

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

Hon F M Maddox , Mayor, Presiding; Roll called;

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

Absent none

The following call of the Council was read;

A special session of the City Council is hereby called to meet in the Council chamber City Hall, Smith Office building, this wednesday Jan 15 1908, at 8 P M for the purpose of considering the Mayors 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."

Call Council

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, J M Meredith

Austin, Texas, January 15 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 Rytledge to each of the following named Aldermen to wit : W D Miller, W C Redd, A E Cuneo, W J Sutor, L M 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 Sergt 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 15, 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 Corporation to overflow the lands formerly overflowed by the back-waters of said dam, and providing for the conveying and delivery to, and the use by, said Corporation of the material 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 or 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, by 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 do they propose to do so - as I learned from their attorney, Mr Frank Andrews of Houston, Texas, on January 3rd or this month, in answer to the direct question:

" should your ordinance pass and receive the approval of the Mayor and Water and

Very no Veto  
 & no Signature

Light Commission, has your Company the money to make the \$ 25000,00 deposit  
 He replied, " No ,and will not have until the contract can be floated,  
 which I believe will be done "

Second:-In so far 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 Company 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, would I have given  
 one moments thought to the matter. We have had promise after promise  
 from these promoters, and given extension upon extensions to them in order  
 that they might carry out their many promises, and with no result.  
 In fact, the Consolidated Construction Company of Delaware let their 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 Construc-  
 tion Company 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 \$ 25,000,00 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 re-built 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 that, if the dam is ever re-built, except  
 at an exorbitant and ruinous price, it must be done by ourselves, and with  
 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 the contract, in  
 principal with simple interest at six per cent per annum , the enormous  
 startling and unreasonable sum of \$5,134,800,00, as follows:

The ordinance would give the promoting company \$ 50,000,00 annually for  
 forty years, to rebuild the dam and keep it insured, or \$ 2,500,000,00, and  
 the City-for penstocks and machinery-would have to pay \$ 122,000,00,  
 making a total cost of \$2,722,000. Of this amount, \$ 2,500,000 has an  
 average investment of 20 years, which at 5% would be 120%, amounting to  
 \$ 3,120,000, and the \$ 122,000 would be invested for the full term of  
 forty years, which, at 5% interest would be 240 % amounting to \$292,800.;  
 making a grand total  
 money grant total cost to the City, including 5% annually, on all  
 moneys for the time invested, of \$5,134,800.

Recapitulation:

Forty annual payments, of \$ 55,000	\$ 2,500,000
5 % for the average time, 20 years, equal 120 %	. 3,120,000
Penstocks and machinery, in addition,	.122,000
5 % thereon for 40 years, equal 240 %	.292,800,
	. \$ 5,134,800

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 cost including simple interest at 5% per annum, will be as follows:

The entire cost of rebuilding the dam, placing the penstocks and installing the machinery is estimated at \$550,000, which can be paid by 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 in six and one half years.

So the average time of the investment up to the time of full payment therefor would be three and one-fourth years; and 5% interest on \$550,000 for three and one-fourth years would be \$125,750. As the dam would not be completed 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 5% 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 work at the rate of \$10,000 per annum, for 35 years, amounting to \$350,000; and 5% interest thereon for the average time of the investment would be \$388,800. And 5% interest, for comparison, should also be charged here from the time the work was completed, on its cost \$550,000 for 35 1/2 years, the balance of time of the investment, which would amount to \$1,305,500, making a total of \$2,999,050, as against \$5,134,800, if the work be done by the promoting Company.

Recapitulation:

Cost of dam, penstocks and machinery,	\$550,000
5% interest thereon to completion of works,	125,750
5% interest thereon after completion of works	1,305,500
Fuel bill for two years, at \$25,000	50,000
5% interest thereon for average time invested	117,000
Insurance at \$10,000, for 35 years	350,000
5% interest thereon for average time invested	388,800
	\$2,999,050

Showing a difference of \$3,739,500 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 forty annual payments of \$55,000 to pay the promoting Company—from the earnings of the water, light and power plant.

Estimated cost of re-building 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 Geo E Evans for 1905, for Stone and Webster. The mean average of these two estimates is:

\$ 557,245,50

Mr H M Briggs, attorney for the Consolidated Constuction Company of Delaware,

. informed me that insurance of the dam, power house and machinery would be one per cent on the cost-\$ 5,500 .I have estimated it at \$ 10,000 annually.

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

For the reasons above given I 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, & Wilhelm 11

Nays Aldermen Moore, Redd & Sutor 3

Alderman Crooker moved that the ordinance now pass notwithstanding the Mayor's objections, which motion prevailed by the following vote;

Yeas Aldermen Armstrong, Crooker, Cuneo, Haynes, Meredith, Moreland, Petri,

Scott, Smith & Wilhelm 10

Nays Aldermen Miller Moore Redd & Sutor 4

On motion of Alderman Cuneo the Clerk was directed to forward the ordinance to the Water and Light Commission for their action.

On motion the Council adjourned .

*J. O. Johnson*  
City Clerk

*Ordinance passed  
over Veto*