

Council Chamber, Ann Arbor, Mich.,
March 11, 1912. Adjourned regular
session.

Meeting called to order by Pres.
Mills. Present: Pres. Mills, Ald.
Schmid, Murray, Hochrein, Koernke,
Sherk, Manwaring, Goodyear, Ram-
say, Lutz, Lindenschmitt, 11. Ab-
sent: Ald. Sweet, Pipp, Flynn, 3.

Special Water Committee Report.

"Honorable Common Council:

"Gentlemen—Your Special Water
committee, which was appointed to
fully investigate and consider the
"water question," to ascertain at
what price the present plant can be
purchased, the advisability of muni-
cipal ownership, and the available
supply of pure water, submit the fol-
lowing report:

"Everybody is satisfied that there
are only three ways in which the wa-
ter problem in this city can be solved,
namely:

"(1) To build a new and competing
system.

"(2) To grant the company a new
contract.

"(3) To purchase the present plant
and improve it.

"There seemed to be a general
sentiment on the part of our citizens
that the city should own its own wa-
ter system. With that end in view,
your committee investigated the dif-
ferent supplies of water about Ann
Arbor, and after due consideration,
secured an option on the Steere prop-
erty, about four miles south of the
city, and where we had been inform-
ed there was an unlimited supply of
pure water.

"We had five 8-inch wells and one
4 1-2 inch well driven, on different
parts of this property, and the wells
allowed to flow, in order to deter-
mine the amount of water that was
there. After allowing the wells to run
for sometime, we discovered a very
noticeable depreciation in the flow,
which convinced your committee that
it would not be wise for the city to
expend several thousands of dollars
for a pumping station and miles of
mains at a place where the supply did
not look like a permanent one.

"Without giving that information
to any one, your committee then, on
June 1st, 1911, secured from the Ann
Arbor Water company a legal and
binding option on their complete prop-
erties, until August 1st, 1912, at
\$525,000.00, and the cost of whatever
improvements should be made from
June 1st, 1911. In order to ascertain
just what the city would receive in

case the people should decide to pur-
chase the plant, your committee en-
gaged Mr. Gardner S. Williams, con-
sulting engineer, to appraise the prop-
erty of the Ann Arbor Water compa-
ny, and to determine the value of
the same. His report has been sub-
mitted to the council, and is now a
part of the city records, and has been
published in the Times News and in
pamphlet form, so that all citizens
have had the opportunity to study the
same, and become fully acquainted
with it.

A NEW AND COMPETING SYSTEM

"If the city should attempt to build
a new and competing water works, it
undoubtedly would mean a big law
suit, and, while in the end we might
probably win the suit, it would only
be done after a long and expensive
litigation. And also there is the pos-
sibility of the court deciding that
building a new system by the city
would mean confiscation of the prop-
erty of the present company, and
that if the city desired to own a wa-
ter works system, that it should se-
cure the present one by taking ad-
vantage of the clause in the franchise,
which provides that the valuation of
the plant, made by a commission ap-
pointed by the supreme court to ap-
praise the property, would be bind-
ing on both the city and the company.

"Supposing we had the legal right
to put in a new and competing plant,
we have been informed that it would
cost at least \$600,000.00 to do so. The
interest on that amount would be
\$24,000.00 annually, and the opera-
tion of the plant would be at least
\$20,000.00, making the annual charg-
es \$44,000.00. Now with two plants
here, and one with its connections al-
ready made, it is safe to believe that
our income for the first five years,
and probably longer, WOULD NOT
be more than \$25,000.00 per annum,
which would leave a deficit of at
least \$19,000.00 per annum, which
would have to be raised by general
taxation, and in order to get any tak-
ers, your committee believe that the
city would have to pay for making
the connections.

"Also, if the city should put in a
new system, it would mean that all
our streets would have to be torn up,
not only for the mains, but also for
the service connections to each prop-
erty line. This would mean that the
whole street would have to be torn
up, and our pavements would never
be put back in the condition they are
now, and the annoyance to business
and property owners cannot be esti-
mated in a financial way.

