

BOX

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FOLDER

204

Subways-Financing

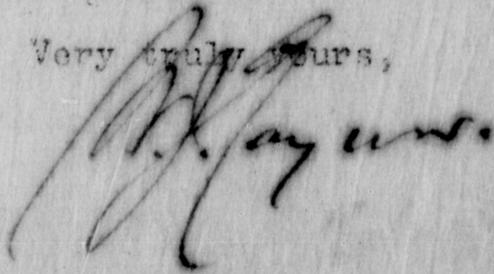
1910-1912

Feb 2, 1910.m

My dear Mr. Bassett:

I thank you very much for the proposed draft of the act in respect of the liabilities to be taken out of the ten per cent. limit. I shall refer it to the Corporation Counsel, and also instruct him to have no bill introduced at Albany until it has been submitted to you.

Very truly yours,



Hon. E. M. Bassett,
Public Service Commissioner,
154 Nassau Street, City.

Feb. 24, 1910. m

Sir

The members of the Public Service Commission and others are growing anxious about the bill to be introduced in respect of the ten per cent debt limit. I should be glad to have the bill ready by Saturday of this week.

Very truly yours,

W. J. Sawyer
Mayor

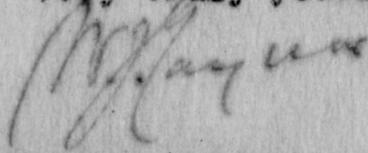
A. R. Watson, Esq.,
Corporation Counsel

Oct. 17, 1910.m

Dear Mr. Steers:

I am glad to receive
your letter of October 11th, and
all you say is entirely correct.
Brooklyn also needs a court house,
and we need one over in Manhattan,
and another in Richmond. I hope
that our finances will soon be
in condition to make necessary
improvements throughout the city.
But if we are to go into the
building of subways in the way
now planned it may be a consider-
able time before these things can
be done. But we must all try to
do the best we can to get them
through.

Very truly yours,



Hon. Alfred E. Steers,
President of the
Borough of Brooklyn.

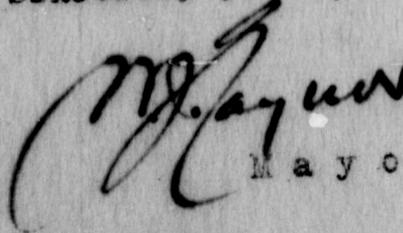
11-2-D

Nov. 29, 1910. k

Dear Mr. McElroy

I am glad to receive your sensible letter about subways. It shows that you have studied the routes. I note also that you say that there will be a credit basis established by the increases for 1911 in values more than sufficient to carry out all of the subway plans. Are you quite sure of this? \$50,000,000 will not carry out all of the subway plans or even the plans of one subway. The Triborough will take \$150,000,000 alone; and you must remember that there are other city expenses which have to be met.

Sincerely yours,


M a y o r.

Daniel S. McElroy, Esq.,
Department of Taxes & Assessments,
Hall of Records, Manhattan.

NOV. 29, 1910

Dear Mr. Frank:

I judge from your letter that you read Hearst's wild-cat newspapers, and are guided by them. I have never said that the city's credit would not enable it to build subways, but unfortunately unless the building companies put in part of the capital the work will be strung out much longer. I suppose you are able to understand that. If the city could put in half and some private company half the work would be done immediately and simultaneously in all the boroughs in place of being strung out during five or ~~ten~~ years. I have been in hopes all along that there would be some competition for the privilege of building and operating our subways, and that in that way we would get private capital in part. I suppose you know that in the building of the extension from Manhattan under the river over into Brooklyn to Atlantic Avenue the city only put in \$2,000,000 while the company put in \$7,000,000. Did you ever hear of that?

