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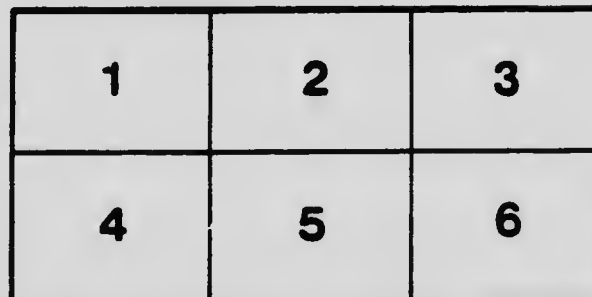
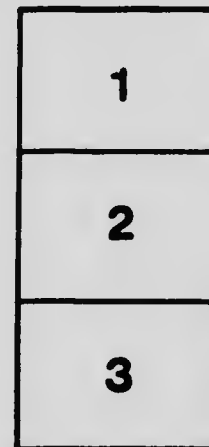
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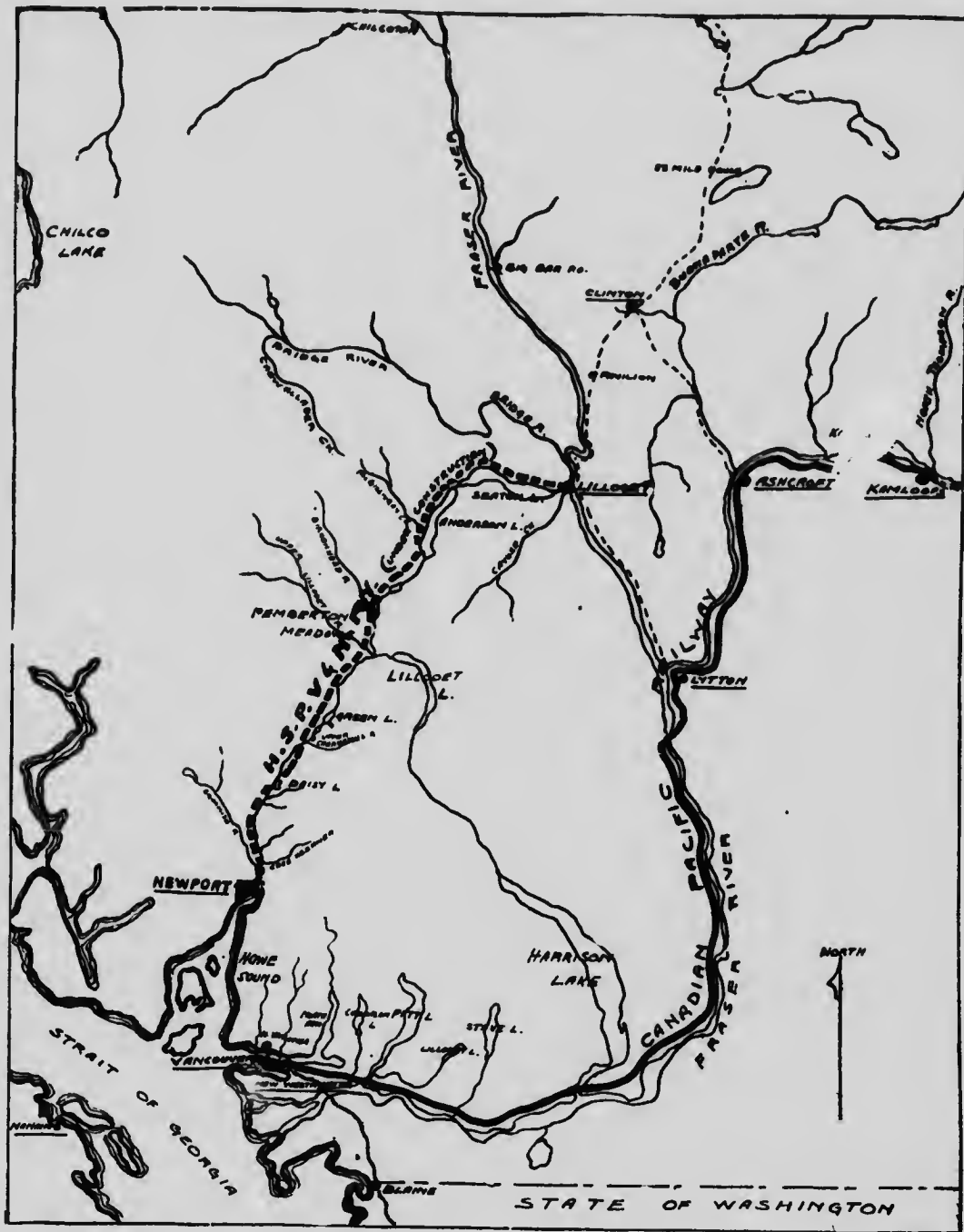
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NWP
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H852m

