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To the President and Directors of the B.B.&B.C.R.R.Co.,

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Gentlemen:-

I herewith to lay before you a condensed report of work and operations conducted by me, in consultation with and under the general direction of your President, since 27th May 1883, when I received the appointment of Engineer and Superintendent of your Company. On arriving here on 1st June, your property, consisting of about 3800 acres of land, a small wharf built in 1883 from which a railroad had been graded about 3 miles and track laid about 1 1-3 miles to Whatcom Creek, two officers dwellings, and old store and blacksmith shop, and a few old tools and horses, was turned over to me by your Agent Mr. W. Wyck, whose appointment as Agent was soon afterwards transferred to me. The settlement of Sehome or New Whatcom contained at that time not over 50, and Whatcom, separated from it by Whatcom Creek and by half a mile of forest, not more than 3 or 400 people. Bellingham and Fairhaven lying on the Bay and about 2 miles south of Sehome contained perhaps 50 more.

Railroad location and construction.

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After a fortnight spent in studying the situation and making cursory examinations of the county, I obtained a couple of Assistant Engineers from Seattle, organized an Engineers corps, and commenced the surveys for a Railroad to connect Bellingham Bay with the Canadian Pacific Ry.

A thorough investigation having convinced me that the line located in 1884 as far as Nooksack River could be much improved upon, I abandoned the two miles of grading done North of

Whatcom Creek, and, after much slow and tedious work in running many lines through the almost impenetrable forest jungle, I obtained a line 4000 feet shorter with better grades and alignment, and which cost \$16,000 less to build than it would have done to complete the old line. No pains were spared in getting a good location combined with economy of construction, and I feel satisfied that we have obtained a first class road at a very moderate cost, considering the country through which it runs. ~~It~~

The Engineers and Chief Officials of the C.P.R. have repeatedly told me that it is equal to any party and superior to much of their line, in every respect, excepting in the lightness of our rails, 50 Lbs per yard. I append tables of grades, alignment and structures, as also map and profile of the main line.

In the Summer of 1888, having strengthened and partially renewed the old wharf and trestle approach and repaired and put the road bed and track through town in good order, I commenced clearing and construction beyond Whatcom Creek.

The Winter rains coming early and the shortness of the winter days making it unprofitable to do more work than immediately necessary, we stopped for the winter after clearing and grading a few miles besides clearing and making roads and other work incidental to construction. In 1889 we resumed, and proceeded with location and construction as fast as circumstances and funds appeared to warrant. The track reached Nooksack River in September 1890, and the British Boundary on 1st March 1891.

We found no gravel or other material suitable for Ballast, (excepting a small quantity of Coal Cinders in heaps of mine refuse at Whatcom) until we reached Nooksack River at 15 miles, so after completing the Ballasting from the River to the Bound-ary

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we have been working back towards town and have now almost completed the Ballasting of the entire line and put it in first class condition. We have built a 4 stall round house and turntable at New Whatcom and turntable and shed at Sumas, and in all 3 3-4 miles of spur and sidings. We have <sup>also</sup> built and are operating in connection with the P.P.T.Co, a telegraph line the whole length of our road.

#### Railroad Operation.

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In January 1889, we commenced hauling piles, and in March 1889, having completed the Small Saw Mill, we commenced ~~supplying~~ it with logs cut on our land and hauled over our road. On the 4th of July, 1890, we commenced running mixed trains to the 12th mile, extending the distance operated as each successive 2 or 3 miles were put into running order. On first of April our regular train service, ( 2 trains per day ) reached the Boundary at Sumas City, 23 1-2 miles, our trains still consisting of a Caboose and box car for passengers and a box and flat or two for freight, each train <sup>would</sup> in addition to the passengers and freight bring in logs from the Camps being established along our line. On 22nd <sup>1891</sup> June, the C.P.R. ran their first express train from Vancouver to the Boundary, taking on at Mission Junction a couple of coaches from the Pacific express which it met there; and we took it on from the Boundary to New Whatcom, where we made close connections with Steamer Premier, for Port Townsend, Seattle and Tacoma,. Returning we took the East Bound passengers which had arrived on the Premier from up Sound points, to the Boundary, where we turned the train over to the C.P.R. which

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connected at the Mission with the Atlantic Express, and which delivered passengers and coaches for the East to it before proceeding to Vancouver. This daily express service has since continued, the Steamer Eastern Oregon alternating with the Premier under an agreement made with the Traffic department of C.P.R. a copy of which I append.

