

SETS OUT PROSPECTUS OF PROPOSED ELECTRIC LINES

President Geo. F. Averill, of The Coos Bay Traction Corporation Makes a Statement of Probable Earnings and Business and Outlines Plans.

To the Citizens of Coos, Curry, Douglas and Josephine Counties:

We desire to submit for your consideration a statement of the probable earnings of our proposed system of electric railways from Coos Bay, including a local system around Coos Bay; with its northern terminal at Reedsport on the Umpqua River; and its southern terminal, via Bandon, at Port Orford; with a branch line from main line to Roseburg, and its Rogue River Valley terminal, via Myrtle Point, at Grants Pass, a total of 220 miles, all in the State of Oregon.

The resources tributary to this proposed system and its probable earnings are taken up in the following order by divisions:

Coos Bay-Grants Pass-Medford division; Junction-Roseburg division; Coos Bay-Reedsport division; Coos Bay-Port Orford division, and Coos Bay local system. The estimated earnings are based on the local traffic originating along each division and traffic to and from rail and water lines connecting at various points along the system. The freight earnings originating along each division are based on what is called the "traffic per acre" and the freight earnings on inward bound traffic are based on what is called the "per capita consumption."

The passenger, express and mail earnings are based on what is known as the "gross receipts per capita," based on the yearly earnings for urban and rural population tributary to the railway and from connecting lines.

The Territory Served.

This projected system of railways when completed in its entirety will have a mileage of about 220 miles of single track—not including terminal yards and sidetracks—and will serve a territory of nearly 100 square miles or over 2,000,000 acres, or equal to the area of the States of Rhode Island and Delaware. At the present time this territory is served by a steam road only 27 miles in length built from Marshfield on Coos Bay to Myrtle Point on the Coquille River, and the main line of the Southern Pacific from Portland to San Francisco, traversing the eastern portion of this territory north and south, not connecting with the Coos Bay line.

This territory is the most productive part of Coos, Douglas, Curry and Josephine counties. Practically every acre of land tributary to the proposed system of railways as projected by the Traction Corporation will develop resources furnishing traffic to it; the valleys and bench lands with their dairy products, fruits and vegetables; the hills with their enormous forest products, underlaid with coal, iron, building stone, lime stone, clay deposits and precious metals, coupled with water power ample to generate electricity for power to operate the roads, light the towns, hamlets and cities along the route, with power enough left to furnish every factory and industry used in converting these vast tributary raw materials into merchantable products for the markets of the trade.

Townsites can be developed at a number of points along the road, and factories built. There are numerous attractive lakes and ocean beaches along the routes of this proposed system upon the shores of which summer resorts can be located as soon as transportation is provided. At some desirable point along the coast an ideal amusement city can be built. Also recreation resorts in the mountains can be established along the route.

There is not another territory in the United States equal in area, that has as many diversified resources as has this territory which will be tributary to the proposed system of railways as projected by the Coos Bay Traction Corporation.

Earning Capacity of the Whole System.

The greatest factor in the earning capacity of this system when completed as a whole is in hauling of lumber and logs, both ways from the forest covered area through which the road traverses. Railroads have been built and paid their owners well, through mountainous countries where the cost was much greater per unit than building this system, for no other reason than to tap timber belts not one-fourth as large or productive as the timber belts tributary to this system.

The next as a traffic producer is

coal, stone, clay products and mineral ores; then comes all classes of agricultural products; then merchandise and manufactured products, then express and mail, and last, the immense passenger traffic created by developing the enormous diversified resources tributary to the route.

By the time the whole system is completed, connecting ocean and river transportation at Coos Bay, Bandon, Reedsport, and with a network of electric railroads from the Willamette Valley at Reedsport on the Umpqua River, with another network of electric railroads covering the Rogue River Valley and the same at Roseburg in the Umpqua Valley, including various short logging roads along the system, and last, touching at various ocean beach points makes it safe to estimate that the first 12 months of operation, the Coos Bay Traction Corporation's gross earnings should not be less than \$4,000 per mile or \$880,000 for the 220 miles of road. These traffic earnings will increase each year on a ratio equaling the increased development of the natural resources tributary to the road.

Traffic by Divisions.
To show that the system as a whole is capable of earning \$4,000 per mile of road, and even more, for the first year of operation, analysis of traffic by divisions is herein presented and the character of resources tributary shown up to show that each division is self-sustaining.

