

LETTER OF COUNTY COURT

BUYING STEEL IS SUBSTANCE OF LETTER

Building of Klamath County Court House Is Made the Subject of a Letter to the Public—The Herald is Afforded Opportunity for the First Time to Present First Answer to the Charges

In a fourth open letter to the public, Judge Worden for the Klamath county court answers the recent criticism of the grand jury concerning the contract for steel for the new court house. The letting of the contract to the Northwest Steel company of Portland is defended, and all of the details of the transaction are given.

Referring again to the grand jury report relative to the expenditures under the head of "Court House References", after having treated the question of attorneys' fees in our last letter, we now come to the second under that head, of the letting of the contract for the steel in the new building, and the exact language is as follows:

"In letting the contract for steel for the new county court house, the bid of the Northwest Steel company, \$21,806.00, was accepted. There was offered a bid by the Pacific Rolling Mills company, \$15,667.00, all f. o. b. Klamath Falls, yet for the flimsy reason that a few weeks of winter weather could be saved by a promised earlier delivery, the county court favored the Northwest Steel company at a cost of \$6,129.00 to the taxpayers.

"The Northwest Steel company was also allowed to substitute inferior material, which was not even mentioned to other bidders, who, if they had been allowed equal opportunity might have bid still lower, and on short time.

"From what we have seen and heard we have been led to believe that the county court is planning to put a great deal more money into the new court house than we can afford, and intends to build a much more elaborate and expensive building than is at all necessary or proper for a small and debt-ridden county like Klamath. "We cannot afford to spend from \$250,000 to \$300,000 for a court house, and would most strongly recommend that no more than \$150,000 to \$200,000 cost for building and equipment should be expended for that purpose. Should the county court be led by its desire for display and love of spending money continue work on the more expensive structure, then all work on the court house should be enjoined until such time as we have a county court with more common sense and business judgment.

"Our judgment is that if the present county court is left unrestrained, the new building will not be completed for \$300,000."

The county court prior to the letting of the contract for the steel for the new court house, received the following bids, through its architect and builder in San Francisco:

Pacific Rolling Mills company, material to be ordered in the East, \$11,157.00 f. o. b. San Francisco, delivery as follows: 70 to 75 days to ship from the East, 30 days for transit and 35 days for fabrication;

Pacific Rolling Mills company, material taken from stock in San Francisco and shipment to be commenced in 60 days, f. o. b. San Francisco, \$13,115.00;

Pacific Rolling Mills company, for erection of steel, \$5,143.00.

Brode Iron Works, material to be ordered from the East, and indefinite delivery, \$12,235.00;

Brode Iron Works, material from local stock in San Francisco, \$13,370.00; delivery to begin in 45 to 60 days, f. o. b. San Francisco.

Northwest Steel company, delivery to commence within 15 days and to be completed within 45 days, \$21,806.00, f. o. b. Klamath Falls.

Coast Bridge company, Portland, delivery to commence in 20 days and be completed in 50 days, \$22,100.00, f. o. b. Klamath Falls.

Milwaukee Bridge company, f. o. b. Klamath Falls, no delivery promised, \$22,840.

Atlas Bridge company, f. o. b. Klamath Falls, no delivery promised, \$24,500.

The above is a clear and concise statement of the terms and conditions of the bids as they appeared to the county court at the time the selection of the steel was made. At the outset let me say that the county court has the right by law to select any intermediate bid and to reject all other bids, if in its judgment the intermediate bid appears to be an advantage to the taxpayers in the way of better material, quicker delivery and the concern from which the material is purchased is more reliable and responsible. On the day that the contract was signed with the Northwest Steel company, after due consideration of all bids, the following resolution was

spread upon the minutes of the county court:

"This matter coming on this day to be heard when the court received and opened the bids which had been submitted, and after due consideration passed the following resolution, and awarded the contract for same as follows, to-wit: Whereas the county court of Klamath county in regular session, all members being present, have duly and freely examined and compared the various bids submitted for the steel to be used in the new Klamath county court house, we have this day awarded to the Northwest Steel company of Portland, Oregon, the contract for same, as after taking everything into consideration, their bid seems to us to be the one best suited to the immediate construction of the building, since the court desires to use the amount of money now on hand for construction purpose this season. While their bid is slightly higher than two others submitted, we know the firm and know that they have the stock they yards and can make immediate delivery, and we believe it is best for the taxpayers and all concerned to award them this contract."

