

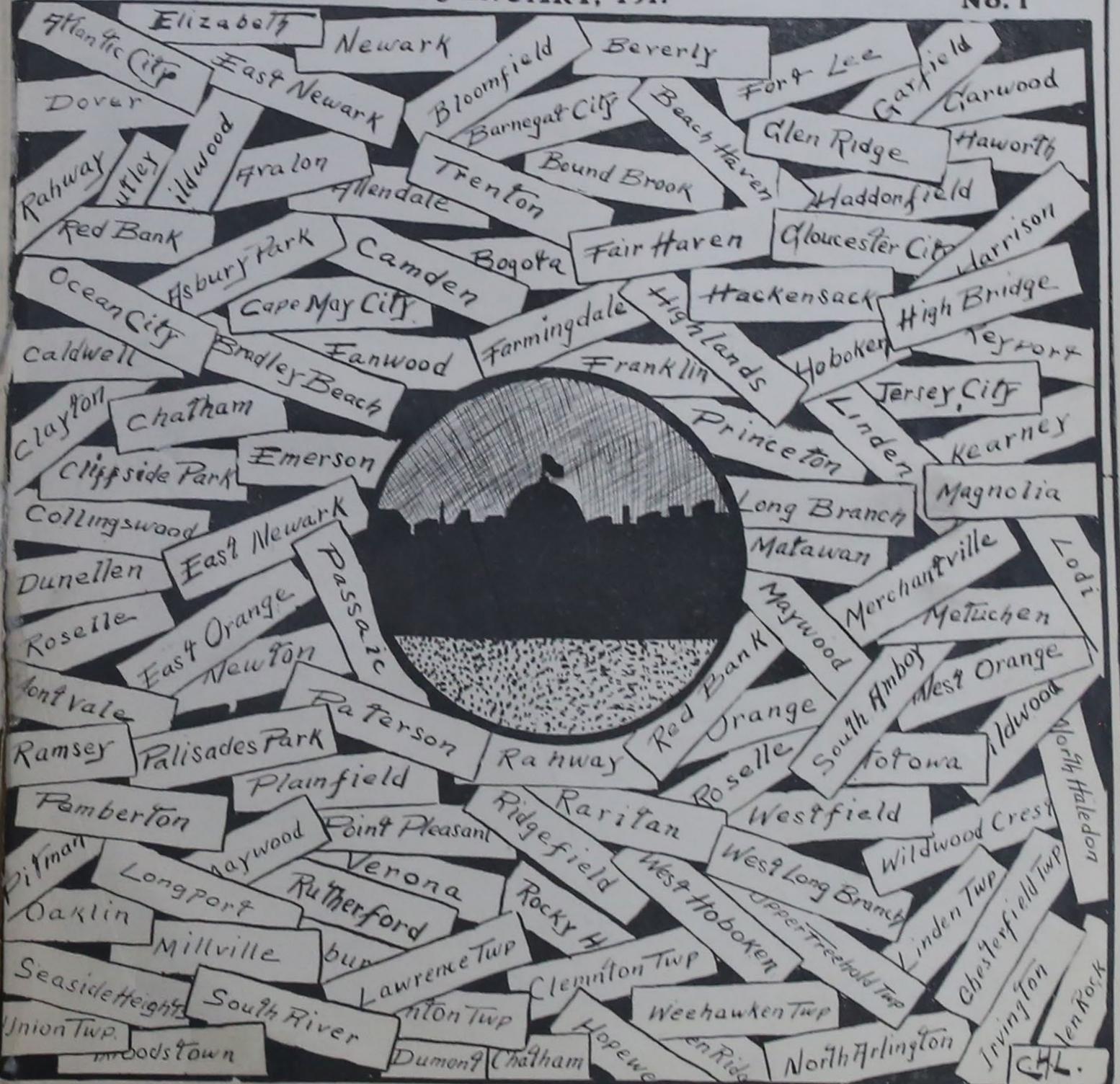
# NEW JERSEY MUNICIPALITIES

Devoted to Efficiency and Progress in Municipal Administration.

Vol. I

JANUARY, 1917

No. 1



# NEW JERSEY MUNICIPALITIES

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## THE NEW JERSEY STATE LEAGUE OF MUNICIPALITIES

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"The objects of this organization shall be the study of municipal problems and the improvement of municipal administration in its several branches, through organized coöperation; the maintenance of a central bureau of information for the collection, compilation and distribution of statistics, reports and other information with respect to municipal government; and the holding of an annual convention for the discussion of matters of contemporaneous municipal concern."

"Annual dues of municipalities shall be based on population at the rate of two dollars per thousand of inhabitants, or fraction thereof, except that no municipality shall pay less than five nor more than five hundred dollars."

The Bureau of Information of The New Jersey State League of Municipalities is located in the Princeton University Library, Princeton, N. J., where it enjoys the coöperation of the university and its faculty.

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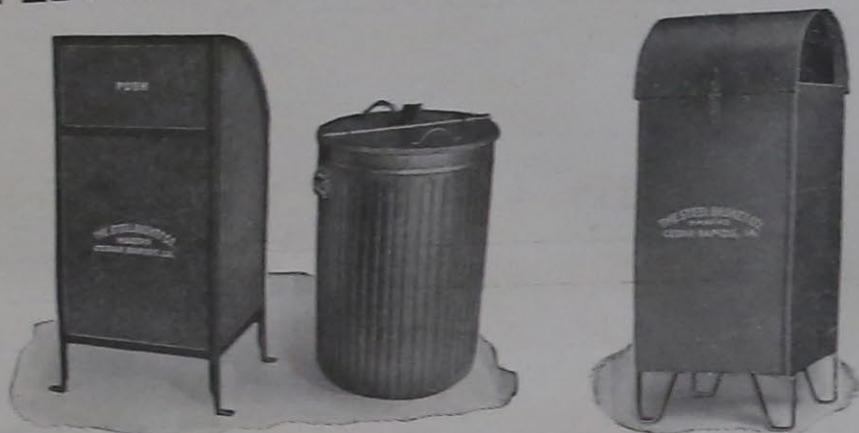
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# NEW JERSEY MUNICIPALITIES

Vol. I.

JANUARY, 1917

No. 1

## New Jersey State League of Municipalities, Its Bureau and Its Publication

The municipalities of New Jersey, like those of other states, have at different times in their history sensed a feeling of impotency in fighting their battles alone and have felt the need of co-operation in certain matters of mutual concern. This has been particularly true in two of the most important phases of municipal life, namely—in securing measures looking to the advancement of municipal welfare from the legislature and in negotiating with public utility corporations that own and operate utilities in numbers of our closely-adjoining New Jersey towns and cities.

It is clearly seen here that the party standing in opposition to the single municipality is more powerful than the municipality itself and that the latter is, therefore, at a disadvantage in attempting to deal with the stronger factor. Let it be clearly understood, however, that the municipality does not in any sense regard the legislature as an enemy nor does it, in fact, look with hostility at any public utility corporation that does not act inimical to the public welfare but the fact that a single town, borough, village or city is seen standing alone against a force more powerful than itself when other units of like character and with identical interests might join with it in securing a certain desired result, does not commend itself to a self-respecting man's intelligence to say nothing of his regard for organized system and efficiency.

It cannot, therefore, be regarded but as a compliment to the alertness of certain city officials of New Jersey when, in the Spring of 1915 a few of them came together for the first time to consider their common interests. The results of this first movement of co-operation was success in an enterprise that was already resulting in failure to each by individual effort. From this time on the need for some kind of a permanent organization through which the municipalities might

act was clearly apparent. Accordingly the New Jersey State League of Municipalities was organized.

In January 1916 the new organization held its First Annual Convention and there received the impetus to take the further step of establishing a Bureau of Municipal Information. It was seen that, while much good had been accomplished by the organization of the League and by the co-operative efforts it had thus far made, a permanent centralized organization was needed to hold the municipalities together, to represent them upon call and to perform the much-needed service of supplying information upon municipal affairs.

It was thought that such a Bureau should be in connection with a university and in the Spring of 1916 Princeton University was approached on the proposition. Its co-operation was given and in September 1916 the Bureau became a reality. Up to this time all the secretarial work, the burden of securing members and conducting the League's business was carried on by Mr. Clinton J. Swartz, Tax Receiver, of Trenton, who, though a very busy man, unselfishly gave his time and labors to building up the League without any remuneration whatsoever.

The arrangement with the University provided for the establishment of the Bureau in the University Library, the segregation of the municipal material of the library and the co-operation of the university authorities and faculty. The co-operation as it works out in practice is as follows: The Bureau serves the two departments of Politics and Economics as a practical laboratory in the field of social phenomena where students in these departments may work out assignments along their regular line of work subject to the direction of the director of the Bureau. The product may then be put to practical use by supplying the results of the research or investigation to municipalities.

The student's work is also, of course, always under the supervision of the professor in charge and he is the sole judge, so far as the Bureau is concerned, of its academic merit and credit value.

This plan of co-operation is thoroughly one of mutual aid. While the Bureau gets part of its research work performed in this manner the students get training in the actual performance of tasks for a utilitarian public use and the University gets a broadened field and a larger opportunity for usefulness. The plan operates to the accomplishment of a twofold purpose. It educates our democracy and democratizes our education.

A further function is rendered by the university as follows: An advisory board has been appointed from among the faculty. The professors who compose this board are to act as counselors in the work of the Bureau and give advice upon questions falling in their respective fields. The men who compose this board and the departments from which they are chosen are as follows:

Economics and Social Institutions, Prof. Frank A. Fetter, Ph.D., LL.D., Chairman; History and Politics, Prof. Dana Carleton Munro, A.M., L.H.D.; Civil Engineering, Prof. Frank Henry Constant, C.E., Sc.D.; Art and Archaeology, Prof. A. H. Phillips, D.Sc. (Former Mayor of Princeton); Chemistry, Prof. G. A. Hulett, Ph.D.; Hygiene and Physical Education, Dr. Stewart Paton, M.D.; University Librarian, Prof. E. C. Richardson, Ph.D.; University Business Administration, Mr. G. C. Wintringer, E.E.

It will be seen, therefore, that the Bureau is qualified, through the services of these experts, to render service upon technical, as well as non-technical, matters. Of course, the professors cannot give unsparingly of their time nor take time properly belonging to the university. They can, however, give advice, make suggestions and render valuable co-operation by their assignment of practical work to students where possible. The self-sacrificing spirit of a college professor is certainly sufficiently appreciated to render unnecessary here any assurances that they will do their part.

Rutgers College and Stevens Institute of Technology have also been invited to co-operate. If they see their way clear to do so we shall have the three big collegiate institutions of New Jersey standing in readiness to join with the municipalities of the state in securing greater efficiency in government. President Alexander C. Humphreys of Stevens Institute and President William Demarest of Rutgers have already voiced their interest in the movement and will send representatives to the Municipality-University session of our coming Convention to consider, with the representatives of

the League and the Princeton Faculty, the details of the plan.

The Bureau adds further to its efficiency by maintaining co-operating relations with all similar Bureaus and civic agencies in other states and cities. It also follows closely all changes and improvements in municipal affairs and is, therefore, a real clearing house of up-to-the-minute municipal information.

In addition to furnishing information the Bureau stands as the permanent representative of the League, it attempts to co-ordinate and synthesize the League's efforts and bring the municipalities of the state into close contact through their common agent.

The benefits of membership in the League and the service of the Bureau are as important to the smaller municipality as to the large metropolis. To the smaller municipality it means greater municipal vigor and closer connection with the important changes and vital adjustments now taking place in our municipal life. To the large municipality it means profit from the experiences of other cities in solving the same kind of problems; quicker accessibility to that experience and more ready service to the practical needs of the city's officials. To both it means increased efficiency and greater vision.

