

*Water & Sewer Extension
Policy -
Hearing*

Mayor Brookshire advised this hearing has been called for the discussion of the City's proposed new, broad, uniform and equitable water and sewer policies - policies the City is considering adopting. This is not to say the City thinks it is in final shape, and it is not to say that changes should not be made. The City will welcome any ideas and suggestions and recommendations that anyone cares to make. Whatever suggestions and recommendations are made will be carefully considered before Council has prepared a new ordinance covering the water and sewer policy.

Councilman Tuttle stated the Home Builders have said their notice on this hearing was short and they may or may not be prepared to present their whole case today, and in the event they are not, would it be possible to ask for an extension of this hearing? Mr. Kiser, City Attorney, replied the hearing could be continued until another date if it is felt necessary.

Mayor Brookshire stated the hearing itself is not intended to close the matter as far as outside interests are concerned, and the City will be happy to have all who wish to consult with members of Council or the Staff at any time during the period of time required for formation and the real wording of the proposed new ordinance. That it may be that individually or as a committee some may want to talk further after this hearing with members of the City's staff.

Mr. Bob Broadway, Representative of the Home Builders Association, thanked Council for the opportunity to appear concerning this matter. He introduced a number of the members of the Association - John Crosland, Sr., Hobart Smith, Ed Rousseau, Milton Lyons, Thurman Starnes, Ralph Howie, Allan Tate, Bill Thomas, Jim Bolton, Bob Bowman, Charles Ervin, Lex Marsh, Herman Alley and Bill Trotter. Mr. Broadway stated their spokesman for today is Mr. John Crosland, Jr.

Mr. Crosland stated the Home Builders share the City's ambition for continuing growth and economic well-being of the community. They also share the responsibility to sustain its strength and vigor. They are proud of the contribution they have made in the past growth of Charlotte; they too want to find the fairest and most equitable means to administer a water and sewer policy for the community.

That the proposal for a change in the present water and sewer policy is one in which they as an industry have not been consulted. They feel they could be of service to the City and the community in helping to formulate the most equitable policy. They hope they will be given the opportunity to sit down with the professionals at City Hall to work out a policy in the public's interest.

Mr. Crosland stated in the past most of the growth has taken place in the city or its perimeter and this has come about because of the water and sewer policies adopted by this and prior Councils. The policy of the developer guaranteeing a 10% return on the capital outlay for installation of water lines is fair and equitable. The sewer policy within the city has required the developer to put up the estimated cost of outlay for the installation of sewer lines. This money is put up with no interest at the time the contract is signed and sometimes it is six months or longer before the sewer

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installation is completed. This is money the developer usually has to borrow and the city is able to put it in its till and draw interest until such time as they have to pay for the sewer installation. If the installation of the sewer cost more, the developer puts up the additional money over the estimated cost. The capital outlay is refunded to the builder once the sewer line produces 10% return over any consecutive 12-month period.

Mr. Crosland stated because of the increased cost of installing sewer, it is becoming increasingly difficult to become eligible for a refund. This policy has been a good one and has encouraged development within the city and has brought about voluntary annexation. That a change in the policy would result in the homeowner or potential user bearing the entire cost of the water and sewer line installed to serve his property. They feel this is basically inequitable and fundamentally unsound for the following reasons:

(1) In essence, water and sewer is a utility and should be operated as such. The service is metered the same as electricity and natural gas, and is sold to the consumer at charges designed to render the services self-supporting.

(2) Approximately 90% of all residents and property owners of the City have received these services under existing policy. The proposed policy would require individuals presently unserved to pay the capital outlay cost of the line to serve his property; yet he must also pay the same metered charges paid by thousands of others not required to bear the capital outlay.