1

It may be possible that I know what I am doing, but if you read what I am doing from wild-cat newspapers you certainly will not find out what I am doing or thinking. I suppose you know that no one came forward to bid to equip and operate the tri-borough route, so-called. It is claimed that the cost of building and equipping it will be so great that it will not pay, but will show a yearly deficiency. Do you know anything about this? If a subway should cost \$200,000,000 to build and equip, or \$150,000,000, do you know that it would have to pay first of all 5-1/2 per cent thereon for interest and sinking fund? Do you know that at least one-third of the gross receipts would be necessary for operating expenses? Do you know how much would be left after these two items alone were taken out from total receipts? I am in favor of subways, but I do not intend to make up my mind which of the proposed routes is most favorable for the city and the community until the last word has been said. If you can add anything to the discussion in the way of facts I shall be very glad to hear from you; otherwise I have no wish to hear from you.

Very truly yours,

Wm. C. Frank
 Geo. S. Frank, Esq.,
 261, Henry St.,
 Brooklyn, N.Y.

Nov. 29, 1910. m

Dear Mr. Frank:

I judge from your letter that you read Hearst's wild-cat newspapers, and are guided by them. I have never said that the city's credit would not enable it to build subways, but unfortunately unless the building companies put in part of the capital the work will be strung out much longer. I suppose you are able to understand that. If the city could put in half and some private company half the work would be done immediately and simultaneously in all the boroughs in place of being strung out during five or ~~ten~~ years. I have been in hopes all along that there would be some competition for the privilege of building and operating our subways, and that in that way we would get private capital in part. I suppose you know that in the building of the extension from Manhattan under the river over into Brooklyn to Atlantic Avenue the city only put in \$2,000,000 while the company put in \$8,000,000. Did you ever hear of that?

It may be possible that I know what I am doing, but if you read what I am doing from wild-cat newspapers you certainly will not find out what I am doing or thinking. I suppose you know that no one came forward to bid to equip and operate the tri-borough route, so-called. It is claimed that the cost of building and equipping it will be so great that it will not pay, but will show a yearly deficiency. Do you know anything about this? If a subway should cost \$200,000,000 to build and equip, or \$150,000,000, do you know that it would have to pay first of all 5-1/2 per cent thereon for interest and sinking fund? Do you know that at least one-third of the gross receipts would be necessary for operating expenses? Do you know how much would be left after these two items alone were taken out from total receipts? I am in favor of subways, but I do not intend to make up my mind which of the proposed routes is most favorable for the city and the community until the last word has been said. If you can add anything to the discussion in the way of facts I shall be very glad to hear from you; otherwise I have no wish to hear from you.

Very truly yours,

Geo. S. Frank, Esq.,
261, Henry St.,
Brooklyn, N.Y.

Answer

Dec. 5, 1910. m

Dear Mr. Bailey:

My experience is the very same as yours with regard to real estate leases to persons of moderate means.

I had to undertake the work of "equalizing" values this year in order to create a fund with which to build subways. As the result we shall have increased values this year of over \$600,000,000, but next year it will come down to the normal again. This subway business is a difficult one. I have been greatly in hope that an offer would be made to provide all of the capital outside of the \$57,000,000 which the city now has, and I hope I shall not be disappointed. I understand there is to be an offer of that kind, and that it is to embrace the Lafayette Avenue route, the route up to Prospect Park, and the Eastern Parkway route for Brooklyn, and that it is also to ~~embrace~~ embrace the Bronx more than has yet been suggested for that borough. I hope it will

be forthcoming soon.

Sincerely yours,

W. H. Murray
Mayor.

Frank Bailey, Esq.,
175, Renssen Street,
Brooklyn, N. Y.

Dec. 5, 1910. m

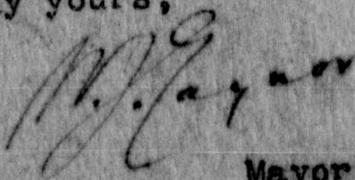
Dear Mr. Polak:

Your letter of December 3rd is at hand. Vacancies are occurring constantly, and I have no doubt we will have an opportunity to appoint Mrs. Polak before next year.

As to the subway matters, they are not disturbing me at all. I am merely thinking the whole matter out undisturbed by clamor. You know my great desire has been to have some company furnish half the capital or more, the same as was done in the building of the extension over to Brooklyn, where the city put in \$2,000,000 and the company put in \$8,000,000. If some company will put up as much money as the city now has available for the purpose, we could break ground in all the boroughs at once and have all the routes built within five years, and your borough could get more in that way than has yet been offered to it. I am certain that

you are carefully studying the matter, and I hope you will study every offer which may hereafter be made. I am against neither the triborough nor the interborough, nor any other company or route and I am simply trying to work the matter out so as to do the greatest good and give the greatest accommodation to the city at large.