The name "Bureau of Municipal Information" is meant to suggest something more than a mere depository of municipal data to be obtained on demand. It is that, but it most emphatically insists that it is more. A library alone can perform that function. The Bureau of the New Jersey State League of Municipalities refuses to be anything less than a live, pulsating organism functioning vigorously for the League and its member municipalities.

Finally, the League, through its Bureau, is undertaking to publish this monthly periodical devoted to municipal progress and efficiency. We hope it will not be judged wholly by this number for we would not like to think that we could not improve. We are, however, willing for this issue to be taken as a criterion of what we propose to do. This may be briefly stated as follows:

1. Supply original articles by men in a position to speak with authority in their respective fields.
2. Review for our city officials the municipal affairs of the country.
3. Convey to all our municipalities that part of our research work which might be of general interest.
4. Endeavor to stimulate and inspire to the end of securing more effective democracy and great efficiency in municipal government.



Municipal Building, Trenton  
Our Convention City

## Program

### Second Annual Convention of the New Jersey State League of Municipalities, Trenton, N. J., January 9th and 10th, 1917

Headquarters: Commissioner Chamber, Municipal Building, Trenton, N. J.

TUESDAY, JANUARY 9TH

Registration of all delegates at headquarters.

#### 11:00 General Session:

Convention called to order by Mayor F. W. Donnelly, Trenton, President.  
Invocation.....Rev. Henry Collin Minton, Trenton.  
Address of Welcome.....Hon. John E. Gill, Trenton.  
Response.....Mayor George N. Seger, Passaic.  
President's Address.....Mayor F. W. Donnelly, Trenton.  
Reports:  
Secretary-Treasurer of the League, Clinton J. Swartz, Trenton.  
Director of the Bureau of Information, Claude H. Anderson, Princeton.

#### 12:30 Luncheon Conference: Trenton House Grill Room.

General Subject: The Most Important Accomplishment of My City in 1916. Hon. Spaulding Frazer, Corporation Counsel, Newark, Chairman.  
Roll Call and three minute speech by each delegate.

#### 2:30 General Session: Commission Chamber, Municipal Building.

General Subject: Municipal Taxation, Finance and Codification of Laws Relating to Municipalities.  
Hon. Arthur N. Pierson, Westfield. "Finances of New Jersey Municipalities."  
Dr. Frederick A. Cleveland, Director, Bureau of Municipal Research, New York City. "The Opportunity for New Jersey—What is Needed to Make the Executive Budget a Success."  
Hon. George F. Brensinger, Commissioner and Director of Revenue and Finance, Jersey City. "Tax Assessments in Municipalities."  
Edward F. Merrey, Paterson. Secretary New Jersey Commission to Revise and Codify Laws Relating to Municipalities. "The Codification of Laws Relating to Municipalities."

#### 6:00 Dinner Conference: Trenton House Grill Room.

General Subject: New Jersey's Municipalities and Universities.  
Chairman: Dr. Frank A. Fetter, Professor of Political Economy, Princeton University.  
Hon. Spaulding Frazer, Corporation Counsel, Newark. "What Has Been Done."  
Dr. E. C. Richardson, Librarian, Princeton University. "The Library and the Bureau."  
Prof. Henry Jones Ford, Department of Politics, Princeton University. "The Relation of Municipal Government to

## General Political Conditions."

Mayor Thomas L. Raymond, Newark.  
 Prof. Chas. H. Elliott, Department of Education, Rutgers College.  
 Prof. A. H. Phillips, Princeton University, Ex-Mayor Princeton.  
 Mayor Charles N. Ellis, Camden.  
 Dr. Stewart Paton, Department of Hygiene and Physical Education, Princeton University. "What are the Essentials for the Success of a Democracy?"  
 Dr. Alexander C. Humphreys, President Stevens Institute of Technology.  
 Mayor Leighton Calkins, Plainfield.  
 Mr. George C. Wintringer, Secretary Business Administration, Princeton University.  
 Mayor Daniel A. Garber, Ridgewood.  
 Prof. J. Bauer, Department of Economics, Princeton University. "Municipal Accounting."

## 8:15 General Session: School of Industrial Arts, State and Willow Streets.

General Subject. The Improvement of Municipal Government and Administration.  
 Moses Nelson Baker, Editor Engineering News, Montclair, N. J. "Are We Governed Too Much by State Commissions?"  
 Nelson P. Lewis, Chief Engineer, Bureau of Public Improvements, New York City. Illustrated lecture—"City Planning, What It Means and What It Includes."

## WEDNESDAY, JANUARY 10TH

## 10:00 General Session: Commission Chamber Municipal Building.

General Subject: Water Supplies (with special reference to the District Water Act) and Garbage Collection and Disposal of New Jersey Municipalities.  
 Morris R. Sherrerd, Chief Engineer, Newark. "State Conservation of Water Supplies With Special Reference to North Jersey."  
 H. B. Kummel, State Geologist and Acting Director State Department of Conservation and Development, Trenton, N. J. "The Work of the Department of Conservation and Development in Its Relation to the Municipalities of New Jersey."

James C. Hallock, Deputy Chief Engineer, Newark. "Refuse Collection and Disposal."  
 William E. Ramsey, New Brunswick.

## 12:30 Luncheon Conference: Trenton House Grill Room.

General Subject: Cooperation of Civic Forces.  
 Mayor C. E. F. Hetrick, Asbury Park, Chairman.  
 Governor Walter E. Edge. "Municipalities and the Legislature."  
 Mayor Harry Bacharach, Atlantic City.  
 John P. Dullard, State Librarian, Trenton.  
 Clinton J. Swartz, Tax Receiver, Trenton.  
 George A. Viehman, President, New Jersey State Chamber of Commerce, Jersey City. "Co-operation of the State Chamber and Its Bureau of Research."

## 2:30 General Session: Commission Chamber, Municipal Building.

General Subject: Municipal Efficiency.  
 Prof. Clyde Lyndon King, University of Pennsylvania, Philadelphia. "Lower Living Costs in Cities."  
 Dr. William H. Allen, Director, Institute for Public Service, New York City. "Citizen Interest in Municipal Efficiency."

## 4:00 Business Session: Commission Chamber Building.

Election of officers.  
 Plans.  
 Appointment of committees.

## THURSDAY, JANUARY 11TH

Trenton is one of the cities that has made good under Commission Government. In preparing this program an attempt was made to include automobile trips to view some of the noteworthy achievements of the present commission and some of the city's previously existing objects of interest. More time was needed, however, than could be found on our two-day program. Accordingly Mayor Donnelly has consented to arrange an exhibition trip for all who care to remain either all or part of Thursday January 11th, for that purpose. The trip will include the Municipal Colony, the Filtration Plant, the New Junior High School, the Masonic Hall, Mahlon Stacy Park, Cadwalader Park, the City Dock Development and Riverview Park.  
 If you desire to take this trip please signify your intention, in the space provided for that purpose, on the delegate's register.

## OUR POLICY

This magazine has no master but truth and no object but service. Being born of the need for efficiency and consecrated at the altar of information, we worship facts.

We do not attempt "to reform but to inform". We advocate nothing but education, defining "education" to mean the acquisition of knowledge wherever and upon whatever it may be found. Nevertheless we do not believe that devotion to truth implies a refusal to take a stand or necessitates negative neutrality in the face of public wrongs or acute social maladjustments. We shall, therefore, not be too timid to take a stand when the facts justify it.

To every fact or set of facts we shall apply only the acid test: Is it true? If it is and its publication would serve a useful purpose we shall publish it.

Upon any subject in controversy we shall print information on either side, applying only our one test as to fact."

## The Giant Enemy of the Public Good

In the conversation of both the metropolitan and the village citizen and in the columns of the big daily and the borough weekly the civic observer finds the expression of a common grievance. However, it is not always directed at the same place, thing or person. There is clearly manifested a universal preception as to the existence of a common enemy but a difference exists as to the identity and location of the enemy. Just now when food prices are soaring and many cities are considering measures of relief, the protest is particularly vehement but there are no apparent signs of any clearer recognition of the real enemy.

In one city the Street Railway Company seems to be generally recognized as the greatest malefactor. In another the citizens quite generally complain against the exactions of the Electric Corporation. In still another it is Gas. A much-abused townsman in many places is a prominent citizen who is otherwise called a Corrupt Political Boss. The citizens of Eden insist that annual Appropriation Grabs are the bane of their existence and the sole cause of their tax burdens. Ill-Gotten Franchises are clearly the cause of all the unhappiness of the people of a large number of municipalities. If their common council years ago had been composed of honest men they would not now be suffering under 99-year wrongs that, with all their present honesty and intelligence, they cannot right. In some municipalities the public mind has grown exceedingly comprehensive. They do not charge the Street Railways with all their ills nor do they trace them all to the Gas and Electric Companies. They generously distribute the guilt but recognize a common foe called by the common name of Privately Owned Public Utilities. In a few places there exists a complacent sense of all-prevading wisdom among the citizens. When public affairs are mentioned, knowing looks are exchanged but no discussions take place. It is no use to discuss the matter longer, they are all sure of both the identity and the location of the enemy. They know it is Inefficiency and that it resides in the chambers of the City Hall.

As a matter of basic truth, found by resolving things into their last analysis, we are obliged to dispute each of the above claimants. We respectfully suggest to them to look within the public mind—not outside—if they would find the *Giant Enemy of the Public Good*. The tendency of the public mind to stay put, the inclination to let the other fellow do it, the disinclination to know, and often the aversion to care, anything about the public business—the *Social Inertia* of the mass is the *Giant Enemy of the Public Good*. The numerous ills above referred to find ready germination in the fertile field of deadened civic mentality. To recognize the ills and not the cause is but a further evidence that the public mind is put.

We are not asking the busy citizen to inform himself about the details of municipal affairs. His official municipal servants should efficiently take care of them. We are not even asking for greater intelligence on the part of the citizen. The average citizen will measure up in acumen. All we ask is greater interest. Given this, the civic intelligence increases, the civic spirit follows and the enemies of the public good disappear.

# Finances in New Jersey Municipalities

By Hon. Arthur N. Pierson\*

The problems of municipal finance constitute an interesting study under any condition. The problems furnish special interest to the student and investigator in New Jersey. This subject has not been given its due consideration by those who have framed our laws. It constitutes a most important factor for the present and future welfare of the State. In the past few years this subject has been given nation-wide prominence, due, I believe, to the ever increasing tax and assessment burdens. This awakened interest has been occasioned by the increased demand for public service and improvements. Thinking people concede that these demands will bring their corresponding increase in service costs, but I believe they are willing to pay their just proportions for this service but naturally have a concern that the increased costs shall not be unduly large or unscientifically distributed.

The problems confronting our Commission were manifold; in fact, almost every phase of this general subject needed revision. We have seemed to be going along without a definite comprehension as to just

\*Mr. Pierson is a member of the legislature from Union County. He is a legislator who believes in scientific rather than haphazard legislation. He has made a thorough study of municipal finances in New Jersey and probably knows more about the subject than any other man in the state. He is the author of the Bond Act of 1916 which our investigations have proved is, on the whole, an improvement over the old method. Mr. Pierson will try to get the defects of the Act remedied in the coming legislature.

The Commission for the Survey of Municipal Finances, appointed by the 1916 Assembly, with Mr. Pierson as chairman, has made an exhaustive study of the question and will present the following bills to the 1917 Legislature:

1. A bill providing for the adoption of the budget system by municipalities and counties.
2. A bill specifying the manner in which municipalities and counties may borrow money in anticipation of taxes.
3. A bill defining the floating indebtedness of municipalities and counties and directing the funding of floating and other indebtedness.
4. A bill providing for a sinking fund commission in each municipality and county and prescribing a standard for the maintenance of sinking funds.