Mr. Crosland stated new proposed water and sewer policy will put a premium on living outside the city - the same water and sewer rates as inside as outside with no city taxes. The new policy will work a hardship on those who have purchased property either in the city or adjacent to the city and have either part of it or all of it annexed to the City. In negotiating for a piece of property, the cost of the development is of prime importance. You can afford to pay more for a piece of property either within the city or adjacent to the city when it is possible to operate under the present policy. If the new policy is adopted, a developer may be faced with a losing situation or he must raise his lot prices to compensate for the increased cost which will amount to between \$600 and \$1,000. That the house to lot ratio is about 5 to 1. Single family housing is on the decline. Just as many apartments are being built. Mobile homes sales are increasing. Mobile homes are now obtaining about 90% of the single family units under \$10,000. By continuing to raise the cost of developed lots, we are pricing ourselves out of the market.

In the new proposal the City states it is sharing capital investment cost with the developers and property owners. Then Section F(4) states all distribution mains and sanitary sewer collection lines which are eight inches in diameter or smaller will be paid for by the applicants and no part of this cost will be reimbursable. There will be little to share as lines within the community almost never exceed eight inches.

He stated the only place the developer shares is the cost for primary capital expenditures - that is lines which are above eight inches in diameter. The developer puts up the cash deposit equal to 100% of the construction bid and will have 15 years to be reimbursed

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either by collecting fees from others who connect to their water and sewer service or by 35% of the gross revenue for service charged generated by the facility. As a rule, connection fee have been very limited.

The City proposes to adopt a new and broader policy which will permit and encourage the extension and expansion of the Charlotte systems throughout the metropolitan area on a uniform and equitable basis. If this policy is adopted, he does not believe this goal will be obtained. It will encourage the developer to build and operate his own water and sewer system. If he has to pay for it anyway and put up the money, why not put in a private system.

Mr. Crosland stated they are asking that the City not adopt this proposal as written. If Council votes today, that it continue the same water and sewer policy that is presently in the city. That he thinks it is a good one and should be continued. In addition, he requested Council to consider extending the present policy to include the one mile area beyond the city limits with the exception that the double water and sewer rates be charged in this area.

Mr. Crosland stated they would welcome the opportunity to sit down with the professionals at City Hall to work out a uniform and equitable system for all concerned for extension of lines into the county.

Councilman Whittington asked if Council is to assume the objections to the policy are under Section F (4) and the policy relative to water and sewer outside the city limits? Mr. Crosland replied they would like more time to consider that portion of it; they would like the policy to stay the same inside the city.

Councilman Short stated under the present policy inside the city the developer would get his money back promptly depending on the fact that the yield adds up to the 10% of the cost, and he asked if it would be satisfactory if the suggested new policy continued as planned on a refund basis, running up to 15 years but some accomodation was arranged to handle 6 and 8 inch lines inside or outside, or both? Mr. Crosland replied they have not studied that particular point in detail but he thinks the developer would still be required to do the same thing and it would still take 15 years to get it back. Economics would have to enter into this and you would have to weigh one way of going about it against an alternate way. That he thinks in many cases they would be putting in their own private water and sewer system because it would be economically more feasible.

Councilman Short asked if he feels the City should contrive in some way to make refunds on 6 and 8 inch lines quickly, and prior to the time the city has an opportunity to get money back itself? Mr. Crosland replied he is not sure that the city will not benefit. Councilman Short stated he is sure that we would all benefit in direct and indirect ways, but sticking strictly to the cash register where is the city going to get the money to refund on 6 and 8 inch lines unless it is done on a basis of taking a portion of the revenue over a period of many years? Mr. Crosland replied he realizes the problem and thinks the answer may have to lay in cooperation

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and being able to work with the County Commissioners to formulate a policy. That the County is in good financial shape and they can float bonds, and the answer may lie with them.

Councilman Short stated he takes Mr. Crosland's reply to be that he does not flatly reject what he is suggesting. Mr. Crosland replied he would not reject anything at this point.

Mayor Brookshire stated under the suggestion that the developer might elect to build or develop in some way his own water and sewer system in a given area as against contracting with the city for the extension of present services, he asked if Mr. Crosland assumes under either arrangement it would be the users or beneficiaries of the extension in a given development who would pay for the facilities and services? Mr. Crosland replied outside the city, yes; inside the city they would be required by law to use the city water and sewer. Outside users would probably be paying for it anyway. Mayor Brookshire stated the only alternatives would be for the taxpayers to bear the burden of the present water and sewer users, and he thinks we would have to agree that is not the kind of burden we want to put either on the taxpayers or the present water sewer users.

