

CITY TO SPEND \$108,000 IN THE NEXT YEAR

New Budget Adopted by City Council at Special Meeting — \$37,000 Fire Equipment and Street Repair.

At a special meeting at the city hall this morning the city council adopted the budget for the next fiscal year, which, under the amendment to the city charter voted at the recent election begins January 1, next, instead of the first of next June.

With a tax levy of 27 mills the budget resolution, which was prepared by Police Judge Leavitt, estimates that \$108,680 can be raised for all purposes, including the payment of bonded debts and interest. This millage is three mills on the dollar lower than the 30 mill rate authorized by the electors in November. The reduction was made possible by a residue in some of the existing funds and receipts from other sources than taxation. The police judge, whose \$1200 salary has made him a practical economist, checked up on all the extra avenues of revenue warily with regard to the woes of the harassed taxpayer in preparing the budget.

Double 1920 Budget

Klamath Falls will have twice as much money in the treasury during the coming year as there was last year, but there are also more places to spend it. Much of it will be levied for specific purposes, well-known to the voters when they authorized the extra levy.

The budget provides for spending \$15,000 on new fire equipment and \$10,000 for a fire alarm system. Then repairs to Sixth street, where during the recent storm a sea-going tug could have floated comfortably, are down for \$12,835, making a total of \$37,835 for these authorized improvements.

The estate of Alexander Martin recently secured a \$4800 judgment for ancient paving on Sixth street, which must be satisfied from the coming levy.

All Salaries Raised

Salaries were increased all along the line at the last election. The mayor and police judge get \$900 a year more than formerly; policemen and firemen will get better pay, and in fact all city employees will draw more money.

The police chief's pay is fixed at \$2100 a year, so is the fire chief's. In point of pay these officers rank equally with the mayor and police judge. Patrolmen will get \$150 a month as will the four paid firemen. Provision is made for four regular.

Five hundred dollars is allowed for extra police.

Five hundred dollars is allowed in the fire department fund to pay volunteer members for services at fires.

Needs Itemized By Funds

Outside of the \$37,835, especially authorized by the voters for fire equipment and alarm system and Sixth street repairs, and after taking into consideration the balances remaining in several funds and receipts from other sources, the council finds the following sums necessary in various branches of city government:

General fund	\$22,890
Street fund	7,630
Fire dept. fund	14,125
Interest fund	12,000
Light & water	7,000
Library	1,200
Incidentals
Martin judgment	4,800
Sewer upkeep	1,200
	\$70,845
Authorized	37,835
Total	\$108,680

Segregated Millage

General fund	5.5
Street fund	1.9
Fire dept.	3.5
Interest	3.0
Light and water	1.8
Library	0.3
Incidental
Martin judgment	1.2
Sewer fund	0.3
	17.5
Additional items voted	9.5
Total	27.5

Balances On Hand

The budget estimate shows balances in most of the funds. The fire department fund will be overdrawn \$1,500 on January 1st, it is estimated.

There will be balances of January 1st \$2,812.40 in the general fund;

League Will Let Wilson Mediate Armenian Crisis

GENEVA, Dec. 1.—A letter to President Wilson, accepting his offer to act as mediator in the Armenian situation, is being drafted by the council of the league of nations. It was announced that Spain and Brazil had offered to join President Wilson in the role of Armenian mediator.

The news of Wilson's acceptance brought great relief to the assembly as the Armenian question had become a bugbear in council.

"Four old Europe will feel a lessened sense of abandonment," said a French delegate, when the president's offer was announced. The council will leave it to Mr. Wilson to decide whether or not he desires the assistance of Spain and Brazil.

ANOTHER NEW MILL COMING NEXT SPRING

Articles of incorporation of the Klamath Logging company filed recently at Salem, indicate a new sawmill for Klamath Falls with the opening of spring. The incorporators of the company are William Bray, C. J. Ferguson and D. O. Williams, all well-known locally, and the amount of capitalization is \$250,000.

A mill will be erected on the Bray site near the Chelsea box factory at the lower end of Lake Ewasuna, near where the new Shaw-Bertram mill is fast rising on its foundations. The erection of the Klamath Logging company's mill will create a sizable industrial community on the lower lake shore.

Mr. Bray recently purchased from the government some half billion feet of timber on the reservation, the Little Sprague River until Surveyors are at present running levels from the Southern Pacific tract to determine the easiest grade by which the timber can be tapped with a spur road. The logging branch and mill will not be built before next spring, but the company expects to get work on the plant for manufacturing its timber as soon as winter begins to break.