As a League we are neither for nor against this legislation. Some of our municipalities enthusiastically favor it, others are not greatly interested and a few are opposed. We are, however, amicably disposed toward the work of Mr. Pierson and the Commission. They have proceeded properly and the results of their work deserve consideration.

what the end would be, or what would be the consequences of our conduct. We have been drifting in this matter, living in a sort of a fool's paradise. Increased service must bear some of the responsibilities for higher taxes, but all too much can justly be laid to a bad financial policy.

Every facility has been provided for making improvements and incurring debt therefor, but no proper provision was made for paying debt obligation or for a scientific distribution of the burden to the generations that enjoy the benefits.

The subject can be divided into three heads:

- 1st: The administration and financing of temporary or budgetary requirements,
- 2nd: Permanent debt obligations, their payment, and a proper debt limit,
- 3rd: The administration and supervision of sinking funds.

Under the first head should be placed, a definite scheme of budget, a clearly defined procedure for financing temporary or budgetary needs with a definite and adequate provision for payments, providing for a uniform fiscal year for all municipalities and counties, and requiring a uniform schedule of penalties for non-payment of taxes, running from the individual taxpayer to the taxing district, and on to the county and the state. There is also a real need for our Annual Reports to be made under uniform classification and in comprehensive form.

The second feature of our work was fairly defined in the municipal bond act—Chapter 252 of the Laws of 1916. This Act provided for a distribution of the burdens for improvements over the period of their life. We required serial bonds for all future issues, provided a reasonably liberal debt limit, requiring municipalities to determine their borrowing power before making a contract, and imposed a new form of bid which does away with the bond premium and reduces the sale prices to a true interest return basis.

The third problem—The administration of Sinking Funds—has to do with the amortization of something over two million dollars worth of municipal and county debt, issued before the Bond Act became operative. The unscientific administration of sinking funds prompts the Commission to recommend a universally applicable sinking fund law, directing

the administration of these funds and for the supervision of all sinking funds by a duly constituted state authority.

The Commission had two fundamental thoughts in mind—first, of course, to place our financing on a scientific basis; putting adequate safeguards around this important matter that the taxpayers' interest may be preserved and public welfare advanced.

Many have criticised the Commission for conferring with bankers, bond buyers and investors; suggestions have been made that we were endeavoring to enact legislation to suit bankers. Those informed in the matter will recognize in the provisions of the bond act many features that do not in any way suit the bond dealers, but did suit the investors. In considering the subject of bonds for permanent improvements, there is quite another feature of this problem that I think you will agree with me came within the reasonable interpretation of our Commission's work; namely, to make our bonds more marketable. After all, the people who buy our bonds, view them as a merchant does his merchandise. The price offered is based entirely upon the market value of the bond; his viewpoint is controlled by the opinion of the investors, as these constitute the bond buyer's customers. I believe it is good business for us of New Jersey to study the demand of the market in which we must sell our bonds. We should seek to inspire every confidence in our securities, as to the laws and regulations under which our bonds are issued. We should also surround our bonds with such guarantees and market features as will make them attractive in all markets. We are suffering under the same misconception in this matter that many of our manufacturers have labored under regarding the Latin-American markets. The American manufacturer has failed to sense the demands of these markets and tried to force the buyers to his standards, rather than to produce goods that would conform to the buyers' standards. This is just the point that I think we should cover in our municipal securities. We should make our bonds conform to every feature of the market's demand. They should go on the market absolutely incontestable, under fixed debt limits, with every safeguard and supervision that we can throw around them; in this way we will inspire the investor to a favorable consideration of New Jersey municipals, and this confidence will be reflected in better interest rates and larger demands for our securities. The issuing municipality is bound to pay one hundred cents on the dollar of its obliga-

tions; since this is a constituted fact, is it not good business to prepare our goods to meet market requirements and get every advantage it is possible to obtain?

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### Advertising Service for Member Municipalities.

Each member municipality is entitled to insert one advertisement in each issue of NEW JERSEY MUNICIPALITIES without charge.

If your municipality has some used equipment to dispose of, or wishes to secure anything, a ready sale or purchase might be facilitated by using the columns of your magazine.

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### Barbarous Mexico!

With all our self laudation about the dazzling height of civilization which we have reached as compared with Mexico perhaps those of us who live in states which have not yet granted home rule to their municipalities might deign to notice the fact that the cities of Mexico are very likely to get home rule long before some of us do. One of the major reforms upon which Carranza is insisting is an independent form of government for municipalities.

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### It Isn't Your Town, It's You.

If you want to live in the kind of a town  
Like the kind of a town you like,  
You needn't slip your clothes in a grip  
And start on a long, long hike,  
You'll only find what you left behind.  
For there's nothing that's really new.  
It's a knock at yourself when you knock your  
town,—

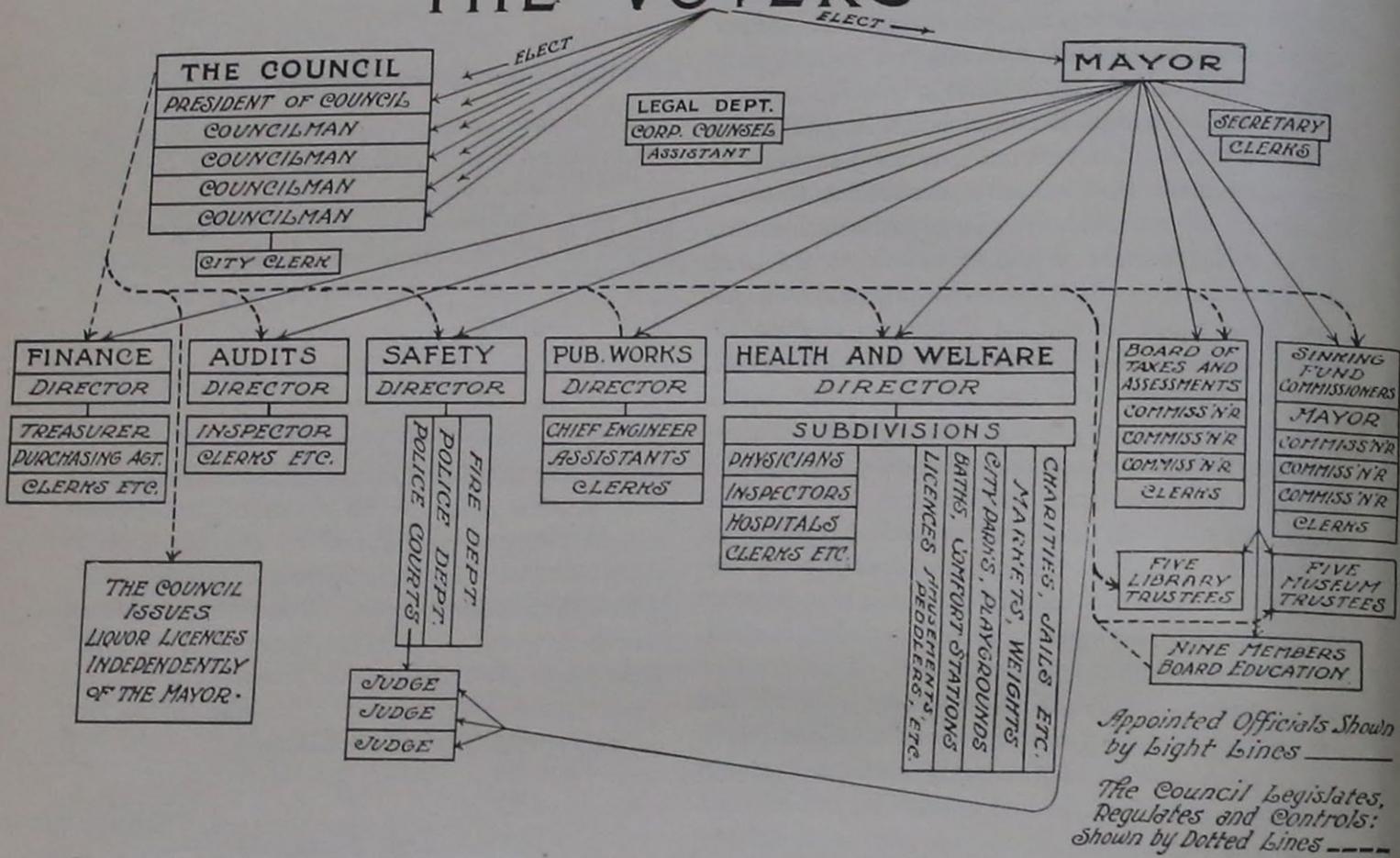
It isn't your town—it's you!

Real towns are not made by men afraid  
Lest somebody else get ahead.  
When everybody works and nobody shirks  
You can raise your town from the dead.  
And if while you make your personal stake  
Your neighbor can make one, too,  
Your town will be what you want to see.  
It isn't your town—it's YOU.

—C. D. ELLYSON.

# The Proposed New Charter for Newark\*

## THE VOTERS



To-day there are four systems of government for large cities. First, the system which exists in Newark, comprising a Mayor with little power, a Common Council and various departments, such as the Board of Works, Board of Health, Board of Excise and Board of Taxes and Assessments, besides police and fire departments. These several bodies work independently, with no authority above them, except that the Mayor may veto the measures of some of them. While he appoints the men constituting some of these boards there his power over them ends; he can not control their acts or remove them. The men of the boards have equal authority, and responsibility being thus distributed among them it is difficult to place blame where it belongs. It is practically impossible for citizens to watch fifty officials and determine the measure of credit and censure each one merits.

Second, there is the "responsible executive" plan, embodied in the charter which has been prepared for

Newark and which is depicted here. This gives great power to the Mayor as he would appoint the directors of all departments and be able to remove them if, in his judgment, they failed in their work. A Common Council of five members would have legislative power, subject to the Mayor's veto.

Third, the commission government plan. Under this system a city is governed by five commissioners of equal authority, although one of them has the title of Mayor. In some instances this plan has been supplemented by

Fourth, the Commission-Manager Plan. The Commission is retained and decides on policies, but hires a trained city manager to carry them out.

In Newark only the proposed charter and a commission, appointed in accordance with the Walsh act of 1911, are up for discussion, and one or the other will be adopted if any change is made. It would be deplorable for the city to go on doing business in

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\*Reprinted from Newark Sunday Call.

# Work of the Department of Conservation and Development, State of New Jersey\*

By **Henry B. Kummel**,  
*Acting Director*

The functions of the Board of Conservation and Development are manifold. As successor to the Geological Survey, it is charged with the investigation and research of all the mineral resources of the State, including water; with the preparation and publication of topographic, geologic, and other maps; with soil classification and mapping; with the maintenance of a chemical and testing laboratory, both for the furtherance of its own researches and for testing material for other departments, notably the Department of Public Roads and the State Purchasing Agent; with special engineering investigations as from time to time required by the Legislature.

As successor to the Forest Park Reservation Commission and several other boards, it fosters the practice of scientific forestry by private land owners; administers the State forest reserves with a view to their development as revenue producers and as public parks; prevents forest fires in both public and private forests; encourages the planting and care of shade trees and has charge of Swartswood Lake in Sussex County and of the Washington Crossing Park, near Trenton.

From the State Water-Supply Commission it received jurisdiction over the distribution and diversion of all potable water supplies, both surface and subsurface; is charged with responsibility for the safety of dams and their proper construction; may gauge streams and investigate water powers.

