

A letter of proposal for the Leavenworth, Topeka and Mexican Railway

A long letter of proposal from William H. Schofield to the members of the Board of Trade Association of Leavenworth, Kansas. Mr. Schofield proposes to build a railroad from Leavenworth, through Topeka, Hutchinson and continuing in a south westerly direction to the Cimmaron River and the Kansas state line. The proposed line would be the shortest distance by 50 miles from the pan handle of Texas to the Missouri River and onward to the markets Kansas City and Chicago. Initially, Mr. Schofield would like for Leavenworth to furnish \$20,000 for the primary expenditure.

Creator: Schofield, William H.

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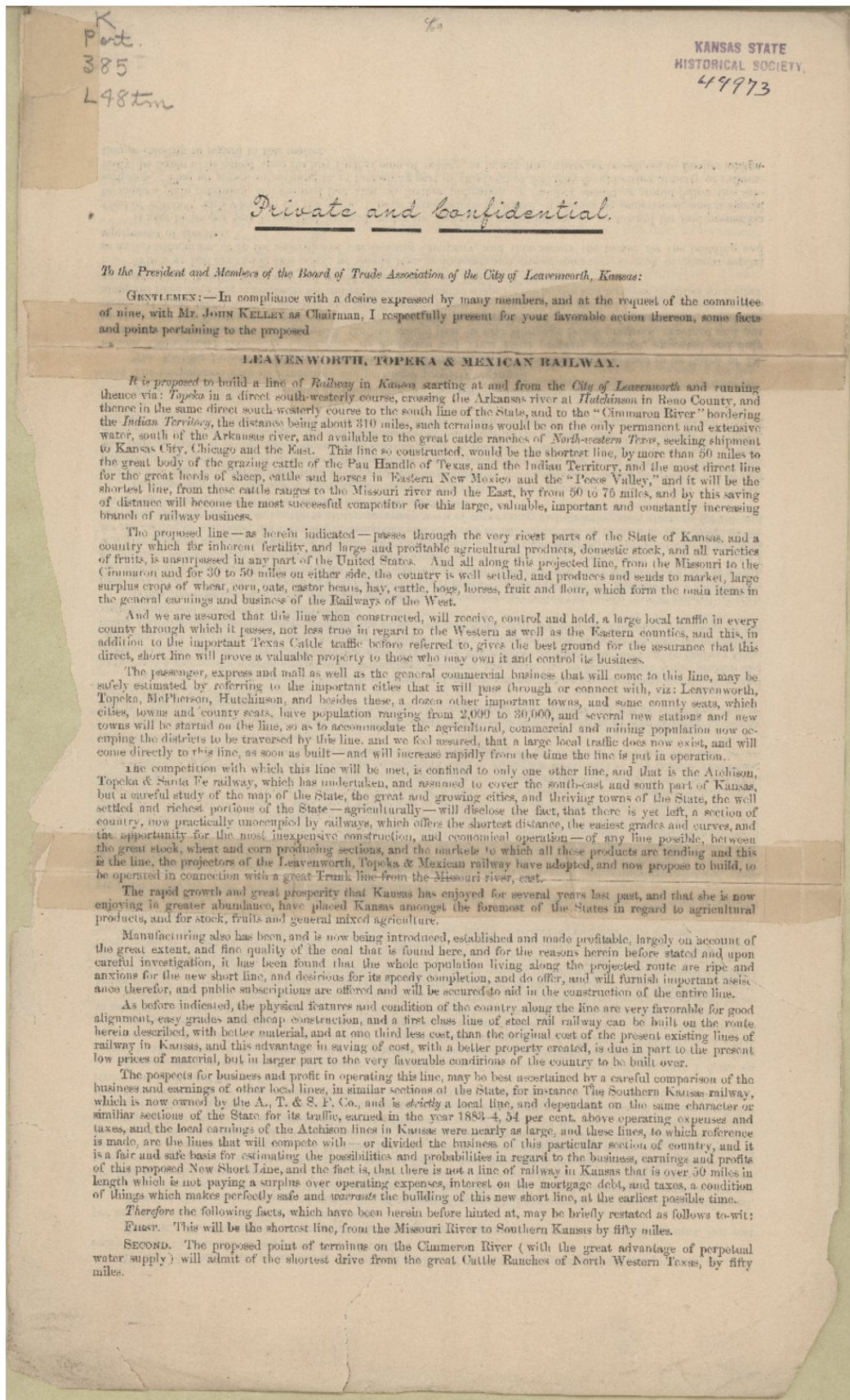
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Private and Confidential.