Very truly yours,



Mayor.

Edward Polak, Esq.,
4030, Third Avenue,
N.Y. City.

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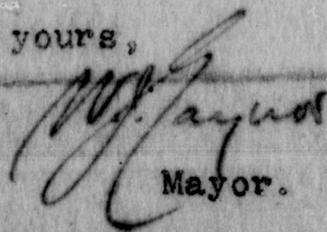
you may publish
this if you wish
in all the papers
at once. M.G.

✓
Dec. 5, 1910.m

Dear Mr. Adikes:

I am very glad to receive your letter. The suggestion that the city pay 40% and the locality the balance on the assessment plan had not occurred to me before. I would not be surprised if that would prove to be the solution of the whole matter after we get the trunk lines under way. I may also say to you that I have been all along suggesting that instead of coming down Broadway to the Williamsburg Bridge from Lafayette Avenue, the Lafayette Avenue route be extended that much further over in your direction or in some other direction that would be best. I do not see any necessity to bring the subway down Broadway to the Williamsburg Bridge.

Very truly yours,


Mayor.

John Adikes, Esq.,
Jamaica,
New York.

Dec 5, 1910.

Dear Mr. Barrett:

I thank you for your favor of December 3rd. It has been my wish all the year to get private capital put in at least half, for that would enable the work to be done simultaneously in all the boroughs at once, and would relieve the city's credit, and also relieve us of the necessity of again increasing real estate values next year and for several years thereafter.

Sincerely yours,

W. J. Gaynor
Mayor.

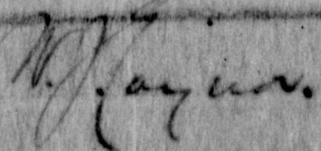
Thomas Barrett, Esq.,
500, Broome Street,
N.Y. City.

Dec. 7, 1910 .g

Dear Mr. Bailey:

The total amount of the City's money to be expended is \$53,000,000, not \$57,000,000. All else is to be put in by the company. I have stood up against public clamor with regard to the notion of an "independent" route, but found it very difficult to get the Interborough Company to get along by degrees to the making of the proposition which they now submit. I do not think that the majority of the intelligent people of the City, or anything like it, was in favor of an independent system. Why should anyone be in favor of an independent system in order to secure him the great privilege of paying a second fare every time he had to transfer from one system to the other?

Sincerely yours,



Frank Bailey, Esq.,
Title Guarantee and Trust Co.,
173, Remsen Street,
Brooklyn, N. Y.

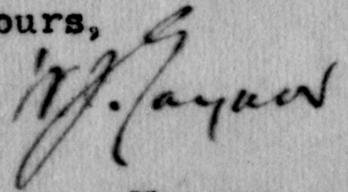
Dec. 13, 1910.m

Dear Mr. Silleck:

I thank you for your very intelligent letter of December 9th with regard to subways. My great desire has been to get enough of private capital to go in with the present available credit of the city to build the present necessary subways, so that the work can be begun and carried on in all the boroughs at once, instead of being strung out through a course of years awaiting such money as the city can put in from year to year. Of course the city can build them all, but it will take a long time, as we would have to wait until funds became available from year to year. I agree with you that there can be no such thing as a monopoly of subway traffic. The operating companies are under complete control of the Public Service Commission with respect to headway, number of trains, number of cars, construction of cars, and everything. If that

Commission does its duty every-
thing will go right. I should
deem it a very great misfortune
if we should have two or more in-
dependent subway routes. That
would mean that we would have to
pay an extra fare every time we
changed from one to another. Why
anybody should cry out for that
great privilege is beyond my un-
derstanding. But in fact no one
is crying out for it. The noise
is all being made by a lot of real
estate speculators in the suburbs.

Very truly yours,



Mayor.

