SECURITIES HELD BY THE CONTROLLER IN TRUST FOR THE SINKING FUND, AUGUST 6TH, 1875.

State Stocks.	
Six per cent. redeemable January 1st, 1883	[illegible]
Six per cent. redeemable July 1st, 1881	[illegible]
Six per cent. redeemable October 1st, 1883	[illegible]
Six per cent. redeemable July 1st, 1878	[illegible]
Five per cent. redeemable at pleasure	[illegible]
United States Stocks.	
Six per cent. redeemable after July 1st, 1873	11,000 00
Six per cent. redeemable after July 1st, 1881	3,046,500 00
Six per cent. redeemable after July 1st 1881 (currency)	[illegible]
Five per cent. redeemable after July 1st, 1881	2,000,000 00
Westchester County Bonds.	
Seven per cent. redeemable from May 1st, 1874, to May 1st, 1888	[illegible]
	$8,845,444 09

Let us now recapitulate and condense in tabular form the above results:

COMPARATIVE RESULTS.

Amount of debt, exclusive of securities January 1, 1872	$29,896,745 91
Amount of debt, exclusive of securities August 6, 1875	8,297,155 91
Reduction of debt	11,600,000 00
Amount of securities in sinking fund	3,895,444 09
Whole amount now provided for	605,887 16

It thus appears that, whereas the debt unprovided for January 1st, 1872, was $29,896,745,91, the amount now unprovided for, after three years and a half of Republican administration, is only $605,887,16. To meet this, it will be necessary to impose a tax of only one-fourth or one-third of a mill for the next fiscal year, which will entirely relieve the state from all general indebtedness. It should be added that on the general fund debt $900,000 have been paid this year in coin, leaving a balance of $3,088,000, for which the means are already fully provided. The state is thus practically relieved of its great burden of debt, and the tax for the next year, owing exclusively to the results of Republican administration as we have incontestably demonstrated, may be and will be reduced nearly one half. It would be reduced quite one-half if it were not for the canal deficiency, growing partially out of Governor Tilden's canal policy. Exclusive of that the tax which is this year six mills, need not next year be more than three mills—and no thanks to Governor Tilden for it, as it would be precisely the same if he had never been born. This reduction is due wholly to Republican administration.

This exhibit is as unparalleled in state history as it is splendid in its character, and reflects much credit upon all who have borne a part in the good work, and especially upon Controller Hopkins, whose unflinching guardianship of the sinking funds and whose honest, faithful and wise management of the state's financial interests have done so much toward this magnificent result. In the light of these facts, the people of the state can understand, better even than before, the great obligations they are under to that true and able officer who, in this matter as in every other, has never swerved from the strict line of his duty. We are the more free to say this because it cannot even be tortured into the misconstruction of being designed to serve any personal end, since Controller Hopkins, as we understand it, is not a candidate for renomination. But it is a matter of justice to give him the credit which is his due, and it is a matter of justice to the people, in view of current misrepresentations, to give them the facts.

ROCHESTER WATER WORKS.

The Report of the Examining Commission.

To the honorable George G. Clarkson, Mayor of the City of Rochester:

The undersigned commissioners under an act of the legislature of the state of New York. "To examine the accounts, acts and proceedings of the board of water commissioners of the city of Rochester," passed June 9, 1875, respectfully report—

That we were organized as a board on the 19th day of June 1875, on which day we entered on our duties and made preliminary arrangements for a stenographer and clerk, and subsequently an accountant to assist the board in expediting the investigations necessary to arrive at the end in view.

The commissioners were, by said act, "authorized to examine any and all books, papers, property, accounts, estimates, contracts and vouchers, and any and all matters connected with said water works and water works commissioners," to compel the attendance of witnesses before them, as in ordinary proceedings before courts of justices, to administer oaths to each of the witnesses, and were required to make "all examinations in public."

In looking over the provisions of the act, and considering the intention of the legislature, and the objects to be attained by such an investigation, covering a wide field of enquiry, and with limited time to accomplish it, we endeavored to adopt a method of procedure best calculated to carry out the design of the law to the end that the evidence might be fairly presented and reported to the mayor of the city, as required by the act.

It appeared to us that we should inquire:

First—What were the powers delegated to the water commissioners for the construction of water works for the city of Rochester!

Second—What were the means provided to carry out any plans to be devised for the objects contemplated by the water-works act!

Third—What was done by the commissioners in making plans, surveys, specifications and contracts!