As successor to the State Museum Commission, it is charged with the development and maintenance of a museum which shall be a credit to the State and an instrument in its development along material, educational, and artistic lines.

In addition to these duties it is invested "with full control and direction of all State conservation and development projects and of all work in any way

related thereto, except such as is conferred upon other Boards."

From the above outline of the work of the Department, it will be seen that many phases of its duties do not particularly touch the life of municipalities except as each is a part of the State and is affected by anything which is of value in the growth and development of the entire State. There are four or five lines of work, however, which may be of more particular interest to the municipalities. These are the forest fire service, the shade tree work, the control over water-supplies, the museum and the testing laboratory.

The forest fire service, under the direction of the State Firewarden and four Division Wardens, seeks to prevent and extinguish forest fires in all townships which contain a considerable proportion of forest area. In this work there are 329 local firewardens and 11 patrols. The expenses of firefighting are shared equally by the State and townships, the administrative expenses are borne by the State, and the cost of patrolling is met by an allotment from the National government under the Weeks' law. This service does not, of course, affect directly the more densely populated portions of the State.

Shade tree work is carried on by many cities and boroughs. The Board of Conservation and Development has no control over, or responsibility for, the work of local shade tree commissions, but through its expert foresters is ready to advise and cooperate whenever requested.

As successor to the State Water-Supply Commission, the Department has control over the diversion of water from both surface and subsurface sources. All plans for new or additional sources of supply, whether by water companies or municipal corporations, must be submitted to this Board for approval before being carried into effect.

The State Museum is being completely reorganized both as to exhibits and scope. In addition to the museum room in the State House in which there will be maintained a series of changing exhibits, displaying

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\*This reorganized state department is proceeding along new and expansive lines, with the object of actually achieving things for the state. It is another civic force for the advancement of the public welfare. As such it is a co-operator of The New Jersey State League of Municipalities and since its work touches our municipalities we have had Mr. Kummel give us this article explanatory of their activities.

# The New Order in Public Utility Franchises\*

By Stiles P. Jones

*Executive Secretary of the Central Franchise Committee of Minneapolis.*

The old order in the relations of municipalities with their public utility companies is passing—by means of municipal ownership in some instances, in others through modern franchise settlements displacing expiring contracts. The new order so modifies the old relations, both in basic philosophy and in details of administration, as to work almost a revolution in methods of dealing with the subject.

## Service at Cost.

The old system with its speculative profits, its water-saturated capitalization, its extortionate charges, its subordination of service to private gain and its disturbing influence in politics and government, is going out of business. A new order is coming, under which the public utility is to cease to be an instrument of public exploitation and become an instrument of public service. Communities are fast seeing the error of the old way of seeking the road out. They are realizing that these functions are too important to the material and social welfare and the general civic life of a city safely to be left in private hands without much more effective public control than is possible under prevailing contract conditions. And progressive utility companies on their part are coming to recognize that radical changes in franchise policy are necessary if they are to hold their own as agencies of public service.

The new order has found its best expression in Street Railway franchises, but it is equally as easy of application to the other services, and in the public interest the need is no less. But the material welfare of the transportation companies is quite certain to compel acceptance of the new idea in advance of the others. Urban transportation companies for the first time are face to face with present or near future formidable competition. The development of the gasoline vehicle as a practical factor in city transportation has created a situation of real menace to street

this field never before existing. Ordinary business prudence must necessarily compel the companies to search for some effective means to protect the investment in their properties and perpetuate the electric street railway as the popular means of urban transportation. Resort to city councils or public service commissions or legislatures to provide drastic regulation of the new agency with the purpose of so heavily handicapping it as to put it out of business, is going to give, at the best, but temporary relief. The wise utility will not put its faith in this crude method of strangling competition to assure safety for the future. It will look rather for relief through some more logical methods—a method which will make the two agencies collaborate in the furnishing of transportation rather than compete; which will invite co-operation from the public instead of suspicion and hostility; which will give the maximum service at the minimum cost and realize permanently harmonious relations with the community it serves.

Again, the notable increase in the cost of furnishing service during the last year adds further uncertainties to the transportation situation and in itself suggests urgently the necessity of changes to meet the new conditions. Everything entering into the cost of service—material, wages and financing—has reached an unprecedented high mark. The prevailing rate of fare is proving inadequate in many cases to provide revenue to meet the new burdens on expense of operation. Both service and investment are menaced by this situation. Co-operative effort under a new order is the only adequate remedy.

Administered in good faith, the new method will eliminate the now controlling motive of profits and substitute service. So far as is humanly possible it will make the interests of the utility and the public identical. It will put an end to the age-long conflict between the utility companies and the public, with all the attendant demoralization of public officials, inefficiency of city government, and the dividing of the communities against themselves, which have characterized the present system nearly everywhere.

Now what is the new franchise theory that is to bring together such economically divergent interests and harmony railway interests. There are today uncertainties in them for team work in the public service? It is

\*This is the substance of an address upon this subject delivered by Mr. Jones before the Third Annual Convention of the League of Minnesota Municipalities and published in the official organ of that League. The subject being a vital one and Mr. Jones being widely recognized as a man who speaks with authority in this field we have asked him for the privilege of printing and he has kindly given his consent.

concentrated in the term "Service at Cost." Its best practical illustration is the Street Railway settlement effected in 1910 between the City of Cleveland and its transportation companies. The essentials of the Service at Cost system may be summarized as follows:

1. Adequate service at a rate based on cost.
2. An original capital investment limited as nearly as possible to the physical value of the property, or to the money legitimately invested in the property.
3. A reasonable limitation of the return to the company on the above investment and on all subsequent additions.
4. Security to the owners of the property of their investment.
5. Maintenance of the property at all times in first-class condition.
6. Such measure of public control of operation, management and expenditures and otherwise such terms of franchise as will assure honest, economical and efficient management by the operating company.

Such contract conditions as will remove in the largest possible degree all incentive for the company to participate in politics.

My personal conviction is that municipal ownership is the just and the logical method of management of public utilities. Private operation of such public functions should be tolerated at its best as but a temporary expedient pending the time when municipalities can see their way clear to take the management into their own hands, whether immediately for better or for worse. Until that event the public must find some better method of handling this phase of municipal business than in the past. I believe that this has been found in the Cost of Service method.

Under the service at cost plan all uncertainties as far as they involve security to capital and return thereon are removed. The public in effect carries the hazards of the business. In return the company surrenders its claims to speculative profits, excess salaries for its officials, unhampered control of management, and dark lantern accounting methods. Extensions and new construction, the fruitful cause of much contention under the present system, are wholly under public control and no concern whatever of the company. Its function largely is to be the operating agency for the public—municipal ownership, in effect, with the alleged advantage of larger efficiency of private management.

### The Dawning.

The new franchise light first broke in Chicago in 1907 when the voters of that city ratified a settlement with the two surface railway companies that marked a radical departure from established franchise practice. The settlement was largely the creation of Walter L. Fisher, then the leading publicist of that city, later Secretary of the Interior in President Taft's cabinet. In result it brought an end to the chronic state of warfare between the public and the traction interests, eliminated the companies as disturbing influences in politics and gave the public a service, which, while yet far from satisfactory, is perfection compared with the old situation.

While not representing strictly the Service at Cost principle, the Chicago settlement contains some of the essential elements and cleared the way for the next advance. The major points of that settlement are found in the following:

1. A fixed capital investment, with control of the city of all additions to capital.
2. A fixed return upon that investment during the term of the grant, which is for twenty years.
3. A fixed rate of fare (five cents), with the city and the company dividing profits of operation in the proportion of fifty-five per cent and forty-five per cent respectively.
4. Thorough-going control of all construction, equipment, etc., by an independent board of engineers.
5. Broad powers of control of service vested in the city council.
6. Right of purchase by the city at any time for municipal operation.

The primal purpose of the provision for the division of profits was to furnish a fund with which to help purchase the property. Incidentally, it was held out that this arrangement would furnish a strong incentive to efficient and economical administration. Under the participating profits feature the city has accumulated in eight years a fund of about \$16,500,000. This is quite a tidy sum, but of small use in carrying out the purchase purpose in the face of a present capital investment of \$150,000,000, grown in that eight years from the original capital value of \$50,000,000, with the certainty that the gap will widen with each added year.

Experience has developed inevitable defects in the Chicago settlement, both in fundamental philosophy

*(Continued on page 25)*

# Loss of Water in City Systems

By F. A. Barbour

*Consulting Engineer, Boston, Mass.*

In entirely metered systems, or in systems where the metered services exceed 85% of all the services, at least 20% of the water furnished is, on the average, unaccounted for. The question arises as to whether we should be content with such a condition.

This 20% loss is not based on a comparison of pump records with the water sold, but on the figures furnished by water-works superintendents as to the water unaccounted for in their systems. These figures presumably include corrections for such items as pump slippage. It would seem that a loss of 20%, due to leakage from mains and services or to under-registration of meters, which undoubtedly represents the best conditions, is sufficiently sizable to justify careful consideration of possible remedies.

We all know that the total unaccounted-for water in unmetered systems is enormous; presumably we all agree that metering is the great remedy, and yet, as reported by the United States Department of Commerce, only 40% of the services are metered in 201 cities, containing 26,000,000 people and having an average per capita consumption of 139 gal. per day. This total loss is not the subject of our immediate discussion, but as a means of calling attention to present standards of management a few figures may not be amiss.

The total population in the United States supplied with water from public works may be taken, for present purposes, at 50 million people, and the average amount of water furnished per day at 100 gal. per capita. The total water supplied daily by public works is, therefore, in round figures, 5,000 million gallons. It is probably a safe statement that 50% of this quantity is wasted, and assuming the actual cost of furnishing the useless 2,500 million gallons to be \$25 per million

gallons—and this is an extremely low figure—the cost per day of the water wasted is equal to \$62,500 or \$22,800,000 per year, which is equal to the interest on an investment of \$500,000,000. Figured in this rough way, the results do not speak very well for our present-day standard of management of water systems. If it should be answered that it is not practicable to prevent this loss a reasonable reply would be that at least we should know more about its causes than apparently is known at the present time.

As already stated, metering is the great means of reducing the total waste on which the previous figures are based, but there remains the fact that in the fully metered systems, on the average, at least 20% of the water furnished is unaccounted for, and probably if more accurate data were available, this percentage would be shown to be materially greater. The late Emil Kuichling estimated 2,500 to 3,000 gal. per mile per day as the leakage from well-laid mains; the late Dexter Brackett estimated a leakage of from 10,000 to 15,000 gal. per day in the Metropolitan District; and John R. Freeman stated that his best guess of the underground leakage in New York was from 25 to 35 gal. per day per capita, equal to from 20,000 to 30,000 gal. per day per mile of pipe.

In six cities, with 95% of the services metered, reported by Brackett in 1904, 36% of the water was unaccounted for, equal to an average loss of 11,300 gal. per mile of pipe. James H. Fuertes, in the 1906 Report to the Merchants Association of New York, presented statistics from 13 cities, where on the average 82% of the services were metered, which showed that 31% of the supply was unaccounted for, equivalent to approximately 18,000 gal. per mile of pipe.

What part of these losses are chargeable to the mains is unknown, but from the results of such leakage surveys as have been made, and from the reported actual losses discovered in some cities, it is probable that 7,500 gal. per mile of pipe per day is a conservative estimate of the water lost by leakage from the 60,000 mi. of mains now in use in the public supplies of this country, or 450 million gallons daily. At \$25 per million gallons, this is equal to a daily loss of \$11,250 or \$411,000 per year, or the interest on \$100,000,000.