The size of the mill has not yet been decided, said Mr. Ferguson today, depending upon negotiations at present underway in several directions.

TELEPHONE HEARING SET FOR DEC. 21, PORTLAND

(By Associated Press) SALEM, Dec. 1.—Hearing of the application of the Pacific Telephone & Telegraph company for an increase in telephone rates throughout Oregon was set today by the public service commission for December 21 at Portland.

\$2000 in the street fund; \$2,601.61 in the light and water fund; \$262.62 in the library fund; \$1,800 in the incidental fund (which explains the blank opposite 'incidentals' in the table above); \$17,301.62 in the interest fund.

Lucky Change of Date

None of the residues are large. Under ordinary circumstances it will be noted this money would have to last until June 30.

Apparently the voters relieved a larger strained financial situation when they ratified the charter amendment advancing the beginning of the fiscal year six months.

Probable receipts from other sources than taxes are: \$8800 for general fund and \$4,800 for the interest fund.



HEALTHY NEW YEAR

PROMINENT MEN BACK NEW BANK; OPEN TOMORROW

The American National bank, Klamath Falls fourth bank, will open its doors for business tomorrow. The opening will be informal, due to the fact that much work remains to be done before the final touch is placed upon the installation of the fixtures. The decision to open now and have the formal opening later was reached at a meeting of the directors, held Monday evening. It is the expectation of the officers to have a formal opening in two or three weeks, or just as soon as all of the fixtures have been installed.

The new bank will have a capital of \$100,000, every dollar of which has been made in Klamath county. The stockholders and officers of the bank are among the best financial men of the county and their well-known probity is sure to bring strength to the bank and compel for it the confidence of the public.

The president, W. C. Dalton, is a stockman known as one of the big operators on the coast. His holdings in land and livestock are extensive and his well-known business ability is sure to be a valuable asset to the American National.

M. S. West, one of the vice presidents, came to this city about seven years ago as manager of the Big Basin Lumber company. He placed that concern on a solid foundation and straightened out its financial problems in a manner that kept the old friends and added new ones. When the Big Basin Box company was organized he joined it and was elected its president, resigning as manager of the Big Basin to devote all of his time to the development of the new company. Its success added another proof of his ability as an executive. At the recent election he consented to the demands of a large delegation of business men and property owners to represent his ward on the city council, and it is expected that the municipality will benefit much from his experience and ability.

E. M. Bubb, the other vice president, and who is recognized as the moving spirit back of the foundation of the bank, came to Klamath Falls nearly 18 years ago. He was the first bank clerk ever employed in this city, entering the employ of the Klamath County bank, which institution later merged with the First National. After remaining with this institution for several years he resigned to engage in the abstract business. This he abandoned to again re-enter banking, this time becoming identified with the Merrill National bank as its cashier. Under his management this bank made wonderful progress, through which he attracted the attention of the capital that today is back of the American National.

The cashier of the new bank, G. V. Wimberly, was for many years with the Douglas National bank of Roseburg. For the past three years he has been with the internal revenue section of the federal government as one of the income tax experts, and in this capacity has been a frequent visitor to this city. His training and experience make him particularly fitted for the position he holds with the bank.

The following constitute the board of directors:

- W. C. Dalton, M. S. West, E. M. Bubb, C. J. Ferguson, Bert E. Withrow, Marion Hanks and G. W. Houston.

TIMBER WAGES OF NORTHWEST WILL STAND

(By Associated Press) SPOKANE, Dec. 1.—A policy opposed to any marked reduction of wages was announced here today by J. C. H. Reynolds, secretary and manager of the Associated Industries of the Inland Empire, today as the result of the recent conference of representatives of industrial establishments in eastern Washington, Oregon and northern Idaho.

Reynolds declared the eight hour day will be adhered to, that lumber mill and factory wages will not be reduced and that wages in the woods will remain at 50 cents an hour. The winter shutdown of plants represented in the conference will be as short as weather conditions make possible.

RANKS HIGHEST IN TELEPHONE INSTALLATIONS

The growth of Klamath Falls is clearly shown by statistics compiled by the Pacific Telephone & Telegraph company, showing installations for this city between January 1 and October 1, 1920, leading all cities of its size in Oregon, or adjoining states for that matter.