Mr. Charles Ervin stated the policy being considered is a suggestion by the Mayor and Council in an attempt to get an overall situation and a fair policy that would be fair in and outside the city.

Mr. Ervin stated one purpose in mind is that the City of Charlotte itself as a City has to compete with other areas. Unless the policies in the city are favorable then we will not be able to compete. That he concurs in what has been stated that we have a policy now in effect within the city limits. The policy has been in effect for sometime and has worked well; therefore it would appear reasonable to let this policy remain as is unless there has been some problem that has developed.

That to cover the policies one at a time - there is one inside water and sewer policy which is o.k. The other recommendation by Council and the Mayor has been toward extending these services outside the present city limits. At present, the extension of these lines is done at the expense of the users. The user also contracts to give the city these lines when annexation occurs. Then a surcharge of 100% is placed on the water service in the outside areas. That he agrees with Mr. Crosland on the 100% surcharge; he thinks this is fair and equitable. That Greensboro, High Point, Winston Salem, and Durham all follow the 100% surcharge outside the city limits.

He stated at the point of connecting on to the city limit, the user carries the line on and at that point there is no capital expenditure on the part of the City. It would appear that the user who had carried his line on and made the capital expenditure would have some way to recoup the initial investment of the line. That it may be a part of the surcharge could be rebated to the user for the capital expenditure that he has made and also permit him a reasonable length of time in which to recoup the capital expenditure made. When the lines is extended, it must be extended in accordance with the city policies and at times

they have to put in a much larger line than the user would need for his own specific purposes. On the present suggested policy there is a notation made that the builder would be reimbursed by some formula for all lines which are over 8 inches. That this is almost a misnomer as he has just picked up twenty one contracts and adding up the 8 inch lines and the 12 inch lines - there are 123,497 eight inch lines and 1,870 twelve inch lines - less than one percent of the lines to be installed by the user would be 8 inches and under. For all practical purposes, the new policy is stating that the user pay for all capital expenditure inside and outside the city limits.

Mr. Ervin stated he thinks the policy inside the city limits is fair and should remain as it is. The policy outside the city limits should be given some study so as to reimburse the person who makes the capital expenditure in some way or other.

Mayor Brookshire asked if he thinks most of the developers are satisfied with the policy relating to development within the city and that on the outside he thinks that the developer should be able to recover the cost which under the present policy you do not recover from the city, and to get a recovery of the capital expenditure quicker he would favor continuing the 100% surcharge of the double rate outside the city limits? Mr. Ervin replied yes to both counts. That he believes Mr. Crosland stated the present policy inside the city is alright. On the second count, the Mayor used the word "developer" and this could be an industry or any user.

Mayor Brookshire stated the present policy does not provide for any reimbursement of lines run by the developer, individual or corporation, and Mr. Ervin is suggesting that that part of the policy is good but the formula for reimbursement including the price of water outside should be changed from that which is proposed.

Mr. Ervin stated the present outside rate is double and it is proposed that it be the same, and he thinks it should remain double. That the base facilities have been developed by the City and the outside users have had no part in paying for those basic facilities.

Councilman Tuttle asked Mr. Ervin once the capital investment is repaid does he propose that we go to the single rate or remain on a double rate? Mr. Ervin replied it should remain on a double rate right on. That he would say so under the present setup because you come back to the fact the base facilities must be maintained; and unless you have some way to do that, the city can come up lacking.

Councilman Short asked Mr. Ervin if he has any information that would throw any light on whether the double rate would enable refunding some unit of government that might put in a 24 inch line, and at the same time refund the developers who might be putting in 8 inch lines from the 24 inch line? That the policy as proposed provides for refunding whatever unit of government or individual or corporation puts in the larger line - we are faced with a dual situation. He asked if Mr. Ervin feels the double rate is adequate to support this? Can we refund everybody? Mr. Ervin replied it would appear if you refund on the revenues, you have to collect the money and when you collect the money you pay 50 cents to the

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city and 50 cents to the person who made the capital investment; therefore it would depend on the revenue coming in as to whether or not this could be done.