It is a difficult matter to purchase steel and secure it when you want it. In all large buildings in this city the steel contracts are usually handled by the individual himself, and ordered from 100 to 120 days before the contract for the balance of the building is made. At the time the contract for this steel was let, the steel market throughout the United States was over-sold, and there was only one firm on the coast which had a complete stock and could fill the order for this steel. Beginning about May, 1912, the demand for structural steel increased wonderfully, reaching within a short space of three months, by September 1, 1912, a point where the mills that were formerly shipping on two to three months notice were refusing to book orders for delivery short of seven to nine months. The situation grew gradually worse, until in December there could be no mills found which would entertain specifications for plain material short of the third or fourth quarter of 1913.

You will note that in the bids which are submitted in the above list that we have two bids from San Francisco, one from the Brode Iron Works and the other from the Pacific Rolling Mills company. You will note that these bids are both f. o. b. San Francisco, that part of the bids in which they propose to furnish the steel from the East on indefinite delivery, namely, the Pacific Rolling Mills company for \$11,157, and the Brode Iron Works for \$12,285, were disregarded entirely, knowing as we did the condition of the steel market, the indefinite time that would be consumed in its manufacture, its transportation from Pennsylvania, which might be necessary, and even after that its fabrication in San Francisco, would put us in a position where this steel perhaps would not be secured until some time late in 1913. You will note where they agree to furnish the same from what stock they have in San Francisco, they have the same to fabricate and that their additional price was practically \$2,000. Taking then the situation with the Eastern mills, where even as early as last May and by September last, knowing that the large Eastern mills were refusing to book orders for delivery short of seven to nine months, and adding to this the 60 to 90 days which it might take for transportation and fabrication, it looked as though it might perhaps be a year before anything definite could be ascertained, and we did not desire to tie ourselves up in a contract with people who might disappoint us, or at any rate might delay us in our construction. Consequently, as we said before, we refused to regard these bids and considered only those concerns which could supply us from the Pacific coast. You will note also that their bids were f. o. b. San Francisco, and that the freight should be added thereto in order to compare with the prices from Portland firms submitted f. o. b. Klamath Falls, the freight on these commodities being the same between San Francisco and Klamath Falls and Portland and Klamath Falls, amounting to \$5,000.

Taking then the bids of the two San Francisco firms, the bid of the Pacific Rolling Mills company f. o. b. Klamath Falls would mean in and around the sum of \$18,157, instead of \$15,667, as suggested in the above mentioned report, and according to these figures by accepting the bid of \$21,806 the county court paid a difference of about \$3,649 more than the bid of the Pacific Rolling Mills company, with a quick and a specific contract as to delivery and a certain knowledge as to the reliability of the company with whom it was dealing.

After looking up the Brode Iron Works in San Francisco we found it to be a small firm, with a small stock and small place of business. Their principal work is furnishing lintels for buildings that only require a very small amount of steel. They have a little stock of steel on hand, and in

fact no firm in San Francisco has any stock anywhere which will compare with that of the Northwest Steel company of Portland. At the time the contract was let for the new court house with the Northwest Steel company our information goes to show that neither the Brode Iron Works nor the Pacific Rolling Mills company had sufficient stock on hand, nor was there enough steel in the city of San Francisco to fill this contract. The only way that they could have done it was to have secured it from some one else, very likely from the East. Even the Judson Manufacturing company, from which we had no bid, and one of the largest firms in San Francisco, does not carry on hand sufficient steel to put up a one-story building. For example, there was one instance which occurred in Klamath Falls which made us suspicious of the Brode Iron Works, and that was that six ordinary lintels to be taken from stock were ordered for the Northwestern building at the corner of Pine and Esplanade, and these people were over six weeks in shipping these few lintels, which did not weigh over six tons, and the work on the Northwestern building had to be stopped pending the arrival of this steel. The same was not caused by delay in transportation, but by the fact that the Brode people did not ship or were unable to ship. The Pacific Rolling Mills company is of about the same importance as the Judson Manufacturing company. Whatever orders come they roll out, and when it comes to a building the size of the new court house they will not furnish it except they are given time to make this steel or to buy it from the East. In case we had entered into contract with them they might perhaps have borrowed or bought the steel piece by piece from other firms or localities to supply the order. We, however, were not favorably impressed, and did not wish to tie ourselves up in a deal of this kind, and feared that we would be subjected thereby to great inconvenience and delay. We had already been delayed by litigation through the circuit and supreme courts for several months, and we wanted to get started and get something done, and get the court house fund out of the bank and into the building.