In group 5, in which Klamath Falls is classed, it is ranked for comparison at 29.6 per cent. The average for the group is 19.42. The group consists of towns ranging from 1000 to 5000 in population.

Larger cities of the coast show far lesser proportionate gain. Portland has 7.55 to her credit and San Francisco 4.98 per cent.

Modesto, California, a fast growing town in a rich alfalfa, dairying and fruit country, close to the class of this city in size, is ranked 17.3 per cent, one of the few places that approach the Klamath Falls record. Marysville, another California city of similar size, is ranked 8.27.

Klamath Falls would have made even better showing had material been available for new installations, as it is asserted that the installation of 175 telephones is held up pending the arrival of supplies.

PRESIDENT OF STATE C. OF C. GOOD BOOSTER

The weekly forum of the chamber of commerce was given over today to the "One Thousand" membership drive that starts tomorrow morning at 9 o'clock. Many appointees on the drive committee took part in the luncheon. All of the enthusiasm of the chamber was worked into the highest key in readiness for the start-off. The memberships are being sold at \$10 each, good until the beginning of the official year, next spring, and it is planned to put \$10,000 in the coffers of the organization by the end of the two-day drive.

The forum had for its principal speakers today, Mayor-elect W. S. Wiley and Charles Hall of Marshfield, president of the state chamber of commerce. Mr. Wiley spoke briefly on the needs of the organization and told the members frankly that it was up to them to work out the schemes of civic betterment and then to present their plans to the city council. He promised, as the next mayor of Klamath Falls, to do his utmost to see that every possible advance in civic and moral betterment is attained.

Mr. Hall was next introduced and spoke on "Why I Intend to Join the Klamath County Chamber of Commerce."

Mr. Hall is a very pleasing speaker with a winning personality. He recently became interested in the banking business in Klamath Falls, and will shortly take up his residence here. He spoke briefly, intelligently and constructively.

"I intend to join your chamber of commerce because it is the natural thing for me to do. I just naturally can't help doing a thing of that kind," said Mr. Hall. "I want to see your chamber prosper because as it advances the best interests of the city will keep step. When I take up my residence here I want your secretary to call me up every Wednesday, just as he calls you now, and remind me of these weekly luncheons; I'll be here."

Mr. Hall informed a Herald representative that plans were underway to take up with the Southern Pacific Railway company the matter of better train service for this city. Just as soon as the wishes of the majority of the chamber of commerce have become known the matter will be presented to the railway company. Mr. Hall was very hopeful of a satisfactory adjustment, both in the matter of more trains and also of more direct Pullman connections with Portland.

DIVORCE COMPLAINT

An application for divorce was made in circuit court yesterday by Byron J. Sanford. The complaint states that he was married to Gladys D. Sanford in Chicago, May 14th, 1919, but that shortly after the marriage his wife deserted him and he has not seen her since. C. C. Brower is attorney for the plaintiff.

Former Cal. 'Dry' Officer Indicted In Liquor Plot

SAN FRANCISCO, Dec. 1.—Mrs. Gladys K. Warburton, former acting prohibition officer for California, John D. Costello, secretary to Senator Phelan and five other persons have been notified to appear for arraignment here on indictments charging conspiracy to violate the Volstead law. The indictments were returned by the federal grand jury after examination of evidence in an alleged plot to obtain liquor from a bonded warehouse here.

DEMAND FOR STICKERS IS BIG IN STATE

PORTLAND, Dec. 1.—A threatened shortage of Christmas Seals faced the Oregon Tuberculosis association when it started its annual sale of penny stickers this week. So unprecedented has been the early demand for supplies that the association has had to place a hurried call for 1,000,000 more seals to supplement the original 4,500,000 order.

Dallas, Stayton and St. Helens are Oregon towns that have made merry over the sale. To Dallas honor of having been the first to "go over the top," school children sold more seals to more people than ever before, with the result that Dallas has tripled its quota.

Stayton has made a quick selling time record by disposing of its quota in one hour. High school students turned the trick. St. Helens sold 15,000 seals in one afternoon and promptly reordered 10,000. Other communities are rapidly falling in line for record sales.

Superintendent J. A. Churchill, of public instruction in Oregon, not only has endorsed the seal sale but has written to all county superintendents authorizing that school children be permitted to sell the "seals of health." Governor Ben W. Olcott has heartily endorsed the sale and the work it makes possible.