Councilman Alexander asked if there are any cities where the developer is reimbursed in a shorter period of time? Mr. Ervin replied there are many cities with many different plans. Sometime the city itself will make the extension outside the city limits with its own funds and then require the user to guarantee a return. Councilman Alexander stated then most of the problem involved is around the question of whether or not developers would get their initial investment back sooner. Mr. Ervin stated that is correct, except instead of sooner, say initial investment back at all. The policy now does not permit you to get any of it back. Mayor Brookshire stated under the proposed policy how quickly the reimbursement is made depends upon economic feasibility.

Mr. Ervin stated the proposed policy is for lines above 8 inches and there is less than 1% that would be above 8 inches, so for all practical purposes you could say that is negligible. Mayor Brookshire asked down to what diameter would he suggest be included? Mr. Ervin replied all lines; you could follow the same policy now in effect in the city, and outside the city you could have a double charge with no additional capital expenditure and as it is now within the city, all lines should be covered.

Mr. Thomas G. Lynch, Vice President of Piedmont and Northern Railway, stated he is speaking as an industrial developer of property outside the city. When they read about the City's plan they thought it was the best news they had had in a long time. They have money now that is invested with no hope of return and after the county announced their plans to study the matter some more, they were afraid they would be faced with the continuing situation of making the entire capital investment without any hope of recovery, other than through the additional charge they make to the people on their line. They are faced with such increasing costs that it gets down to the point where no one can develop industrial land unless they have some other reason for doing it; they cannot do it just on the basis of the profit they might make from the development and sale of the land. They are competing with existing land in many other cities. Even in this city they are competing with land that escapes these costs for various reasons - they already have utilities, they are inside the city and can participate in a more favorable plan.

Mr. Lynch stated most of their staggering costs are occasioned by the regulations of the City Planning Commission for the development of streets, drainage and all the improvements. These things run up the cost of the development. So when the City came up with this plan, they were ready for something. That he has read the plan and it seems to be reasonably fair to people outside the city - he has not looked at it from the standpoint of those inside.

He stated the City should reconsider the 15 year term and perhaps 20 years would be more equitable. That the system being installed would have a value beyond 15 years and he does not know why there would be a breaking point at 15 years that would not be there at 20. That those who do put money in the facilities with the idea of future use would have a chance to get it back. The shorter term would encourage piece-meal development of land rather than the

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overall job of offering a variety of sites to incoming industry. If they have only 15 years from the time the line is installed, they would be inclined to try to install a part at a time so they did not get themselves committed immediately and have only 15 years to develop the entire project.

Mr. Lynch stated the 8-inch aspect of it is a little appalling because where it may not affect them in the case of water as most industrial districts are going to 12-inch lines, the sewer part of this would mean nothing to them as they are planning an extension of their Chemway Districts which has 4100 feet of sewer lines and all are 8 inches and feel that is all that is required. They put in the trunk main consisting of 10 and 12 inch main some years ago to serve the whole district. What they are putting in now are laterals. This is estimated to cost \$21,000 and under this plan none of that would be reimbursable.

That the elimination of the 100% higher rate is a little extreme. He thinks that it is fair to charge incoming industry something over what the people in the City are charged. This would help the developer get back his investment as he would be sharing 35% of the revenue. There may be some compromise area between 100% and nothing - perhaps 50% is a high enough premium to put on outside water and sewer.

Under the proposed plan if someone put up 10% of the estimated cost and then decides on the basis of the bids that he cannot afford to do it, then he forfeits his 10% as an engineering fee. That seems like a high engineering fee and he does not think anyone will go into this thing with an idea of simply creating work for the City. That he would say a 5% penalty in these cases would be sufficient.