Fourth—How did they proceed in the financial arrangement of their affairs, as connected with the undertaking!

Fifth—What sum of money was raised and placed at their disposal!

Sixth—How was it disbursed by them!

Seventh—What have both systems of water works cost!

Eighth—Is the supply of water sufficient!

Ninth—and finally—What is the character of the work! Has it, thus far been skilfully performed!

POWERS OF WATER COMMISSIONERS.

The act of April 27, 1872, creating a commission for the purpose of supplying "the city of Rochester with pure and wholesome water," gave the commissioners ample powers to make surveys, plans, maps and estimates for the purpose and submit them to the mayor for his approval, and borrow upon the credit of the city "an amount not exceeding the amount named in the estimates of the cost of said works," and "to make execute and sell" bonds from time to time, as required for the expenses incurred under the provisions of the act.

This act was amended at the same session of the legislature, May 30, 1872, giving the commission further powers, such as acquiring titles to lands, waters, lakes, springs, ponds and streams necessary for their purposes, in the ordinary methods provided by law.

This amendment further provides for the pay of said commissioners at "five dollars per diem, besides their reasonable expenses," not exceeding to each commissioner the "sum of $1,000 dollars in any one year." And the same amendment also limits the amount of bonds to be issued by the city under the act, to three millions of dollars. It also makes it a misdemeanor for the commissioners, or their employees, to be "in any manner interested, directly or indirectly, in furnishing any materials, supplies or labor, for the erection of said water-works."

Another amendment to the original act of April 27, 1872, was passed June 15, 1873, limiting the term of office of said commissioners to the first day of October, 1876, and repealing a clause in the second act, that gave them the power to contract with villages to supply them with water. This amendment gives the further power to the commissioners, to raise the surface of the water in the Hemlock and Canadice lakes, not to exceed two feet, and to draw down the said lakes, below low water mark, not to exceed eight feet, and protect the same, making the city of Rochester liable for "all damages" caused by the exercise of such powers.

Section four of this act provides that all the bonds of the city made to provide means for the work, shall "remain, until sold, in the custody of, and be sold or negotiated by, the treasurer of the city of Rochester," and all the vouchers made for payments of salaries or work are to be certified by the engineer. And also, that "the city treasurer shall keep separate accounts of all bonds issued for the purposes described, and for all moneys paid upon vouchers of said board of water commissioners." The "books to be open to the inspection of any taxpayer, at all reasonable times," and the act authorizes the commissioners to pay to said treasurer "the sum of five hundred dollars per annum in full compensation for the services required by this act."

The commissioners are, by the act required, each to execute a bond for the faithful performance of duties, with two sureties, in the penal sum of twenty-five thousand dollars, and the city treasurer a bond of fifty thousand dollars penalty, with two sureties, as custodian of the water fund. These bonds are all to be approved by the mayor, and filed with the county clerk.

This act further provides for semi-annual reports of the commissioners to the common council of all their proceedings.

A third amendment to the original act of April 27, 1872, was passed June 26, 1874, which authorizes the issue of bonds to the amount of $3,000,000, and limits the issue to that amount.

Another act, to amend the act passed May 30, 1872, was passed March 3, 1875, and provides for acquiring title, by condemnation, of lands belonging to corporations.

Another act, passed June 9, 1875, provides the power to enter upon streets, etc., for laying down pipes and to fix water rents, and establish regulations, and it creates penalties for injury to the works, water, etc.

Another act, passed June 15, 1875, amends the original act of April 27, 1872, authorizing the issue of bonds to pay accrued interest, but not for interest accruing after 1876; and also to issue bonds for $185,000, if deemed necessary, for the completion of the water works.

The foregoing acts, the material parts of which as we believe are cited, constitute all the authority given by law for the construction of the Rochester water works.

PLAN OF THE COMMISSIONERS.

The commissioners, during the year succeeding the passage of the original act creating the commission, proceeded, under the direction of their chief engineer, Mr. Tubbs, to make plans, maps, surveys and estimates, and submit them to the mayor, as provided in the act, and finally adopted plans for two systems of water works, known as the "Holly system," and the "Hemlock lake system."

By the Holly system the water of the Genesee river was to be forced up by water and steam power, and distributed over the city for fire purposes and other uses, and the Hemlock plan contemplated the leading to the city, waters of the Hemlock lake and also of the Canadice lake, if necessary, in conduit pipes, by force of gravitation, to supply the wants of our inhabitants for domestic purposes.