Then there are a great many people who say that it would not be fair to the people who have their money invested in the present plant, for the city to build a competing system. They state that the people of this city voted at two different times not to build their own water works, and thereupon the water company put in the present plant, and that the city should not do anything that would in time mean ultimate ruination of the present property unless absolutely necessary.

"In view of the above facts, would our citizens vote to build a new plant? Also would it be right for us to ask our taxpayers to put their money into a proposition that we would not personally do ourselves, and to raise by taxation the amount of deficit that would follow such a course? After due consideration of the facts, your committee is of the opinion that it is not advisable for the city to build a new water works system, as such a course would be unbusiness-like, and cast an unnecessary burden upon our citizens, and should only be considered, as a solution to the water question, as a last resort, and therefore out of the question at this time.

A NEW CONTRACT.

"In reference to making a new contract with the present water company, it is the experience of other cities that municipal ownership of water works is more satisfactory than a contract with a private corporation. Ann Arbor is the largest city in the state which does not own its water works. At least 90 per cent of the cities of this state own their own water works, and it is their experience that a municipal water system can be operated just as economically and business-like by the municipality as by a private corporation. No matter how favorable a contract we may think we would be making for the city today, in ten years or even five years from this date, unforeseen conditions will arise that will require attention, which it would be almost impossible to provide for in a contract. No one can tell now what the conditions will be five years from now, but if the city owns its own water system, it can take care of conditions as they arise, and not have to wait until the contract expires to get relief.

"The only argument we hear in favor of granting the company a new contract, is by the people who do not believe in municipal ownership, and who claim that a city cannot operate

a water works as economically as a private corporation can. This is not the experience of cities that do own their water systems, and your committee believes that there are just as many public spirited citizens in this city as in others, who would be willing to give their time to act on a water board and look after the interests of the city in managing its water works. While it may be necessary that a new contract should be granted to the company, in case the people should decide not to accept the offer of the water company, rather than to build a competing system, yet we believe that to purchase the present plant would prove more satisfactory to the city, in the long run, because if the present plant is good enough for the city to base a new contract on, it ought to be good enough for the city to own.

"If we should grant the company a new contract, it would mean that we would be paying the company rent for at least ten, 20 or 30 years more and at the end of that time, the company would still be owning the plant, while if the city bought the present plant, it would have it all paid for in 20 years, and it would not cost our citizens one cent, except what they would pay in water rental, and then the city would own it.

PURCHASING THE PRESENT SYSTEM AND IMPROVING IT

"In reference to accepting the proposition of the water company to sell their plant to the city for \$525,000.00, plus the permanent improvements since June 1st, 1911, we have been informed by the expert employed to appraise their property, that the plant is worth all that the company asks for it, and we have not been able to learn any facts to the contrary. Your committee has had several conferences with the officials of the water company to endeavor to secure a reduction in the price for which they offered to sell, but the only reduction they would agree to was about \$10,000.00, for the improvements made since the offer was made, which means that if the city wishes to purchase the plant, it will have to pay \$525,000.00, plus any permanent improvements made from January 1st, 1912, to the time that the city would take over the plant.

"If the city should accept the offer of the company, and should immediately make all the improvements suggested by Mr. Williams, it would have to issue bonds to the amount of

\$600,000.00, the interest on which would amount to \$24,000.00 per annum. The operating and maintenance charges would be about \$20,000.00, making the annual charges \$44,000.00. The books of the water company show that for the year January 1st, 1911, to December 31st, the income of the company amounted to \$69,000.00, which would leave a surplus of \$25,000.00 a year, which could be used to pay off the principal. This shows that the city can buy the plant at the price asked, and operate it, and that it will not only be self-supporting but will pay for itself in about 20 years, by maintaining the present water rates and without raising one cent by general taxation. Everybody can see that our city is growing, and we believe that it will continue to grow, which means that the income from water rates will continue to increase. But taking only \$20,000.00 per annum surplus or net revenue, as a conservative estimate, which should be used each year to pay off the bonded indebtedness, then at that rate in less than 21 years the city could pay the full bonded indebtedness and still have a balance left each year, which could be used to make necessary extensions. This does not take into consideration the increase of income from new water takers, and the possibility of paying off more than \$20,000.00 each year on the bonded indebtedness which the committee thinks can be done. If the city did not desire to pay off the full indebtedness in 21 years, the bonds could be made to run longer, in which case the water rates could be reduced.

