needed, and which would be financially sound. Such approaches will be discussed in succeeding articles in this series.

AMERICAN WATER RESOURCES ADMINISTRATION (in 2 volumes), by Yang-Ch'eng Shih. New York 3: Bookman Associates, 31 Union Square West, 1956. 1373 pp. \$15.00 per volume; \$25.00 per set.

These two volumes constitute what is probably the most definitive work in print on the subject of water resources administration. Federal, state, and local jurisdictions as well as intergovernmental relations and special district administrative problems are discussed at length. The author is prodigal in his use of footnotes which include statutory citations to the codes of the various states. It is regretted, however, that the study is not indexed and as a result cannot be used as often nor as effectively as its merit warrants.

AMERICAN DEMOCRACY UNDER PRESURE, by Donald C. Blaisdell. New York 10: The Ronald Press Company, 15 East 26th Street, 1957. 324 pp. \$5.00.

Political pressures exerted by political parties and lobbies is the primary subject of this study which is a complete revision of an earlier work with emphasis changed from economic pressures to the more exigent social pressures. Many references to current happenings are interspersed throughout the work, and the author, who is professor of government at The City College of New York, has concluded his study with three timely chapters on policy making by legislation, by administration, and by adjudication.

CITADEL: THE STORY OF THE U. S. SENATE, by William S. White. New York 16: Harper & Brothers, 44 E. 33d Street, 1957. 274 pp. \$3.75.

Personalities, pressures and forces, political tradition—all are discussed in this new volume. Without question Mr. White has much to say about the United States Senate, and unquestionably he is well qualified to discuss this subject, yet it is unfortunate that much of the language is so phrased as to be almost incomprehensible at times.

THE AMERICAN FLUORIDATION EXPERIMENT, by F. B. Exner and G. L. Waldbott. New York 10: The Devin-Adair Company, 23 E. 26th Street, 1957. 277 pp. \$3.75.

Those bitter foes of fluoridation will find much of interest in this volume. The authors are of the opinion that thousands of Americans are being treated with a cumulatively poisonous drug, the effects of which are endangering the lives and health of many people. They call for the immediate abandonment of the fluoridation program "before it is liquidated by the undeniable realities of a national disaster."

RELATIONSHIPS BETWEEN LAND VALUE AND LAND USE IN A CENTRAL BUSINESS DISTRICT, by *Gerald K. Taylor, Jr.* Washington, D. C.: *Urban Land Institute*, 1957. 77 pp. \$5.00.

GOVERNMENT BY THE PEOPLE: THE DYNAMICS OF AMERICAN NATIONAL, STATE AND LOCAL GOVERNMENT, by *James Burns and Jack Peltason*. New York 11: *Prentice-Hall, Inc.*, 70 Fifth Avenue, 1957. 990 pp. \$7.25.

SEXUAL OFFENCES: A REPORT OF THE CAMBRIDGE DEPARTMENT OF CRIMINAL SCIENCE, edited by *L. Radzino-wicz*. New York 17: *St. Martin's Press Inc.*, 103 Park Avenue, 1957. 553 pp. \$15.00.

This study embodies the results of an inquiry started more than five years ago. It is based on about a quarter of the crimes known to the police during one year occurring in 1½ police areas which were chosen to represent a cross-section of the districts in England and Wales; thus not only the metropolitan area but also large industrial cities, seaports, suburban and rural communities have been brought within the scope of this Cambridge survey. A close examination has been made of undetected offenders followed by an analysis of those offenders brought to trial without being convicted. The main section of the Report centers upon 2,000 cases of conviction; details of age, occupation, marital conditions and previous records. The various considerations which guide the courts in passing sentence have been scrutinized and the subsequent conduct of sexual offenders has been traced. The Report ends with a comprehensive legal survey of the substantive law and law of evidence, including the Sexual Offenders Act of 1956.

TOWARD NEW TOWNS FOR AMERICA, by *Clarence S. Stein*. New York 22: *Reinhold Publishing Corporation*, 430 Park Avenue, 1957. 256 pp. \$10.00.