Under this agreement they now give us all their through business between Eastern and Sound points, which formerly passed through Vancouver. I have also just made satisfactory rates on Iron Ore to be brought over the C.P.R. to New Whatcom for shipment to Tacoma. The through Eastern passenger travel both ways has averaged since 22nd June, 65 per day besides local business to points on C.P.R. East of Brandon and on our line. The through freight is only just beginning to seek this channel, but is rapidly increasing in quantity; so far it has averaged 10 tons per day. We are also beginning to ship Shingles East, having so far shipped 17 car loads. We expect next month to ship the hop crop from the Nooksack Valley East over the C.P.R.

We run, in addition to the express, two mixed trains to Sumas for freight and local passenger business, and run two or three trains daily to bring in logs, piles and cord wood; we are also carrying the U.S. Mails. I append table of gross earnings and disbursements with reference to which I would state that the cost of track maintenance for July is much higher than it will be after being fully ballasted, and some expenses incidental to transfer of trains have also been done away with, whereas our earnings are likely to increase as the efforts now being made by the C.P.R. to obtain freight take effect. We have also agreed with the Dominion Express Co to carry their business over our line for 40 percent of their gross earnings.

Rolling Stock.

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Our Rolling stock consists of two old locomotives brought from the Black Diamond Mine, the smaller of which is about worn out; but the larger one has just been built over in our shops, and is now a very serviceable Engine. We have also a good new Baldwin passenger Engine, and a Mogul freight Engine has been ordered. We have just received from Troy two new coaches, and a combination Passenger and Baggage car. We have also a 48 Passenger coach which we made here, a Caboose which was sent last year from San Francisco, 30 old cars built by Mr Onderdonk and not accepted by the C.P.R. which we have put in repair so as to be good, ( 12 as box and 18 as flat cars ) and we have also 12 flat cars and 12 pair of logging trucks built by us here.

Branch Rail Road to Lake Whatcom.

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In the fall of 1888 I made a preliminary location on the South side of Whatcom Creek for a branch Rail-road 5 miles long to Lake Whatcom. In 1890, I found and located a better though somewhat longer line leaving our main line at the Summit, 3 miles from the town, and running to the Lake on the North side of Whatcom Creek. The cost of either would not exceed \$75,000. The object in building this branch would be to reach the fine and extensive body of timber lying around the South end of the Lake and to retain the trade between the South fork of Nooksack and the South end of the Lake which may be otherwise be diverted from us by the S.L.S.&.E.Ry, which passes a few miles from it. either to Seattle or Anacortes, or by a line to Fairhaven.

The recent developments of Coal on the East side of the Lake would appear to warrant the expectation of considerable business in its transportation to tide water, though to do that on a large scale would require considerable out lay for tracks and bunkers beyond the above named figures.

Coal Prospecting.

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In 1888 & 89, we did considerable prospecting for coal on the Tributaries of the Nooksack River. The only indications which I felt warranted in following up and spending money on were on Anderson Creek about ten miles N.E. of the Bay and about 5 miles East of our main line at 6 miles out. There we found a vein of fair quality though dirty semibituminous Coal from 4 to 7 1-2 feet thick. We sank in it about 40 feet, as far as we could to advantage without machinery, and followed it some distance, and thought it best to stop until we could continue the sinking either by drilling or with a steam Engine. This Summer we are again prospecting but so far without much result.

