

HISTORY

—OF—

WAPELLO COUNTY, IOWA,

—AND—

REPRESENTATIVE CITIZENS.

EDITED AND COMPILED BY
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**"History is Philosophy Teaching by Examples."
1843 1900.**

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CHAPTER XI

OTTUMWA WATER WORKS AND WATER POWER.

ORIGIN AND DEVELOPMENT OF WATER POWER AND WATER WORKS—CONCISE
STATEMENT RELATING TO THE ENTERPRISE.

The origin and development of the Ottumwa Water Power and Water Works in and connected with the city of Ottumwa form an important, checkered and interesting chapter in the development and growth of the city.

In 1876 certain surveys were made of the fall of water in the Des Moines River from Chillicothe to the point of the present dam, in the western part of the city, and a number of Ottumwa's enterprising citizens conceived the idea that a valuable water power could be secured by building a dam and utilizing this power for manufacturing and other purposes. A corporation, entitled the Ottumwa Water Power Company, was organized in that year, and a contract to put in the dam over the Des Moines River in the vicinity of Turkey Island, and to construct the head and tail races and other necessary improvements for utilizing water power. The company was capitalized for \$100,000 and the stock subscribed for by numerous citizens of Ottumwa. The contract

was let and the work begun in 1876, and the work of construction was completed during the year 1877. The year 1876 turned out to be a very rainy year. The river was frequently high, and from time to time great damage was done by the floods to the improvement, and it proved to be much more expensive than was figured upon. About \$80,000 was collected from the stockholders and put into the works, but they were then in such condition that the company was obliged to go into debt in large sums to complete the improvement and save what had already been expended. To this end S. L. Wiley & Company, contractors, were employed, and from 1877 to 1879 put in additional work upon these improvements to the amount of about \$80,000, so that when completed the plant had cost about \$160,000; but the value and revenues derived from it were scarcely sufficient to pay for the contract work done from 1877 to 1879, and, as a result, the original stockholders sunk

their entire investment of \$80,000, and the stock of that company became worthless.

In 1882, Mr. Wiley, to whom the old company was largely indebted, together with a few associates, organized and incorporated the Ottumwa Hydraulic Power Company. The water power plant was conveyed to this company and the original company disbanded. Its fate and destiny are almost pathetic. Well does the writer remember the high hopes which were entertained of it when the result of the survey of the river and the golden promises of an extensive water power in our midst were made known. When the company was organized, and had gone through the ordinary stages of public meetings and much speech making, and importunity to subscribe, and the amount was finally subscribed, great enthusiasm prevailed in Ottumwa. A brass band was called into requisition, and the promoters and friends of the enterprise marched through the streets to the joyous and exhilarating music. Finally, the lawyers administered upon the company, and for several years our dockets were crowded with numerous suits for and against the Ottumwa Water Power Company. The Hydraulic Power Company, in order to raise the money to pay what was due to the contractors, gave a bond and mortgage, and this remained until 1887, when the company conveyed its properties to a new company then organized, and which will be spoken of presently.

In 1882 the farmers living along the river between the dam and for a mile or two above the Des Moines River bridge conceived the

idea that their farms were greatly injured by water back-set from the dam and by percolation through the banks and under their soil. This belief and conviction, though possibly a mistaken one, was honestly entertained, and the theory was greatly sustained by a series of failure to crops. The company contended that this was not due to back-set water from the dam nor to percolation, but to a series of wet and rainy seasons, which prevailed for most of the years between 1876 and 1883, and in support of this claim pointed to the fact that from the same cause the flat lands upon the prairies were also unproductive,—raised more weeds than corn.

Finally, 15 or 20 suits for damages were brought by the river-bottom farmers, aggregating in their claims perhaps \$30,000 or \$40,000. One of these suits was brought by O. P. Bizer in 1882 against the Hydraulic Power Company and the Ottumwa Water Power Company, which gave rise to one of the most hotly contested, interesting, lengthy and expensive law suits in the history of the county. Judge Traverse presided, assisted by a jury, and the trial lasted from the 22d day of October to the 14th day of November. Over a hundred witnesses were examined, pro and con, and every interesting history of the Des Moines River, beginning with the flood in 1851 and coming down to the trial, was given by the various old settlers who had lived along the river. The tables of these high water marks and the information contributed by these old settlers make a very interesting page in the history of this county and of the Des

Moines River. The trial resulted in a verdict and judgment in favor of Mr. Bizer and against the Hydraulic Power Company. It was appealed to the Supreme Court, and in 1886, in October, that court reversed the judgment of the court below and sent the case back for a new trial. However, a law point made in the decision was so dangerous to the plaintiffs that the cases were abandoned and dismissed. Dry seasons then set in, and after a year or two these lands all got back to their original fertility, and after a time thus demonstrated that the theory, honestly entertained by the farmers, was a mistaken one, and that the dam had done their farms no injury. The expense of these litigations and the lack of revenues, together with the expense of keeping the property up, deprived the Hydraulic Power Company of the prosperity for which it had hoped, and, after mortgaging the plant, it finally deeded the same in 1887 to a new company. This traces, in brief, the history of the water power improvement enterprise from its beginning in 1876 to 1887.