After completing the plans and drawing out proper specifications, they proceeded to advertise for letting the work for the Hemlock system, and on the 5th day of April, 1873, received several bids for the work from various individuals and firms, and finally awarded the contract to James McDonald of Wallboro Point, Essex county, N. Y.

A copy of the estimates made for the bidding is herewith reported, marked "A," and a statement of the several bids made for the work is presented marked "B," and a copy of the contract made with McDonald and marked "C" is also returned as a part of the evidence reported.

ISSUE OF BONDS.

The water commissioners began to issue bonds under the authority given them by law, which provided for an issue to "an amount not exceeding the amount named in the estimates of the costs" of the works, and in May, 1873, executed bonds to the amount of $309,000, beside printing extra blanks to $391,000. In July of the same year, 3,500,000 were made, and afterwards 1,500,000 more, amounting in the aggregate to 5,500,000. Of the precise dates of the making and execution of the several amounts there seems not to be a definite account; at least we have been unable to find any evidence to that effect.

If these bonds are claimed to have been made under the original acts of April 27th, 1872, creating the water commission, they were limited to "an amount not exceeding the estimate of the cost of the works," which was then $2,184,000, and if the subsequent issues were made under the act of May 30th, 1872, the limit was fixed at $3,000,000. In any view of the case, it is doubtful whether the commissioners had the power to issue any greater amount of bonds than were required for "the payment of expenses incurred by them"—not exceeding $3,000,000. It appears from the evidence, that in the sale of the bonds, they kept within the limit prescribed, until the amendment of June 26th, 1874, giving them power to issue the full amount of $3,000,000.

It appears that $34,000 of the first issue of these bonds were sold by the treasurer in this city. The first emission of $309,000, being printed from a lithograph plate, was not popular, and was unsaleable in New York, where they had been sent for negotiation, and all of them unsold were sent home to the city treasurer. The disposition of these returned bonds will be a subject of later enquiry.

WHAT BECAME OF THE BONDS!

After the making of the bonds, as above set forth, and subsequent to the sale of the $34,000, the amount of $5,175,000 remaining, and finally executed, was, at different times, and by various means, by individuals, —by express and by some or one of the water commissioners, transmitted to New York and placed in the custody of the Union Trust company.

No register or account of such bonds was ever kept by the treasurer that can now be ascertained. Indeed the evidence shows, *that no such account was ever kept by him.*

It has been, as nearly as practicable, found what amount of bonds were made on account of the water works, and how the bulk of them went out of the hands of their legal custodian. What was the alleged purpose in thus parting with them!

It is urged that the bonds could not be sold in this city, and must therefore be taken to New York to be negotiated. This may be true to some extent, if a large amount of money were needed in haste to go forward with the work, but while the treasurer might have done all this, under proper authority and safeguards, he thus parted with the bonds without keeping any account of them, and the excess or surplus bonds were also sent to New York to be ready for transfers if needed.

HOW WERE THE BONDS SOLD!

The bonds to be executed on account of the water works were to be sold from time to time, "at not less than par," and the limited amount to be issued would, at a par sale, produce a much larger sum than any estimate then made for completing the works. How were the bonds sold! Placed in the hands of the Union Trust company, on a contract made by the commissioners and ratified by the treasurer, after the act of June 13, 1873, to deliver them as fast as sold to Robinson, Chase & Co., who were to sell them for a commission of one per cent and expenses and they passed into their possession or control, and when the interest or convenience of that firm seemed to require it, were often negotiated at much higher rates by the employment of other brokers to sell them. About $78,000 was thus paid for commissions of sales, including a *discount directly to the purchasers*, on $57,000 of the bonds sold to different purchasers, when much of the time since the bonds were placed on the market in New York they have been above par and sometimes, especially of late, from three to five per cent.

In 1873, when the largest negotiations for the sale of these bonds were going on, a financial panic occurred, by which the interests of the city were somewhat jeoparded and the water bonds were slow of sale, and it is estimated that the method pursued by the treasurer or water commissioners, or all acting conjointly in the sale of these water bonds to this date, has cost our city about $80,000.

The treasurer sold of the first issue $34,000 of the water bonds. By the agency of Robinson, Chase & Co. and their successors, there have been sold $2,906,000, and the proceeds of the whole, including the $34,000 sold at home, have been placed in the hands of the treasurer, to be drawn out on proper vouchers of the water commissioners—making an aggregate of $3,000,000, besides interest on deposits and that accrued on bonds sold, and a small sum for rents, in all, placed to their credit, the sum of $3,080,241,51.