Mr. Lynch asked what will be done for the people who have already entered into a contract under the old basis outside the city and will be connecting lines, if this plan is adopted, to a system that is already under a non-reimbursable plan? Is there any hope for them?

Mayor Brookshire replied he would think that any of the old contracts that any developer, individual or contractor might wish, might be renegotiated. That he will ask the City Manager to answer the question at the end of the hearing.

Councilman Tuttle stated he is very interested in the point Mr. Lynch brought out on the 15 year limit. That we were thinking in terms of a builder or a manufacturer or an institution that is ready to go ahead with the project and, generally speaking, were thinking along the lines that they would pay out in two, three, five or twelve years, and the 15 years was put in there to say if it does not pay off at this time, then we are all square. That he assumes Mr. Lynch is recommending the 20 years as he thinks there will be situations where they will take land that has no prospects whatever and go out and put the water ⁱⁿ and run the risk of developing it if they had 20 years to repay this? Mr. Lynch replied that is correct as they find it more economical to develop the land in large tracts - 100 acres or more - although they have no immediate prospects for selling the land and it may take them 10 or 15 years to sell the thing out. If the water had already been in for 10 years then they would only have 5 more years in which they would hope to get the

revenue back. That they have to provide a variety of sites and to be successful they have to have sites that range in size from 15 to 20 acres down to 1 acre.

Mr. Lynch commended the Council for the plan and stated there may be points he does not agree with but he thinks it is a wonderful step in the right direction, to think in terms of encouraging the use of city water and sewer, outside the city particularly. That the importance of this plan is that it is a "now plan" and is something they can do now rather than waiting for another study. They are desperate and want it now and there are plenty of opportunities to put it into effect. That Council's action here has stopped whatever plans were underway by anyone to expand water and sewer and they are waiting to see what happens. This could be a lot of dollars in their pockets. They are not going to sign any contracts on the old basis for a while until they find out what is going to happen on this basis. They urge Council not to talk about the matter too long.

Mr. Creed Gilley, Manager of the Industrial Development Department of Duke Power Company, stated they are very much in favor of more homes being built. There seems to be two points of interest - one inside the city and one outside the city, one that might be more favorable to residential development and another that might consider industrial development. Many of their industrial developers have told him the water situation in Mecklenburg County, outside the city, is a completely inequitable situation, having to do with cost. That a larger water user has turned his back numerous times. They think that good industry coming into this county will require a lot of homes to be built too, and that is the basis of their development. If you do not have the payrolls, you do not have the homes to be built. Charlotte is going to grow, but we have been skipped by the manufacturing industry and the research and developing industry who are large water users. There are a number of users they have been working with who would consider using one million or more gallons of water a day. In doubling the cost outside the corporate limits and putting up all the money to get the line out there, we are competing with other sections of the Carolinas in a non-competitive fashion; there is no question about that. Other counties have some more equitable policy for the larger water user outside the corporate limits of the city - both in North and South Carolina. That he thinks this policy or some new policy on the outside corporate limit water is a necessity if we are going to locate those firms in this county.

Mr. William H. Trotter, President of William Trotter Company, stated the objectives expressed in the Mayor's report are entirely good and should have the support of everyone, because, if accomplished, it would be for the good of the city and county. As pointed out by Mr. Crosland, the policy that follows up these objectives has a fatal flaw in it which is in the terms of the reimbursement to the original property owner and he emphasizes the term property owner because in many cases the term developer is looked on with disfavor for one reason or another and is a very impersonal sort of thing. We need to keep in mind always that the person who is paying for the water and sewer services is the ultimate user, whether homeowner or industrial user. Both the initial capital outlay and the monthly charges are paid by the ultimate user - not by some impersonal and remote person called the developer. In effect, the homebuilders

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are the purchasing agents for the citizens who want to buy a home and in this sense they are looking out for their interest in the things that they propose and the ideas that are advanced. That the prices of homes would go up if this proposed policy is carried out.