Small Saw Mill.

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Early in 1889, we built a small Saw Mill of about 4000 feet Capacity per hour. I operated it supplying our own needs for Railroad and townwork, besides selling the surplus, from March 1889 until November 1890, when the new Saw Mill being almost completed, we dismantled the small one, used the Engine and boiler to increase the power of the Electric light plant and placed the saws in the new mill. You will herewith find a statement of its gross earnings and running expenses during its

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life time. By it you will see it earned \$26,675.82 over and above its running expenses.

New Saw Mill.

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In October 1889, we commenced building the New Saw Mill.

It has been constructed in the most thorough and substantial manner and started up for the first time on the 15th January 1891. Since then some additions, planers, dry kiln, lath Mill &c, have been made to it, some of which are still unfinished.

It has a capacity of about 10,000 feet per hour, and is now in operation as a separate and independent department under the management of Mr Atkinson, who takes his instructions from and reports to the Presidents office direct.

Electric Light.

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In November 1889, we commenced the construction of the Electric Light Station and plant with one Engine and one 65 Arc light Brush dynamo ( of 2000 C.P.Capacity each ) and commenced operating it on the 4th of February 1890 with 19 lights.

As consumption increased and warranted we added two more 65 Arc light dynamos and one 350 ( 16 C.P. Capacity ) Westinghouse incandescent dynamo and increased the power by the addition of the Engine and boiler which had been in the small Saw Mill.

We are now supplying, to the City of New Whatcom 65 Arc lights, to private consumers----

75 " "

and " " ----390 incandescent lights. *Statement attached*

Those to the City are supplied under contract by which we get

\$13.00 per month for each light; those to private consumers are at a somewhat higher rate.

B. B. Water Company.

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Early in 1889, I commenced surveys for supplying Old and New Whatcom with water from Lake Whatcom, which is 12 miles long and a mile wide and the lowest Summer level of which is 312 feet above low tide. Having found a good route and made a location survey, we revived a local incorporation made in 1883 for the same purpose, subscribed for 7925 of the 10,000 shares, Capital stock ( outside parties taking the remaining 2075 shares ) procured the passage of ordinances by the Councils of ~~Whatcom~~ and Sehome giving us all the rights we desired for 45 years from the 12th of June 1889, we agreeing to place hydrants at our own expense at each street intersection reached by our mains and to supply them free of charge with water for extinguishing fires, and commenced work clearing the right of way, making a road the whole length and preparing to lay pipe.

My plan contemplated a deep cut or tunnel to take water from the Lake at a depth of 7 feet below low water level, but, in order to save time and expense at that early and almost experimental stage of the enterprise, I followed the edge of Whatcom Creek for some distance from its head at the Lake for 4800 feet, falling 7 feet, ~~thence~~ to the top of the upper falls, with an 18 inch riveted steel pipe; thence on a grade of 5 feet per mile with a 20 inch pipe 6200 feet; and thence with an 11 inch pipe under pressure 8740 feet to the intersection of Maple and High Streets in New Whatcom, falling 105 feet to an elevation at that point of 187 feet above low tide.



I had contemplated carrying the water as far as the 5 foot grade extends in a flume, but substituted a light buried steel pipe to avoid the danger to be feared from fires and falling trees.

*The water reaches town,*

The carrying Capacity of the pipe being 2,000,000 gallons per day, in January 1890, when we commenced laying the mains for distribution, being 8 rivetted steel and 6 inch and ~~lower~~ sizes of iron. We have laid Mains between Lake and High Street-

11, 18, and 20 inch.: 19,740 feet.

Mains in town distribution,-

8, 6, 4 and 2 inch: 58,188 "

Service pipes:-

2, 1, 3-4 and 1-2 inch 18,757. "

Total. 96,685 feet.

We have so far put in 39 hydrants and about 450 services, many of ~~them~~ which supply more than one house.