HOWE SOUND & NORTHERN RY.

Memorandum

JANUARY, 1911



SKETCH MAP SHOWING LOCATION OF RIGHT OF WAY
OF H. S. & N. RY.

| | | |
|------------------------------------------------------------------------|-------|-----|
| Clinton (on Cariboo Road) to Vancouver (via Ashcroft and C.P.R.) | " | 236 |
| " " " (via Lillooet and H. S. & N. Ry.) | " | 195 |
| " " " Newport (via Lillooet and H. S. & N. Ry.) | " | 165 |
| Lillooet to Vancouver (via Lytton and C.P.R.) | Miles | 203 |
| " " " (via H. S. & N. Ry.) | " | 148 |
| " " " Newport (via H. S. & N. Ry.) | " | 118 |

COPY OF LETTER OF J. C. KEITH TO
HON MR. McBRIDE.

VANCOUVER, B. C.,
January 6th, 1911.

The Honorable Richard McBride,
Premier of British Columbia,
Victoria, B. C.

Dear Sir:—

Re Howe Sound and Northern Railway.

In accordance with your suggestion made to me in our interview on Tuesday last in reference to the above railroad, I have put the facts of the matter in writing and would ask your earnest consideration of the same.

The Howe Sound and Northern Railway was incorporated in April, 1907. On August 20th, 1907, the Company wrote to the Honorable Mr. Cotton, then President of the Council and Member for the electoral division in which the railway lies, stating that the Company had since its incorporation had a preliminary survey made of the line and asking that the Government guarantee interest on its bonds and place a reserve upon the acreage remaining open for settlement in Pemberton Valley. In that letter it was pointed out that the construction of the road would:

1. Open up known agricultural areas of great value in the Squamish, Cheakamus and Upper Lillooet Valleys estimated at 200,000 acres. It was pointed out that the settlement of lands now held in the Government and the increase in value of lands already settled would, within a very short time, net the Government \$50,000 per annum increase above its then revenue from those sources.*
2. That it would place the Government in receipt of a handsome royalty from the extensive mineral areas of Green Lake and other places on the route.
3. That it would place the Government in immediate receipt of timber royalties which would aggregate, on the reports received, some \$2,000,000.
4. That it would give cheap means of access to the upper country for settlers and that, in other words, it would bring large areas of agricultural and mineral lands and timber out of which the Government was then deriving practically nothing into one of its chief sources of revenue and would open up for settlement and industries a territory capable of supporting 20,000 people within a short distance from Vancouver.

* In proof of this the assessment of the 210 acres purchased for the purposes of the Company, at the head of Howe Sound, was raised from \$18,000 to \$140,000 and a very considerable increase made in the other lands lying in the Squamish Valley directly construction on the railway was started.

The Executive Council at that time promised to give the matter its consideration and it was intimated to the Company that the proper way to get the guarantee asked for was to go ahead with construction as, though there had been many charters granted by the Provincial Government, no road had ever been constructed under a Provincial charter without a land or money bonus and that the Government was, therefore, dubious. In consequence of this intimation the Railway Company got to work and between the date of that advice and March, 1909, has spent several hundred thousand dollars.