Both planners and administrators will find this story of 11 planned contemporary communities which are the forerunners of New Towns to be of interest and information. Clarence Stein. Fellow of the American Insti-

tute of Architects. Member of American Institute of Planners. Honorary Member of the Society of Mexican Architects, and Planning Director and Coordinator of Kitmat, British Columbia, describes the housing and planning experiments that began with Sunnyside Gardens in the 1920's and continued through Baldwin Hills Village in the early 1940's. The story of these experiments is told primarily to see what could be found to help us in successfully conceiving, planning, constructing and operating New Towns.

Plant Location Study

(Continued from page 18)

aming Table 10) made outstanding gains in small plant population, showing up in second and third position, respectively, among North Carolina's 100 counties. None of the standard metropolitan area counties sustained losses in small plant population, but Forsyth County made the poorest showing with a gain of only three small plants during the seven year period. It will be recalled that Forsyth lost in medium-sized plants during the study period, and made only a slight gain of two large plants.

It will be observed that the six counties containing standard metropolitan areas gained a total of 161 small plants or 15% of the statewide total gross gain of 1,100 such plants. This is in marked contrast to the 26% gain in large plant population and the 24% gain in medium-sized plants in these areas. It would appear that small plant gains are relatively less important in and around our large cities than gains in the large and medium-size categories. In 1947 small plants in the standard metropolitan area counties constituted about 23% of the total statewide small plant population. In order to hold their own in this plant size category, the standard metropolitan areas would have had to achieve at least a 23% gain during the 1947-1954 period. The drop-off in gain to 15% seems to indicate the declining importance of small plants in these areas. Or, stated another way, small plants are not favoring our larger cities in their location. As Table 12 shows, however, the Greensboro-High-Point and Charlotte areas are notable exceptions to this statement.

Clearinghouse

(Continued from page 6)

The third annual Firemen's Training School was held April 1-5 in Ply-

mouth. Sherman Picard, deputy fire marshal, and Ottis Dowdy, drill and personnel director of the Charlotte Fire Department, conducted the school. . . . The fire departments of **Mount Olive, Calypso, Faison** and **Warsaw** worked together in the planning of a second firemen's school held the last week of April. A highly successful school was conducted last year by a representative of the Insurance Commissioner's Office in Raleigh. . . . The **Millers Creek** community in Wilkes County has recently organized a volunteer fire department and has purchased a truck. Joe Owings is chief of the department which is planning a station in the future.

* * *

Conditional contracts have been awarded in **North Wilkesboro** for the construction of a sewage treatment plant for the town to cost approximately \$390,000. The two conditions are (1) that the town receive a federal grant for 30% of the cost and (2) that the town experience satisfactory sale of bonds.

* * *

A rural hamlet with only 220 population is in the process of erecting a \$7,000 community building. The industrious community is Pender County's **Long Creek**, and the building is the result of volunteer work on the part of its citizens. Private donations of money, land and labor are building the 30 by 70 concrete block structure. They expect to complete the project this spring.

Notes From A to Z

An honest cop! Traffic officer E. H. Jeter of **Albany, Ga.**, wrote parking violation tickets for three cars in a row beside expired meters. Upon returning to the police station, he examined the duplicate tickets and discovered one of the cars belonged to him. It cost him \$1.

* * *

Miami, Florida city judge Henry Balaban has freed 50 sobered-up drunks from the new city jail to make room for others swelling the jailhouse population. A policeman said drunks are purposely getting themselves arrested so that they can get in the new jail, which he said is being run like a "country club," with "television, a nurse to take the prisoners' temperatures and other attractive facilities."



Marguerite Higgins, Pulitzer Prize winner, gets the story, whether interviewing statesmen or under fire with soldiers. Miss Higgins' cigarette is Camel, and here's why: "I want a *real* cigarette — one that tastes good and rich, not thin and flat. That's why Camel's the only cigarette for me."

Marguerite Higgins



Have a real cigarette— have a Camel

Discover the difference between
"just smoking"...and Camels!

Taste the difference! No frills, fads, or fancy stuff — simply the finest taste in smoking. Camels are rich, full-flavored, and deeply satisfying.

Feel the difference! The exclusive Camel blend of quality tobaccos has never been equalled for *smooth* smoking. Camels never let you down.

Enjoy the difference! More people smoke Camels, year after year, than any other cigarette of any kind. Try Camels — they've really got it!

