Weigh Transit Plan Urges Mayor Smith

Sentered from Page Can

greated the many intricate problems in-solved with the utmost fairness to all parties in interest.

PLAN BEFORE COUNCILS. reptably the only step taken in the whole satter today—and that will be only a fermality—will be the action of the presidents at both Select and Common Cauncils this afternoon in referring the transit common proposition to the Finance and Street Hallways Committees.

These committees jointly have before them the ordinance introduced some weeks ago by Mayor Smith and incorporating a fraft of an operating lease between the cempany and the city. The company has already rejected this draft and it is not exceeded that either committee will give sed that either committee will give it any further consideration.

my further consideration.

Transit Director Twining, in discussing the situation today prior to the conference, declared that the company's plan was much bettle than the Mayor's proposed ordinance, and the former had his thorough approval. He indicated at the same time that he wanted to ask the Mayor a few questions regarding the proposed method of carrying ent some of the arrangements as set forth.

Former Mayor Blankenhurg said today that he had read the proposal of the P. R. T with great interest.

"I am very much pleased with the progress of the negotiations," he remarked. He refused to make any comment on the features outlined in the plans of the P. R. T.

"This latest development," continued Mr. Blankenburg, "Is an indersement of my administration".

PROVISION FOR FUTURE Before the conference called by the Mayor convened it was pointed out that some objection might be raised to that clause in the company's proposition referring to the fare on the new system, Provision was made in the clause for a readment of the fare, should such be necessary to protect the company's returns. The paragraph follows:

The system shall be operated with a sweemt fare, but provision shall be made for such readjustments of fare at any time during the term of the contract as may be necessary to protect and secure the return to the company as specified herein and necessary and advisable in the interest of the city for any unforeseen reason or contin

PUBLIC SAFEGUARDED

Fear was expressed that this clause might be so twisted in the future in such away that the rate of fare would be raised above five cents. Those who have studied the phrasing of the company's proposal carefully, however, declare that there is no basis for such fear because any change in the fare rate would first have to be ap-

the lare rate would first have to be approved by City Councils and then by the Sinte Public Service Commission.

Such an objection was likewise declared to be without any basis, since the operation of the combined system at a profit is conceded by virtually all who have made a study of Philadelphia's big transit problems.

The Mayor would not comment upon this phase of question after the conference.

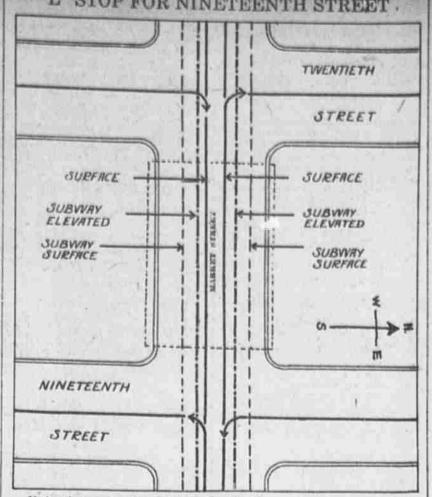
DETAILS OF PROPOSAL The entire proposition of the company, in the form submitted to the city officials, follows:

Gentlemen.—The Philadelphia Rapid Transit Company proposes that a con-tract for the operation of the city's high-speed lines be undertaken by it under the following general terms, which, if acceptable to the city, can be incorporated in a contract drawn in definite terms so as to adequately pro-tect the interests of both parties there-to in severy remeet. to in every respect.