That the comparison of the proposed policy and existing policy with other North Carolina cities is very much to the point and should be analyzed; not only from the standpoint of the city officials but also from the standpoint of the homeowners and homebuilders and others in those cities. That when he goes to statewide home builders meetings and tell those present that in Charlotte he specializes in low cost housing - 1,000 square foot brick veneer selling for \$10,500 or \$11,000 - they tell him that no one around them can build a house like that to sell for \$11,000 - the lowest is \$13,000 or \$14,000. Mr. Trotter stated they proceeded to do a little investigating; that it looked like the market in Winston Salem and Raleigh was wide open. That they made investigations in several cities, small and large, and especially in Winston Salem, Concord, Albemarle and Raleigh and Statesville, and they gathered some information about those towns and found that from our standpoint they are in the dark ages in comparison with Charlotte with its enlightened policies of zoning, school, combined schools and all this package of services that Charlotte-Mecklenburg offers its citizens. He stated that Charlotte has a lot going for it - representing the decisions that this Council and other Councils have made over the years and one of the key points of this is that all these things are important, interwoven in our school system, zoning on a fair basis, as free of politics as possible, and all these things add up to a progressive, fair town for people to come to and live in. That the sewer policy is a keystone to the growth or non-growth of this city and this metropolitan area.

In Winston-Salem they do not build in the City - they go out into the county and use septic tanks. The city has driven them away. They go to a number of incorporated communities ten miles from the outskirts of Winston Salem and build. One of the leading developers in Charlotte has a big subdivision there and they put in their private sewer system - on the outskirts of the city. Winston Salem did nothing to encourage these developers and builders to tie on to the city's system and as a result very few did and the growth was forced away from the City. This can happen here whether in Pineville, Huntersville, or Matthews, these people are just a little beyond our city limits now. There is one developer now advertising Matthews as only three miles from Charlotte's city limits. Charlotte is on the threshold of this now and any action that is taken to discourage people from tying on to the present system is going to accelerate this and is going to manufacture and magnify Charlotte's problem in years to come. Within the last three years the number of private utilities has increased greatly. This is part of the problem the City and County is trying to solve and are going about it in a conscientious way, but this proposed policy defeats the aims which in the first place it says are the aims.

What is the cost in money? It gets down to will the refund be made in one year, two years, fifteen years or will no refund be made, there is no refund unless the line is greater than 8 inches. The City borrows money at 3 to 4% per annum. Homeowners pay around

5½ to 6½% and the current market is between 6 and 6½%. So anything that is passed on to the homeowner is doubling the cost of the borrower. If he pays it in his utility bill for revenue bonds or in his monthly charges and it is amortized that way, you are going to get it at about half the cost if he has to pay for it in his mortgage and for the limited time it is on the developer's back. That the developer is probably paying 12% per annum on some of the money he is borrowing and cannot take a long view, and fifteen years is just like saying no refund.

He stated he would like to reiterate again the matter of wells and septic tanks - that the policy as proposed with limited or no refund would encourage rather than discourage wells and septic tanks in outlying areas. The water-sewer system should be operated as if it were a public utility - for there are companies who operate water and sewer for profit. There are large cities like Alexandria, Virginia that has no municipal water at all. It has a private water company. That it is possible for a system to be operated on a business-like basis - for the user to pay his economic amount and this means the user should pay what is needed to provide his service and to provide amortization on his initial outlay. What it really means is that the rates should not be determined primarily on political reasons as to where the votes are and this is an essential part of it - whether the rates should be double or half. They should be continuously reviewed, just like Duke Power Company and Piedmont Natural Gas Company rates are reviewed as costs rise. It should not wait until it becomes a critical issue and rates do not cover the cost and then it becomes a big political issue and finally there is a blow up and everything is double.

The rates should be periodically reviewed and if increases are justified, they should be made. Under the proposed policy the developers would not seek annexation of residential property. Instead of the developer taking the initiative to have his property annexed, the City would be telling him we will be coming out to get you sooner or later, but we will drag you in struggling all the way. That is the change in policy the City would be spelling out by adopting this policy. Inequities have been mentioned as to what happens to projects already in process and he can point out the existence of situations where a property owner has already annexed his property to the city on the assumption that the city water and sewer policy would be maintained in its present form. If this is done away with, the homeowners who are buying in that area would pay the extra cost on their house but they would not have the advantage of low taxes of the fellow who did not.

Mr. Albert Pearson stated up until now both the City and County governments seem to be straddling the fence about facing this issue clearly - whether this will be handled by the city or by the county. About a year ago he appeared here and suggested that the county handle this problem and in the long run it is the only feasible way for it to be handled. Today there has been talk about the 8 inch mains; statements have been made by appointed officials that they could do away with the charge on the 8 inch mains if they could cut the water cost and if they could get the 8 inch mains given to them. This all depends on whose paying for them. The homeowners and users of the water are paying the double rates and the installation of the 8 inch mains are by the contractors.

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You cannot take a fixed expense like installing an 8 inch main and do away with the double fee which runs forever without it costing more than you get from your 8 inch mains. This is not simple mathematics but we are talking about double rates in the county at the present time. There is nothing wrong with it under the present setup but what this Council and what the County Commissioners have to resolve is a better way and after listening today, he would not be surprised if there is not a better way of financing to help these gentlemen who have appeared today as well as the county. This is especially true when you have a setup such as we have in the water system and this new proposal was developed by the professionals within the City. Mecklenburg County has to be planned for and he is a citizen of Mecklenburg County, as well as the City of Charlotte.

Your planning should help lead your development. You have to develop the city and county and lead the planning to help encourage the area that is not being developed and discourage the areas that are being over developed and you are not facing that question at all. If you take the position that forever and ever Charlotte will not become part of Mecklenburg County - which is what you are saying when you talk about those people out there and these people in here. The citizens of Charlotte are just as much a part of Mecklenburg County as the other people are. It is easy to say they pay the double rates and are not paying the same taxes. That he does not mean that this City Council should go to the County and say - here it is yours. There are a few legal problems, and if he owned the bonds, he would not turn them loose either without being sure that they were paid for. But this could be taken and used as a wedge to go to the County and tell them if you will look ahead a little you will realize that in a matter of a short time we will all be in some other place and this will be left to the people who are going to follow us. Use this as a wedge and make the people outside pay the same taxes as the people in the city because they are living in the same atmosphere as the city people and should pay it. Let's stop thinking of Charlotte as a little part of Mecklenburg County. It is the body of the County and it is up to Council to give some consideration to using this wedge to get what we all think should be done, and consolidate a lot of these various things on the ground it would help the taxpayers who are being bled to death.

Mr. John D. Shaw stated something was said that disturbed him and he wanted to call it to Council's attention. Once you enter into a contract, that contract is binding between the parties both ways. That he would suggest that whatever plan is adopted that it be made retroactive to 2 p.m., March 2, 1967. That he has the impression some of these gentlemen might be holding up the extensions of mains and development of property waiting to see how this works out. Do not discourage development. Have the development go forward but have it with the option - as Mr. Crosland says, as to whether the developer wants to continue under the present policy or whether he wants his contract amended under whatever policies are adopted in the future, but do not stand still and mark time while this matter is being decided.

Mr. W. J. Elvin stated he would suggest as he did before the County Commissioners this morning that the Mayor and City Council seek

advice from the City Attorney to see what can be done to prevent the County Commissioners from proceeding with procuring through HUD a total of \$80,000 to waste on a study which can better be initiated and carried through by the City for the County and municipalities. That he hopes no changes will be made on water and sewer management until the consolidation of city and county and municipalities is completed.

Mr. Veeder stated it is apparent that a number of people have given this possible change of policy a lot of thought as there have been many thoughtful comments made by individuals who are directly concerned and are aware of how these things operate. That the observations made by Mayor Brookshire bear repeating and that is basically that we have only three alternatives for paying for the cost of utilities: (1) we can up the tax rate to accomplish this; (2) we can increase the utility rates and pay for some capital cost; and (3) we can let those benefited pay a portion of the cost. That the proposed policy puts emphasis on the latter approach. A number of people have made reference to policies in other North Carolina cities. The City has taken a look at some of these and the best they can determine is that none of the municipal policies are any more "liberal" than has been suggested here.

That Mr. Trotter inferred that utility policies existing in Charlotte make it possible to build low-cost housing less expensively here than in other locations in the state. This may be one of the reasons, but he would suggest that the Home Building Industry in Charlotte is such if there is a way to build things less expensively it is being done. That he says this in a complimentary fashion as he knows it here.

To comment on existing contracts he thinks it would be difficult to generalize on this because at this point the City has a variety of contracts and they will have to be approached individually to see what would be in the best interest of all parties. The suggestion that smaller lines be paid for by the applicant has something to be said for it. The cost involved would not exceed the cost of the well or septic tank. That he thinks a fair analogy can be drawn between this type of policy and what the City currently does in the way of street improvement. That local subdivision street is put in and paid for by the developer; the major streets and expressways are paid for by the general public. The analogy here is that something providing local service is paid for by those who use it locally and something for more general service being paid for by everyone.

Mr. Veeder stated the question was raised if the inside policy works then it should remain as such. That the City is having difficulties with the inside policy and from the budget standpoint we now have almost a million and half of accrued cost involved and it is going to be difficult to sustain this policy under the current rate structure.

That some of the thoughts which have been advanced are most constructive, and to have people like Bob Broadway, John Crosland, Charles Ervin and Bill Trotter who are directly involved in this from the Home Builders standpoint, and like Creed Gilley and Tom Lynch interested in the industrial aspects appear here then there is room for discussion. That he would suggest that the City proceed from this point towards those discussions.

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Mayor Brookshire stated he would like to underscore a term of reference used by Mr. Lynch when he called this a "now program". Any suggestion that an engineering survey be made that would require 12 to 18 months or longer after the funds were available for such a survey and then construction that might run two to three years beyond that point to provide treatment facilities themselves would get us out into the future four or five years and still we would have the same lines to extend to prospective users - those lines that we are talking about this afternoon to extend from the city's present system. That the City's capacities for furnishing the enlarged service should be emphasized. One of the characteristics of the City is that we have stayed ahead of the game in providing these basic facilities for the growth of the total community, and we are ahead of it now. We are prepared and willing to cooperate with developers, with the County, and with any other units of government, individual or corporation that shows any interest in meeting these needs in the total community. That we will continue to study this matter further in an effort to develop an economical, feasible, equitable program that will encourage and may result in broader, faster extension of the City's facilities and services. We realize that Charlotte is greater than its city limits and it is really one community. That Charlotte's interest is in the whole community.

Councilman Tuttle stated with no assumption on the fact that the City's present proposal is not subject to change, as he thinks it is, but reference has been made by Mr. Potter criticizing the city's water proposal creating a hodge-podge system and again suggesting county take over. Call it what you may, we intend to get the job done. If and when the city runs a line to specific areas - industry or institution, is that hodge-podge for the city and not for the county? If the county took over the system do they propose to immediately tax the people for millions of dollars to carry water to every nook and crook of the county immediately - this thought is ridiculous. They can only take it gradually as the needs arise in specific areas just as the city proposes. The real difference lies in the fact that the City already has the facilities for doing just that without having to tax the people for it to be consistent.

Councilman Short stated without motion he would suggest that this matter be referred back to the Committee of those who originally prepared the proposal that was presented last week and he would suggest that the Mayor charge them - and the Mayor as a member of the group - to proceed as swiftly as they can to report back to the Council changes that might be made and their opinion of the suggestions made today by these gentlemen. Councilman Tuttle requested that Mr. Short include the gentlemen Mr. Veeder has mentioned as taking a vital part in this today. Councilman Short stated this would be the men listed on Page 2 of the Proposal of last week - it includes the City Engineer, City Finance Officer, Water Superintendent, City Manager, Mayor Brookshire and himself.

Mayor Brookshire stated he would like to invite members of the home builders and other who are interested and would like to work with the Staff to attend.

Mr. Broadway stated they stand ready at any time to work with this group, and they are ready to go as of this afternoon.