

Called meeting of the City Council Austin, Texas, January 15th 1908

Hon. F.M. Maddox, Mayor, presiding; Roll called;

Present Aldermen Armstrong, Crooker, Cuneo, Haynes, Meredith, Miller, Moore,
Moreland, Petri, Redd, Scott, Smith, Sutor, and Wilhelm 14

Absent none

The following call of Council was read;

A special session of the City Council is hereby called to meet in Council chamber City Hall, Smith office Building, this Wednesday January 15th 1908 at 8 p.m. for the purpose of considering the Mayor's veto of an ordinance entitled "An ordinance granting to the Consolidated Construction Co. of New Jersey a franchise to erect a dam across the Colorado River at, or near the site of the dam formerly erected across said River by the City of Austin."

F. M. Maddox Mayor

Chas J. Armstrong, Henry Petri, Tom D. Smith, A. E Cuneo, L M Crooker, F A Scott, H L Haynes, C B Moreland, C J Wilhelm, and J M Meredith

Austin, Texas, January 15th 1908

I hereby certify that I have served the above call for a special meeting of the City Council by having same read by Officers Mayfield and Rutledge to each of the following named Aldermen to wit: W D Miller, W C Redd, AE Cuneo, W. J. Sutor, LM. Crooker, Tom D. Smith, C J Armstrong, J M Meredith, H L Haynes, C J Wilhelm, Henry Petri, W C Moore, F A Scott, and C B Moreland.

J H Mallory Sgt of Police

The Mayor stated that there was an error in his veto, which he asked permission to correct before it was read. On motion the request was granted.

The following veto message from the Mayor was then read;

Austin, Texas, January 13,1908

To the Honorable, The City Council of the City of Austin:

Gentlemen:

I respectfully return, without my approval, your ordinance passed on January 3, 1908, granting to the Consolidated Construction Company, a private corporation incorporated,

organized, and existing under the laws of the State of New Jersey, a franchise to erect and maintain a dam across the Colorado River at or near the location of the dam formerly erected across said River by the City of Austin, and the franchise or privilege to said Corp. To overflow lands formerly overflowed by the back-waters of said dam, and providing for the conveying and delivery to, and the use by said Corp. of the materials and property formerly owned and used by said City in operating its water power plant, except such property as is in use in the operation of the present steam power plant, and providing for the furnishing to the City by said corporation, power to operate the Water, Light, and Power plant of the City of Austin, and providing for the payments of annual rentals by the City for such power.

My reasons for vetoing your ordinance are:

First: I have had the members of said Company looked up, and through a proper and legitimate agency, and find that they are not, either individually or collectively, financially able to carry out the proposed work nor did they propose to do so, as I learned from their attorney Mr. Frank Andrews of Houston Texas, on January 3rd of this month, in answer to the direct question: "Should your ordinance pass and receive the approval of the Mayor and Water and Light Commission, has your company the money to make the \$25,000 deposit?" He replied, "No, and will not have until the contract can be floated, which I believe will be done."

Second: Insofar as the city is concerned, it is not now, nor has it ever been, either by vote of the people, or otherwise, under any legal obligation to enter into a contract with the Consolidated Construction Co. of New Jersey, to grant the proposed franchise, unless your action and my actions and utterances would constitute such an obligation. Speaking for myself, I will say here, as I said to Mr. Frank Andrews, when he told me that they did not have the money, but would have to raise the money on the contract, if I had known this, under no consideration, which I have given one moment's thought to the matter. We have had promise after promise from these promoters, and given extension upon extension to them in order that they might carry out their many promises, and with no result. In fact, the Consolidated Construction Co. of Delaware let their first franchise lapse, and we are where we began a year ago.

This dam building by our New York capitalists has grown irksome. Now, your ordinance grants a like franchise to the Consolidated Construction Co. of New Jersey, said to be an entirely new company which Company by three telegrams and one letter, and by their attorney, came here saying that they had the \$25,000 to deposit as a guarantee of good faith. While the fact is they did not have the money.

By these representations I have been led, and I presume you have been led, to go as far as we have gone with your ordinance.

Third: While I am anxious to see the dam and Power House rebuilt and thus obtain cheap power, I am not willing to approve your ordinance to this new company, especially since

it has, within ten days after its creation, by telegrams, letters, and personal statements misled us as they have.

We can rest assured of the fact, if the dam is ever rebuilt, except at an exorbitant and ruinous price, it must be done by ourselves, and within our own money, but we are told it was so built once and washed away. I reply, that if built by the said Company it might wash away. If the said Company can insure it, so can the City.