Coos Bay-Grants Pass Division.
It is assumed that the Coos Bay-Grants Pass division is the main line of the whole system, therefore it will be taken up first, as to its earning capacity.

The length of this main line will be 115 miles. Directly tributary to this 115 miles are 200,000 acres of forests. The United States Forestry Department estimates that these forests contain six billion feet of merchantable timber. If this is logged at the low rate of 1,000 feet per acre a year, and the road were to get an average rate of one dollar and fifty cents per thousand feet for hauling it, one dollar and fifty cents per year for the next thirty years would be had, or \$300,000 each year on this one item alone, or \$9,000,000 for the 30 years. This is not all in the timber line. A large tonnage of forest products will be hauled the entire length of this line from branch roads and connecting lines from other timber territories, which, by all the laws of distance and grades, must, for economy sake, pass over this line to its consuming markets. Considerable of this forest land is underlaid with coal and mineral. Besides this, there will be tributary to this line of 100,000 acres of land which is devoted to stock, dairying, agriculture, fruit and underlaid with clay, lime and cement stone and precious minerals which is equally as good for revenue producers as the forest products.

Assuming that all these diversified products from this 100,000 acres for freight revenue will be one dollar per acre per year or \$400,000 for the 100,000 acres, with the \$300,000 from the forest products will be \$700,000 from the 100,000 acres, or an average of one dollar and twenty cents per acre a year.

By the time the road is completed from Coos Bay to Grants Pass, the population of the terminal cities, towns, villages and tributary country will exceed 50,000, and with the numerous mountain, lake and beach resorts, should make the passenger revenue come to four dollars per capita or \$200,000. Then there is the inward bound traffic such as merchandise, machinery, express, mail and through traffic from connecting lines which will total up to \$100,000, making the total gross earnings \$1,000,000, or over \$8,700 per mile for the 115 miles.

The Junction-Roseburg Division.
About 70 miles from Coos Bay on the main line to Grants Pass is the junction of a 50 mile line to Roseburg. This will make the distance from Coos Bay to Roseburg via this line 120 miles and will make the distance from Roseburg to Grants Pass 95 miles via this route.

Freight Earnings.
In entering Roseburg, this line will cross the south fork of the Umpqua River. Tributary to this river above the railroad crossing is over five billion feet of merchantable fir, sugar pine and cedar. Eighty per cent of

this is in the national forest reserve. By extending the road northeast of Roseburg 15 miles to Glide on the north fork of the Umpqua River to which is tributary over eight billion feet of merchantable timber. By making boom facilities at the points where the line touches the south and north forks of the river will bring tributary to the road over 13 billion feet of timber. Over 70 per cent of the timber on the north fork of the Umpqua River is also in the national forest reserve. This line will draw the traffic from over 50,000 acres of improved agricultural land and over 200,000 acres of grazing lands. The population tributary to this line is over 10,000 and when completed and in operation should exceed 20,000 people.

At Glide, ample power from the Umpqua can be had to operate the road with, and furnish power for irrigating, factories and other purposes along the line. There will be a great deal of traffic—both freight and passenger—between Rogue River points and Roseburg, as the distance between these points via this route is not any greater than that by the Southern Pacific, a steam road.

So with part of the main line from Grants Pass and Medford to Coos Bay, and with the line to Roseburg, creates the Roseburg and Grants Pass division of the system with only a steam road as a competitor as to terminal points. All the territory tributary to this line by the laws of distance and grades for seaport shipment belongs to Coos Bay. The distance from Roseburg to San Francisco via S. P. R. R. is over 600 miles and to Portland via the same road is 199 miles. If the S. P. R. R. builds its Drain branch to Coos Bay, the distance from Roseburg via that route will be 117 miles and via the Coos Bay Traction route 120 miles. This indicates that the Traction route will get its share of traffic from the Roseburg tributary via Coos Bay as against the S. P. R. R. via Drain, if the S. P. builds. With the above facts in view it requires but little figuring to show that when this 50 miles of line is completed and in operation, that the freight, express, mail and passenger earnings should not be less than \$6,000 per mile or \$300,000 gross earnings.

Coos Bay-Reedsport Division.