The Taylor plan covers an elevated from Front and Arch streets to Bridge freet, Frankford; an elevated from Thirtieth and Market to Darby; a sub-Tairtieth and Market to Darby; a sub-way in Broad street with branches and with a delivery loop; and a subway-clevated line from City Hall to Rox-borough via the Parkway. Twenty-nish street and Henry street. It pro-vides that the Rapid Transit Company shall equip these lines, extensions thereof and other lines built by the city and operate them in conjunction with its own lines as one system, grant-ing free transfers at intersecting points, so that the citizens would get the fullest possible benefit from this great expenditure by the city. Heretofore the condition of the Rapid Transit Company was such that it was proposed that the receipts of the two lines should be kept separate, and the

lines should be kept separate, and the Rapid Transit Company protected by a so-called preferential payment to the extent that its earnings were diverted to city lines. The great improvement that has taken place in the financial condition of the Rapid Transit Company makes this plan no-longer necessary, as the company is today making on its own system a greater amount than if is willing to accept as an assured fixed share of the profit from the

"L" STOP FOR NINETEENTH STREET



Under the terms of the P. R. T. offer, the Nineteenth street station of the Market street elevated, indicated by the dotted rectangle, is to be remodeled and made a stop for high-speed trains. It will become a transfer point with Nineteenth and Twentieth street surface lines going in the directions indicated by the curved arrows and with the Market street surface lines.

joint operation of the two systems. Its surplus applicable to dividends for the current calendar year with the month of December estimated will be very close to \$2,400,000, or eight per cent upon the full-paid capital of the com-

MERGER PROPOSED

The company, therefore, proposes that the two systems should be operthat the two systems abound be oper-nted as one—financially as well as physically, all payments, charges and credits between the city and the com-pany to be eliminated, and the gross, receipts from such operation to be ap-plied to the payment of:

(1) The actual cost of operation of

the combined system.
(2) The fixed charges of the com-

(3) A camulative dividend of five per cent upon the actually paid-in capi-

(4) Ten per cent of the remaining net surplus from operation to be paid to the company and the remaining ninety per cent to be the annual current net revenue to the city-built lines and operation of the city-built lines and operation of the city-built lines and paid into the city treasury as such,

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within the meaning of the recent amendment to the Constitution. In so far as may be necessary, the 1907 contract to be amended so as to cover this distribution of net surplus earnings and the company to waive all claims for back dividends due to it therounder.

The company has earned a substantial surplus, which at the close of its last fiscal year was in excess of \$2,700,000, the cash balance at the same date being approximately \$2,000,000, out of which it has since distributed a dividend of two per cent, or \$250,0000. \$400,0002

It has added substantially to that surplus during the last five months of operation. Until it assumes actual operation of the city's lines under operation of the city's lines under the proposed contract it will limit its dividend distributions to five per cent per annum from July 1, 1918, and will carry over into the new arrangement as working capital all surplus which it may have acquired at that time. The contract shall veserve to the

The contract shall reserve to the city the right at any time to purchase the company's property or outstanding capital at a price equal to the par of

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such stock with dividends accumulated and unpaid during the term of this contract, and may use the sinking fund accumulations for that purpose. The city may also at any time during the term of the contract take back the monicipal properties under a fair recapture clause.

Exchange tickets shall be abolished at the earliest practicable moment and free transfers given on surface and high-speed lines outside the delivery district, as recommended in the report of the Director of City Transit for 151s. The company will forthwith remodal its Nineteenth street station on the Market Street Elevated and will make it a stop for high-speed trains and establish a transfer at that point with the Nineteenth and Twentieth streets lines with a further transfer thereon in order to give the passengers between West Philadelphia and either North Philadelphia or South Philadelphia on South Philadelphia on she in favor of Frankford, and giving adequate high speed service to the district tributary to the Nineteenth street station. TO ABOLISH EXCHANGES

All payments into the city treasury under the 1307 contract and for tax dividends of subsidiary companies to stop at the time exchange tickets are abclished. The present sloking fund

atop at the time exchange tickets are abelished. The present sinking fund under the 1907 contract to remain in the hands of the commissioners and payments into the same to be resumed five years after the date of the extension of said contract as provided therein. The system shall be operated with a five-cent fare, but provision shall be made for such readjustments of fare at any time during the term of the contract as may be necessary to protect and secure the return to the company and secure the return to the company as specified herein and necessary and advisable in the interest of the city for any unforeseen reason or contingency.

FUTURE BUILDING

The company will undertake to equip and operate the city lines when and as built after the city lines when and as built after the city has obtained a certificate of public convenience. The form of security to be insued by the company to cover the company's contribution for construction and equipmen of city's lines to be the best compatible with the interests of both parties.