The total cost to date has been.---- \$107,727.41.

less received ~~for~~ to pay for connections 3,452.65,  
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\$104,275.36.

Of which the main to town cost about, \$58,000,

And the distribution service about, 46,000,

The latter covers a large area and will provide with comparative-ly little extension for a large increase of customers, although I think it will be wise to extend the mains from time to time into districts in which we wish to sell property.

The upper two thousand feet of pipe near the Lake is now being replaced with a larger and more permanent one, reaching the Lake through a cut and short tunnel. The increase of size at the head from 18 to 36 inch with an increased head being for the purpose of controlling by possession for <sup>possible</sup> ~~some~~ future use.

20,000,000 gallons per 24 hours instead of 3,000,000 gallons as at present. You will see by the accompanying statement that the receipts have increased steadily until in July they reached \$1,254.50 at a cost of operation of less than \$100 per month.

Wharf and Wood business.

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We have built good and substantial wharves enlarging the old one from time to time as business required more room, It is now 650 feet by 130 with ware-house room on it 240 by 80. It has at its end 17 feet of water at low tide with good mud bottom 12 to 15 feet deep. The New Mill Wharf is 700 feet by 100 on its front from 20 to 24 feet of water at low tide. There are numerous Steamers plying between Bellingham Bay, Seattle and Tacoma. The U.P. have, besides their daily local Steamer plying between Bellingham Bay and up Sound Ports, two Steamers making about 3 trips a month between here and Portland.

The boats of the O.I.Co. the C.P.N.Co and the P.S.&.A.Co., as also the Steamer Wasco, making daily round trips between B Bay and up Sound Ports, The P.S.&.A.Cos Boat making close connection at Port Townsend with their boats to and from Victoria.

The P.C.S.S.Cos Steamers also come to our wharf every five days with freight for California.

We have attracted Steamers to lie at our wharf by keeping a large stock of wood constantly on hand for their use and contracting to supply them at reasonable rates as well as supplying them with cheap water.

You will see by the statement of wood receipts, that during the last half of 1890 our sales of wood reached \$3,000 a month and have aggregated to date \$41,099.83, paying a small margin over expenses besides the advantage above mentioned, making work for men and teams, and helping to clear our land. During the last year however the Steamers on these routes have much improved in Character and are now chiefly coal burners, so that our wood trade is rapidly and steadily decreasing.

In June 1890 I thought it advisable to lower our wharfage rates from 50 to 25 c per ton and even at those rates our wharf loses considerable freight by its being taken for less at the other wharves on the Bay.

The freight coming in by the R.R. also deprives the wharf of some of its former income and although it <sup>is</sup> used largely for the transfer of freight for up Sound points from rail to boat it is treated in that respect as a R.R. terminal depot and receives no wharfage for such use. The accompanying statement shows the wharf receipts to have exceeded the expenditures by \$5458.25.

Machine Shops.

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We have fair sized and convenient Machine and blacksmith shops with a good assortment of tools which enable us to do all our own repairing and some construction of rolling stock besides some outside work which we have done until lately.

We have now however for the purpose of encouraging it turned all outside work over to a foundry which has been established here. We have, as mentioned elsewhere, built ~~one~~ over, and added to, one old locomotive, built one passenger coach, 12 flats and 12 pair logging trucks, two turntables, and much mill, bridge and

other work. The accompanying statement shows a balance of receipts over expenditures <sup>of</sup> \$1951.09 besides a fair amount of stock on hand.