This division from Coos Bay to Reedsport will be 23 miles in length. The local traffic tributary to this line will be forest, agriculture and dairy products, and passengers to and from the lakes and beach resorts. This division will have tributary 800 square miles, or over 500,000 acres of land. Over 70 per cent of this is covered by forests, estimated to contain over four billion feet of merchantable fir, spruce, cedar and hemlock. This timber is situated at the Ten Mile lakes, along the Umpqua and Smith Rivers and their tributaries. Reedsport is situated on the Umpqua River and is the best located seaport on that river. The promoters of that townsite are wealthy lumbermen and have financed the building of the largest pulp and paper mill on the Pacific coast. They also intend to build large sawmills and box factories and other industries at that point.

The lumber rates out of the Umpqua harbor are one dollar per 1,000 feet more than that of Coos Bay. The harbor of the Umpqua is such that vessels cannot get out in the winter months during the stormy season. Vessels of large draft cannot enter that harbor. With a railroad from Coos Bay to Reedsport and water rates on lumber one dollar per 1,000 feet in favor of Coos Bay, and the railroad charging a rate of 50 cents per 1,000 feet for hauling logs and lumber to Coos Bay, and allowing 25 cents per 1,000 feet for loading, the millmen and loggers make 25 cents per 1,000 feet by shipping his products via Coos Bay. This will throw the bulk of the Umpqua lumber traffic via this road to Coos Bay. If the Southern Pacific builds its Drain line which comes to Coos Bay via the Umpqua River, it will naturally take its share of the traffic from Reedsport to Coos Bay.

A company is now in the field preparing for construction an electric road from Eugene via the harbor of Siuslaw to Reedsport. This electric line will connect with a net work of electric roads connecting the Willamette Valley and Portland. The Port of Siuslaw is 20 miles north of Reedsport.

Tributary to the electric road from Eugene west of the Coast Range is over five billion feet of spruce, fir and cedar timber. The freight rates on forest products out of the Siuslaw port are the same as that of the Umpqua, which is one dollar per 1,000 feet in favor of Coos Bay. The conditions of the Siuslaw harbor as to deep sea shipping facilities are no better than those of the Umpqua harbor. This makes it favorable for a large amount of timber traffic coming to Coos Bay from the Siuslaw territory for deep sea shipments. By the

Traction Corporation making connections with the Eugene electric road at Reedsport, all traffic to and from the Siuslaw territory and the Willamette Valley can be had.

With up-to-date summer resorts at the Ten Mile Lakes and beaches near there, with the traffic from the forest and agricultural products along the line and connections with the Eugene electric road at Reedsport makes the conditions that the gross earnings on this division should exceed \$8,000 per mile or \$184,000 for the 23 miles.

Coos Bay-Port Orford Division.

This division from Coos Bay to Port Orford consists of 47 miles via Bandon. This proposed road will traverse a route, noted for its scenic beauty, within sight of the waters of the ocean for many miles. The route is from North Bend via Empire, South Inlet, Bandon and Floras Lake to Port Orford. Practically every mile of land along this line will develop resources furnishing traffic to the road; the valleys with their products, fruit and vegetables; the beaches for resorts also containing mineral deposits in their sands; the baying coast hills with their enormous forest products, underlaid with coal, iron, precious metals, building stone and clay deposits will furnish large tonnage. This road has tributary to it over 300,000 acres of agriculture and forest land. The timber on this is estimated to contain four billion feet of merchantable fir, spruce, white and red cedar and hemlock.

The Bandon harbor, 23 miles from Coos Bay, is, as to shipping facilities, the same as that of the Umpqua and Siuslaw harbors. The rates on lumber out of Bandon via the sea are the same as that of the two harbors mentioned, which means one dollar per 1,000 feet in favor of Coos Bay. Here the conditions with reference to getting the lumber traffic from Bandon to Coos Bay are the same as that of the Umpqua with the exception that there is not likely to ever be any railroad competition between Bandon and Coos Bay. Port Orford is not an inside harbor, but an open roadstead and only protected from the northwest. Vessels of the largest carrying capacity on the Pacific coast can land at Port Orford at certain seasons of the year. At present there are no shipping facilities there, to speak of. Port Orford is referred to further on in this report.

Coos Bay Local System.

With the Grants Pass-Roseburg, Reedsport and Bandon-Port Orford terminating around Coos Bay, logically creates in a local system in the shape of a belt line connecting all the towns around the Bay. To this, practically speaking, there will be no extra mileage of track as the distances figured from the three divisions terminating at various points on the Bay covers that, which will be about 20 miles.

The business, such as carrying passengers, switching and hauling local freight, will be enough to bring in earnings sufficient to pay all fixed charges including operating expenses for this 20 miles which is \$80,000 or \$4,000 per mile. The local system will be the very heart to the whole Coos Bay Traction system. This 20 miles will be the most strategic piece of railroad on the Pacific coast; with reference to a seaport terminal connecting with the routes as projected by the Traction Corporation.

RECAPITULATION OF EARNINGS.

Coos Bay-Grants Pass and Medford Division—	
115 miles	\$1,000,000; per mile, \$8,700
Junction-Roseburg Division—	
50 miles	300,000; per mile, 6,000
Coos Bay-Reedsport Division—	
23 miles	184,000; per mile, 8,000
Coos Bay-Port Orford Division—	
47 miles	235,000; per mile, 5,000
Coos Bay Local System—	
20 miles	\$0,000; per mile, 4,000
Total	\$1,789,000; per mile, \$8,175

This at even figures is \$5,000 per day, 365 days in the year or, at even figures, \$150,000 per month. Assuming that when the whole system is completed and in operation that the population tributary is 75,000, the gross earnings as figured would show six and a half cents per capita per day spent for freight, passenger, express and mail service, or two dollars per month, or twenty-four dollars a year, equalling \$1,789,000 gross earnings.

Operating Expenses and Fixed Charges.

Operating expenses of steam and electric railways are usually computed at from 45 to 60 per cent of the gross earnings, the latter being a

maximum per centage which will be assumed in this case.

The capital stock of the Coos Bay Traction Corporation consists of \$1,000,000 fifty year 6 per cent. The provision for maturing the bonds are made so that no sinking fund will be required to set aside yearly. Assuming that the capital stock of \$1,000,000 and bond issue of \$5,000,000 will build and equip the 220 miles as projected we will acquire as follows:

Necessary gross earnings	\$880,000
Operating expenses 60 per cent	\$528,000
Interest on bonds, 300,000	\$28,000

Leaving net income to dividend and surplus

This figures the gross income at \$4,000 per mile, which is required to pay all charges, etc.

In the forepart of this report the statement is made that when the whole system is completed and in operation the first 12 months, it should be capable of earning not less than \$880,000 or \$4,000 per mile.

In taking up the various resources tributary to the divisions, it is brought out that each division is self-sustaining, that the estimated earnings show more than \$4,000 per mile and that the whole system is capable of making a gross earning of \$8,000 per mile. This to some may seem too high. Whether or not the estimate is too high involves only two questions requiring an answer. The first question is, Are the diversified resources tributary to each division as stated in this report? The answer is, They are, and only need to be verified. The second question is, Are these resources, with the machinery of the ordinary commercial activities, capable of producing the traffic which, with the going traffic rates, will give the earnings as stated, which is \$8,000 per mile? In making a recapitulation, the standing timber as tributary to each division totals as follows:

Coos Bay-Grants Pass	5,000,000,000
Junction-Roseburg	5,000,000,000
Roseburg-Glide	8,000,000,000
Coos Bay-Reedsport	4,000,000,000
Coos Bay-Port Orford	4,000,000,000

Total feet board measure

Assuming that 15 billion feet of this timber will be handled by this line and the remainder by other roads as competitors. It would take not less than 20 sawmills with a capacity of 100,000 feet per day of ten hours thirty years to cut this fifteen billion feet into lumber. The combined capacity of these mills would be five hundred million feet annually and if the average haul is fifty miles for lumber and logs, and at the rate of one dollar and fifty cents per 1,000 feet, the annual income on freight of this product would be \$750,000.

The logging and manufacture of this lumber will employ over 5,000 men with a monthly payroll of \$250,000 or \$3,000,000 annually for labor tributary to this road.

Coal.

The next great tonnage producer for the road will be the coal industry. At various points tributary to the road is enough undeveloped coal land, when opened up and mined, to produce enough tonnage to bring in a freight revenue of over \$200,000 a year. Coos Bay is the only fuel harbor south of Puget Sound.

Cement, Lime and Ores.

Another great tonnage producer will be the cement, lime and ore industry. The reports of the United States Geological Survey show that tributary to the road in the Rogue River Valley and Roseburg districts are large deposits of lime stone, cement shale, iron, copper, gold and silver ores. To develop these to their fullest, only needs railroad transportation to the nearest seaport, which is Coos Bay. In developing these, the freight revenue from them should, and can be made to come to \$250,000 a year.