The company will undertake to obtain \$19,590,000 of new capital as and when required for the future requirements of its own system. If obtained by the payment of the unpaid portion of Union Traction stock the company will be permitted to amend its lease with that company so as to pay a rental equivalent to \$5 a share upon its full-paid capital. If obtained by an issue of Union Traction proferred stock or Philadelphia Pant Traction of the control of the of Union Traction proferred stock or Philadelphia Rapid Transit preferred stock or on any other form of secu-rity there shall be allowed a return of six per cent cumulative thereon as one of the fixed charges of the com-

pany.

It has been suggested that the city of the party o might, from time to time, offer to build feeder or surface lines which would be reasonably remunerative and rent them to the company on a five per cent basis. If this were done fifty-year bonds is-sued by the city to cover the cost rawing capacity and the rents! paid the city would meet the interest and sinking fund requirements of such bonds. Thus the city would ultimately become the owner of such lines free of debt.

This suggestion, which meets our approval, should, we believe, receive your consideration.

your consideration.

The contract shall be executed and take effect as soon as it secures the approval of City Councils, the Public Service Commission and the stockholders of the Philadelphia Rapid Transit Company. The fifty-year period of operation and the extension of the 1907 contract shall run from the beginning of the operation of the first of the city-built lines.

The 1907 contract shall be so amended as to conform with the terms of the new contract.

ed as to conform with the terms of the new contract.

The plan as proposed has to recommend it definiteness, fairness and a promise of immediate advantage to the citisens in the elimination of exchange tickets. The city secures the best possible operator for its system with a free interchange of passengers between privately owned lines and municipal high-speed lines—a result never before sitained in any city. All complicated accounting is avoided, and while the stockholders of the company take a five per cent fixed return upon their actual cash capital, in addition thereta they retain a sufficient contingent interprise to insure a careful and competent management on their part.

We bespeak on your behalf and by the public generally a careful consideration of this offer. Respectfully submitted.

mitted.
PHILADELPHIA RAPID TRANSIT CO.,
T. E. MITTEN, President.
Approved: E. T. STOTESBURY,
Chairman, Board of Directors. DROP IN STOCK

The stock market seemed to have spent its energy before the actual plan of the



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company was made public, since the trading in Rapid Transit certificates was much lighter today than on any other day this week. During the first hour only 6000 shares had changed hands. The price on the opening was 32%, or 14 below the close of yesterday and 1 point below the close of yesterday and 1 point below the high mark of \$31%, reached yesterday morning. The stock weakened later and dropped to 31%, but later recovered and rose to \$3. Only a few sales were made at this mark, when it dropped to 32%. and is necessary for this pur-ordinance as prepared by Direct gives the location of each sective dimensions of each plot needed. CALEDONIA CASE MAY

WOULD CONDEMN LAND FOR ENTRANCES TO "L"

Twining Asks Ordinance to Condemn 22 Plots, Since Narrow Streets Can't Be Used

Transit Director William S. Twining ransmitted to Chairman Gaffney, of Countils' Finance Committee, today a blanket prinnance to be introduced in Councils, ostructing the City Solicitor to Institute proceedings to condemn the land necessary

Berlin Newspaper Says Captain's Ex-

culpation Offers Desired Opportunity to Germany

NULLIFY U-BOAT PLEDGE

AMSTERDAM, Dec. 11 .- Germany's inselfication of the British liner Caledonin as an "armored cruiser" may affect all of Germany's submarine pledges as to visit and search of such vessels, secretng to the opinion expressed by the Berlin newspaper Taglische Rundschau todar, Discussing Germany's exculpation of

Captain Blaikie, of the Caledonia, on the ground that the vessel was an armored cruiser, the newspaper declared: proceedings to condemn the land necessary for the station entrances and exits on the Frankford elevated road.

Owing to the narrowness of the streets through which the Frankford "L" runs amined before sinking thus no longer obtains, even though Americans are aboard coming out directly upon the pavements as in the Market street "L".

The purchase of twenty-two pieces of sable."



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