

DISAGREES WITH THE COURT ON BRIDGE BOND PROPOSAL

Citizen Thinks Incorrect Statement of
Court on Bridge Bonds

To the Editor of the Daily Mail:

In the matter of the four bridges proposed for spanning the Kanawha river, to be financed primarily by a bond issue of Kanawha county, in the sum of \$1,750,000, and ultimately by tolls collected for a period of five years over these bridges, we at last have a definite statement from the county court and the advocates of the proposition. This statement is in the Daily Mail, June 25.

I am exceedingly glad to have this definite statement made by the court, for the reason that it eliminates guessing, and wild, false statements that may confuse the people and lead to the approval of a measure that would not be considered for a moment were the whole truth known.

Of course, the county court has endeavored to present the most favorable position that it considered possible, in order to show that tolls over these bridges would pay the cost of the same, and that the levy of taxes to pay the whole or part of the cost of the same would never become necessary.

The court says in its statement that \$50,000 tolls per year will be collected from passage over the street car bridge now in use at the upper limits of Charleston. We will assume that \$50,000 may be collected from the bridge just below the city limits, which is to be constructed and used by the street car company, under its agreement with the county court.

We will assume that tolls from the proposed bridge at Chelyan may reach \$15,000 per year; and that the proposed bridge at St. Albans will reach \$20,000 per year.

Therefore, the total yearly income from tolls over these bridges would be from:

Street car bridge now in use..	\$50,000
Street car bridge to be built .	50,000
Bridge at St. Albans	25,000
Bridge at Chelyan	15,000

Total toll income annually..\$140,000

Now, as to the annual expense of maintaining these four bridges:

The first item is the annual interest on the \$1,750,000 at 5 per cent, which amounts to \$87,500. The next item is for toll collectors and the court says it will require three for each bridge, making twelve in all. Their salaries could not be expected to be less than \$150 per month each, which would aggregate a total of \$22,320 per year. The repairs on the bridges the court states would be \$1,200 yearly for the two Charleston or street car bridges and \$2,500 per year for the two bridges, one at St. Albans, the other at Chelyan, making a total of \$3,700 for repairs.

Therefore, the total yearly expenditures to maintain these four bridges:

Yearly interest charge on county bonds, \$87,500.

Yearly salary for 12 toll collectors, \$22,320.

Yearly repairs on the four bridges, \$3,700.

Total expense to be paid each year, \$113,520.

The total income from toll per year, as shown above, \$140,000.

Total expenses per year, \$113,520.

Net income per year, \$26,480.

So we see that under the statement of the bridge proposition made by the county court, which is naturally the most favorable that it could make, there would be accumulated at the end of five years from tolls over these bridges a total net sum of \$132,000 to be applied on the principal of the \$1,750,000 outstanding bonds, which would leave a net balance of \$1,617,600 to be paid by the taxpayers by a tax levy on their property.

This is the situation that would confront the people of Kanawha county by the acceptance as true the arrangements of the county court presented in its public statement in the effort to induce the people to vote this \$1,750,000 bond issue.

But an analysis of the statements of the court as relates to the toll receipts from these bridges shows the impossibility of their truth. For instance, in order to produce the revenues to be derived from these various bridges as specified for each year, it would be necessary for 2,740 persons to pass over each one of the street car bridges every day in the year; 1,370 persons to pass over the St. Albans bridge every day in the year, and 522 persons to pass over the Chelyan bridge each day in the year, in order to produce the receipts above named.

Any one examining the facts here stated, must conclude it seems to me, that tolls derived from these proposed bridges would not give a net return sufficient to pay even the interest on these proposed bonds, and at the end of five years there will be no surplus to apply on the principal whatever.

The taxpayers would have to foot the whole bill for \$1,750,000 from taxes on their property. The tax levy of 7 cents on the \$100 valuation will be on the tax tickets this fall, and you can be assured it will be for more than 20 years to come, if this bond issue is approved by the voters and found to be legal.

Under agreement with the county court, two of these bridges are to be purchased from the street car company for the sum of \$1,032,000. The other two are to be built for the sum of \$823,000, and presumably on competitive bids.

Of the two bridges to be purchased from the street car company, one is already in use, and has been for several years. This bridge is on the tax list for the year 1923, at a valuation of \$375,000, as shown by the state tax commissioner's report; and the average tax rate in this county for that year is \$2.15 on each \$100 valuation, so the taxes to be collected from this bridge would be a little more than \$8,000 for that year. If the street car company should build and retain the ownership of the proposed bridge below the city, the taxes on that bridge would be equal to or more than on the one now in use. That would be another \$8,000, making a total of \$16,000 taxes to be paid by the street car

company, as owner of the two bridges. Under the terms of the contract with the county court, the street car company is to have \$1,032,000 for these two bridges. If this contract is not consummated it would be necessary for the street car company to invest in these two bridges the sum of \$1,032,000 in order to own the two. The interest on this money would certainly be as much as 5 per cent. Therefore the street company would have a fixed annual charge for interest on its investment which would amount to \$50,000 per year. Add the \$16,000 taxes to this, and the street car company would have added to its expense account the sum of \$66,000, which would have to be taken from its earnings annually and paid out as taxes and interest.

If these bridges are taken over by the county the street car company will be relieved of the \$16,000 taxes, and it pockets the \$1,032,000, the price paid for the bridges, and by this operation it would add the \$16,000 tax expense, and the \$50,000 interest expense to its earnings, and thereby give its stockholders an additional dividend of \$66,000 each year that it otherwise would not be able to do, as owner of the bridges.

Another feature of this agreement entered into by the court, is that the street car company is not required to pay any tolls for running its cars over the bridges during the toll period.

In the agreement entered into between the county court and the street car company, the taxpayers of this county and the toll payers are to furnish all the money, all the investment in the two bridges, to be used by the street car company, and that company will have full and complete use of the same for all time to come, with no responsibility for break-downs—all for the sum of \$1,200 per year toward repairs.

A good bargain for the street car company, but a heavy load for the taxpayers, and especially so, when we are all overloaded with tax burdens.
June 27, 1925. John B. Floyd.