The commissioners have thus received this amount, applicable to water works purposes, or had the same in their control.

HOW HAS IT BEEN DISBURSED BY THEM?

In this connection it may be well to state that of the 5,500,000 bonds prepared for issue by the water commissioners, 500,000 were originally lithographed, some of which—294,000—appear to have been executed in due form and 206,000 left in blank. The treasurer claims to have burned 206,000 lithographed bonds, including 29,000 first sold, which had been exchanged, (these had been cancelled) and the 206,000 blanks. The remaining 5,000 of the lithographs were found by our accountant, cancelled, in the hands of the Union Trust company, making the first 500,000

	500,000
There were sent up from New York and claimed as before to be burned other uncancelled and engraved bonds	500,000
There were found with the Trust company cancelled coupon bonds to the amount of	429,000
And also of registered certificates, cancelled	264,000
And in the Rochester city treasurer's office of bonds still unconcelled	33,000
There yet remain in the office of the Union Trust company of regularly executed registered bonds, kept for transfer	774,000
Sold by the city treasurer	94,000
And by Robinson, Chase & Co.	2,906,000
	5,500,000

The foregoing is the best account we are able to give of the bonds proved to have been created by the water commissioners, and the disposition made of them; and while we are not satisfied that the burning of bonds or blanks, in the loose manner shown, instead of keeping them in the office as vouchers, after cancelling the same, is a fair business method of disposing of them, we are led to believe that no fraud was intended, or that any harm is likely to arise from the proceeding.

It seems, as we find, that all the bonds coupons and registered, made subsequent to the 500,000 lithographs first printed, were made with the accruing interest, payable at the office of the Union Trust company, in the city of New York, and the commissioners contracted with that company to pay the interest on them semi-annually from funds to be provided by this city, and the company is to receive a salary of $250 a year for such payment and for making transfers of bonds, amounting to $7,500 while the bonds run, (thirty years) and requiring the city to remit the interest to New York, and finally to pay the bonds there, when they become due. This policy appears to us very doubtful, and the want of economy, when we consider the expense and trouble of the arrangement for exchanges of agency, for thirty years, cannot be overlooked.

There yet remain in the hands of the Union Trust company $774,000 (before mentioned), bonds, outstanding, completely executed and unsold, without any security that they may not be passed to *bona fide* holders, and the city required to pay them. The city treasurer is bound by oath and his bond to keep the bonds and funds safely, but no such obligation rests upon a monied corporation or trust company.

DISBURSEMENTS.

It appears from the proofs that 16,000 tons of cast iron was purchased by George D. Lord of B. G. Clark of New York, as agent of the Thomas iron company, to be delivered on the dock or yard of the commissioners in Rochester, at $66 per gross ton, and amounting to $1,056,000. This contract for iron has been substantially fulfilled, and nearly all the money paid by the commissioners. But the contractor was to receive from the commissioners for 8,000 tons, or thereabouts, of supply or conduit pipe, $76 per ton, amounting to $684,000; and for the balance, about 7,000 tons of distribution pipe, $80 per ton, $560,000, making in all for cast iron $1,244,000. This includes about 886 tons used for the Holly works.

About July, 1874, a change was made in the plan of the work by the commissioners, under the advice of the chief engineer, Mr. Tubbs, by which wrought iron was substituted for the proposed brick conduit of four miles, appearing in the specifications, and also for a portion of the cast iron supply pipes. About twelve miles of wrought iron was thus to be used in the construction of the work. A new contract was made with McDonald, by Mr. Lord, for this change.

The wrought iron was furnished by Thomas Leighton, of this city, to be delivered on the line of the work, ready to be placed in the trenches, for $8.50 per 100 pounds. The contractor, by agreement, was to receive from the commissioners $10 per 100 pounds.

The wrought iron thus substituted will amount to 4,488,000 pounds, and at two cts. per pound, cost the commissioners $448,800—making in the aggregate for cast and wrought iron, for conduit and distribution pipe, $1,692,800.

It must, however, be recollected that the cast iron pipe was to be carted or conveyed by the contractor along the line of the work, from the Rochester yard,—the place of delivery of the iron company—and distributed for laying in the trenches and then properly laid and adjusted for covering, and the wrought iron placed in the trenches by him, and properly connected and fitted as above.

If we allow for the transportation of the cast iron pipe (16,000 tons) and laying the same in the trenches, five dollars a ton, as the evidence shows it worth, we have for this $80,000, and the laying of the wrought iron, one-half of one cent per pound, as by the evidence it is estimated, it will cost, we have $22,440. This makes for carting and laying pipe $102,440.

The apparent profit shown on 9,000 tons of cast iron at $6 [illegible] per ton is	$[illegible]
On 7,000 tons at $[illegible] per ton is	$[illegible]
	$150,000
The apparent profit on 4,488,000 lbs. of wrought iron pipe at 1½ cents per lb. is	67,320
The whole apparent profit on pipe iron amounts to	$[illegible]
From which sum deduct the estimated expense of transportation and laying as above stated	102,440
And we find of net profit on iron pipe	$[illegible]

The disbursements of the water commissioners for three years, involving a wide range of inquiry, and reaching from the commencement of their official duties to July 1, 1875, are so large and complicated, that a detailed statement would in this report be impracticable, and we must refer mostly to the evidence herewith transmitted, though some prominent features of the same may be noticed.

They consist of the following gross items as shown by the books kept in their office, and for which they have produced 1,730 vouchers, on which payments were made:

For real estate, Shooting reservoirs, Holly pump works, pipe yard, etc	$95,713 [illegible]
Engineering expenses	17,[illegible]
General expenses	114,[illegible]
Holly system construction	[illegible]
Miscellaneous construction	[illegible]
Right of way	[illegible]
James McDonald, contractor	[illegible]
Engine house operating expenses	[illegible]
Repairs and general operating expenses	[illegible]
Valves and hydrants	[illegible]
R. D. Wood & Co. for hydrants	[illegible]
Transportation	[illegible]
Water services	[illegible]
Taxes on Rush reservoir	[illegible]
Water metres	[illegible]
Holly Manufacturing Co	[illegible]
Office furniture	[illegible]
	$3,713,081 [illegible]

It appears that all the accrued interest on the bonds at the time of sale has been accounted for.

The vouchers above mentioned have been examined by our sworn accountant, Mr. Rice, and many of them by ourselves, with a view of proving their correctness, and they have been compared with the books of the city treasurer and also the books of the water commissioners, and are found to compare with the accounts in both offices. The work is still unfinished. The reservoirs are not completed for the reception of water. The wrought-iron pipes in the vicinity of Hemlock lake, is much of it not laid in the trenches, and the bulkhead and fixtures intended to be constructed at the outlet for drawing the water from the lake are not commenced.

SPECIAL ITEMS IN THE VOUCHERS.

There has been paid by the commissioners for legal fees up to July 1, 1875, $4,879 98, of which one of the commissioners received $1,710.60, (besides his salary as commissioner, which in the three years from his appointment amounted, by law, to $3,000), in all $4,710.60.

They paid for printing during that period the sum of $1,843 19, some of which appears to be for editorials and complimentary notices.

COST OF ALL THE WORKS.

It is estimated by the chief engineer, Mr. Tubbs, that it will cost, to finish the two systems of water-works, above what has been expended to July 1, 1875, about $350,000, —which seems to us scarcely adequate—making the expenditure for both systems $3,006,116. But when the five per cent reserved by the contract, and going to the contractor, is added, the amount will aggregate $3,164,016.44, or thereabouts.

The wisdom of constructing the Hemlock works before a fair trial was given to the Holly system, to see how far it would answer the demands of our citizens, and while an appeal to the United States court was pending, seems, by what has been presented to this board in evidence on the subject, as rather doubtful, and undue haste was exercised by the commissioners, considering the unsettled legal questions involved in the action, and the exorbitant prices ruling for suitable material for construction of the work and the high rates to be paid for labor. But it is proved that the U. S. court had refused a preliminary injunction restraining them.

SUPPLY OF WATER.

Another question, of grave importance, has been presented to us—Will there be an abundant supply of water upon the Hemlock plan!

In the report of the engineer, dated Oct. 31, 1872, after stating the results of experiments made by distinguished scientists in different sections of the country, and giving the area of the Hemlock and Canadice lakes, and calculating the rainfall and waterflow from the slopes surrounding these lakes, he states that the "minimum flow of the Hemlock per day" is "expected to be 12,000,000 gallons, and the minimum flow of the Canadice per day 2,000,000."

This calculation is made in reference to a population of 100,000—that Rochester may be expected to number in a few years, and the supply needed at 60 gallons each, which will be 6,000,000 gallons per day—leaving at the minimum or low water, besides the supply needed for the city, 8,000,000 for the mills on the Hemlock and Canadice outlet. It has not been in our power, in our limited time, to procure estimates of the daily flow of waters from these lakes, based on scientific calculations, but we have been careful to examine into the matter, for the purpose of arriving at a satisfactory conclusion.

One of the sub-engineers on the Hemlock works in the employ of the commissioners—Mr. Nichols—who was relied upon by them as an expert in such investigations gauged the flow of water from these lakes, below the confluence of the two outlets, for several months in the years 1873 and 1874, and registered his daily observations upon the quantity discharged.

He produced before us the books containing the registry, and while the average in several months of high water was very much higher than 14,000,000 gallons per day, that of the month of August, 1873, was only 7,609,683 gallons per day, and that of the same month in 1874, 8,654,977 gallons per day. The same register showed the minimum of some days to be much less than the requisite 6,000,000 for the supply of Rochester, with nothing left for the mills on the principal stream. Other enquiries into the matter of water supply have resulted much in the same way.

The engineer, employed by us under statute, A. C. Powell, esq., of Syracuse, came to a conclusion nearly as last stated in the month of July 1875, when the water was not at its lowest stage.

The plan, however, of Mr Engineer Tubbs involves the construction of a dam to raise the water of the Hemlock lake two feet, and draw on this reservoir six or eight feet below the surface, thereby using, if necessary, the whole volume of water in the lake, to a depth of eight feet from the surface—by which means the supply will be kept up—by carefully economising the water—for the city as well as the mills. We state the facts as they appear, without our conclusion as to the practicability of the scheme, or the certainty of the end desired.

Mr. Tubbs supposes the same plan might be adopted on a smaller scale at the Canadice lake. By reference to the report of Mr. Powell it will be seen that he thinks the plan of Mr. Tubbs, if carried out, will make it certain that an abundant supply of water will thus be secured for all domestic purposes in the city, and leave enough for the mills on the outlets.

THE CHARACTER OF THE WORK.

There has been very little evidence produced before us to show that the work connected with the Rochester water works has not been skilfully and faithfully done, though many witnesses have been examined by us on the subject and thoroughly questioned as to their knowledge or information; and it also appears that the iron pipes and other iron work furnished by contractors, have been of the best material, and manufactured in the most approved and faithful manner.

WROUGHT IRON PIPE.

The substitution of wrought iron pipes for bricks and cast iron, has led to much investigation. This substitution has some advocates on account of cheapness. It appears to be a considerable saving of material and a reduction in cost of near one-third. Our engineer, Mr. Powell, records his decision against the use of this species of pipe for conduits—disagreeing in the main with Engineer Tubbs. The chief objection seems to be that they will be less durable. To us, the coating on the pipes seems insufficient to add much to their durability. They have not been sufficiently tested here or elsewhere to prove them entirely reliable, nor has their strength been tried at the factory, according to the specifications.

THE RESERVOIRS.

This part of the work is no unimportant one, because upon the reservoirs depends much of the success of the whole plan for usefulness and comfort to our population.

The Rush reservoir is nearly completed, and is guaged for holding at a depth of nineteen feet 80,000,000 of gallons, mostly to be kept in store for supply below when needed. Of this part of the work we can say, from inspection of the same by several of us, but mostly from evidence taken concerning the earth and other material of which it is constructed and on which it stands, that no fears need be entertained of its strength or durability, and no apprehension of its failing to hold the water to its full capacity. Our engineer expresses the like opinion.

The Mount Hope reservoir, constructed for the distribution of water in the city, is of smaller capacity and computed able to contain, when filled to the depth of fifteen feet, 35,000,000 of gallons. There has been a great variety of opinions concerning the construction of it, and whether it can stand the pressure of a full head of water, built as it is on and of a very sandy soil. Professional as well as other suggestions have been made under oath, tending to show that the strength of the work is insufficient for the purpose designed. There are doubts expressed by some witnesses called, while others speak with confidence, that this reservoir is safely constructed. We must again refer to the report of Mr. Powell for a professional opinion. He believes that this reservoir is well made and will be secure beyond a reasonable doubt.

THE HOLLY SYSTEM.

The Holly water works, as carried out and completed by the water commissioners, is an independent system, while in the great plan of water supply to the city they are indispensable, and calculated to afford an unlimited quantity of water as useful for some purposes as that drawn from the lake sources by the Hemlock system, and a very important subsidiary reserve in emergencies that may well occur in the future. It is the testimony of all who have been questioned about the construction of these works and their great value to the city that they are almost faultless in plan and finish and realize the most sanguine expectations of the community. How far this system might have been made, if sufficiently extended, to subserve the wants of the people, with a population constantly increasing for years to come, we leave those most interested to decide.

THE WHOLE WORK.

Inasmuch as we have had occasion to look over and examine the conduit line, so far as it was open to inspection, and take testimony in regard to the whole work, it may be expected that we shall express some opinion respecting it. Nearly all the cast iron pipes to be used for supply or distribution are already laid in the trenches and concealed from view. Much evidence has been recorded by us to show in what manner this work has been done, and not only the agents and local engineers employed along the line have been thoroughly examined on this point, but many others who have had occasion to observe the work as it progressed have testified in relation to it. From every source of information in our power, we have learned that the contractor has been held to a strict fulfillment of his undertaking, and in all the outside and extra work thus far performed he has left little of which the commissioners or the public can reasonably complain; at least nothing has been developed to indicate a want of skill and fidelity.

THE CONTRACT.

We are not satisfied that the contract for the great bulk of the work was a judicious one, or that the commissioners are entirely justified in accepting the bid under which it was awarded, unbalanced and uncertain as it was; but it has to be considered that at the time this was done, the materials for such a work were exceedingly high in market—higher, at least, by thirty-three per cent, than at present, especially the principal article used—iron, which cost more than all else in the construction of the water works, and then bore a market price as high as the contract specifies. The bare pipe, with the addition of proper fixtures for operation in the city, without any account for construction, cost nearly $2,000,000.

By reference to exhibit "B" herewith reported, it will be shown how this contract came to be awarded. The low price on bricks and some other articles reduced the aggregate of the bid below all others and secured the contract to McDonald or Lord. This statement is here made that any may see how it happened that the job of constructing the water works was given to the contractor who has thus far executed it, and that all may draw their own conclusions upon the facts shown.

CHANCE FOR COLLUSION

The effect of the original estimates of the chief engineer, on which the bids were received, was to favor the contractor in the following respects:

First—In preparing such plans, specifications and estimates as would easily allow of an unbalanced bid.

Second—In leaving them in such shape that be of the bidders who had the most information from the engineer could with the most safety put in a highly unbalanced bid.

Third—In making plans and estimates which were liable to change in very important respects, and yet not providing in the least for that change, should it take place; thus giving the contractor the right to compel the commissioners to employ him for, and to let him furnish, whatever that change involved.

Fourth—In giving and withholding information previous to the bidding, the evidence on this point is conflicting, and probably cannot be relied upon either way, which fact renders the whole matter suspicious.

Fifth—In allowing or ordering in almost every instance, when he had the option, the most costly material, and that relatively the highest in the contract, in place of that which was less costly, and would have been more economical for the city, as the following table will show:

ITEMS.	Prices at which it was taken by the contractor.	Amounts originally estimated by the engineer that would be used.	Amount actually used up to July 1, 1875, under engineer's estimates.
Cubic yards of rock excavated	$2 ⅌ c. yard	500	2,[illegible]
Embankm't hauled less than 1,000 ft.	20 cts ⅌ c. yd.	1[illegible],000	153,330
Embankm't hauled over 1,000 feet	60 cts ⅌ c. yd.	10,000	41,100
Hard burned brick in work	$1 ⅌ M	4,000,000	2,000
Cubic yards lining hauled less than 1,000 feet	25 cts.	60,000	1,400
Cubic yards lining hauled over 1,000 feet	60 cts.	10,000	21,700
Cubic yards of concrete	$10	300	387
Hemlock timber and plank	$12 ⅌ M	200,000	41,000
Pine timber and plank	$30 ⅌ M	100,000	142,000
White oak timber and plank	$100 ⅌ M	10,000	297,000
Cast iron pipe for conduit	$76 ⅌ ton	10,000	8,[illegible]
Cast iron pipe for distribution	$80 ⅌ ton	6,000	7,4[illegible]

That reported in the item of Holly system construction account is the sum of $25,125.20 which was allowed the contractor for trenching for the distribution pipe on the Hemlock and Holly plans in the city, in addition to the contract price, on the certificate of the chief engineer and consulting engineer, for crowding the work in inclement weather.

CONCLUSIONS OF FACT, FROM EVIDENCE.