To the President and Members of the Board of Trade Association of the City of Leavenworth, Kansas:

GENTLEMEN:—In compliance with a desire expressed by many members, and at the request of the committee of nine, with Mr. JOHN KELLEY as Chairman, I respectfully present for your favorable action thereon, some facts and points pertaining to the proposed

LEAVENWORTH, TOPEKA & MEXICAN RAILWAY.

It is proposed to build a line of Railway in Kansas starting at and from the City of Leavenworth and running thence via Topeka in a direct south-westerly course, crossing the Arkansas river at Hutchinson in Reno County, and thence in the same direct south-westerly course to the south line of the State, and to the "Cimarron River" bordering the Indian Territory, the distance being about 310 miles, such terminus would be on the only permanent and extensive water, south of the Arkansas river, and available to the great cattle ranches of North-western Texas, seeking shipment to Kansas City, Chicago and the East. This line so constructed, would be the shortest line, by more than 50 miles to the great body of the grazing cattle of the Pan Handle of Texas, and the Indian Territory, and the most direct line for the great herds of sheep, cattle and horses in Eastern New Mexico and the "Pecos Valley," and it will be the shortest line, from these cattle ranges to the Missouri river and the East, by from 50 to 75 miles, and by this saving of distance will become the most successful competitor for this large, valuable, important and constantly increasing branch of railway business.

The proposed line—as herein indicated—passes through the very richest parts of the State of Kansas, and a country which for inherent fertility, and large and profitable agricultural products, domestic stock, and all varieties of fruits, is unsurpassed in any part of the United States. And all along this projected line, from the Missouri to the Cimarron and for 30 to 50 miles on either side, the country is well settled, and produces and sends to market, large surplus crops of wheat, corn, oats, castor beans, hay, cattle, hogs, horses, fruit and flour, which form the main items in the general earnings and business of the Railways of the West.

And we are assured that this line when constructed, will receive, control and hold, a large local traffic in every county through which it passes, not less true in regard to the Western as well as the Eastern counties, and this, in addition to the important Texas Cattle traffic before referred to, gives the best ground for the assurance that this direct, short line will prove a valuable property to those who may own it and control its business.

The passenger, express and mail as well as the general commercial business that will come to this line, may be safely estimated by referring to the important cities that it will pass through or connect with, viz: Leavenworth, Topeka, McPherson, Hutchinson, and besides these, a dozen other important towns, and some county seats, which cities, towns and county seats, have population ranging from 2,000 to 30,000, and several new stations and new towns will be started on the line, so as to accommodate the agricultural, commercial and mining population now occupying the districts to be traversed by this line, and we feel assured, that a large local traffic does now exist, and will come directly to this line, as soon as built—and will increase rapidly from the time the line is put in operation.

The competition with which this line will be met, is confined to only one other line, and that is the Atchison, Topeka & Santa Fe railway, which has undertaken, and assumed to cover the south-east and south part of Kansas, but a careful study of the map of the State, the great and growing cities, and thriving towns of the State, the well settled and richest portions of the State—agriculturally—will disclose the fact, that there is yet left, a section of country, now practically unoccupied by railways, which offers the shortest distance, the easiest grades and curves, and the opportunity for the most inexpensive construction, and economical operation—of any line possible, between the great stock, wheat and corn producing sections, and the markets to which all these products are tending and this is the line, the projectors of the Leavenworth, Topeka & Mexican railway have adopted, and now propose to build, to be operated in connection with a great Trunk line from the Missouri river, east.

The rapid growth and great prosperity that Kansas has enjoyed for several years last past, and that she is now enjoying in greater abundance, have placed Kansas amongst the foremost of the States in regard to agricultural products, and for stock, fruits and general mixed agriculture.

Manufacturing also has been, and is now being introduced, established and made profitable, largely on account of the great extent, and fine quality of the coal that is found here, and for the reasons herein before stated and upon careful investigation, it has been found that the whole population living along the projected route are ripe and anxious for the new short line, and desirous for its speedy completion, and do offer, and will furnish important assistance (therefor, and public subscriptions are offered and will be secured to aid in the construction of the entire line.

