

SIXTH ANNUAL REPORT

OF THE

St. Paul, Minneapolis & Manitoba

Railway Company.

FISCAL YEAR ENDING

JUNE 30th, 1885.

ST. PAUL, MINN.:
THE PIONEER PRESS COMPANY.
1885.

ST. PAUL, MINNEAPOLIS & MANITOBA RAILWAY CO.

DIRECTORS, JUNE 30, 1885.

JAMES J. HILL,	ST. PAUL.
GEORGE STEPHEN,	MONTREAL.
DONALD A. SMITH,	MONTREAL.
JOHN S. KENNEDY,	NEW YORK.
SAMUEL THORNE,	NEW YORK.
D. WILLIS JAMES,	NEW YORK.
MARSHALL FIELD,	CHICAGO.

EXECUTIVE COMMITTEE.

JAMES J. HILL,	JOHN S. KENNEDY.
GEORGE STEPHEN,	D. WILLIS JAMES.

OFFICERS.

JAMES J. HILL,	PRESIDENT,	ST. PAUL.
JOHN S. KENNEDY,	VICE PRESIDENT,	NEW YORK.
EDWARD SAWYER,	SECRETARY AND TREASURER,	ST. PAUL.
ALLEN MANVEL,	GENERAL MANAGER,	ST. PAUL.
W. S. ALEXANDER,	GENERAL TRAFFIC MANAGER,	ST. PAUL.
N. D. MILLER,	CHIEF ENGINEER,	ST. PAUL.
A. H. BODE,	COMPTROLLER,	ST. PAUL.
S. S. BREED,	AUDITOR,	ST. PAUL.
EDWARD T. NICHOLS, JR.,	ASSISTANT SECRETARY, AND TRANSFER AGENT,	NEW YORK.

SIXTH ANNUAL REPORT
 OF THE
 ST. PAUL, MINNEAPOLIS & MANITOBA
 RAILWAY COMPANY.

The President and Directors beg respectfully to submit the following report for the year ending June 30, 1885:

GROSS EARNINGS.

Per Cent.	1885.		1884.	Per Cent.
17.949	\$1,395,797.32	.....Passenger.....	\$1,662,430.59	20.134
77.327	6,013,050.12	.....Freight.....	6,114,459.51	74.053
1.041	80,935.81	.....Express.....	94,069.50	1.139
1.807	140,542.63	.....Mails.....	122,150.42	1.479
.....	.....	.....Rentals.....	72,917.17	.883
1.876	145,838.30	.....Miscellaneous.....	190,840.45	2.312
	\$7,776,164.18		\$8,256,867.64	

OPERATING EXPENSES.

Per Cent.	1885.		1884.	Per Cent.
20.860	\$692,998.83	Conducting Transportation..	\$733,217.81	19.633
33.443	1,107,202.39	.....Motive Power.....	1,223,948.24	32.773
28.852	* 956,659.72	..... { Maintenance Road } and Structures. }	1,149,621.59	30.783
10.320	342,487.91	.....Maintenance of Cars.....	367,335.39	9.833
6.525	216,369.88	.....General Expenses.....	260,576.37	6.978
	\$3,315,718.73		\$3,734,699.40	

SUMMARY OF EARNINGS AND EXPENSES.

1885.		1884.
\$7,776,164.18	.....Gross Earnings.....	\$8,256,867.64
3,315,718.73	.....Operating Expenses.....	3,734,699.40
4,460,445.45	.....Net Earnings.....	4,522,168.24
194,208.87	.....Taxes.....	194,692.93
4,266,236.58	.....Net Income.....	4,327,475.31
42.63	Operating Expenses per cent of Gross Earnings.....	45.23
45.13	Operating Expenses and Taxes per cent.....of Gross Earnings.....	47.59
5,329.79	.....Gross Earnings per mile of Road.....	5,991.92
2,272.59	...Operating Expenses per mile of Road...	2,710.23
3,057.19	.....Net Earnings per mile of Road.....	3,281.69

Total miles of road operated June 30, 1884.....	1,397.35
Total miles of road operated June 30, 1885.....	1,470.69
Increase.....	73.34
Average number of miles operated twelve months.....	1,459.00

The following is a statement of the equipment owned by the Company June 30, 1885:

Locomotives.....	201
Sleeping Cars.....	19
Passenger Coaches.....	86
Passenger and Baggage Cars.....	11
Baggage, Mail and Express Cars.....	44
Business and Pay Cars.....	3
Total Passenger Equipment.....	163
Box Cars.....	3,403
Flat and Coal Cars.....	1,300
Stock Cars.....	50
Caboose and Boarding Cars.....	110
Derrick and Tool Cars.....	9
Steam Shovels.....	2
Dump Cars.....	34
Pile Drivers.....	1
Total Freight Equipment.....	4,909

Average number owned for twelve months ending June 30, 1885:

Locomotives.....	201
Passenger Equipment.....	163
Freight Equipment.....	4,909

MILES OF ROAD OPERATED JUNE 30, 1885.

St. Paul to Fergus Falls.....	186.41
Hamline to University Switch.....	3.35
Minneapolis Junction to East Minneapolis.....	.70
Osseo Junction to St. Cloud including North "Y"...	63.07
East St. Cloud to Sauk Rapids.....	2.14
St. Cloud to Hinckley.....	66.43
Sauk Center to end of track.....	36.44
East Minneapolis to Breckenridge.....	204.35
Breckenridge to Larimore Junction via Portland.....	132.00
Everest to Portland Junction via Mayville.....	50.44
Ripon to Hope.....	29.50
Morris to Browns Valley.....	46.68
Minnetonka, North Shore.....	5.93
Fergus Falls to St. Vincent, Junction Switch.....	201.95
St. Vincent, New Depot to Boundary Line.....	2.62
St. Vincent, Old Depot to End of Track.....	2.12
Breckenridge Junction to Grand Forks Junction.....	126.63
Grand Forks to Boundary	80.94
Crookston Junction to Devils Lake.....	113.40
Fergus Falls to Pelican Rapids.....	21.65
Shirley to St. Hilaire.....	21.55
Moorhead Junction to Halstad.....	34.09
Carlisle Junction to Elizabeth.....	3.52
Park River Junction to Park River.....	34.78
	<hr/>
Total Miles of Road operated.....	1,470.69
Total Miles of Second Track.....	25.94
	<hr/>
Grand Total Miles of Main Track.....	<u>1,496.63</u>
	<hr/>
Miles in Minnesota.....	978.43
Miles in Dakota.....	492.26

TRACK STATEMENT.

		MILES.			
		Main Line.	Second Track.	Sidings.	Total.
Fergus Falls Division.	{ Main Line.....	216.77	11.19	61.25	289.21
	{ Branches.....	196.60	.....	14.71	211.31
Breckenridge Division.	{ Main Line.....	205.05	14.75	43.40	263.20
	{ Branches.....	264.55	.....	16.49	281.04
Northern Division.	{ E. Side Main Line....	174.21	.....	35.42	209.63
	{ W. Side Main Line...	207.57	.....	19.28	226.85
	{ Branches.....	205.94	.....	12.58	218.52
Total		1,470.69	25.94	203.13	1,699.76

Main and Second Track laid with Steel.....983.76 Miles.

Main Track laid with Iron.....512.87 “

Track relaid with Steel during year ending June 30, 1885..... 11.17 “

The new lines built during the year amount to 70.40 miles, as follows: 31.43 miles, Portland to junction east of Larimore; 34.78 miles, junction west of Larimore to Park River, and 4.19 miles, Mayville to Mayville Junction.

The line from Portland and Mayville north, to junction east of Larimore (35.62 miles) is laid with steel, and the line north from junction west of Larimore (34.78 miles) is laid with iron rails.

The extension from Portland to Mayville, via Larimore, to Park River was completed and open for business to Larimore August 11, 1884, and to Park River, September 1, 1884. The amount of traffic from this line fully confirms the desirability of its construction as intimated in previous report, and a further extension will soon be necessary to accommodate the growing district beyond the present end of this line.

The replacement of iron with steel rails has been continued, and, at the date of this report, work is progressing west of Wahpeton and west of Grand Forks Junction; the amount of steel on hand being sufficient to lay about seventy-two (72) miles. This work is being done on those parts of the road where the traffic is heaviest. Previous to laying the steel the road-bed has been thoroughly ballasted with gravel to give a solid and uniform foundation, and all frogs, connections and switch ties have been replaced to conform to the standard of the new steel.