Town Improvements and Real Estate

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Among the first things I saw on my arrival here was the need of accommodations for such new arrivals as should not be able to provide for themselves otherwise. To that end I built 27 plain but neat and comfortable cottages containing 3, 4 and 5 rooms, costing from \$350 to \$550 each which we have since rented continuously for \$8.00, 10.00 and \$12.00 per month. We also built offices, store house, stables and a public hall, which latter for a time, and until other and larger public buildings were erected, provided either free or at a very moderate charge, a much needed place for gatherings. It has now about outlived its usefulness and we are thinking of transforming it into a row of dwellings. We have also leased at nominal rentals a considerable number of lots on which laborers and others of very small means have been enabled to build and live in Cabins, their leases being terminable at a moments notice. We have also given 5 year leases on a good many business lots on terms of rental increasing from year to year. We have today in all 122 tenants the rent paid by whom in July 1891 amounted to \$753.00, the total to date being \$16,385.45. We have cleared 300 acres of Townsite South of Whatcom Creek and 500 acres North of it which latter we placed on the market for comparatively cheap Residence sites in October 1889 under the name of "1st Addition to New Whatcom". We have graded 13 miles of streets of which more than one half are planked and three quarters are

sidewalked. We have kept 5 or 6 teams of our own in constant use in the several departments besides some we have had to hire occasionally for extra work in hauling wood, lumber &c or for grading in town pieces of work all adapted to be let by contract

In 1890 we obtained from the two towns, Whatcom and Schene, a street car franchise, but before we commenced work on it a Council inimical to us was elected for the newly consolidated City of New Whatcom and they refused to ratify the old franchise excepting with restrictions to which we would not agree.

It was therefore thought best to let private citizens get a franchise and do the work, we taking 5000 shares or one quarter of the Cos stock. About 2 1-2 miles have been built and are in operation but I have had nothing to do with either.

You will see by the accompanying statement of Real Estate sales that in 1883- 4 sales were made by the Cos Agent Judge Peacock amounting to \$73,137.50. The terms of these sales were one third cash and the deferred payments to be made in 6 and 12 months with 7 per cent interest. The first sale after my arrival was

in July 1888 when I sold two lots on Elk street at \$20 per foot

In 1890 we sold some in the same street and neighborhood at \$120.

The first sales on Holly Street in 1889 were at \$20 per foot and the last in 1891 at \$225. Sales have been made by others at much higher prices than by us and we have double lots reserved (generally leased) on most of the prominent corners.

We have sold since I came lots to the amount of \$781,531.71 besides interest on deferred payments and we have collected all of the principal and interest on same (as well as deferred payments on sales of 1883- 4) excepting \$38,343.70 over due and \$31,488.50 not yet due. These collections have been made without having <sup>in</sup> a single instance employed legal or other

compulsion. I attach statement of sales.

Litigation.

We have had and are still having some litigation arising principally from non compliance in early days with all the technical requirements of the territorial constitution which differed in some respects <sup>from</sup> that of California and from attempts at Black-mail based on apparent excess of Authority in the making of some deeds by your first Agent here, which claims have been attempted to be strengthened by the claimant paying taxes in duplicate on such lots. There is however nothing very serious in any of these claims. **To conclude:** On my appointment in May 1888, I was instructed that the books would be kept in San Francisco, and that I should merely send periodical cash statements to that office. This I did until March 1889, when a Book-keeper was sent up to me. I had <sup>up to</sup> that date spent \$121,392.45. the segregation of which into different accounts was made in the S.F. Cos office. Since then we have kept accounts here and charged to each department the disbursements made here in cash and material *and also the receipts* or labor in cash or due for labor or material supplied to other departments. I attach statement of totals of disbursements made here ( *Cash* and Memo ) Since March 1889. If those made by San Francisco office, we have no record. For all complete records for receipts and disbursements I must refer you to the San Francisco office, where all the accounts have been kept from the beginning. In conclusion I would say that I consider your property in good condition; whatever has been done has been done substantially and well, and with full regard to true economy according to my views and to the very best of my ability. —

The temporary depression of affairs all over the Sound has affected us with the rest, but I see no reason to dread the future or to regret having invested in your town site every dollar of the few I was able to bring with me and of what I have been able to save since coming here.

*This is of course as good evidence as I can give of my opinion -*

I remain Gentlemen,

Yours respectfully,

*M. Sturtevant*