As before indicated, the physical features and condition of the country along the line are very favorable for good alignment, easy grades and cheap construction, and a first class line of steel rail railway can be built on the route herein described, with better material, and at one third less cost, than the original cost of the present existing lines of railway in Kansas, and this advantage in saving of cost, with a better property created, is due in part to the present low prices of material, but in larger part to the very favorable conditions of the country to be built over.

The prospects for business and profit in operating this line, may be best ascertained by a careful comparison of the business and earnings of other local lines, in similar sections of the State, for instance The Southern Kansas railway, which is now owned by the A., T. & S. F. Co., and is strictly a local line, and dependant on the same character or similar sections of the State for its traffic, earned in the year 1883-4, 54 per cent. above operating expenses and taxes, and the local earnings of the Atchison lines in Kansas were nearly as large, and these lines, to which reference is made, are the lines that will compete with—or divided the business of this particular section of country, and it is a fair and safe basis for estimating the possibilities and probabilities in regard to the business, earnings and profits of this proposed New Short Line, and the fact is, that there is not a line of railway in Kansas that is over 50 miles in length which is not paying a surplus over operating expenses, interest on the mortgage debt, and taxes, a condition of things which makes perfectly safe and warrants the building of this new short line, at the earliest possible time.

Therefore the following facts, which have been herein before hinted at, may be briefly restated as follows to-wit:

FIRST. This will be the shortest line, from the Missouri River to Southern Kansas by fifty miles.

SECOND. The proposed point of terminus on the Cimarron River (with the great advantage of perpetual water supply) will admit of the shortest drive from the great Cattle Ranches of North Western Texas, by fifty miles.

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THIRD. The entire line passes through the richest portion of the State, as regards agricultural products, &c., and every mile of the line will be supported by local traffic.

FOURTH. The line can be constructed with better grades—alignment and materials—at 83 per cent. less cost per mile than the present existing lines in Kansas.

Therefore, the great importance of such a line of railway if secured to Leavenworth, can hardly be overestimated, and I have submitted the proposition that if Leavenworth by her citizens, will furnish a reasonable sum of money say \$20,000, for preliminary expenditure, I will undertake to secure to Leavenworth this line and the permanent eastern terminus thereof, with connections for Chicago and the East. And Referring to the statements I have made in regard to this Leavenworth, Topeka and Mexican Railway, between Leavenworth and the south line of the State of Kansas, and the proposition that I have submitted to your honorable body in writing and orally, in regard to the subscription and payment by the citizens of Leavenworth—or some of them—of the sum of not to exceed twenty thousand dollars, (\$20,000) to be expended in organizing said Railway Company, and putting it in such condition that negotiations can be entered upon, for the sale of its securities in order to provide the means wherewith to construct and equip said line of Railway.

I respectfully submit the following details, and specify some of the more important conditions, that I deem essential to the success of the enterprise and the interests of Leavenworth, and which I propose to do, or have done and secured as the result, and in consideration of the payment and expenditure of said sum of \$20,000 all of which will and shall be done by and with the knowledge, sanction and advice of these persons, that it will be your privilege to associate with me in this undertaking, and all in the interest of Leavenworth substantially as follows, to-wit:

Prepare the proper form of a charter of Incorporation, in which, the majority of the Incorporators shall be selected men of Leavenworth, and provide that the said Incorporators shall be the Directors of said Railway Company, until the first annual meeting of the Stockholders, which first annual meeting of Stockholders may be stated and fixed in the charter, to be held at Leavenworth on or about the 1st day of September, A. D. 1886. Thus the Leavenworth Corporators as Directors, being the majority of said Directors will control, manage and shape the policy of the Railway Company until it shall have become established and its line partly constructed, so much of it at least as will ensure its final and full completion.

After the filing of the charter, then proceed to organize and elect Officers and Executive Committee as shall be provided in the By-Laws, and as authorized by said charter.

Then prepare the proper form of a First Mortgage and Trust Deed and have the same duly executed and properly recorded in all the counties named in the charter and through which the proposed line of Railway is intended to or may be built, and have engraved, printed and properly executed the First Mortgage Bonds under said Trust Deed, and have the same when so executed, deposited in trust with the Trustee under the Mortgage, and also have provided a Stock Certificate Book of the proper form of the Certificate, of the Capital Stock of the Railway Company, and have executed as the first issue of said Stock Certificates in the amount and for the said \$20,000, said Stock to be issued and delivered as said money is paid into the hands of a local treasurer, to be by you designated or appointed. Such Stock to be so delivered either to the several persons paying said money, in the amounts by them severally paid, or be delivered to and deposited with a trustee to be held, and used in voting for the benefit of the persons furnishing said money as you may direct, and to continue and maintain the majority of the Board of Directors from and by representative business men of Leavenworth.