The Northwest Steel company looked good to us for the reason that it is the largest steel concern on the Pacific coast. As early as May of 1912, anticipating the demand and the shortage of steel, they purchased thousands of tons, taking delivery as soon as they could get it, with the result that last fall when the other stocks on the Pacific coast were almost entirely depleted they were in good shape to take care of business. During November and December they received letters and telegrams by the score from shops in San Francisco, Seattle, Spokane, and even as far away as Los Angeles, and shipped out quantities to those cities. There were at the time we let this contract for steel, positively no stocks of any consequence in San Francisco, Seattle, Spokane or Vancouver, B. C., outside of the Northwest Steel company, and there are none now. The Northwest Steel company itself carries a stock in San Francisco, but on October 10th of last year it had on hand not a single piece of the following sections, without which no building can be constructed:

"I" beams, 6-inch, 7-inch, 8-inch, 9-inch, 10-inch, 12-inch, 15-inch, 18-inch, 20-inch, 24-inch. In fact, the only beams it had on hand at that time were a few 4-inch and 5-inch beams, and only a small quantity of those. A like situation applied as to angles and plates, which are used in the manufacture of columns, also for bridges. The market is no better today. It is greatly congested. At the present time it is entirely over-sold and under date of December 28, 1912, the Lackawanna Steel company of Buffalo, N. Y., the Cambria Steel company of Johnston, Penn., and under date of December 31st, the Pennsylvania Steel company of Steelton, Penn., write that they are absolutely out of the market on quantities for bridge material during the remainder of 1913. The best deliveries they can promise will be the first quarter of 1914. These concerns are among the largest in the United States. Information from them is reliable, and can be ascertained by any person who desires to consult them. Bringing the matter nearer home, the Marshall Wells Hardware company of Portland, Oregon, says:

"Referring to your inquiry in reference to structural material, would say that we will be unable to obtain shipment of channels or 'I' beams for you within the next six or eight months. As a matter of fact, the mills with whom we recently placed our order advise us that we cannot expect shipment until the third quarter. Yours truly,

"Marshall Wells Hardware Co." It is undoubtedly true that were we in the market for the court house steel now we would have to pay even a higher price. This speaks very well

for the industrial conditions throughout the United States. I understand that the railroads now have ordered over 40,000 steel cars and immense equipment in other lines, and that perhaps is one great reason why the market is over-sold at this time. At any rate, we were very fortunate in having such a concern as the Northwest Steel company in Portland.

Our representative who visited them after the contract was let states as follows: "I believe they have the largest stock of steel I ever saw in my life. It was certainly enormous. They had a yard practically as large as the court house square here, and it was piled up with steel beams, girders, channel irons, etc. They also have the best equipment for handling steel I believe that it was ever my pleasure to visit."

As an example in comparison to the incident of the lintels in the Northwestern building, I am pleased to mention one in which the results were directly the opposite. The Baldwin Hardware company ordered the steel for the new Melrose building from the Northwest Steel company to be shipped at a certain date. Later some change was desired, and the Baldwin Hardware company telegraphed to delay shipment until the same could be accomplished. However, the steel had all been shipped, and the telegram arrived too late. This incident shows the difference in which some people do business. The Northwest Steel Co. is up to date in every way, and has the goods on hand, and we feel that we were taking absolutely no chance in the quality of the steel, in the workmanship and the delivery, and our experience so far has proven that we were right. Every beam, girder, angle and truss is cut to fit, and does fit, and there has been in the work so far not a single instance where a misfit has occurred. Herewith is a letter from our architect, Mr. B. G. McDougall of San Francisco, to the Northwest Steel company, showing his appreciation of the transaction:

"November 26, 1912.
"Northwest Steel Co., Portland, Ore.
(Re Klamath County Court House)

"Gentlemen—I have just returned from a trip to Klamath Falls, and have seen the material, which you have shipped for the court house. I am writing this to inform you that the work you have done has pleased me greatly, and I should not expect to see a cleaner looking lot of steel work than you have furnished for this building. As a rule, in my profession, one finds more to complain of than to praise, and it is therefore a great pleasure to me to inform you that the work you have done is appreciated. Yours truly,

"B. G. McDougall."