W. Fred. Silleck, Esq.,
191, Richards Street,
Brooklyn, N.Y.

Dec. 19, 1910.k

Dear Mr. Low:

I am enclosing to you a financial statement showing the amount of corporate stock issued in each of the last three years for general city purposes. The purpose of it is to show how little we will have for subway purposes, and therefore how long it will take for the city to build the subway system out of its own funds exclusively.

Sincerely yours,

W. Bayard
M a y o r .

Hon. Seth Low,
30, East 64th Street,
New York City.

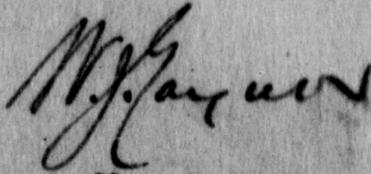
Dec. 27, 1910.k

Dear Mr. Olly:

Out of respect for you I will not hand your letter to the newspapers as you request. You are under very grave mistakes. Neither Mr. Belmont nor Mr. Ryan have any ownership in the Interborough company, or if Mr. Belmont has it is very little. The scheme you have of having the stock owned in small holdings by the people might be good if the people would buy it, and if after buying it they would continue to hold it instead of selling it to some one else. Moreover we have no statute for your scheme. Moreover I do not know what you mean by your talk about a monopoly. Have you not yet heard that three years ago a law was passed in this state creating a public service commission which absolutely controls the public service corporations in our cities in respect of the service they shall give, the stocks and bonds they shall issue, etc.? If you do not know even this I should advise you to begin to study the case from that standpoint forthwith. This

letter is not for publication, and must not be published.

Very truly yours,



M a y o r.

Edward N. Olly, Esq.,
346, Broadway,
New York City.

July 10, 1911.e

Dear Mr. Binkerd:

I regret to say that I shall not be able to attend the conference on the "Court House site", but I am glad that your Club is taking the matter up. If another site is not selected undoubtedly the Court House will be put in City Hall Park. The whole trouble is the subway situation. We have all paused in the last year to see if the subways were not to be built by private capital in part. As private capital now seems to be crowded out, I shall have to ask you how we are to put \$20,000,000 into a Court House in New York County, \$11,000,000 into another in Kings County, and about \$1,000,000 into another in Richmond County. As things were from \$80,000,000 to \$100,000,000 of private capital was to be put into subway construction, and I saw that we would be able to go on with our Court Houses and many other improvements which had been at a standstill for several years awaiting the subway matter. But how are we to put any private capital into these things now? This should be a thing considered in your discussion.

Very truly yours,

W. G. ...
Mayor.

Robert S. Binkerd, Esq.,
Secretary, The City Club of New York,
55, West 44th Street,
New York City.

✓

Nov. 3, 1911. k

S i r :

Please let me have the figures which show that the water system of the city is self-supporting, and produces a net profit to the city. What is the

amount of that net profit?

Will there still be a profit with all of the Cabotville cost added?

Very truly yours,

[Handwritten Signature]
M a y o r .

Henry S. Thompson, Esq.,

Commissioner of Water Supply, &c.

March 26, 1912.k

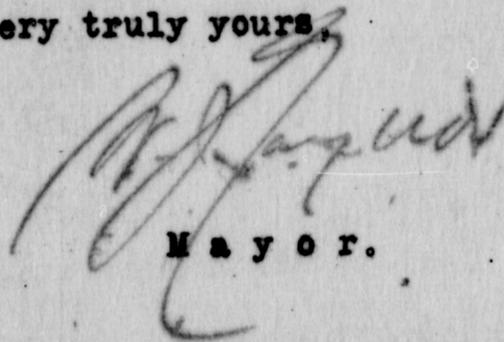
S i r :

Your favor of March 25th with your report showing the amount of corporate stock which will be necessary to carry out the dock and terminal plans is at hand. Am I correct in understanding that \$84,000,000 will be necessary? If that be so, there will be no margin of dock funds for any other purpose, say for subways. Is that so? At the interview with the Comptroller we all seemed to be of the opinion that there would be a margin of over \$20,000,000 that could be devoted to subways. Must we now definitely abandon that notion? Supposing that there would be such a margin, the Comptroller was willing to vote for corporate stock to buy the Grace property, and I suppose some others, at once, because it would be coming back in the dock funds against which corporate stock could be issued for subway purposes. If this is not the real case, there will be no extra dock funds, then of course we must notify the Grace people that we are not to take their property.