Thus the parties furnishing the said \$20,000 of money, would be in absolute control of said Railway Company and its property and franchises, by virtue of a majority of Incorporators and directors and also by the Stock first issued as herein provided for.

Then under the management of Major O. B. GUNN, as Chief Engineer, put an engineer party on the line, and have made a sufficiently careful and accurate preliminary survey of the entire line in Kansas, with maps, profiles and estimate of cost of construction, and have the same certified by Major GUNN as Chief Engineer of the Railway Company, and have the proper steps taken to secure the Right of Way, station grounds, lands for machine shops and terminal facilities and other necessary lands for the proper use and conduct of the Railway Company's business in the various cities and towns on the projected line.

While these things were being done and provided for, I propose to go before the people myself assisted by such help and talent as we may and can find and secure on the route of the proposed line of Railway, and present this Railway project to the people and solicit the aid of counties towns and cities and such other forms of local aid as we can secure from municipalities, corporations and from individuals, to promote the speedy construction of the line. And I will give personal attention to all these matters and to the preparation and submission of the proper forms of petitions for the calling of elections, the form of proclamations and the form of ballots for and to be used at said elections for aid to our Railway, and do and perform all the necessary work of supervising and directing such elections for aid, and see that a full compliance with the law was had in each such case.

In proposing to do this and in doing it, and in order to give the clearest assurance of my integrity of purpose, and the full faith and conviction I have in the great practical value of this enterprise, I would not require out of said \$20,000 the payment to me of any salary, during and while this preliminary work was being done. I would only ask and require that my proper and reasonable personal expenses be paid out of said fund of \$20,000, making the payment of my salary contingent upon the final consummation of our plans herein set forth, and the successful negotiation and sale of the First Mortgage Bond for money with which to construct and put in operation our proposed line of Railway.

Thus, as a result of the judicious expenditure of the said sum of \$20,000 we should have:

The Corporation with its Franchises and privileges properly organized.

The Railway Company properly organized under its charter, and its working forces defined in its Board of Directors, Officers and Executive Committee, its Mortgage and Trust Deed properly prepared, executed and duly recorded in all the counties through which the line should pass, its first Mortgage Bonds prepared, executed and put in trust with the Trustee, a complete survey of the line, with maps profiles and estimates of construction and equipment and some Right of Way secured, and last though not least, the approximate amount of local subsidy secured along the line, including concessions for station grounds, machine shops round houses and terminal facilities with other advantages and benefits which can and would be secured to the Railway Company.

When we had arrived at this point, we should then be in a safe and proper condition, to seek to interest capital as an investment on, or in the securities of our Railway Company, and thus secure the means for the building and equipment of the line.

It may be proper here to say that by, and under the individual subscriptions to, or toward the said promotion fund of \$20,000, with which to do the work, I have hereinbefore indicated, it should be understood, and it should be made a plain condition, and ensured fact, that no further obligation, or liability should or would follow this subscription. That no person subscribing to, or furnishing part of, this fund of \$20,000, should either directly or inferentially, be liable to be called upon for any further sum of money, or in any way whatever be subject to further obligation or liability in regard to this matter.

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Thus when we have arrived at the condition of things indicated and herein set forth, as the result of the proper expenditure of the fund herein provided for, it would then be proper, and I propose it as a condition of this whole arrangement, that no further work be done, on the line, that no expenditure of money, or incurring of any debt, be permitted until we have secured by a firm contract, the underwriting and sale of the First Mortgage Bonds of the Railway Company, or so much, or such proportion of the said series of Bonds as will ensure the building and putting in operation for passenger and freight traffic, of not less than one hundred miles of continuous line from Leavenworth, via Topeka, and thence southwestwardly.

We shall have opportunity in a variety of ways, to open negotiations for the sale of the First Mortgage Bonds, and a majority in value of the stock of the Railway Company, for money with which to build the entire line. It may be by and through financial institutions in our own country, New York, Boston, Philadelphia or elsewhere, and it may be that through a Construction Company, we may be able to reach the desired end of securing capital and material for this purpose. And it may, and I think it probable that it will, be necessary to seek the desired capital for the purpose of constructing our line of railway, in the money centres of Europe, London, Paris or Amsterdam, and in these latter named channels, I feel confident that we can surely succeed, if we shall find it difficult to secure the capital in our own country.