Mrs. Ida B. Callahan, president of the Oregon federation of woman's clubs has expressed her admiration for the able manner with which federated clubs have taken charge of the sale in many communities as a major club work.

Sheriff Has Real Sleuth's Gift for Springing Traps

Sheriff George Humphrey made a clever catch yesterday when he arrested James Page charged with assaulting Oscar Hanan with a picaroon last Saturday at the Modoc Lumber company's mill. Hanan is at present in a local hospital and is recovering from the attack.

Page states that he was afraid that Hanan was going to strike him and that Hanan was a much bigger man than himself he took first means of avoiding a beating from Hanan and struck him with the picaroon.

Page made his get-a-way and the sheriff's office was notified. Yesterday morning Sheriff Humphrey went to the depot to watch for Page and noticed the latter's wife purchasing two tickets for San Francisco. He got on the train with her, believing that his man would get on the train later. True to the sheriff's "hunch" Page boarded the train at Midland and immediately sought his wife who was riding in the day coach. Sheriff Humphrey, who had never before seen the man, immediately placed him under arrest, and brought him back from Midland by an auto. Page told his wife to go on to San Francisco and wait for him as he believed he would have no difficulty in getting his liberty as he had witnesses who could testify that he had acted in self defense.

Memorial Services By B. P. O. E. Sunday

The local lodge of Elks will hold their annual memorial services Sunday afternoon, December 5, at 2:30 o'clock. The Hon. Walter Evans, of Portland lodge No. 142, district attorney for Multnomah county, will deliver the memorial address.

Ritualistic services will be conducted by officers of the lodge, led by G. W. Houston, exalted ruler. Features of the musical program will consist of selections by a ladies' quartette, violin solos and orchestra selection.

NO TAX LEVIED FOR BUILDING IN HOT SPRINGS

Court Holds After 1914 No Tax Was Levied for Construction on Any Specific Site—Precedent Is Established.

(By Associated Press) SALEM, Dec. 1.—An outstanding feature of the decision of the supreme court, reversing the Klamath county circuit court in the case of J. M. Dougan against Klamath county and others, is the expression of the court's opinion that after 1914 no tax levy was ever made for the express purpose of constructing a courthouse on Block 10. (The Hot Springs site.)

No Site Specified

"All subsequent levies," says the opinion, "were made for new courthouse construction and to be used in construction of a new courthouse, without specifying where it should be built. The moneys derived from the levies after the year 1914 accumulated from year to year, were all placed and kept in a separate and distinct account known and designated as 'the special courthouse fund.'"

Relative to Dougan's rights the opinion says, "The vital question in this case is, whether, after the receipt of such notice (the order directing the district attorney to sue Dougan to recover \$41,548.) Dougan could go on and complete the contract and then recover the full amount of his claim against the county."

Establishes Precedent

This is the leading question of the case. Counsel have not cited, and after diligent search we have not found any authority, pro or con, as applied to the facts here. They are peculiar. The county is the real defendant and it was in debt beyond its constitutional limitation. It had no legal right to enter into a contract for the construction of a courthouse to be paid out of its general fund and legally could contract only for the building of a courthouse to be paid out of its special fund."

No Hot Springs Contract

"It is true," says the opinion, that under the terms of the deed, if the county does not complete and maintain a courthouse on Block 10, it may and perhaps will, lose the money which it has expended on construction amounting to about \$150,000 but it is also true that the county never entered a into contract in or by which anyone undertook or agreed to construct or complete the courthouse on that ground or that it ever entered into any contract with anyone to build a courthouse on that block. All the work in that building was done on force account by the county itself, and there was never any contract let for its construction or completion.

Defense Entirely Upright

"In other words, the county itself expended the money out of the special courthouse funds in the partial construction of that building, but not a dollar of it was ever expended upon a specific contract. For such reasons, there is no person who can claim or assert that he has an interest in, or a debt which should be paid out of that fund, and therein lies the vital distinction between defendant's theory and the facts shown in the instant case."

Contract Was Legal

"After careful consideration of the numerous questions presented in the able and exhaustive briefs of opposing counsel, we hold that all of the money which was in the special courthouse fund on March 20, 1918; or in process of collection could be used and applied in the construction of a new courthouse on block 35; that the county had the power and authority to and that it did, legally make the Dougan contract; that he entered upon its performance and completed the building in accordance with its terms; that it was never terminated by the

(Continued to Page 8)