Other Freight.

The earnings from the tonnage such as machinery, merchandise and farm products should total \$300,000 a year.

The distance via the Southern Pacific from Rogue River points to Portland is 340 miles and to San Francisco is 470 miles. The freight rates on merchandise from Portland or San Francisco via the S. P. R. R. to Rogue River points are \$21.40 a

ton or four and a half cents per ton per mile. The distance from Coos Bay to Rogue River points by the Coos Bay Traction route will be 115 miles and assuming that the traction company will charge the same rate per ton per mile as does the S. P. R. R. the rates from Coos Bay to Rogue River points would be \$4.60 per ton, adding to this the steamer rate of \$3.00 per ton from San Francisco or Portland to Coos Bay would make the rate from San Francisco or Portland via Coos Bay to Rogue River points come to \$7.60 per ton as against \$21.40 per ton via the S. P. R. R. or \$13.80 in favor of Coos Bay Traction Company.

It is stated that the tonnage traffic of the Rogue River points is over 200,000 tons each year via S. P. R. R. At Roseburg the distance via S. P. R. R. to Portland is 199 miles and to San Francisco is 600 miles. The freight rates from Portland to Roseburg are \$14.00 per ton. The distance from Coos Bay to Roseburg via the Traction route is 120 miles, making a rate from San Francisco or Portland via steamer and Traction route the same as to Grants Pass, \$7.60. The Roseburg shippers would save \$6.40 per ton.

The passenger rates from Roseburg and Rogue River points to San Francisco is \$20.00. The fares from these points via Traction route will be \$3.00 to Coos Bay and from Coos Bay to San Francisco \$10.00, or a total of \$13.00, or \$6.40 in favor of the passenger.

Coos Bay-Willamette Valley Connections.

When the Oregon Electric is completed from Portland to Eugene it will cover a distance of 115 miles. A careful estimate of the distance by the proposed electric railroad from Eugene to Coos Bay by that route is 110 miles, or a total distance of 225 miles. Add to this the distance of 115 miles from Coos Bay to Grants Pass via Traction route makes the total distance from Portland to Rogue River points come to 340 miles. The distance from Rogue River points to Portland via the S. P. R. R., a steam road, is 330 miles or 10 miles less than the electric route via Coos Bay. This shows that the Coos Bay Traction Corporation will get its full share of through fast passenger, express and mail traffic from Portland to Rogue River points both ways. Also if the Willamette Valley Electric refuses to make fair division of traffic with the Traction corporation on this route it can be routed via steamer from Coos Bay to Portland and the Willamette Valley Electric will lose their through traffic. The traffic man of the Traction corporation will appreciate this as he has water competing lines to arrange traffic agreements with, which means much.

The official announcement is made that the Hill system is extending its Oregon Trunk Line from Klamath to Rogue River points. This brings the vast Klamath country's grain fields and other resources tributary to Coos Bay via the Traction route. The distance by the Hill and Harriman systems from Portland to Klamath will be 450 miles; from Klamath to San Francisco is 470 miles and from Klamath to Coos Bay via Hill and Traction lines via Rogue River points is 220 miles, or less than half the distance to the other sea ports.

The Klamath country requires a large tonnage of coal. Portland and San Francisco have no coal mines tributary to them, nor is there any coal on the lines of Hill or Harriman systems between those points. Coos Bay has coal mines, also there is coal along the line of the traction route. The above facts seem to indicate that the traction line will get its full share of traffic from the Klamath country. With Eastern rail connections at Klamath makes it the shortest route from Coos Bay to the East via the Traction route.

These connecting lines with the proposed traction lines, make it a system second to none in the State. With Coos Bay as its principal terminal seaport, affording as it does, an outlet for the natural diversified resources which are beyond the comprehension of those who have not familiarized themselves with the territory; and making rail and water connections as it will, with lines reaching the market centers of the entire country and seaports of the world, there is, and can be no question, as to the gross earnings of the Coos Bay Traction system going over \$8,000 per mile when completed and in operation.

THE COOS BAY TRACTION CORPORATION,
By Geo. F. Averill, President.

ALL NIGHT SERVICE.

For the accommodation of carnival visitors, we have started a twenty-four-hour-a-day boat service between North Bend and Marshfield. Boats leave either city every little while and afford one of the most pleasant trips on the Bay. Remember, boats all day and all night.
J. A. O'KELLY, Proprietor.