In *March*, 1909, the Company renewed its application to the Government, as will appear by the letter which it had the honour to address to you on the 31st *March*, 1909. The reply was made on behalf of the Government that it was contemplating certain railroad legislation and that the representations of my Railway Company would be duly considered. We were told to go ahead with our construction.

In *December*, 1909, I had the honour to appear with Mr. Bodwell before the Executive, and then laid before them a statement, copy of which is appended together with details of the engineer's estimates, and renewed the application for a guarantee.

I wish to point out to you that at that time, that is in the fall of 1909, we occupied a unique position amongst B. C. Railways. For some years prior to 1910 the Government had given no aid to railways and it had become a generally accepted idea that no more land or money grants would be made, but that any aid given would be in the shape of a guarantee of bonds on railways, the plans of which had received the approval of the Government. I think I am right in saying the public anticipated some sort of general guarantee legislation. I was certainly under this idea and felt that the Howe Sound and Northern was in a good position as it had, in following the suggestion of the Government, put in two year's hard work and spent a great deal of money on actual construction by way of showing its bona fides.

In this connection, without egotism, I may say that I think there are comparatively few men that would have been willing, or if willing, able to have spent the amount of money I have spent in showing my bona fides, and I may say further that I have done so in absolute faith that I would get a fair deal from the Province.

In renewing my application to the Government in *December*, 1909, in anticipation of the legislation then to be passed which contemplated the guarantee of the bonds of certain specifically named roads, I had the honour to point out to you that the sale of our bonds would be seriously affected if the Government guaranteed the bonds of one road and did not guarantee the bonds of the other; that it would immediately be said by financiers that the bonds of the road whose bonds were unguaranteed were no good as security because if the Government had any faith in the undertaking it would, at least, have been prepared to guarantee bonds issued for less than two-thirds of its cost. The experience of my road has borne this out. We have submitted to you the names of two English banking houses of the highest standing who have stated definitely over their signatures that, in view of the action of the Government in guaranteeing the

bonds of certain specified railways, it would be of no use issuing B. C. Railway bonds in London unless they were guaranteed by the Provincial Government.

I think I am right, therefore, in saying that at the time of the legislation of 1910 the Howe Sound and Northern Railway occupied a unique position. There is no other railway in British Columbia that has the right to say that it has suffered by that legislation because there was no other railway under construction at the time of the legislation of 1910—by which time we had already spent or rendered ourselves liable to spend several hundred thousand dollars by way of showing our good faith in the matter.

If there had never been any guarantee of any other bonds the position of all would have been equal and there could have been no complaint, but I am free to confess that as far as any flotation of our bonds in England is concerned, unless we obtain the guarantee of the Government, the legislation of 1910 renders such flotation there impossible.

With all due deference I think, as an old timer of British Columbia, providing my plans be laid properly, I should be given at any rate an equal chance by the Government with promoters coming from other parts of Canada. And in this connection I may add that my family is not unknown in railway circles, having for many years operated the Chicago, Burlington & Quincy and the Chicago, Milwaukee & St. Paul Railroads.

As far as the construction of the balance of our line is concerned, we should probably be using the same contractors as other railroads constructing in the Province, and I respectfully submit that if I and my friends are willing to construct and equip a railroad from Newport to Lillooet at a cost of some \$7,000,000 the Province should, in view of the peculiar position in which my Company has been placed, and taking into consideration the value of the line as an air line between the Coast markets in the upper country, guarantee our debenture issue of \$4,200,000 thirty-year four per cent. bonds. Construction to Lillooet to be completed within five years. As under the terms of our debenture mortgage executed to the Trusts & Guarantee Company, of Toronto, our bonds can be issued at the rate per mile mentioned in our charter only on construction, the Government would assume a responsibility which in the case of non-completion within the time specified would be covered three times over by our present assets.

