

# REVISED TOTAL MADE \$695,000

Reduced \$170,000 From old Figure due to Lowered Construction Cost

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The Baar & Cunningham report to be based for a proffer of purchase to be made by the city council to the officials of the Oregon-Washington Water Service company for their plant here. Under the December 15, 1931 charter amendment, this offer must be accepted or rejected by the company within 30 days. In event it is rejected the council may either start condemnation proceedings for the acquisition of the company's plant or the council may elect to build an entirely new water system here.

Under a resolution introduced in the council December 7 by Alderman Sam Hughes and approved by a majority of the aldermen, a sum not in excess of the valuation agreed upon in the revised Baar and Cunningham report must be paid to the company for its plant here. Definite Offer of Purchase Looming

The utilities committee is expected to present the report to the city council at its next meeting and that body is expected shortly to make a definite offer to purchase the plant here from its owners.

Chief among the reasons assigned for the lower valuation by Baar & Cunningham is the marked decline in building costs since 1930. Large reductions have been made in the costs of cast-iron pipe and other materials have both dropped accordingly. The Baar & Cunningham revised appraisal is substantiated by index figures from the Engineering News-Record which show that the August, 1930, price level was 200.95 compared to 168.23 December 1, 1931.

The revised appraisal goes carefully into matters such as depreciation paving costs, book value, property not used or useful, Mill Creek power rights owned by the water company, franchise value and market and going values.

The engineers place little value on power rights owned by the company, pointing out that electrical power equipment installed by the company have resulted in only slight savings. They discount

## Summary of New Appraisal Made On Value of Water Utility Here

COST OF PRODUCTION—LESS DEPRECIATION SUMMARY		
	Cost	Reprod. Less Deprec.
Plant Inside City Limits	\$ 81,055.00	\$ 81,055.00
Land and Easements	25,668.00	5,704.00
Ninto Island and Purification Works	22,204.00	4,222.00
Supply Line No. 1	12,993.00	682.00
Supply Line No. 2	30,452.00	20,820.00
Hydro-Electric Power Station	21,815.00	20,249.00
Electric Power & Transmission Lines	1,055.00	850.00
Main Pumping Station	65,022.00	12,610.00
Superior Street Pumping Station	3,194.00	2,644.00
Madison Street Pumping Station	6,962.00	6,266.00
Market Street Pumping Station	7,482.00	7,065.00
Fairmont Reservoir	19,506.00	11,874.00
John St. Elevated Tank	2,308.00	1,468.00
Distribution System	882,306.00	255,485.00
Actual Paving Cuts	8,924.00	8,924.00
Service Connections	44,874.00	25,466.00
Meter and Meter Boxes	88,280.00	68,846.00
General Office Buildings	14,005.00	12,507.00
Tools and Equipment	4,145.00	4,145.00
Automobiles	280.00	280.00
Office Furniture & Fixtures	4,310.00	4,310.00
OWWS Co.	4,310.00	4,310.00
<b>TOTAL</b>	<b>\$837,461.00</b>	<b>\$356,697.00</b>
Overhead—Non Depreciating	41,668.00	41,668.00
Overhead—Depreciating	63,606.00	39,098.00
<b>TOTAL</b>	<b>\$942,735.00</b>	<b>\$638,063.00</b>
Plant Outside City Limits	8,725.00	6,064.00
Distributing System	1,474.00	998.00
Meters & Meter Boxes	2,524.00	1,690.00
<b>TOTAL</b>	<b>\$12,723.00</b>	<b>\$8,752.00</b>
Overhead—Non Depreciating	509.00	509.00
Overhead—Depreciating	1,018.00	700.00
<b>TOTAL</b>	<b>\$14,250.00</b>	<b>\$9,961.00</b>
<b>GRAND TOTAL</b>	<b>\$956,985.00</b>	<b>\$648,024.00</b>
Going concern value	46,976.00	46,976.00
<b>Total Appraised Value</b>	<b>\$995,000.00</b>	

future costs in cutting paving as a reproduction charge on the ground that a new system could be more readily laid in the curbing strips rather than in the streets themselves in front of property.

Williamette Intake Given Low Value

The present Williamette river intake source is giving little value except as a source of gravel or of storage for some other business, Baar and Cunningham contending the source is contaminated by the industrial companies operating nearby. No value is placed by the engineers on the franchise held by the company since it does not preclude the competition of the municipality and thus does not give any monopoly to the Oregon-Washington Water Service company.

General comments made by the engineers on the state of the plant are: "The distribution system is entirely inadequate, having been outgrowth from an original

layout for a country village. Pressures are low in certain sections, particularly in the north end, due to small mains. The reservoir is insufficient and not favorably situated for the enlargement. Machinery and equipment is of old type, less efficient than what is available today. Altogether the plant is obsolete to an extent not expressed in the individual physical depreciation of units. In other words, an engineer, given an amount of money equal to the cost of reproduction now, would build an entirely different and very much better layout than the existing one.

"Conversely, an owner desiring to put the plant in A-1 service condition would have to lay many miles of new, larger mains and would abandon miles of the old ones, retiring them for inadequacy even where they have a remaining physical life. An old water pipe is seldom worth digging up for salvage. From these facts it is evident that the plant suf-

## HIGHWAY HEADS ENDORSE PLANS

Salem-Oregon City Stretch Improvement Is First General Objective

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collaborate with this as the commission calls upon them.

Beon Hill, present from eastern Oregon, declared the John Day section was still hoping to see completed the highway into Mitchell, as promised by the highway commission in 1917.

Bailey, who presided at the mass meeting also, told of the Pacific Highway association aims for future and immediate work.

Strong assurance from Judge Fred R. Goddard, county judge of Klamath Falls, that that section was for a perpetual or permanent building program, rather than just a five-year program, was given the assembly.

"We're for everything that helps not only Oregon but the whole coast," he declared in offering support to all highway programs.

He raised objection to reduction of the license fee, demonstrated road projects. A five-year building program as such was also criticized by Sam Nolan of Corvallis, and by Tillamook and The Dalles visitors.

Nolan declared highway projects under consideration now would require 11 years to build at the present rate of revenue for the highway department, including also federal funds as on the present basis.

Earl Reynolds, secretary of the Klamath Falls chamber, and W. S. Nelson of The Dalles emphasized the saving in time and money all around of various highway groups of the state pulling together and working under a definite program, rather than sending delegations before the highway commission every time it meets.

The next meeting of the Pacific Highway association will be held in Roseburg, probably in about a month.

Fire Destroys Tractor, Auto For Bartlett

INDEPENDENCE, Jan. 20. — Local firemen were called out at 4:30 o'clock this morning by a

fire at the Willard Bartlett home five miles south on the river road. Firemen saved the house and barn, but the machine shed and chicken house were destroyed. An automobile, tractor and about 100 chickens were saved.

The fire started in the machine shed from an unknown cause. The fire company from Monmouth was also called to help.

ern Board Products company here was begun yesterday in circuit court. Clarence J. Peters holds the note, having secured it from J. M. Roby, D. E. Jarman and F. D. Thielsen to whom the note was given by the defendant August 19, 1930. The note bears interest at seven per cent and in- \$750 attorney's fees, are asked in the complaint. The money was loaned the local company for working capital and other purposes.

Board Products Firm Here Sued

Suit to secure judgment on a mortgage note against the West-

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