NOTE.—The following is the abstract of a report submitted by Mr. Barbour to the New England Water-Works Association at their November meeting. Mr. Barbour is the Association's Chairman of the Committee on Leakage. The article is of such timely importance that it has been published in both *The Engineering News* and *The American City*. Since so many of our municipalities own their water systems and are confronted with the problem presented and since not all our officials will have had the matter brought to their attention in the periodicals named we have secured Mr. Barbour's consent to reproduce it here.

In the light of this economic waste it would appear that the subject of leakage from mains is worthy of careful consideration. The Committee on Water Consumption of the New England Water-Works Association reported in 1913 that "in general it may be said that if in a well-metered system the water unaccounted for does not exceed 25% of the total pumpage, the practice is good." Doubtless this should be interpreted to mean that a 25% loss is good compared with the average present practice, but is it good compared with the standard which should be set up in this age when we hear so much about conservation? Should we complacently accept a loss of 25% as inevitable, and if this loss cannot reasonably be much reduced in the systems already constructed, what about the possibility of better methods of construction in the pipe to be laid in the future?

It is, of course, out of the question to consider the relaying of present systems or to do more than make leakage surveys and check the larger losses, but in the light of present knowledge, is it not time to seriously undertake an analysis of the causes responsible for the present large percentage of water unaccounted for? If these losses are chargeable to under-registration of meters, then this should be definitely made known, and consideration given to the possibility of developing more sensitive or more accurate measuring apparatus.

Are we taking sufficient care in testing pipe for water tightness when laid? About 60% of those replying to the circular of the Committee stated that the pipe is tested when laid, and all but six make the test before backfilling. In the writer's experience, testing before backfilling in the ordinary work of laying distribution systems is rare, and it is undoubtedly from the practice of simply turning on the water without any test that a considerable part of the present leakage develops. The standard of those who test, as indicated by the replies received, is "absolute tightness," but in the writer's experience this result is not easy to obtain, and only possible where the joints are gone over several times after the pressure is applied.

Where pipes are backfilled before testing, the allowable leakage, as determined by such test, has varied greatly in different specifications. John H. Gregory at Columbus made the limit 500 gal. per inch-mile per day. At Akron 200 gal. per inch-mile per day was specified, while actual results at Akron showed about 70 gal. per inch-mile per day. E. G. Bradbury, in his paper before the New England Water-Works Association in 1914, proposed 100 gal. per inch-mile per day as a reasonable standard for the allowable leakage in test-

ing after backfilling. He figured that the difference between 500 and 100 gal. per inch-mile per day, estimating the cost of the water at \$25 per million gallons, would equal a yearly cost for water lost in a city of 100,000 people, of \$5,256; or in other words, the city could afford to spend \$470 per mile in order to save 400 gal. of leakage per inch-mile per day.

Again, are the present jointing methods the best qualified to maintain tightness after periods of use? Who knows anything about the comparative leakage when laid and after several years?

In this latter connection the history of the work at Grandview, Ohio, is of interest. As reported by Mr. Bradbury, the supply is measured by a tested meter and all service pipes are metered. The 5.5 mi. of pipe originally laid were tested before backfilling and the leakage before any connections were made amounted to 31 gal. per inch-mile per day, or in other words, the system was practically watertight. Subsequently 0.9 mi. of additional mains were laid, and gradually in the four years since the date of original construction the services have increased to the present number of 205. Either by less careful work in the extension or by depreciation of the original work, or by under-registration of the gradually increasing number of meters, the unaccounted-for water has increased until at the present time it averages about 150 gal. per inch-mile per day.

An interesting feature in connection with these records is that the unaccounted-for water, based on three years' observations, averages 60 gal. per inch-mile per day during the six months from October to April and 213 gal. during the six months from April to October. In other words, the records indicate in this system that the unaccounted-for water is three times as great during the summer as during the winter months. Whether some local explanation can be found for this result, or whether it is a reasonable result of temperature changes is not known, but data from other systems showing the unaccounted-for water during periods of varying temperature would be of considerable interest.

Any information of definite tests of leakage from observation of mains after periods of use or of the effect of temperature on leakage or the results of tests of leakage from lead joints with different shapes of bell and spigot or of other types of joints will be of value to the New England Water-Works Association Committee on Leakage, and it is hoped that if any one has such information he will forward it to the Committee.

# Items of Interest—New Jersey and Elsewhere

## New Jersey

### Irvington on the March.

Irvington is interested in city planning. They have a Municipal Plan and Art Commission and are planning to do something in that direction for their municipality. Of course, one of the first steps is an aroused and enlightened public sentiment. To aid in securing this they have scheduled an illustrated lecture on City Planning by Mr. Nelson P. Lewis, Chief Engineer of the Bureau of Public Improvements of New York City.

### An Important Convention in Newark.

The American Society of Municipal Improvements held its 23rd annual convention in Newark, October 9th-13th. Leading engineers were there from all over the country and Newark officials and those from surrounding municipalities profited thereby.

### Two-Platoon System for Newark.

Newark will put the Two-Platoon Fire Department System into operation January 1st.

### Commission Government in Lambertville.

Lambertville seems delighted with their new Commission Government. The Commissioner's have submitted their first monthly report and the people know just what is being done for the city.

One of the first and essential prerequisites for success with Commission Government is an alert and interested citizenry. Lambertville certainly has this and we, therefore, predict success for them.

### Trenton Gets Deserved Praise.

Esteban Duque Estrada, a prominent Cuban engineer has been making a tour of American cities and, after visiting Trenton, wrote Commissioner LaBarre, Trenton's Director of Public Safety, as follows:

"Having found Trenton a truly clean city, I take the liberty to say so, and did to a Savannah newspaper correspondent.

"I pronounce Trenton and Savannah, the cleanest cities in the United States, and I say this in sincerity after having visited 32 American cities during the last two months. I have found much to criticise in most

ities, but I find that I can justly commend Trenton in many particulars, especially in the matter of the perfect method employed in burning garbage."

### Another Plan for Helping the City to Pay as It Goes.

Mayor Raymond of Newark, in his annual message, will advocate the semi-annual collection of taxes to solve the problem of not having money to meet current expenses. As matters now stand the city is obliged to pay interest on temporary loans that amount to a considerable sum. It is estimated that unless a change is made soon the city will be spending half a million dollars annually for that purpose.

It is proposed that the reform shall be made gradually by letting the taxes fall due on March 1st and September 1st the first year, in February and August the second year, and in January and July the third year and thereafter. Both the city and the individual taxpayers will be benefited, the former by having money available to pay its running expenses without borrowing, while the burden of the taxpayer will be lightened by the elimination of the interest charges he now has to meet. This plan should certainly be adopted in Newark and the citizens should appreciate the attempt on the part of Mayor Raymond to establish it.

## Elsewhere

### Municipal Bonds Much in Demand.

The present seems to be a favorable time for marketing municipal bonds, according to the latest report of the Bond Buyer, whose reports show that the volume of financing arranged by States, cities and other municipalities in the United States during October totaled nearly \$38,000,000—46 per cent. more than last October, and considerably more than any previous October. Moreover, the issues of the larger cities, such as those legal for Eastern savings banks, are now selling on a net income basis well below 4 per cent.

### Municipal Bus Line

San Francisco is planning municipal motor bus lines for street traffic, and expects to run them in connection with the municipal railways. The first will be across

Golden Gate Park. Transfers will be issued and accepted with the municipal line. The city engineer reports five buses can be operated at thirteen cents a mile and will pay because of the increased traffic they will bring to the municipal lines.

### The Institute for Government Research.

This is the name of an agency just established at Washington to advance efficiency in our Federal Government. It proceeds on the theory that there might be a few desirable improvements in the interests of efficiency worked out for Uncle Sam. With a man like Professor W. F. Willoughby of Princeton University, formerly a member of the upper house of the Philippine Legislative Body and later counselor to the Chinese Government in the building of its republic, in charge it is likely the men on the staff of the Institute won't spend their time lolling around in swivel chairs.

### Is It All Talk?

Or is there something in this movement for municipal efficiency. Well, here are some facts, judge for yourself.

At Springfield, Mass., November 20th-25th there was observed a National Municipal Week. Over a thousand men all interested, and practically all actively engaged, in efforts to secure good municipal government, were on the job learning from each other all they could about how to improve municipal business. These men are affiliated with some one of the following organizations, each of which represents scores more of men interested in some phase of the same thing.

1. National Municipal League.
2. City Managers' Association.
3. Municipal Research Workers.
4. Massachusetts Civic League.
5. Massachusetts Single Tax League.
6. Training School for Public Service.
7. Civic Secretaries' Committee of National Municipal League.
8. Massachusetts Federation of Planning Boards.
9. Western New England Chamber of Commerce.
10. Intercollegiate Division of National Municipal League.

When that kind of an army gets mobilized it isn't to play checkers, is it?

### The Smoky City's War on Smoke.

Pittsburgh seems to be getting tired of holding first place in smoke production. The city has a Smoke and Dust Abatement League composed of civic organizations and this League conducted a week's campaign against smoke, October 23rd to 28th, which they called Smoke Abatement Week.

Their work was more than a propaganda of pronouncements on the waste in black smoke and the ills of a dirty city. They carried out definite plans for showing how the thing could be done.

### A Model Franchise.

Lexington, Kentucky, a city of 35,000, has evolved and adopted a new electric light franchise that is considered a model for cities of its size. Its ideality consists only in the simple fact that it provides guarantees for good service at a reasonable rate—much lower than that of most cities of its size. The public participated in its making.

### Rochester Analyzed.

The City of Rochester, N. Y., has undergone, without an anesthetic, a thorough survey by the New York Bureau of Municipal Research. The city has already well recovered and even if it does not put all the recommendations into practice, will undoubtedly be much better off in the future. Rochester has one of the old line charters which gives the city a large unwieldy Council and an executive without modern tools to do his work. The report does not insist upon the necessity of a new charter and shows how many improvements may be made without a change.

### The Sale of Bonds in Small Denominations.

The sale of bonds over the counter and in small denominations is not exactly a new idea but at least novel enough to be interesting. Arthur B. Chapin, a former city and state official of Massachusetts and now Vice President of the American Trust Co. of Boston, writing in the National Municipal Review, October 1916, treats the subject in a very thorough manner. He decides that, while it is a splendid thing to sell bonds of small denominations to the citizens of a municipality in that it gives them an interest in the efficiency and economy of their city that they would not otherwise possess, it nevertheless is not desirable to retail the bonds over the counter but to sell at one time at a public sale to the highest bidder.

# Information Department

Conducted by the Bureau of Municipal Information, Princeton University Library, Princeton, N. J.

**Claude H. Anderson, Director**

In this department we shall reproduce each month that part of the information we have supplied to particular municipalities which might be of interest to other municipalities.

Any official dissenting from any opinion rendered or answer given in these columns, or who may be able to give additional information, will confer a favor upon the Bureau and the one making the inquiry, by transmitting such opinion or information to the Bureau.

## The 1916 Bond Act

*Question:*—Can you tell me whether any New Jersey city has held a public sale of bonds since July 1, 1916, when Chapter 252 Laws of 1916, became operative? If so, what success resulted? Do the officials approve or condemn the section of the Act providing for the public sale of bonds? What are their reasons for their criticisms?

*Answer:*—a) To date the following cities have had bond sales under the Act of 1916, Ch. 252:

Trenton, Hoboken, Beach Haven, New Brunswick, Newark, South River, East Orange.

b) The results, in the main, have been successful. Only two of the above named cities report any dissatisfaction and but one is against the Act in its entirety. (Complete facts on this point sent to inquirer.)

c) The following are among the statements made by the officials:

"It restricts the municipalities to more business-like methods and stops a lot of unnecessary borrowing."