I have thus summarized, because I have not had

time to carefully read your report.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. J. ...', written in a cursive style.

Mayor.

Calvin Tomkins, Esq.,

Commissioner of Docks & Ferries.

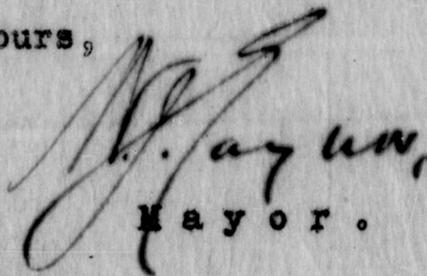
March 25, 1918.

b

S i r :

Your letter of March 21st is at hand. In the conference with the Comptroller and myself to which I called you, it was understood that you were to make a report letting us know how much of the dock funds you would need to retain for dock purposes, and for such purposes as the purchases you mention, and that then we would have the dock funds released, but that meanwhile, namely, after your report came in, the Comptroller would allow sufficient to make the purchases which you mention, knowing that it would be reimbursed by the release of the dock funds. I am still awaiting your report, and I should be very glad to have it come in as soon as possible. I regret very much that we cannot get this railroad and dock business under way. The Board of Estimate Committee seems to be taking no action.

Very truly yours,


Mayor.

Calvin Tomkins, Esq.,
Commissioner Department of
Docks and Ferries.

March 27, 1912. b

S i r :

Your favor of March 27th is at hand. I gather from it that you do not think it wise that the dock funds requisite for "deferred" expenditures should be invested in subway construction. It may therefore be well for you to see Mr. Prendergast and communicate that to him and explain it. Of course if we should expend any of the released dock funds in the subways now planned, there is a risk that the subway bonds might not become self-sustaining for ten or fifteen years. May I ask you whether if a part of the dock funds was invested in subway construction, those funds could ever be got back as dock funds again, so as to be available for dock purposes?

Very truly yours,


M a y o r .

Calvin Tomkins, Esq.,
Commissioner Department of
Docks and Ferries. ✓

March 29, 1912. b

Dear Sir:

Your letter shows how easy it is to go astray about the debt limit. No one can speak of it who has not thoroughly familiarized himself with it. You seem to think that the \$77,000,000 of dock funds are available as a general city credit. If that fund be released under the constitutional amendment it goes back into dock improvements -- or substantially all of it. We have available for subway purposes about \$30,000,000 of the \$60,000,000 which we devoted to it two years ago. Outside of that it is questionable whether we have anything available. We have a borrowing margin of about \$89,000,000, but somewhere between \$50,000,000 and \$60,000,000 of that has already been appropriated by resolutions of the Board of Estimate, although no contracts therefor have yet been made. If you get my message to the Board of Aldermen last January you will get the exact figures, and will not need to be groping in the dark on the subject. I am enclosing the same to you.

Very truly yours,

W. J. Gaynor
Mayor. ✓

F. C. Leubuscher, Esq.,
258, Broadway, New York.

Enc.

April 12th, 1912. s

Sir:

Your favor of April 10th is at hand. I regret you did not see me about the matter first, as my purpose was for us to sit down with the Comptroller and have an understanding in advance in respect of how much was to be reserved for Dock purposes. He has your report on the subject before him, but I have not yet had an opportunity to ascertain his views thereon. But I think we will all be in accord on the subject.

Sincerely yours,

W. H. Murray
Mayor.

Calvin Tomkins, Esq.,
Commissioner of Docks
and Ferries,
New York City.

October 1st, 1912.M

S i r :

I am enclosing to you a letter of Beyer & Company, suggesting that the subway bonds should be issued in denominations of \$100 so that people of small means might invest. This is a subject which has often been considered. I wonder if it would work now.

Very truly yours,

W. J. Gaynor
M a y o r .

Hon. William A. Prendergast,
Comptroller,
City of New York.

Enc.