The results obtained from the reduction of grades, and the improvement in alignment at several points, have been such as to justify a further continuance of expenditure in this direction. At the date of this report there are remaining on all the Company's lines about 190 miles of which the grade should be reduced to a maximum of six

out thirty-one feet per mile. This will require change of track at the several points equal to five miles. This will enable the Company operating expenses to still further reduce the cost charged to its patrons. Careful attention is given to the widening of embankments and grading, and thorough and systematic ditching, has resulted in a reduction of working expenses from accidents.

In the year 1886, 697 new ties have been placed in which all but a small number, on the less, have been of the best quality of white

oak plant at Barnesville, consisting of round saw mill (100 x 64), machine shop (100 x 64), blacksmith and erecting shop (108 x 52), oil room (108 x 52), oil house (60 x 20), and store house (80 x 30), all of which have been completed, and the premises were finished in January, 1885. These buildings are well equipped with machinery of the latest and most approved kind, which will enable the company to do the shop work of the Western Division promptly and economically.

The junction point between the Fergus Falls and Western Divisions was changed from Fergus Falls to

Barnesville April 1, 1885, where very extensive yard and transfer facilities have been acquired.

The new stations erected during the year are located as follows: Standard size stations 24 x 60 feet, at Cummings, Donaldson, Eagle Bend, Harwood, Hatton, Inkster, Kelso, McCanna, Northwood and Petersburg; at Park River, station 24 x 108 feet, and at Larimore, station enlarged from 24 x 60 feet to 24 x 120 feet. Train Dispatcher's office built at St. Cloud to replace old building destroyed by fire. The erection of several additional stations will be necessary the coming season. There are now under construction new station buildings at Conway, Orr, Erie, St. Michael's, Silver Creek, Georgetown, Hendrum, Halstad and Northcote. Five (5) standard size section houses have been erected at various points during the year. During the past year additions to the water supply have been made as follows: Three (3) standard frost-proof tanks, 16 x 24 feet, with windmills, located at Inkster, Northwood and Park River. Standard frost-proof tank and windmill at Monticello, and tank and pump house at Big Lake were erected to replace those destroyed by fire. Engine houses have been erected and improved during the past year, as follows: Larimore (3 stall frame), Park River (2 stall frame), Grand Forks, new five (5) stalls brick and frame,

s bricked up inside and outside and joined to the Barnesville and St. Cloud fifteen (15-stall) frame have been bricked up inside and out, and brick built. At the date of this report work is on the addition of ten (10) extra stalls to the engine house, and five (5) additional stalls at Iron track scales have been put in at Anoka, each of a capacity of forty (40) tons.

ing of the Company's track at grade, by the St. Croix & Minnesota Railway, near Fourth haul, made necessary the adoption of a safe switches and signals. An Interlocking Switch apparatus has accordingly been erected at point, which was completed and put into use 21, 1885.

ember 1, 1884, the facilities furnished by the Union Railway, at Minneapolis, were so far as to be available for temporary use, and the old emigrant rooms were occupied upon that the Company's passenger station. The main station was completed and has been in use 27, 1885. The character and convenience of ties are substantial and first-class and are for the wants of this Company and others using

the same for years to come. The central location of this station has since its use largely increased the local passenger business between Minneapolis and St. Paul.

The reduction in our tariff, which was made previous to the movement of the crop of 1884, has resulted in a still further reduction of the average rate received per ton per mile and a consequent reduction in the gross earnings of the year; the figure for the year just ended being 1.52 cents per ton per mile, as against 1.79 cents the previous year. The following is a comparative statement of the rates per ton per mile for the last four years:

1882, 2.51	1884, 1.79
1883, 1.91	1885, 1.52

The movement of grain during the past season, being the crop of 1884, fully justified the expectation noted in the last annual report.

Owing to the practical completion of the Canadian Pacific Company's "North Shore Line," the through traffic from Canada to Manitoba and the Northwest Territory, via American lines, has, to a large extent, been diverted to the lines of the above named company; but the loss of this business has been substantially made up by the increase of our local traffic.

The movement of west bound freight has been considerably diminished by the general depression in business, from which we have suffered in common with other sections of the country, but the movement of traffic east bound shows an increase of nearly one-third ($\frac{1}{3}$) over that of the previous year, clearly pointing to a continued further development of the country served by our lines.