These are in a general way the reasons why we paid the Northwest Steel company more money than we might have gotten the steel for some where else. The steel is now on the ground and has been for some time. Over half of it is erected, and no trouble has resulted therefrom. We have accomplished same with ordinary labor, and have done it more cheaply in that capacity. We felt this way at the time this contract was let, that there are two essentials to every building, one is the foundation and the other the frame. We are erecting this building for you, and we expect it to stand 150 years. It will be the receptacle for your records, and you want something which is fire proof and absolutely safe. Therefore, we thought we would rather pay a little more and absolutely take no chance on the frame work. We know that it is right, we know that you cannot go anywhere else in the world and buy a better job of steel than stands there today. There is no doubt about it. It is not inferior in quality, it is the best steel that can be manufactured, composed of the well known brands of Carnegie and Bethlehem, and is the medium steel made by the "open hearth" or Bessemer process, and under specifications which have been adopted by the Association of American Steel Manufacturers and the American Society of Civil Engineers.

Mr. Allen G. Ramsay, C. E., member of the A. S. of C. E., one of the best known engineers of San Francisco, designed the structural steel for this building, and what few changes were made were approved by him.

There was no inferior material substituted, and every pound of steel in the building is strictly first class.

"It is unquestionably true that were we in the market for the court house steel now we would have to pay even a higher price."

Regarding the work in erecting the steel, the letter reads:

"You will note in the first part of this article that we had one bid for the erection of steel, and that by the Pacific Rolling Mills company, of \$5,143, for the erection of practically 200 tons at the rate of \$25.76 per ton. We did not ask for any further bids on that, in fact we did not ask for this. It came submitted as a part of the original bid. We are pleased, however, that it was included, for the

reason that it gives us a chance for comparison. We have erected this steel ourselves, giving the employment to our own unskilled home labor, under the guidance of our superintendent, Mr. H. E. Anglin. We have to date erected 165 tons of steel at a cost of \$1,958.85. You will note that this is at an approximate cost of \$10 per ton, done by home labor, and the money is kept at home. No outside firm in the business of placing structural steel could have undertaken it for less than \$18 per ton if they had wanted to do the work at cost. You ask the question 'why,' and this is the answer. There is only one way to look at things, and that is the actual facts in the case. The firm who bid on this steel is an outfit who erects in San Francisco. They have their regular engines, hoists and power plants for doing the work. In the first place they would have had to ship an expensive equipment to Klamath Falls to accomplish the same. You all remember the noisy engines and riveting machines you have heard in both Portland and San Francisco on your visits there. Such an outfit would have had to be shipped to Klamath Falls by the same company. The wages of structural steel workers is \$6 per day and \$7 for the foreman. No union steel worker will stay on a job where a common laborer or carpenter has anything to do with the handling of the steel. If they do and the union finds it out, each and everyone will be fined \$50, hence, if an outside firm had been employed to erect this job, every man employed would have been brought here from the outside, and would have received \$6 per day and his transportation both ways. Their wages would begin from the time they boarded the train, and be due until they arrived again in San Francisco or Portland, and even if it rained or snowed one or two weeks at a time, and no one could possibly work, the contractors would have to pay those men their full wages. Thus you see why the Pacific Rolling Mills company was compelled to ask over \$5,000 for the erection of this steel.

"Now, on the other hand, we have done this work ourselves, every man that is employed here spends his wages here, and in a number of cases pays taxes. There is a case or two where the wages are received are preventing them from becoming county charges. The average wages paid on this steel erection is \$2.50 per day, and if the men work only two hours per day they get paid for two hours work, and not one cent more. The equipment that is used to erect the steel, while it is not the finest in the land, is practical and safe, composed of a breast derrick, and so geared that one man can lift four tons. This derrick will be used throughout the entire construction of the building. An offer has been made by a well known firm in this city to buy it when it is no longer needed. If we are practically half done, and the worst half, at a cost of \$1,958, we very likely will do the other half for a little less money. At any rate, on a basis of \$2,000 to \$2,100 for the erection of steel with home labor, we are going to save \$3,000, as evidenced by the one bid we had on the steel construction. Taking it at the very lowest rate at which anybody could possibly think of it, or \$18 per ton, we will have saved in the neighborhood of \$1,600. Thus you see by the figures given immediately above, we will save on the erection with home labor, practically as much as we have been accused of over paying on the purchase of the steel.