While we cheerfully credit to the contractor the evidence which shows that his work has been well done, and performed according to the contract and specifications, we are constrained to report from evidence further conclusions of fact; namely:

The contract was awarded to said McDonald, as the lowest bidder. The bid of McDonald was however badly balanced, in that four millions of hard burned brick at one dollar per thousand, it proved to be about one fifteenth of the value of the brick, irrespective of the cost of laying the same in the proposed conduit, about four miles in length, from Hemlock lake, which is included in the specifications and contract price, and also, in that one hundred dollars per thousand for white oak such as has been received and approved by the chief engineer, is proved to be about three times the value and fair market price. A comparative statement of all the bids on each estimate, with the names of the bidders, is herewith reported, market exhibit "B." Prior to the preparation of the bids of James McDonald and George D. Lord, these parties had several interviews in Albany, with reference to the same and it was understood between them that McDonald's bid should be at said sum of one dollar per thousand for hard burned brick laid in such conduit inasmuch as it was by them then believed that the brick would not be used. It was also in said conference orally agreed between them that in case McDonald got the contract Lord should have the substantial interest therein. Afterward, and prior to the award of the contract to McDonald, a writing of assignment dated April 12, 1873, was executed by McDonald and delivered to Lord, a copy whereof is herewith filed, whereby the entire interest of McDonald in said bid and such contract was transferred to said Lord as the sole and absolute owner thereof. This assignment and the prior agreement and interviews between Lord and McDonald were concealed from the board of water commissioners and each member thereof and the chief engineer and secretary of the board, as appears by the undisputed testimony of them all and of Lord and McDonald themselves.

In this connection it is proper to state that except in the items of cast iron and wrought iron pipe, above mentioned, we are not agreed as to what the profits of the contractor may be, if any, as shown by the evidence.

NEGLIGENCE OF OFFICERS.

There was no registry, record or account kept by any of the officers whose duty it was by the statute to sign or countersign the bonds. We deem such neglect not only in direct violation of the law by the treasurer, but in an utter disregard of common prudence on the part of the other officers. We recommend legislation for such cases in the future.

EXPENSES OF THE WATER COMMISSIONERS.

Some items charged in the bills of expenses of the commissioners seem scarcely justifiable under the circumstances. One trip to New York and to visit iron foundries in New Jersey is stated to have cost $650. Some other expensive excursions do not appear demanded by the exigencies of the case, and the expenses resulting by way of publishing accounts of them, and other proceedings of the board, are mentioned that a fair understanding may be had of the management of the commissioners in the discharge of their duties. Profusion of expenditure, as it appears, has somewhat marked the progress of the water works enterprise. We must, however, state that we are unable to find, in all the proofs relating to contracts and their disbursements, that the water commissioners have appropriated any sum to their own private use, or that any of them, or any one appointed by them, has violated the statute for bidding them "to be in any way interested in furnishing the materials, supplies or labor for the erection of said water works."

DISCHARGE OF DUTY.

The commissioners of investigation have endeavored to elicit, by long and patient inquiry, all the facts relating to the acts and proceedings of the board of water commissioners of Rochester as specified in the law creating this body—as well as we could understand our duty. We have, also, as required by the statute, given opportunity to the water commissioners and their agents to produce any witnesses desired by them to testify in their behalf, or concerning any of their proceedings, and have endeavored to be impartial in the entire investigation of the matters submitted to us for examination. The evidence taken before us amounts to more than 3,000 folios of 100 words.

With what apparent fidelity we have discharged our duty, or how we have succeeded in securing the approbation of all interested, we are unable to say; but we feel an earnest assurance that nothing has been intentionally done or omitted in any of our proceedings or conclusions by which inferences may be drawn unjustly prejudicial to any party interested in the investigation, or that ought to impress others that wrong has been done to them.

Those who profess to believe that iniquity is somewhere concealed that we might have brought to light, ought to consider that on every proper occasion we have solicited all who we might suppose were able to give information on the subject—or that knew any that could—to come forward and assist us in unravelling any mystery, or unveiling any wrong that might exist, connected with the management or proceedings of those who have planned and carried out thus far this undertaking. We ask such to examine the mass of evidence reported, and see if any stone has been left unturned, or any dark spot shunned, in exhibiting what has been done by those who should be responsible for the work, for good or evil.

The "testimony and evidence taken before" this commission, "relative to the water works commissioners and their proceedings," are herewith reported.

All which is respectfully submitted.

Dated August 14, 1875.

H. G. WARNER,
OSCAR CRAIG,
M. FILOW,
CHAUNCEY PERRY,
C. C. MERRIMAN.

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