"It is quite satisfactory."

"Personally I approve of this form of bond and of the Act, because it binds the contracting parties to a limit of the amount to be spent. Premiums received on the sale of bonds were not always used for the purpose intended, but allowed the amount in excess of the contract for extras, depending on the size of the premium received. The premium, in my estimation, should be applied to Sinking Fund purposes or the payment of interest. Some of our city officials object to that section of the Act, which mandatorily fixes the life of the improvement believing that this matter should be left entirely with the local government. I believe that a general rule should be maintained, say for a period not exceeding thirty years, and that the life of the bond should be governed by the utility of the improvement and be determined by the local body. For instance: Our city is about to build an extensive sewer system,

which eminent engineers say, will last for fifty or sixty years. The Act says that bonds shall be issued for a period not exceeding forty years. That is our point."

"Our City Commissioners have just sold bonds amounting to \$60,000 (4¼%) premium was \$758.16. This was the first sale under the Pierson Act and consider same very satisfactory."

"Where we possibly receive smaller premiums we believe we more than make it up by the amount of interest we save; there being no Sinking Fund to provide for. It would seem to me to be an improved method."

NOTE—Since the above information was furnished other cities have sold bonds under the Act. Their experience is being added to the above.

## Salary Increase.

### One Man for Two Jobs.

*Question:*—We would be pleased to receive information from your Bureau on the following questions:

The Mayor and Council are desirous of increasing the salary of the Borough Collector, for the ensuing term. Is it necessary that this increase be made before election? Also is it legal for one and the same person to hold the office of Borough Clerk (appointed) and the office of Borough Collector (elected)?

*Answer:*—The answer to your first question is, yes. It is necessary that any increase in the salary of the borough collector must be made preceding the term for which it is to take effect. The section of the Code of the State of New Jersey covering this point is found in Volume 1, page 236, and reads as follows:

"Compensation of Assessor and Collector"

"The assessor and collector shall receive such yearly compensation for their services as the Council shall by ordinance fix and determine, which compensation shall

not be increased or diminished during the term for which such officer was elected."

The second point which you raise is not covered by any statute of the State and in the absence of any such enactment and any prohibitory provision in your borough charter, there is nothing to prevent the same person from holding the office of borough clerk (appointed) and the office of borough collector (elected). Action in this direction might possibly be a cause for some criticism, yet it can be seen that it would have certain advantages in small boroughs.

### The Billboard Nuisance.

*Question:*—We are in receipt of your notice of the operation of the Bureau of Municipal Information. Our Borough Council desires to avail itself of the service of the Bureau is making inquiry on the following subject:

We are desirous, if at all possible, of preventing or at least limiting the erection of the large and unsightly advertising signs which customarily are erected along the lines of railroads in open fields. There is a section of our Borough which is available for such use, but which is also so close to the centre of the town as to make any such use obnoxious and we are desirous of taking what steps we can to prevent it. These lands are private lands, however, and we have not heard of any method of preventing the erection of such signs on private lands. I would be glad to receive any suggestion or information from you as to any means which we might adopt to prohibit this nuisance in our Borough.

*Answer:*—The subject of your inquiry is one that has given, and is still giving, trouble to a great many cities. It has never been solved to the complete satisfaction of all concerned, but in particular cases redress has been received due to the nuisance being such that the courts would render a decision to abate it.

There are three ways of handling the matter each of which must finally rest upon the court for determination.

1. Pass an ordinance and seek to enforce it. If your attempt at enforcement is met by opposition you will, of course, carry the matter into the courts where the case will have to be determined according to the law and the facts of your particular case.

2. If the nuisance is already in existence let the borough ask the court for an injunction.

3. Let an injunction be asked for by an individual citizen who is particularly injured by the bill board nuisance. In this case the city could aid in the prosecution of the suit if it so desired.

Chicago has about as rigid a bill board ordinance as any city in America. We have secured copies and enclose one herewith.

The courts have never given any weight to objections to bill boards based on aesthetic reasons. A recent case, however, arising under the Chicago ordinance, takes a step in that direction. The gist of the decision is as follows. "The views in and about a city, if unobstructed constitute one of its chief attractions and in that way add to the comfort and well being of its people. Bill boards erected to any great height are, therefore, plainly within the regulating power of the governing body of the city."

This, as you see, gave grounds for abatement because of the excessive height of the bill board, and then not because it directly marred the beauty of the town, but because it indirectly added to the discomfort of the people. This is as far as the courts have ever gone in the matter. The citation is: *In re Wilshire*, 103, Fed. Rep. 620.

Perhaps when our municipalities have reached a higher stage of civic beauty and public opinion has been aroused to the extent that the courts will have to be more liberal in their consideration of civic aesthetics as against property rights, we can see a solution of this vexing problem. Until then each case that can be won by a municipality will aid in that direction.

### Long-Time Franchise.

*Question:*—The Borough of Metuchen requests to be informed as to what action other municipalities of the same population (2500) have taken in matters such as the following:

The New York Telephone Company desires to be allowed to build and operate several short conduits under a fifty year franchise from the Borough. Their reason is that they desire to place their wires underground where crossing over or under Public Service high tension wires.

*Answer:*—Among a number of New Jersey boroughs of the size of your own we have found that several have refused to grant such long-time franchises for such purposes and that others have granted them for the same and similar purposes as follows:

Westfield .....	20 years.
Somerville .....	50 years.
Dunellen .....	50 years.
Freehold .....	30 years.

### Powers of Shade Tree Commission.

*Question:*—I have been instructed to communicate with you regarding an ordinance defining the powers

of the Shade Tree Commission, in our Borough.

The Shade Tree Commission takes exceptions to the ordinance owing to the restrictions placed therein by our Borough Solicitor.

The Shade Tree Commissioners claim that the act of 1915 gives them complete control over all the shade trees on the highways in our Borough excepting those noted in the Act.

Our Solicitor claims that they have no authority to plant or remove any tree in front of any property should exception be taken by the owner on whose property a tree is to be planted or removed.

Before the ordinance is passed the Mayor suggested that we write you for an expression of an opinion, regarding the restriction the Solicitor wishes to place on the commission.

Also, kindly inform me if the Shade Tree Commissioners are not empowered to pass their own ordinance under the act instead of the Borough Council, whom the Solicitor states are the only authority to pass the ordinance.

I am enclosing you a copy of the ordinance with the exceptions noted, will you kindly let me have your free opinion on the above as early as possible. The Mayor and Shade Tree Commissioners are greatly interested in your opinion.

*Answer:*—The settlement of the question as to whether or not the Shade Tree Commission has the power of passing ordinances can only be determined by the wording of the ordinance of your Borough Council creating the Shade Tree Commission.

Inherently all law-making or ordinance-making power, as originally delegated by the state legislature, lies in the Borough Council. Under the Act of 1915 providing for Shade Tree Commissions, ordinance making power might be delegated by the Borough Council to the Shade Tree Commission. We could not say whether or not this has been done unless we had the ordinance to consult which created the commission.

Section "1" of the Act referred to reads, "In every city, town, borough, etc., it shall be lawful for the body having charge of the finances of said municipality, and in the case of a municipality governed by commissioners, then for the commissioners, TO ORDAIN that the regulation, planting, care and control of shade and ornamental trees, shrubbery, etc., shall be exercised by a Shade Tree Commission, to be appointed by the chief executive of the municipality."

The above section, as you see, gives the Borough

Council the privilege of creating the Shade Tree Commission and clothing it with its powers. If the powers were granted to the Shade Tree Commission by the Borough Council as fully as the Act contemplates, then the Shade Tree Commission would clearly have full powers over all matters relating to shade trees in the borough as enumerated in section 5 of the Act.

The ordinance which you have enclosed, in its present form, is an anomaly. The ordinance need not proceed jointly from the Borough Council and the Shade Tree Commission. Either the Borough Council has or has not delegated to the Shade Tree Commission the power which the Act contemplates. If it has the Shade Tree Commission should pass the ordinance, if it has not it should be passed by the Borough Council itself.

The point raised by your Borough Solicitor would be an important one if the constitutionality of the Act, or any section thereof, were called in question. In the absence, however, of any court decision as to the constitutionality of the Act the Shade Tree Commission has full powers as enumerated in section 5 of the Act, if, as stated, the Borough Council originally clothed the Shade Tree Commission with all the power which the Act contemplates.

Where ordinance making power is delegated by a municipal council the enactments of the commission or body to whom the power is delegated usually passes its enactments under the title of Rules and Regulations. This is preferable. It clearly differentiates enactments of delegated bodies. It is not, however, absolutely necessary.

We return herewith the two enclosures which you sent us. If the point in controversy cannot now be settled, and you care for the opinion of this Bureau upon the power delegated in the ordinance of the borough creating the Shade Tree Commission, we should be very glad to go into the matter for you.

*Supplemental Question:*

Yours under date of November 4th at hand and contents noted. I am herewith enclosing you a copy of the ordinance creating the Shade Tree Commission. The Mayor and the Shade Tree Commissioners feel that your interpretation of Section 4 of the ordinance creating The Shade Tree Commissioners would be valuable to us.

*Supplemental Answer:*

Replying to yours of the 15th instant and supplementing our report of the 13th instant:

It is our opinion that your Shade Tree Commission has full power to pass rules and regulations, or ordinances relating to the planting, care and control of the shade trees of your borough.

It seems clearly the intent of the Act of 1915 authorizing municipalities to create Shade Tree Commissions to clothe these Commissions with full powers over said trees in such municipalities, and this would include regulation or ordinance-making power. Section 5 of the Act is clear on this point.

The second question then, as stated in ours, of the 13th, is whether or not your Borough Council delegated ordinance-making power to your Commission as contemplated by the Act. We think this was done. Section 2 of the ordinance which you have sent us reads, "Said Commission shall have the power to regulate, plant, care and control the shade and ornamental trees, etc." Section 4 is even more specific; it gives your Commission "The right to make, alter, amend and repeal any and all rules and regulations necessary or proper for carrying out the provisions necessary for the regulating, planting and care of trees and shrubbery." This section also provides that in making, altering, amending or repealing rules and regulations the Shade Tree Commission shall follow the "manner prescribed for the passage of alteration, amendment and repeal of ordinances by the legislative body of said borough," but this is in the nature of an instruction, and not a limitation upon the power conferred.

We think that section 8 of the ordinance cannot act in limitation or mitigation of the powers conferred in sections 2 and 4. True, it provides that the actions of the Shade Tree Commission shall be subject to the approval of the Borough Council. This supervision would, however, exist even in the absence of any such provision, because your Commission is the creature of the Borough Council. Nevertheless, so long as it permits the creature to exist that creature can exercise the power which its creator has given it.

As stated before, it is preferable for such commissions and bodies to pass their enactments under the title of rules and regulations. This would be especially desirable in the case of your Commission because sections 2 and 4 specify "rules and regulations" rather than "ordinances." However, as far as their power is concerned they would be just as powerful as an ordinance and would be enforced in the same way. The ordinance-making power of a municipality can be delegated. I have before me ordinances passed by the Board of Health and by the Board of Street and Water

Commissioners of the City of Newark. The preambles of these ordinances read: "Be it ordained by the Board of Health," "Be it ordained by the Board of Street and Water Commissioners," etc. There is no reason, either in law or in common sense, why the same power cannot be exercised by a commission authorized to pass "rules and regulations" when the same Borough Council might have said "ordinances" if they had merely chosen to use that word.

### Water Metered in Large Cities.

*Question:*—We should like very much to know what large cities, if any, controlling their own water works, have completely metered service.