"The original job was to be riveted, and would have been so constructed has an outside concern done it. We, however, wanted to erect it ourselves, and the Northwest Steel company substituted, without extra cost, bolts to put the building together. Expert testimony says that the use of bolts really makes a stronger construction than rivets. This change had the approval of our architect, and the structural engineer who drew the plans.

"In the construction of this building you will have when we are done one that you will be proud of; one that will be regarded as the best in the state of Oregon outside of Portland. There are back of it in its plans and details of construction and in the construction thereof, some of the biggest and best brains on the Pacific coast. The county court is not sufficiently capable to construct this building; none of us have had experience along this line sufficient to superintend the construction; we have done that which any prudent and reasonable man would do, and have employed men who do know, and who will get their results. As far as the county court is concerned, it must make good. There must be constructed a building with which no fault can be found; one that will stand; one that will be a credit to you as the taxpayers of Klamath county, and one that will stand the test of time. We expect to live among you the rest of our lives, and we want this building to be so constructed that it will never

be a reproach to us, nor to you. Therefore, we have sought to put only the best material, the best of construction, and the best of workmanship into this structure, so far as it has gone.

"When the steel is erected the most particular things are done. It has a foundation which would hold a twenty story building, it has sufficient steel frame to hold tons and tons of pressure. The jail in the roof is composed of the cells and iron cages needed exceptionally strong material to hold the same, consequently we decided that we would rather pay a little more than you thought we ought, than for you to tell us in five or ten years that we had made a mistake in construction, and that we were 'penny wise and pound foolish,' for then it would be too late to remedy the defect. We feel that we can stand absolutely upon everything that has been done thus far toward the construction of this building. We would be glad to have you go through and see for yourself. Don't depend upon what anybody else says about it, but go and look it over, see the foundation, see the material, and then go into headquarters and look over the plans, look into all the details, ask the superintendent of construction all the questions you wish, and satisfy yourself whether the county court is right or wrong.

"We will construct this building only once. If you will give us a free hand and trust us we will get you something for a reasonable price which you will not have to touch in the way of repairs for a hundred years. This can be done for a reasonable amount of money, and it is not our plan to be extravagant or spend more money than we should. We think the grand jury is absolutely right in that it says we cannot afford to spend from \$250,000 to \$300,000 for a court house. Their recommendation that we stay within a limit of from \$150,000 to \$200,000 is reasonable and just. The building which we are constructing will cost complete \$165,000. It will be class A in every particular, and something you will be proud of, and one that will stand the test of storms and time, one in which the records of Klamath county will be safe, and one that you can point to with pride during the remainder of your natural life. This building will stand on its foundation long after we are gone. Future generations will use it and be proud of it, and we who are constructing it now will in after years rejoice.

"We have in the construction of this building in many ways kept our own counsel, perhaps we have not said enough about it, but we want to assure you that there will be no extravagance therein, nothing but plain, massive, substantial work. We regret very much that the Oregon law is such that we must stand the burden ourselves. If we could do like councils in other states do, bond ourselves for these improvements, and let the future generations who are going to enjoy the same as well as we help stand the burden, it would be much better. But there is only one way to do it, and that is to do it by direct taxation. We are spending the money now which has been tied up in the bank during the last three years, when our people were fighting over this court house proposition. We have made sufficient levy for the coming year to put up the walls, stone work, roof and rough the building in. It cannot be completed until 1914 unless we can sell sufficient of the present court house square to use therein. We are proceeding slowly with this work for the reason that we cannot raise your taxes too high. Consequently, we must be content to stay in the present quarters until the new building is complete. There is, however, great danger to our records from the present situation, and it is our idea that during the coming year if we can construct one vault in the new building with the money we now have on hand, to remove such records to the new quarters as are not now in use, to prevent their destruction in case of fire. If the records of Klamath county should be destroyed \$500,000 could not replace them. This in a way is the position relative to the new court house.

"There is another situation which asserts itself under the surface and above the surface and everywhere at times. The old court house fight is not ended yet. There are those in the city of Klamath Falls who would, if the present county court could be discredited, and either removed or recalled, tear down the steel which has been thus far erected, and move it to the old site to be erected thereon. They would abandon all the work which has been done in the new location to accomplish these ends. Of course, it would be a great financial loss to Klamath county, but that would not matter, for it would subvert their own selfish ends, and I want to warn you that as the first officer of Klamath county, and as your

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