"If the city should purchase the present plant, it would have exclusive control of our streets, while if it put in an independent system, the water company would continue to have the right to tear up our streets and pavements to make their necessary repairs and connections. Should the citizens decide to purchase the water works, we would recommend that a water commission be created, whose duty it would be to manage the plant, and who would have the exclusive authority to engage all necessary officers and help required to operate said water works.

"It, therefore, appears to your committee, who have given a great deal of time and thought to the subject, that it would be a good and satisfactory business proposition for the

city to purchase the property of the Ann Arbor Water company, and operate it for our citizens.

WM. L. WALZ, Mayor.

E. B. MANWARING,

Chairman of Committee.

HENRY J. HOCHREIN,

HENRY G. PIPP,

ERWIN E. SCHMID,

W. S. MILLS,

JOHN LINDENSCHMITT,

JAMES D. RAMSEY,

CLARENCE L. SWEET,

Special Water Committee.

By Ald. Goodyear: Resolved, that the report of the special water committee be approved, published in the proceedings of the council, and the city clerk be authorized to have 4,000 copies printed and distributed within the city. Adopted as follows: Yeas, Ald. Manwaring, Goodyear, Hochrein, Ramsay, Murray, Lutz, Schmid, Lindenschmitt, Pres. Mills, 9. Nays, Ald. Sherk, Koernke, 2.

From Board of Public Works.

To Board of Public Works: Gentlemen—Your committee, to whom was referred the matter of plat of Mallory Addition to the city of Ann Arbor, respectfully recommends that plat be approved. Wm. P. James, E. W. Groves.

Moved by Mr. Schlenker, that the report of committee be concurred in, and the plat of Mallory Addition to city of Ann Arbor be approved and referred to the common council. Adopted by the board.

(Council action.)

Moved by Ald. Sherk, that the matter of approving Mallory plat be referred to the Street committee. Adopted.

Officers' Reports.

Office of Street Commissioner, Ann Arbor, Mich., March 4, 1912.

Hon. Board of Public Works, Wirt Cornwell, Esq., President: Gentlemen—The following is a statement of the work done under my charge during the month of February, 1912:

Taking care of snow—

Feb. 1-28—Cleaning snow and ice from crosswalks, gutters and inlets, labor	\$428.10
Feb. 1-28—Cleaning snow from park walks, labor	19.75
Feb. 2; 12; 21; 22; 26—Plowing snow from sidewalks, labor	214.50
Feb. 24—Plowing snow from gutters, labor	3.00
Feb. 7-9—Clearing ice from creek, 5th st., labor	13.25

Total	\$678.60
Feb. 2-3 and 28—Flushing sanitary sewers in E. Jefferson and Hill sts, labor \$	6.72

Feb. 6-7; 15-20—Making street sweeper brooms, labor 28.45

Total\$713.77

Respectfully submitted, J. WISNER, Street Commissioner.

Street Commissioner's report for month of February received, ordered printed and filed.

Resolutions.

“Whereas the city of Ann Arbor and the inhabitants thereof are now being supplied with water for domestic purposes by the Ann Arbor Water company, under a contract entered into between said city and said company on the first day of June, 1885, and

“Whereas, the common council of said city of Ann Arbor, heretofore and on the 19th day of September, 1910, appointed a special committee of its members to investigate and report to said common council the value of the property of said Ann Arbor Water company, including all of its rights and privileges, and the lowest price for which said Ann Arbor Water company was willing to sell its property, rights and privileges to said city, and

“Whereas, said common council have received from said company an agreement in writing, wherein said company agrees to sell all of its property, rights and privileges to said city for the sum of five hundred, twenty-five thousand dollars (\$525,000.00), plus the cost of additions to permanent constructions which may be or may have been made by the said Ann Arbor Water company from and after January 1st, 1912, and plus the value of coal, materials and supplies on hand at date of transfer; provided, that the said Ann Arbor Water company is authorized and permitted by said agreement with said city to enter upon the construction of an elevated tank of not less than 250,000 gallons capacity, of location and design approved by the engineer of the city, and mains appurtenant thereto, for the betterment of the supply and pressure in the southeastern part of the city, the expense whereof shall, in the event of the purchase by the city, be paid by the city, and