*Answer:*—Among the twenty largest cities in the United States, all of which control their own water works, New Orleans is the only one that has completely metered service. Here are the exact figures for each:

City	Per cent of water metered	Per capita consumption
New York .....	26	102
Chicago .....	22	226
Philadelphia .....	8	182
St. Louis .....	30	128
Boston .....	46	111
Cleveland .....	99	118
Baltimore .....	27	131
Pittsburgh .....	15	252
Detroit .....	42	189
Buffalo .....	32	324
San Francisco .....	7	
Los Angeles .....	80	141
Milwaukee .....	72	110
Cincinnati .....	61	130
Newark .....	46	107
New Orleans .....	100	74
Washington .....	59	161
Minneapolis .....	92	81
Seattle .....	94	160
Jersey City .....	24	149

### A Suggestion for Someone—Maybe You.

It is undoubtedly true that many municipalities have failed in bond campaigns for worthy and needed objects when, if the people had been properly informed, the bond issue would have been authorized. The proposal has been made that the municipality make use of all available sources of publicity to inform the public. Expensive advertising is unnecessary and would, of course, be out of place but how about the use of such facilities as the picture show.

# Legal Decisions Affecting Municipalities

## Water Equipment Patent.

A recent decision of considerable importance to many municipalities is that of United States Circuit Court of Appeals in reversing a Federal District Court on the question of an alleged patent infringement by Minneapolis in the use of water filtration equipment consisting of a central controlling system for water gates, and a screen for retaining gravel. The defeated litigant was Ira H. Jewell of Chicago who did possess patents on some such device but which were not infringed upon by Minneapolis. Numerous other cities have similar equipment.

## Damages from a Public Nuisance.

The Supreme Court of Georgia has held that a city's garbage collection and disposal must be carried on without creating either a public or a private nuisance, and the nuisance, if created, may not only be abated but any person injured thereby has a cause of action for damages.

Kea vs. City of Dublin  
89 SE 484.

## Municipal Liquor License.

The power of a municipality to license, regulate and prohibit the sale of intoxicating liquors and pass police ordinances is held not to include power to prohibit the transportation of intoxicating liquor into the corporate limits.

Jacksonville vs. Chicago & A. R. Co.  
113 NE 91

## Municipal Contracts.

The New Jersey Supreme Court in the case of Moriarity vs. the Board of Commissioners of the City of Orange has decided that even though a city charter may not specifically authorize a city, in making a contract for garbage removal, to make a reservation in the contract giving the city the privilege of terminating the contract, nevertheless if a city has a contract with such a provision the contract will stand. The court says "It would be intolerable if the Legislature were required to authorize specifically every provision and specification of every municipal contract. The fact that a provision which is intended to protect the rights of the city by securing prompt and exact per-

formance on the part of the contractor adds to the power of the municipality is far from being against public policy; it is quite in accordance therewith."

98 Atl. Rep. 465.

## Children at "Movie" Theatres.

The Court of Appeals of New York has held constitutional a law prohibiting the admission of children under sixteen years of age to motion picture theatres, unless accompanied by parents or guardians.

## Water-Works Franchise.

In the case of City of Belfast vs. Belfast Water Company the Maine Supreme Judicial Court holds that a water company which adopted a contract made by its promoters with the city, under which it was agreed that water would be furnished free to the municipality for fire protection purposes after the expiration of twenty years, the city paying hydrant rental in the meantime and the company carrying out the contract for thirty years, became estopped to assert invalidity of the contract. The city is upheld in its right to enjoin discontinuance of the fire hydrant service. The court further holds that such an agreement cannot be deemed to be invalid as being discriminatory against private consumers, except as expressly forbidden by statute. There is a statute in Maine which forbids discrimination in respect to service afforded by a public utility, but the Supreme Judicial Court finds that the statute is inapplicable to this case because adopted after the contract in question was made.

98 Atl. Rep. 738.

## Dry Ordinance Valid.

On November 3rd the Minnesota Supreme Court handed down a decision sustaining the validity of an ordinance of the city of Duluth, under which sale of intoxicating liquors is forbidden. A saloonkeeper sought in a proceeding to compel issuance of a license to him, to show that the initiative and referendum provisions of the home rule charter adopted by the city in 1913 were invalid; it being under these provisions that the ordinance in question was adopted. But the courts sustained the power of Minnesota cities to adopt home rule charters and to legislate on the liquor question, independently of state law.

NEW ORDER OF PUBLIC UTILITY  
FRANCHISES*(Continued from page 15)*

and in practical operation. They are not of great moment, however, when compared with the beneficial results as seen in improved service, honest and fairly efficient administration and friendly relations between the companies and the public. The chief forward looking lessons of the Chicago settlement are found in the recognition of the principle of security to the investor, definite limitation of return upon capital, and public supervision of service, construction and construction expenditures.

The Chicago settlement remained unchallenged for three years as the most enlightened franchise arrangement in the country. Then came the peace settlement between the city of Cleveland and its traction interests to compete for honors.

**In Cleveland.**

The war in Cleveland has been a long and costly one, costly to the public in poor service and bedeviled political conditions, costly to the company in reduced earnings and stock values and deterioration of physical property. Cutting loose from all franchise precedents, Cleveland effected a settlement on the basis of service at its actual cost. Therein it established a new and unique theory in public utility regulation and unquestionably stated the correct basic philosophy of franchise making for the future. The Cleveland plan, with modifications to fit local conditions and accord with local public policy, is destined, as I believe, to become the established practice in cities of the United States in the coming years. The fundamentals of the Cleveland ordinance are as follows:

1. The best street railroad transportation at cost consistent with the security of the property.
2. The largest powers of regulation in the interests of public service.
3. A fair, fixed, and certain rate of return on the investment.

The capital value, fixed in the ordinance, is the basis of the rate of fare and the price at which the property may be purchased by the city. There are no profits from operation, either for city or company. Receipts and expenditures determine the rate of fare, regulated in practice by the amount contained in the surplus fund remaining after the return on capital investment and all expenses of operation and maintenance have been provided for. This fund is technically described as the "Interest Fund." The fare goes up or down automatically, according to the condition of this fund,

which may be characterized as the barometer of the system. This ingenious arrangement was devised by Judge Taylor of the Federal Court, receiver of the railway properties and chief agent in bringing order out of the Cleveland street railway chaos.

**The City Controls.**

The city reserves entire control of operations, including service, schedules, routes, character of cars, construction, etc., subject only to the right of the company to its fixed return upon the capital value. This control is vested in a Street Railway Commissioner, appointed by the mayor. The city has the right of purchase at any time on terms named in the ordinance. There is full publicity of accounts. The term of the grant is twenty-five years. The prevailing rate of fare has been three cents, with free transfer. The present rate is three cents, with one cent charge for transfer, in effect since September, 1914.

Cleveland is well impressed with its settlement, both in theory and practice. Under its operation the service has been vastly bettered, friction between the company and the city reduced to a minimum, and, of notable significance, the company has ceased its political activities. Its greatest merit seems to me to lie in the power it gives the community to make its own standards of service, limited only by the right of capital to its fixed return and the willingness of the public to pay the cost. Next to this I would place the comprehensive control of operations, service and equipment that it lodges in the city. It subordinates the company to its place as an operating agent. Determination of all questions involving transportation policy rests with the city.\*

**Kansas City's Essay.**

Four years later, in 1914, Kansas City, Mo., made a new agreement with its transportation utility. With the experience of Chicago and Cleveland to build upon, it was reasonable to expect here a settlement that would still more nearly approach the ideal. It does not appear now that Kansas City has improved appreciably, if at all, upon the work of its predecessors in the franchise making field. The ordinance follows closely the Chicago plan, with a fixed capital investment, a guaranteed return upon the same, a fixed rate of fare (five cents) and the right of purchase at any time. The grant is for thirty years. There is much

\* The voters of Dallas, Texas, in April, 1916, adopted a street railway franchise almost identical with the Cleveland plan. The Company, up to this date, has refused to accept the same.—S. P. J.

the same comprehensive control of service and operations as in the case of Cleveland, but it is secured through minority representation on the board of directors, with supervision of details in the hands of a two-headed board of control representing the company and the public. This appeals to me as a compromise arrangement that is not likely to give satisfactory results. It smacks of the discredited system of bi-partisan administration boards in the cities where party politics is the chief end of government.

The Kansas City franchise, like that in Chicago, provides for the creation of profit surplus from earnings, but divides it between the city and the company in the proportion of two-thirds and one-third, respectively. It is provided, however, that the entire fund so created shall first be used to write off \$6,300,000 of the original capital investment, representing admitted intangibles. This is the most notable original feature of the ordinance, and certainly a commendable departure from prevailing public utility methods.

While the above settlements seem definitely to limit the terms of the franchises, in fact, the companies have the right to operate indefinitely beyond the term limit. This is assured by the language of the purchase provisions. In effect, these provisions give the company a modified indeterminate franchise and give the desired security to capital investment.

#### Franchise Unpreparedness.

One admitted common defect of all these settlements is the excess allowances for original capital value—the price of peace. Intangibles of various kinds were included at the insistence of the companies, with the effect of fattening valuations to some extent, but at that the total in each case represented a considerable reduction from the previous capitalization—in the case of Chicago more than fifty per cent. More than liberal capital value seems inevitable in any settlement.

A notably wise provision of all three settlements is the one placing salaries of company officials under city supervision, obviously a necessary precaution if economical operation is the object. Excessive salaries to high-up officials, claimed to be in return for extraordinary capacity, but possible just as often to conceal profits or cover administrative practices that would not look good on the books, has been all too common with public utilities in the past.

It is also significant that radical as these settlements would appear to be in the light of franchise precedents, the companies in each case championed them strongly,

as did all the conservative forces of the several communities. Money and effort were used to a prodigal extent to "put them over."

#### Present Negotiations.

Detroit, Toledo and Des Moines have been going through anxious trials with their street railway concerns for many years. One franchise after another has been turned down either by the city council or the people. No apparent progress has been made other than to make those communities increasingly "gun shy" of franchises, no matter what their form or who their sponsors. Detroit and Toledo are firmly insistent upon a program nothing short of municipal ownership.

#### The Minneapolis Situation.

For the next forward step in franchise making we can look to Minneapolis. The situation there presents unusual opportunities for developing the principles of the service at cost system to a still greater degree of practical usefulness.

The franchise of the Minneapolis Street Railway Company, granted in 1873, expires in 1923. Eight years in advance of that time the company has asked the city to enter into negotiations for a new contract. As a necessary preliminary, the company secured from the legislature of 1915 an enabling act giving the city council authority to grant a new franchise at any time, but subject to public approval at a referendum of the voters. The act contains limitations that may handicap the council to some extent in the preparation of an ordinance that realizes in full measure the opportunities of the situation. In some other respects the conditions are favorable for a model settlement. There is no such condition of demoralized service, deteriorated property, and chaotic finances as characterized the situations in the cities whose stories have been told above. There is no necessity for haste or for forced compromises. Apparently there can no situation arise that will compel resort to the courts. The city council is free to take its time and do a thorough job. It may make its own terms with the company, limited only by the provisions of the enabling act and a reasonable regard for public sentiment. If the result does not measure up fairly well with the possibilities it will be due to some other cause than lack of opportunity.

#### Applying the Service at Cost Principle.

The company has formally proposed to the Council to make a franchise based on the service at cost prin-

principle, with continuing right of purchase by the city and a provision that any profit fund created from operations shall go to the city. The company has scrupulously avoided committing itself as to any other features of the proposed franchise.