And as a part of my personal undertaking, and obligation to you, and to the Company to be formed, I am prepared to agree and undertake to go to Europe, say London, England, and Amsterdam, and there open negotiations for the sale of the securities of the Railway Company, for the purpose of acquiring the means with which to secure the speedy construction of the entire line in Kansas, and I may be permitted to say, for your information and guidance, that I have quite a large and valuable acquaintance with Bankers and Financial Institutions in London and elsewhere, who are engaged in placing and marketing securities of American Railways. And I have now, and for two years have had, an office at 63 Finsbury Parment, London, E. C., and my correspondence therefrom, as well as at and through my office in New York, is of an important and valuable character, in regard to and as favorably affecting such negotiations; therefore, I do not unadvisedly, or in a purely speculative or uncertain spirit, advise this course of securing the means with which to build and put in operation our projected line of railway.

I have carried through to successful completion some negotiations in London, and I shall (if I live) carry through others, and it will remain for you to decide, whether I shall have the privilege, and the honor of thus serving Leavenworth, and the State of Kansas in aiding in carrying through our proposed new railway project, from Leavenworth through Kansas to the south line of the State, in the manner described, and as its representative and financial agent.

I have said sufficient at this time to get before your minds, the general scope, of the project we are now discussing. We have the power and the right, to now create a corporation such as indicated, and under it, construct, and put in operation a long line of railway, valuable to the State of Kansas, the shortest, as between important points named, and the best line of 300 miles in Kansas, and which, if managed as I have advised will be permanently promotive of, and in the interest and largely beneficial to the City and County of Leavenworth, and it *can*, and it *ought* to be promoted, encouraged and controlled by Leavenworth men and Leavenworth interests, always provided that these men, and these interests, while guarding against failure completion, subversion or transfer adverse to the interest of Leavenworth, shall and will always keep clearly in mind, and work and legislate for the great interests of the State of Kansas, and the country lying beyond the bounds of the State, in making this line of railway, one of the great trunk lines, which shall bring the products and commerce of the great south-west, including the Pacific Coast and the now rapidly opening countries of New and Old Mexico, over this line and through Kansas and Leavenworth, and with its connections at the Missouri river (the very best of which it will command) with trunk lines to Chicago—make it also a link in a long through line via Chicago to the Atlantic sea board at New York, Boston or Philadelphia.

To enable us to do this we require to create and establish our Corporation, to the extent and in the manner I have herein indicated, and for which it will require the expenditure of the sum herein first named, as a promotion fund, and when that is done and the Corporation is fully established with its legal and material status defined, and held and controlled as it will be by representative business men of Leavenworth, as the majority of its Directors and holding its first issue and a majority of its stock, let no temptation induce or beguile the company into starting out on the great work of construction, until it—the company—has secured a firm contract with and by reliable and responsible parties, in a manner and under terms satisfactory to the Board of Directors, whereby the securities of the Railway Company shall and will be sold at a price specified in said contract and the avails of such sale or sales to be used only in securing the construction and equipment of the line, and that no change in the management or control of the Corporation be made until from such means derived from such sale or sales of the securities of the Company, at least one-third of the entire line in Kansas has been built and put in operation from Leavenworth via Topeka Southwestwardly.

On these general principles and conditions, I am ready to co-operate with your honorable body and by your advice with the Citizens of Leavenworth for the accomplishment of this work, in the manner and for the purpose intended, and to throw into the scale whatever of knowledge, experience, connection, acquaintance and influence I have or can control together with the practical application of my best energies, and continued efforts to the end and for the purpose of accomplishing in the best manner the results herein indicated and set forth.

And if we go to work with honest purpose to work out this proposition and problem, on this clear, well defined, equitable and safe basis, each striving to serve the other as best we can to secure the final result, in the manner and under the general conditions named we shall surely succeed in our undertaking.

Respectfully submitted,

WILLIAM H. SCHOFIELD.

LEAVENWORTH KANSAS, February 10, 1885.

Your attendance at the Board of Trade meeting, on Thursday, the 12th inst., at 7:30 o'clock sharp, is earnestly requested.

H. MILES MOORE, Secretary.