As far as the earning power of the line when completed is concerned we have already demonstrated what we can do on our first section and have the most reliable data as to the balance, which prove the immediate potential earnings of the line to be far in excess of the amount required to discharge the indebtedness proposed to be guaranteed.

I am, sir,

Yours truly,

J. C. KEITH,

President H. S. & N. Rly.

DATA LAID BEFORE THE EXECUTIVE COUNCIL,
1909-10.

| | |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April, 1907. | Incorporated. |
| April to 31st Dec . 1907. | Surveys of first ten miles. |
| 1908 and 1909. | Contract for survey to Lillooet made with Mr. E. A. Cleveland, C. E. Surveys from end of first section into Pemberton Meadows made, two surveying parties being continuously in the field from April, when there was two feet of snow on the ground, until a fall of snow in December rendered it impossible to work. |
| | Townsite of Newport purchased. |
| | Booming rights at mouth of Squamish purchased. |
| | Bonds taken on Green Lake Mines and development work commenced (Nov. 12th). |
| | Construction from tidewater to Chee Kee River let and actual con- struction of 1st section practically completed. |
| | Rolling stock ordered from Baldwin Locomotive Works and Seattle Car Company. |
| | Townsite in Pemberton Meadows purchased. |
| | Water supply for Newport purchased. |
| | Road grading on Newport commenced. |
| | Saw-mill ordered for Newport. |
| Work laid out for 1910 | Complete main line surveys from Pemberton Meadows to Lillooet and survey of branch from Pemberton Meadows to Bridge River Mining District (a). |
| | Construct from Chee Kee River to Daisy Lake (b). |
| | Continue development of Green Lake Mines until body of ore thor- oughly tested. |
| | Complete terminals at Newport. |
| | Complete booming grounds for timber at Newport. |
| | Grade, light, sewer, and install water service on Cleveland Avenue and Main Street, Newport. |
| | Install telephone service between Newport and Pemberton (c). |
| Estimated expendi- ture for 1910. | Construction (this is the most expensive section of the road, including as it does the Cheakams Canyon), 15 miles at \$55,000 (estimated)\$825,000 Newport terminals, wharf and booming grounds..... 95,000 Newport: Grading and macadamizing.....\$12,000 Sewerage 15,500 Light 7,900 Water 6,000 41,400 |
| | \$961,400 |

(a) Main line surveyor at Seat on Inke and will complete shortly.

(b) All construction delayed on advice pending action of Government.

(c) Cleveland Avenue graded and macadamized Main St. partially graded and
macadamized.

The cost of development of Green Lake Mines is not estimated here. It will be in the neighborhood of \$60,000, and it is intended to raise this amount by public flotation so soon as the prospecting tunnel of 300 feet has been driven, and the directors feel they may safely invite the public to subscribe (d).

The Green Lake Mines will also bear the cost of a telephone from Newport to Pemberton, as it is mainly installed for the purpose of enabling the men at work to order supplies and report progress.

Total assets of owners in connection with undertaking of Howe Sound and Northern Railway.

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| (a) Surveys a/c | \$ 62,000 |
| (b) Right of way and road constructed..... | 220,000 |
| (c) Rolling stock (ordered for delivery in January) .. | 35,000 |
| (d) Terminals at head of Howe Sound, comprising the whole of the head of Howe Sound (with the exception of some 6 acres) and including foreshore on lease from Dominion Government..... | 230,000 |
| (e) Booming grounds and rights..... | 27,000 |
| (f) Pemberton Townsite—1,500 acres, at \$75 per acre (value based on actual offer received)..... | 112,500 |
| (g) Newport townsite at selling prices..... | 370,000 |
| | \$1,056,500 |

(The Green Lake Mines not valued here, as the value is at present speculative.)

The policy of the Company is to confine itself to transportation. The cost of the line, estimated by Mr. Cleveland, will average \$45,000 per mile.