In the above I believe the company has suggested the correct principle of a franchise for Minneapolis. Whether it works out satisfactorily in practice depends upon the care with which the principle is developed in detail and the subsequent attitude of city and company in administering it. In theory the company's proposition presents to my mind the only practical method of reaching a fundamentally fair basis of dealing with the public, as well as for the elimination of the long standing evils of community exploitation to serve private profits. Moreover, it is the only logically possible course in the company's interest in the present uncertain situation in the urban transportation field. Under this plan, properly developed and guarded, the company will become in effect a disinterested operating agent for the public, with capital investment, rate of return thereon and maintenance of the property secured at all times. The company will have no such direct concern over earnings or character of service as now. The public will carry the main responsibility.

To protect the public interests adequately under this program it is essential that the community, through its proper officials, have adequate powers of control of the affairs of the company—operation, service, equipment, construction, appropriations to the several funds, accounts, salaries of the company's officers, and possibly, as an assurance of continuous service and harmonious relations between the company and its employees, supervision of the wages and working conditions of the employees. Control, however, should not be so comprehensive or exercised so arbitrarily as to discourage initiative on the part of the company. Much, if not all of the success of the plan will depend upon thoroughgoing public supervision, honestly and efficiently exercised. The city will make its own standards of service, adjust the rate of fare to meet the necessities of the service, be its own judge of when and where extensions shall be built, unrestricted except by the right of the company to its fixed return upon its investment and the ability and the willingness of the public to foot the bills. Necessarily, the public assumes all the risks of the business. If competition from other agencies of transportation should at any time embarrass the company's operations, the car riders would carry the burden in an increased fare.

Quite a startling departure this appears to be from the orthodox method of dealing with a public utility. But I can see no other course open. The advantage of a community free to make its own service standards and pay only the legitimate cost, with all the old forms of public exploitation, interference with government, corruption of officials, and lowering of standards of citizenship to make private gain eliminated must compensate many times over the additional responsibilities that the new order may place upon the public.

### Capitalization and Investment Must Be Set Right and Kept Right.

The first and perhaps the most important task in working out the details of the Service at Cost System is to reach a fair capital investment. As an agency in determining the rate of fare, as an influence for or against future purchase of the property by the city, and as a foundation for just relations between the company and the public, capital investment is the one most important factor involved in the preparation of a franchise contract based on the service at cost principle. The company will unquestionably hold out for a liberal valuation of its property. It will insist upon the inclusion of every legal element of value, including the element known as "going value." A liberal capital value is inevitable. This has been the invariable result, whether valuations were determined by the court, the state commissions, or by agreement between city and company.

All additional capital during the term of the grant must be carefully supervised by the city to the end of assuring that every dollar expended on the property shall represent money actually invested. This supervision does not necessarily include any measure of control over the issue of the company's securities. Section 5 of the Enabling Act declares that the Company "shall not sell, dispose of or pledge any shares of its capital stock, or issue any certificates thereof, for less than ninety-five per cent of their par value," nor issue any bonds except for money at their market value, in no case to be less than ninety per cent of the par value.

### Local Interest Paramount.

I believe this to be a mistaken attempt to apply to a city government the present and prevailing scheme of control of public utility securities through state public service commissions. I do not regard this provision as necessary to protect public interests, or as a wise exercise of municipal authority. The big purpose of a public utility contract is to direct the relations be-

tween the utility and the community which it serves. I cannot admit that it should include protection of investors representing the four corners of the earth who are voluntary purchasers of the utility's securities.

The charge imposed for the service, especially street railway transportation, should not be a matter wholly for experts to determine. The rate of fare necessarily will depend to some extent on other provisions of the ordinance—valuation, rate of return upon capital investment, inclusion of the profits feature, etc. Public policy should be considered and public opinion consulted.

The length of the grant is another matter which calls for consultation with the public. I believe that the public interest demands relatively short grants—not to exceed thirty years. There is not time here to develop the theory behind this conviction. A thirty-year term with continuing rights of operation pending purchase, should afford adequate security to the investment, while giving a measure of protection to the public that does not exist in a definite long term grant.

#### Sinking Fund.

Public policy is also involved in the questions of providing a sinking fund to write off capital investment. Personally, I would favor the principle of a moderate sinking fund, sufficient at least to extinguish the intangible values sure to be in the original capital investment, at or before the end of the grant. Payment for the whole property during one generation would be too palpable an injustice upon that generation. The car riders properly should have a voice in determining this issue, both as to the question of including any sinking fund at all and the amount if the principle is accepted.

#### Taxation.

A factor of some significance in determining the service charge under a service at cost system is that of taxation. Under the ordinary conditions of private ownership of public utilities, the charge for service is fixed in the contract and the company pays from profits the taxes assessed against the property. Under the new order taxes are a charge against operations and are paid by the users of the service. Should car riders in Minneapolis be required to pay in added rate of fare \$300,000 a year for relief of general taxation? Is this a just system of raising taxation revenue? If it is should it not be also applied to the municipal water works system? I am not answering the question here. I merely raise the point to illustrate one phase of the

sharp distinction between the two franchise principles.

The new franchise order will yield to the city the right to purchase the property of the utility, or to designate a purchaser, at any time, after reasonable notice, and the price, or the means of ascertaining the same, will be stated so plainly in the contract as to leave no chance for misunderstanding or recourse to the courts.

#### Purchase and Payment.

There will be such provision of payment as to make purchase a feasible proposition, preferably by assumption by the city of the bonded indebtedness of the company, and an issue of certificates representing a large proportion of the remaining value, secured by the property itself. The cash consideration should be relatively small and raised by the sale of certificates or bonds, backed by the general credit of the city. The Detroit plan of financing the purchase of the street railway property offers valuable suggestions in this connection. Purchase of their street railway properties by Chicago, Cleveland, and Kansas City under the terms provided in the settlement must necessarily be difficult, if not impossible.

#### Do We Want a Profit Fund?

Much emphasis has been put upon the value of a profit fund to be shared by city and company. This appeals to many as an alluring feature of a franchise settlement, useful as a means of securing the money to buy the property or municipal operation or for the relief of general taxation. I cannot wholly subscribe to this principle. It impresses me as being an awkward way of securing the first result and as giving official sanction to a wrong theory in franchise making—the creation of profits. The sinking fund device would serve the same purpose in a more simple and scientific way and obviate the danger of diversion of the fund. If there is to be a profit fund I believe participation in the same should be extended to the employes of the company. If a profit bonus to the company will increase its operating efficiency, a quite common claim with franchise thinkers, would it not just as logically add to the efficiency of the employes?

Use of a profit surplus for relief of taxation is, of course, wholly out of the question. I think we can all come together on that point.

Another objectionable feature of the participating profit practice is the indirect means it affords for padding the returns on capital. The Chicago settlement, besides sharing profit surplus of more than \$3,000,-

ooo a year with the company, provides for additional earnings to the company through means of percentage allowances on all new construction, under the guise of contractor's profits, and brokerage charges. The result has been to increase the five per cent return to capital to an average of about eight per cent during the eight years of operation under the settlement. Herein also is an obvious incentive to the company to resort to devious ways of padding its construction account.

### What We May Expect.

Let me in conclusion sum up in a few words the possibilities of the new franchise order:

It can remove the element of speculative profit from the operation of public utilities.

It can eliminate the companies from politics—perhaps the most beneficent result in the whole list.

It can make them efficient and disinterested agencies of public service.

It can secure to a municipality the service that the public needs and demands and at the actual cost of the same, with the public the sole judge of the standards of service.

It can provide the means for assuring permanently harmonious relations between the utilities and the public.

It can make possible in terms of purchase and payment the ultimate acquisition of the properties for municipal operation.

It can assure just wages and working conditions to the employes and the rights of independent citizenship.

It can unite the community for co-operative effort to raise the standards of local government and citizenship.

If the new order fails in a substantial measure to effectuate this program, I can see but one possible course left—to follow the lead of Detroit and Toledo, where the community slogan is "No compromise with private ownership of public utilities."

### THE PROPOSED NEW CHARTER FOR NEWARK

(Continued from page 12)

its present haphazard and inefficient way, resulting as we all know, in delay in carrying out projects and in great waste of public funds.

Under the proposed charter we should elect a Mayor once in four years. The Aldermen would also serve four years, two being elected in one year and three the

second year thereafter. If we had a commission the five members of it would be chosen only once in four years. Under either system the existing quandary and indecision of the voter when in the booth at the polls would be inexcusable.

### TWO IMPORTANT BOOKS.

#### Principles and Methods of Municipal Administration

By WILLIAM BENNET MUNRO, Professor of Municipal Government in Harvard University.

This book is devoted to the organization, functions and methods of the principal departments of American cities. Its emphasis is on function rather than framework as in the earlier books of Professor Munro: *The Government of American Cities* and *The Government of European Cities*. He follows a discussion of the demand for municipal efficiency by chapters on such matters as city planning, sewerage and sewage, water supply, streets and municipal finances.

#### The Law and Practice of Municipal Home Rule

By HOWARD LEE MCBAIN, Associate Professor of Municipal Science and Administration, Columbia University.

This book is one of the most thorough and valuable pieces of work that has appeared among municipal volumes for several years. The vital and pressing question of home rule is treated as follows:

Part I. The Origin and Development of the Home Rule Problem: The Scope of Legislative Power over Cities, Constitutional Limitations Directed at Specific Legislative Abuses, Constitutional Prohibitions Against Special Legislation for Cities.

Part II. Home Rule in States Which Have Granted Charter-Making Powers to Cities: The Federal Idea as Applied to Relations between the City and the State, Home Rule in Missouri, California, Washington, Minnesota, Colorado, Oklahoma, Arizona, Oregon, Michigan, Ohio, Nebraska, Texas.

The concluding chapter is devoted to the machinery of home rule, the grant of home rule powers and the relations between the powers of the cities and the powers of state legislatures. He has appended a table of cases.

### One Word, at Least.

Though cities have not reached the point of the maximum of efficiency and the minimum of corruption and are but beginning to rid themselves of the op-

probrium that has attached since Bryce's much-quoted statement "the most conspicuous failure in American Government is the government of her cities"—the following may at least be said and with pride:

While the internal affairs of each of our individual cities are not what we determine they shall be, the relations of cities one with the other are immeasurably farther advanced than the relations of nations one with the other. The two are in different eras of civilization. Wars between cities are today unthinkable. The citizens of Boston have no fear of the people of New York. Philadelphians are not arming against Jersey City. Detroit's budget contains no appropriation for preparedness. Chicago has no submarines. The Ancients so fought but we have advanced, in this respect at least, since their day. Of course, we recognize the difference between inter-municipal and international interests but that difference is what we are talking about. Why does it exist?

WORK OF THE DEPARTMENT OF CONSERVATION AND DEVELOPMENT, STATE OF NEW JERSEY

(Continued from page 13)

the resources and industrial activities of the State, there will be loan collections for educational purposes circulating among the public schools. These will consist of natural history specimens, birds, fish, mammals, rocks and minerals, process sets showing methods of manufacture, educational exhibit showing methods and products of school work, lantern slides, pictures, etc. The new Museum, in what it can do for the schools and what the schools can do for it, will touch closely the educational life of many municipalities.

The Legislature has made an appropriation for a new chemical and testing laboratory for the Department which will be completed during the coming year. While this is mainly for the work of this and other State Departments, nevertheless, the work to be done there, particularly in testing various classes of road materials, will be of great advantage to any municipality wishing to take advantage of the opportunity of cooperation in this work.

In carrying out its function of conservation of the State's resources and aiding in its development, the Department is desirous of cooperating with any municipality so far as its funds and powers permit.

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