“Whereas, said city is authorized by the laws of the state of Michigan to raise and borrow for the sole purpose of supplying the city and its inhabitants with water, a sum of money that shall not exceed ten per cent of the assessed valuation of said city, as contained in the last preceding assessment roll of said city, and

“Whereas in the opinion of the common council of said city it will

be necessary to raise the sum of six hundred thousand dollars (\$600,000.00) to pay for the property, rights and privileges of said Ann Arbor Water company and to make the necessary improvements thereon in order to give to the city and its inhabitants adequate water service, and

“Whereas said sum of six hundred thousand dollars (\$600,000.00) does not exceed ten per cent of said assessed valuation of said city, as contained in the last preceding assessment roll of said city, now therefore,

“Be it resolved that the purchase of the property, rights and privileges of the Ann Arbor Water company and the making of certain improvements thereon, as recommended in the report of Professor Gardner S. Williams to said common council of said city and now on file with the clerk thereof, be and is hereby declared to be a necessary public improvement and that the question of the purchase of said property, rights and privileges of the said Ann Arbor Water company at the price above specified, and the issuing of the bonds of said city for the sum of six hundred thousand dollars (\$600,000.00) to pay for said property, rights and privileges and to make the necessary improvements thereon, as above mentioned, said bonds to bear interest at the rate of four per cent per annum, payable semi-annually, the principal and interest of said bonds to become due and payable at such time or times as this council shall by resolution hereinafter declare be submitted to a vote of the qualified voters of said city at the general election to be held in said city on Monday the first day of April, 1912, and be it further resolved, that the said election will be held in the several wards of the city of Ann Arbor, Michigan as follows: First ward, voting room basement of City Hall; Second ward, ward building on South Ashley street; Third ward, ward building on Miller avenue; Fourth ward, voting room in basement of new armory on Fifth avenue; Fifth ward, ward building corner Swift and Pontiac streets; Sixth ward, basement Tappan school on East University avenue; Seventh ward, ward building on Mary street; and be it further resolved that the city clerk be, and is hereby authorized, to issue the usual call for said election pursuant to the charter and laws of the state of Michigan and to cause to be printed upon the ballots for the use of the qualified electors of said election, which ballots shall be printed upon white paper, and

of uniform size the words and figures as follows:

"For the purchase of the property, rights and privileges of the Ann Arbor Water company, and to improve the same and to issue the bonds of said city for the sum of six hundred thousand dollars with interest at the rate of four per cent per annum payable semi-annually, the principal sum to be paid at such time or times as the common council of said city shall by resolution hereinafter direct. (\$525,000.00 for plant. \$75,000.00 to be used for improvements.

YES []

"For the purchase of the property, rights and privileges of the Ann Arbor Water company and to improve the same and to issue the bonds of said city for the sum of six hundred thousand dollars with interest at the rate of four per cent per annum payable semi-annually, the principal sum to be paid at such time or times as the common council of said city shall by resolution hereinafter direct. (\$525,000.00 for plant. \$75,000.00 to be used for improvements.)

NO []

"Resolved, further, that the canvass and termination of the vote of said election be made pursuant to the charter of said city.

"Resolved, further, that the polls for said election be open from 7 o'clock in the forenoon to 5 o'clock in the afternoon."

Adopted as follows: Yeas, Ald. Manwaring, Goodyear, Hochrein, Ramsay, Murray, Lutz, Schmid, Lindenschmitt, Pres. Mills, 9. Nays, Ald. Sherk, Koernke, 2.

By Ald. Hochrein: Resolved, that Louis Boes is hereby appointed to act on the second ward Registration Board, Wednesday, March 27, 1912, to fill the vacancy caused by the death of Eugene Oesterlin. Adopted as follows: Yeas, Ald. Sherk, Koernke, Manwaring, Goodyear, Hochrein, Ramsay, Murray, Lutz, Schmid, Lindenschmitt, Pres. Mills, 11. Nays, none.

The council adjourned.

ROSS GRANGER, Clerk.