The falling off in passenger revenue, as compared with last year, is equivalent to sixteen per cent; but while this decrease is noted, the statistics show that more passengers have been carried than in any previous year, there being an increase this year over last of four per cent. This increase is in local traffic entirely, and results in the reduction of the average distance traveled by each passenger and the average amount received from each passenger carried.

At the date of this report our advices are that a very large area of new land is being put in condition for the crop of 1886. The increased attention noted in last report that was being given to mixed farming and the raising of cattle and hogs in the country reached by the Company's lines has been greatly stimulated by the low price of grain during the past year, and the statistics show a large increase in this branch of the Company's business.

While the winter of 1884 and 1885 showed an average of as low temperature as that of any previous season, it was marked by a comparative absence of storms and a consequent economy in operation both in the item of motive power and of conducting transportation. It was found unnecessary, during the entire winter, to make use of our snow-plow outfit.

The policy of the Company in acquiring ample terminal facilities at all important points and providing convenient freight and transfer yards has been continued. Particular attention is called to the fact that our yard, passing and side tracks now amount to 203 miles, enabling us to handle our traffic with economy and promptness.

The movement of traffic between points upon the lines of this Company and the head of Lake Superior under the traffic contract with the St. Paul and Duluth Railway between Hinckley and Duluth has shown each year a marked increase, and the fact that Duluth furnishes a higher market for the spring wheat raised in the Northwest than either Chicago or Milwaukee, has made it necessary for us to own and control sufficient terminals to accommodate our business at that point. For this purpose we have purchased at West Superior a large

tract of land conveniently situated for the location of elevators, warehouses, coal and other docks and the necessary room for freight yards, round houses, etc. This land is well located, adjoining the tracks of the Lake Superior Terminal and Transfer Company, in which this Company owns an interest, also the tracks of the Northern Pacific and Omaha Railways, and can be readily improved at a reasonable cost. The Board of Directors recommend the immediate erection of one or more elevators on this ground, to be either owned or controlled by the Company.

Last year attention was called to the necessity of a fund for permanent improvements, replacement of iron with steel, new equipment and other extraordinary expenses. With a view of carrying this into effect the Directors unanimously resolved at their meeting in October, 1884, to reduce the quarterly dividend from two per cent to one and one half per cent. Attention is called to the balance sheet for the condition of the Reserve Fund at the date of this report.

Respectfully Submitted,

JAMES J. HILL, *President.*

OFFICE OF THE ST. PAUL, MINNEAPOLIS AND
 MANITOBA RAILWAY COMPANY, AUGUST 20TH, 1885. }

LAND DEPARTMENT.

	ACRES.
Total acreage of Land Grant.....	3,848,000
Total acreage certified to June 30, 1885.....	2,803,376
<hr/>	
Total acreage sold to June 30, 1885.....	1,602,933
Less contracts canceled.....	96,468
Remaining unsold at June 30, 1885.....	2,341,535
Minneapolis and St. Cloud Railroad Grant.....	428,000
Acreage sold to June 30, 1885.....	37,686
	390,314
Total Grant remaining unsold at June 30, 1885.....	2,731,849

During the year ending June 30, 1885, 65,555.81 acres of land were sold for \$317,573.56, an average price of \$4.84 per acre. There were also sold during the year ending June 30, 1885, 232 town lots for \$15,390.59, an average price per lot of \$66.34.

CASH RECEIPTS OF LAND DEPARTMENT FOR YFAR ENDING JUNE 30, 1885.

Cash sales and installments on new contracts.....	\$74,033.04
Amount of principal received on old contracts.....	228,526.84
Amount received for trespass, stumpage, etc.....	207.45
Amount received for interest on old and new contracts.....	88,604.69
Amount received for principal and interest on town lot contracts	17,083.14
Amount received for interest on sinking fund.....	445.37
	<hr/>
	\$408,900.53
Less expenses of Land Department	277,607.58
	<hr/>
Net Receipts	\$131,292.95
	<hr/>
Amount of deferred payments due the company on land contracts bearing interest at 7 per cent.	\$682,731.55
Amount of deferred payments due the company on town lot contracts bearing interest at 7 per cent.	13,931.27
	\$696,662.82

