

The report of the special committee of the waterworks company next came up, and two reports were received. The majority report recommended the adoption of the compromise agreement, as submitted at the last meeting of the council, and which was published in *The Express*, but alderman Callaghan submitted a minority report, stating that the two contracts did not correspond—that there had been an alteration in the interest of the company. The following is alderman Callaghan's minority report:

To the Honorable Mayor and City Council:

I beg leave to submit the following as a minority report:

After careful examination of the terms and conditions of the agreement relative to the compromise with the waterworks company, and the contract referred to your committee, I find a material difference between the two documents. In the agreement adopted by the council they undertake to release from city taxation all property belonging to the waterworks company, not to exceed in value the sum of two hundred and fifty thousand dollars, in those words: "And the said city further remits and relinquishes to the waterworks company all city taxes whatever which might otherwise be assessed and levied upon any of the property of the waterworks company which said company may own or hold for the purpose of operating their works; in other words all of said property, not to exceed in value the sum of \$250,000, shall be exempt from all city taxation during the continuance of the contract aforesaid." The contract referred to your committee, in addition to the clause just recited, makes it obligatory on the city to pay and arrange all city taxes. It reads as follows: "The city of San Antonio undertaking hereby to pay and arrange all city taxes upon the property aforesaid, not exceeding in value the sum of \$250,000," etc. I therefore recommend that the above clause be left out of the contract about to be executed with the waterworks company, the intention of the council being to remit said taxes, if within their power, but not to pay and arrange them for said corporation.

It would be preferable to dismiss and end the present litigation by paying the waterworks company their just dues and maintain the original contract as it was before the institution of the present suit by the waterworks company. The old contract is a better one than the proposed compromise, for this: By the compromise we have an apparent gain of five thousand dollars annually; for this, we concede to the waterworks company five hundred dollars per annum for rent reserved, which properly belongs to our school fund, plus the tax on the property of the waterworks company, viz: 1 per cent on (\$2,000) two thousand dollars, we further concede to said corporation the free water secured the city by the original contract. The original contract reads as follows:

5th. To furnish water free of charge (except for rent of hydrant) for washing and flushing the gutters on such streets as are curbed and guttered, for sprinkling the streets where fire hydrants are rented, and for all purposes of the fire department, for filling cisterns and for supplying such public fountains as the city may establish, provided the same shall be kept closed in case of fire.

The amended contract reads as follows:

2. The city shall have the use of water, free of charge, for all public buildings owned or used by said city, and for drinking fountains; the cost of pipeage for such public buildings and drinking, as well as of the hydrants and fountains shall be borne by said city.

3. The fire hydrants now established, and all that may hereafter be established, shall be used for fire purposes only, and in case of actual necessity for flushing the gutters for hygienic purposes under the direction of the health officer of the city.

5. The fire hydrants now established or hereafter to be established, shall in no case be used for street sprinkling purposes, but the waterworks company shall and will erect from time to time, as may be ordered by the city council, a convenient and sufficient number of 1½ inch stand pipes, for the purpose of taking from them water for sprinkling streets, plazas, etc.

I would recommend that the proposed contract be amended as heretofore suggested, or that the suit now pending between the waterworks company and the city be brought to a termination by paying the waterworks company their dues, and if advisable, to agree that judgment be entered against the city on the issues raised in the present suit, thus enabling the waterworks company to plead against the city in any future controversy *res adjudicata*.

Respectfully,

BRYAN CALLAGHAN.

On motion of Alderman Callaghan, the objectionable feature, or incongruous part, of the contract, was stricken out.

The contract was thereupon approved, Aldermen Lockwood alone voting nay, giving as his reason the opinion that the city had no right to remit the taxes.