Fourth: Should the dam and Power House be built under this ordinance, the city will have paid out in the forty years life of contract, in principle with simple interest at 6% per annum, the enormous startling and unreasonable some of \$6,134,800 as follows:

The ordinance would give the promoting Company \$65,000 annually for forty years, to rebuild the dam and keep it insured or \$2,600,000 and City for penstocks and machinery would have to pay \$122,000, making a total cost of \$2,722,000. Of this amount, \$2,600,000 has an average investment 20 years, which at 6% would be 120%, amounting to \$3,120,000, and the \$122,000 would be invested for the full term of forty years, which at 6% interest would be 240% amounting to \$292,800 making a grand total cost to the City, including 6% annually, on all moneys for the time invested of \$6,134,800

Recapitulation:

Forty annual payments of \$65,000	\$2,600,000
6% for the average time, 20 years, equals 120%	\$3,120,000
Penstocks and machinery in addition	\$122,000
5% thereon for 40 years equals 240%	\$292,800
	\$6,134,800

On the other hand, should the City do the work by contract, in accordance with plans and specifications made by competent and trustworthy engineers, employed by the City, the costs including simple interest at 6% per annum, will be as follows:

The entire cost of rebuilding the dam, placing the penstocks and installing the machinery is estimated at \$650,000 which can be paid of the City in six and one-half years from the surplus annual earnings of the present plant, at the present rates for water, light and power. Should the City set aside \$200,000 and then let the contract to be completed within two years thereafter, the whole would be completed in four years and fully paid for and six and one-half years.

So the average time of the investment of time of full payment therefore would be three and one-fourth years; and 6% interest on \$650,000 for three and one-fourth years would be \$125,750. As the dam would not be complete for two years after the promoting

company proposes to complete it, two years fuel at \$25,000 per year, \$50,000 is properly chargeable here for comparison; and 6% thereon for the average time of investment, 39 years, would be \$117,000. There should also be charged, for comparison, insurance from completion of the workout at the rate of \$10,000 per annum, for 36 years, amounting to \$360,000; and 6% interest thereon for the average time of the investment would be \$388,800. And 6% interest, for comparison, should also be charged here from the time the work was completed, on its cost \$650,000 for 33 and one-half years, the balance of time of the investment, which would amount to \$1,305,500, making a total of \$2,999,050, as against \$6,134,800, if the work be done by the promoting Company.

Recapitulation:

Cost of dam, penstocks, and machinery	\$650,000
6% interest thereon to completion of works	\$126,750
6% interest thereon after completion of works	\$1,306,500
Fuel bills for two years at \$25,000	\$50,000
6% interest thereon for average time invested	\$117,000
Insurance at \$10,000 for 36 years	\$360,000
6% interest thereon for average time invested	\$388,800
	\$2,999,050

Showing a difference of \$3,789,500 in favor of the city doing the work. But it will be asked --Where can the City get the money? I reply, from the same source that the city must get 40 annual payments of \$65,000 to pay the promoting Company -- from the earnings of the Water, Light and Power plant.

Estimated cost of rebuilding the dam and Power House, putting in the penstocks and installing the machinery, are made from the estimates of Mr. W E Foster for 1902, for the Water and Light Commission; and from the estimate by O E Evans for 1905, for Stone and Webster. The mean average of these two estimates is \$657,243.50

Mr. H M Briggs, attorney for the Consolidated Construction Company of Delaware, informed me that insurance of the dam, Power House and machinery would be 1% on the cost -- \$6,500. I have estimated it at \$10,000 annually.

Estimated annual cost of fuels from the actual consumption of fuel for the last 30 days.

For the reasons above given to return your ordinance disapproved.

Respectfully

F.M. Maddox, Mayor

Alderman Cuneo moved to reconsider the vote by which the ordinance was passed, which motion prevailed by the following vote;

Yeas Aldermen Armstrong, Crooker, Cuneo, Haynes, Meredith, Miller, Moreland, Petri, Scott, Smith, and Wilhelm	11
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Nays Alderman Moore, Redd, and Sutor	3
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Alderman Crooker moved that the ordinance now pass notwithstanding the Mayor's objections, which motion prevailed by following the vote;

Yeas Alderman Armstrong, Crooker, Cuneo, Haynes, Meredith, Moreland, Petri, Scott, Smith, and Wilhelm	10
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Nays Aldermen Miller, Moore, Redd, Sutor	4
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On motion of Alderman Cuneo, the Clerk was directed to forward the ordinance to the Water and Light Commission for their actions.

On motion the Council adjourned.

Jno O Johnson
City Clerk