STATEMENT OF ST. PAUL, MINNEAPOLIS & MANITOBA

	REVENUE
To Operating Expenses.....	\$3,315,718.73
“ State Tax.....	194,208.87
“ Interest Paid and Accrued.....	1,980,280.00
“ Dividend of 2 per cent Aug. 1, 1884.....	\$400,000.00
“ Dividend of 1½ per cent Nov. 1, 1884.....	300,000.00
“ Dividend of 1½ per cent Feb. 1, 1885.....	300,000.00
“ Dividend of 1½ per cent May 1, 1885.....	300,000.00
	1,300,000.00
“ Transferred to Sinking Fund from Land Department.....	131,292.95
<i>Balance to Income Account.....</i>	1,052,240.21
	\$7,973,740.76

To Railway, Equipment and Lands.....	\$53,279,180.33
Union Depot Stock.....	\$70,000.00
Minnesota Transfer Railway Company Stock...	62,217.14
Minneapolis Union Railway Company Stock....	750,000.00
	882,217.14
Other Properties and Securities.....	2,526,822.53

GENERAL ASSETS.

St. Paul, Minneapolis & Manitoba Ry. Stock....	\$5,600.00
Due from Agents.....	31,544.33
Due from U. S. Postal Department.....	35,380.25
Due from Foreign Roads.....	17,410.31
Advanced Charges on Freight.....	3,423.03
Camp Supplies.....	1,817.21
General Supplies.....	4,604.15
Material, Machinery Department.....	95,240.27
Material, Road Department.....	253,722.27
Stock of Fuel (Coal).....	65,505.21
Stock of Fuel (Wood).....	8,105.91
Due from other Companies and Individuals.....	187,895.75
Bonds held for Reserve Fund —	
Todd County at par.....	\$30,400.00
Consol. Mort., this Co., at par....	901,000.00
	931,400.00
Cash in hands Trustees First Mortgage Bonds...	28,254.83
Cash on Hand.....	744,390.23
	2,414,293.75
	\$59,102,513.75
Less Land Grant Bonds Redeemed.....	2,650,000.00

\$56,452,513.75

ACCOUNT.

By Earnings.....	\$7,776,164.18
“ Revenue from other sources.....	*66,283.63
“ Land Department	131,292.95

\$7,973,740.76

By Capital Stock..... \$20,000,000.00

FUNDED DEBT.

First Mortgage Bonds.....	\$8,000,000.00	
Less Land Grant Bonds Re- deemed.....	2,650,000.00	
Balance.....	\$5,350,000.00	
Second Mortgage Bonds.....	8,000,000.00	
St. Paul & Pacific Bonds.....	366,000.00	
Dakota Extension Bonds.....	5,676,000.00	
Consolidated Mortgage Bonds.....	13,044,000.00	
	<u>32,436,000.00</u>	\$52,436,000.00
Sinking Fund applicable to Re- demption of First Mortgage Land Grant Bonds.....	2,944,636.43	
Less Land Grant Bonds Re- deemed.....	\$2,650,000.00	
Premium on Land Grant Bonds	132,500.00	
	<u>2,782,500.00</u>	162,136.43
Sinking Fund Consolidated Mortgage Bonds..		8,604.78
State Tax not yet due.....	79,910.31	
Accrued Interest on bonds not yet due and payable.....	176,760.00	
		256,670.31
Audited Bills and Vouchers unpaid.....	378,870.88	
Unpaid Pay Rolls.....	189,918.89	
Unpaid Coupons due July 1, 1885.....	604,865.50	
Due Other Companies and Individuals.....	62,447.64	
Unpaid Dividends not called for.....	421.50	
		1,236,524.41
Fund for Improvement and Renewals.....		689,660.24
Balance to Profit and Loss June 30, 1884.....	610,677.37	
Balance to Profit and Loss June 30, 1885.....	1,052,240.21	
	<u>1,662,917.58</u>	
		<u>\$56,452,513.75</u>

*The "Rent of Leased Lines" has been reduced by termination of the lease of line between Sauk Rapids and Minneapolis to the Northern Pacific Railroad Company, and "Revenue from other sources" has been used to a considerable extent to reduce the valuation heretofore placed on various properties belonging to the Company.