There has been some suggestion that this is a logging railroad, but it is nothing of the sort. It is true that some of the finest areas of timber in British Columbia are tributary to it, and that, while the Company will begin to handle upper country freight from the end of the section, to be completed this year, its main source of revenue, while under construction, will be from timber, agriculture (e) and ore. The Company, however, is looking to the general freight and passenger traffic from central B. C., as is shown by the standard construction of the first section and its acquisition of suitable terminals to handle water transportation.

It is the intention of the Company to construct quickly, so that it may benefit by the through traffic from the upper Fraser as soon as possible (f).

-
- (d) Tunnel driven 370 feet. \$32,000 expended on this property and an immense low grade ore proposition proved.
 (e) 40 Settlers going on to Pemberton lands this coming year, 1911.
 (f) The traffic up to the Cariboo road through Lillooet and Cariboo Districts this last year has beaten all records and numerous settlements have been started.

In the meantime the publication of its intentions and the fact of the actual locations surveys being made have resulted in activity in the districts to be served from Newport to Lillooet. It is certain from our own knowledge of enquiries made that this spring will see great development, and the opening up of mineral, agricultural and fruit-growing areas which have, though well known, lain dormant owing to there being no transportation. In connection with this the position of the Company with relation to the Green Lake Mines may be explained. It had been hoped that the operations and expenditures by this Company would result in an exploitation by private individuals of the resources of the district. The public having no knowledge, however, remained apathetic, and as something had to move it was decided by several of the directors to undertake the development at their own expense. The result of this action will be proved in the spring, and from the many enquiries received an active mineral development of the district may confidentially be expected. From present reports and assays the Green Lake Mines will make a very excellent showing and its opening up will result in good times for the produce growers of Pemberton.

Passengers and general freight will be handled on the Squamish Section this spring as soon as the passenger coaches, already ordered, arrive. As soon as freight warrants it the Company will put on a car ferry service to Vancouver (30 miles).

It does this in preference to the construction of a railroad over the intervening territory, which would cost \$3,350,000 (according to estimates obtained), and would be entirely barren of earning power for 5/7 of the way.

It will further put on a direct daily boat service with Vancouver, which will result in a 4 1/4 hours' run from Vancouver to Pemberton Meadows and 6 1/2 to Lillooet.

As regards the financial ability of the Company, I may point out that while a very considerable sum has been expended already no debentures have yet been issued, nor is the undertaking of the Company encumbered in any way. At the same time we shall in the near future have to issue bonds, and we feel that an invidious distinction, detrimental to our finances, would be made in the minds of our bond buyers if a purely colonization road, such as ours is, should not receive the same stamp of approval as is to be accorded by the Government to other roads of a like nature (g).

The Government will not only receive some \$2,000,000 stumpage tax on timber, which it can only receive by the construction of our road (h), but will be in yearly receipts of mineral royalties from the Green Lake Bridge River and Anderson Lake Mines, development of which will take place directly heavy machinery can be placed on the ground. The construction of the road has already increased

(h) The Government is already in receipt of considerable royalties as a result of our construction.

(g) This contention has been proved to be correct.



Corner of Ranch, Pemberton Meadows.



Five miles of straight track on the H. S. & N. Railway.



the assessable value of land in the Squamish and Pemberton Valleys, some 70,000 acres in all, from \$5.00 to \$25.00 per acre, and on completion the values will be double that, or \$50.00 per acre (the last sale in Pemberton was by Charles Barbour, of 100 acres at \$100 per acre, made two weeks ago). Further the road will save the Government the amount spent yearly on the Pemberton trail and will by settlement render accessible some of the most magnificent agricultural bunch grass and fruit areas in British Columbia.

We submit that we have given the best evidence of good faith by the expenditure of some \$530,000 within the last two years, and make application for a guarantee of 40 year 4% bonds of \$35,000 per mile; the Government to be protected by a first charge on the road and assets of the Company.