The movements which resulted in the building of water works to supply the city and its citizens with water was inaugurated in 1877. In August of that year the city council granted to S. L. Wiley & Company a charter or franchise to build a system of water works within the city. This franchise was to extend for twenty-five years, and will, consequently, expire in September, 1902. This is the franchise under which the water works have ever since been operated. In the same year a corporation was organized by Mr. Wiley, named

the Ottumwa Water Works, and this franchise was transferred to that company by the concurrence and consent of the city council. The construction of the water works was soon entered upon; though the time fixed for completion was January, 1879, yet from various causes the time was extended to July, 1880, for final completion, though the works had been used to some extent prior. Since their original construction the works have been extended from time to time until they now embrace about 24 miles of main pipe, and furnish for consumption about 60,000,000 gallons of water per month. The works were largely constructed with borrowed capital, and in 1887 this company then had a mortgage on its plant of about \$120,000. In that year a new corporation was formed under the name and style of the Iowa Water Company, with an authorized capital of \$750,000. It purchased the plant of the Hydraulic Power Company and of the Ottumwa Water Works and assumed the mortgages upon both. It then gave upon these combined plants a mortgage securing \$400,000 of bonds. Of these bonds \$100,000 were paid to retire a like amount of Hydraulic Power Company bonds, \$120,000 to take up that quantity of bonds of the Ottumwa Water Works Company, and \$130,000 to pay the floating debts. This left \$50,000 in the treasury, which was subsequently expended in the improvement of the plant.

It will thus be seen that at the time the Iowa Water Company was formed, in 1887, and took these two properties, they had cost about \$500,000.

In 1890 and 1891, in obedience to the demand of the city and, particularly, of the people of South Ottumwa, it expended about \$60,000 in new improvements, and then for the first time the water mains were taken over to South Ottumwa. These improvements resulted in adding about eight and a half miles of new mains.

The Iowa Water Company defaulted on the interest of its bonds in April, 1894, and foreclosure was begun in the United States Court at Keokuk in July of that year. Pending the foreclosure, and at the urgent solicitation of the city of Ottumwa, the court ordered the receiver to construct a Jewell filter plant, at a cost of about \$21,000, and provided for the means through the sale of receiver certificates, which were made a lien upon the property ahead of all the mortgage bonds. In February, 1897, a general decree of foreclosure was rendered and the property sold to a bondholders' committee in July of that year. A new corporation was formed under the name of the City Water Supply Company, and the properties were conveyed to this company in September, 1897, and since that time have been owned and operated by the last named company. Since the foreclosure suit was begun in 1894 there have been expended, in permanent improvements upon the water works and water power plants, including the filter, about \$75,000. The City Water Supply Company put two mortgages upon the plants, one for \$150,000, to provide for certain outstanding bonds of the old Ottumwa Water Power Company, which were not exchanged for a like quantity

of \$400,000 series; and improvement then made and to be made, including expenses of foreclosure. It also executed, subject to this mortgage, another called an income mortgage, to secure the old bondholders the amount found due under foreclosure of the old mortgage and to be accepted in lieu thereof,—this mortgage being for \$325,000. Upon the first mortgage, above mentioned, the interest has been paid. None has been paid upon the second because the net earnings have been insufficient for that purpose and also because a certain portion thereof has been set aside for contemplated improvements.

The gross annual earnings of the property are about \$32,000. For the past two or three years differences have arisen between the water company and the city authorities in respect to the quantity and quality of the water being furnished, the pressure, etc., and finally the city authorities concluded to take steps to commit the city to build and own a water plant of its own. Looking to this purpose and end, ordinances were passed, and on the 30th day of March, 1901, a provisional contract, subject to the ratification of the voters of the city, was entered into with the Fruin-Bambrick Construction Company, of St. Louis, Missouri, to construct a system of water works for the city to cost about \$400,000, the arrangement being to issue bonds or obligations of the city to the amount of \$400,000, sell the same, and with the proceeds of the sale to pay the contractors for constructing the works. After this was entered into a proclamation was issued for an election to be held on May

6, 1901, for the purpose of approving said contract.

At this juncture the City Water Supply Company filed its bill in chancery in the United States Circuit Court, for the Southern District of Iowa, asking that court to restrain the city from holding the election, or from issuing any bonds, or from carrying out said contract. A temporary restraining order to prevent the election was made, and May 31 fixed for hearing at Council Bluffs as to whether the court would grant a temporary injunction. This matter was argued at Council Bluffs and taken under advisement.

On July 30, 1901, the court filed its opinion, and with it an order enjoining the city from carrying out the contract, or from issuing any bonds, upon the ground that to do so

would violate that provision in the constitution of Iowa limiting the right of cities to become indebted in an amount exceeding five per cent on the value of taxable property at the last assessment. The court declined to enjoin the city from holding an election. A proclamation has since been issued to hold an election on the 7th day of September, 1901, and the city has taken steps to appeal from the decision of the court. The result of the election was in favor of approving the contract.

Such, in brief, is the history of the companies which have constructed and carried on the water power and water works improvements, beginning in 1876, and such is the status of the water works matter in the City of Ottumwa at the time this volume goes to press: