



Northern Pacific Railway Company.
Engineering Department Records.

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69 42

At Spokane, March 5, 1927.

Mr. J. G. Woodworth:

I have read and return you herewith Mr.

Miller's report on his trip along the Columbia between Kennewick and Wenatchee.

I note Mr. Miller states - "The country commencing at Priest Rapids and extending through White Bluffs, Hanford, Richland, Kennewick, Pasco, Burbank, and to Attalia, offers a wonderful opportunity in the way of development", apparently with the idea that the Priests Rapids project will in some way affect the development of this country, particularly at White Bluffs and Hanford.

The height of the proposed dam at Priests Rapids is not sufficient to permit direct irrigation of any area of consequence, and if irrigation is what Mr. Miller has in mind, it would have to be brought about by pumping.

I note in yesterday's Spokesman Review an article about suit between the Railway Construction Company and the Wenatchee Southern about work which has been done to date on this line. If the newspaper report is correct, I should judge the Wenatchee Southern Railway Company would soon be in the hands of a Receiver.

Chief Engineer.

HES:H
enc

RAILWAY NAMED IN \$210,000 SUIT

Wenatchee Southern Defendant
Against Conspiracy to De-
fraud Charge.

RENTON BANK ALSO IN

Majority Stockholder of Construc-
tion Company Is Plaintiff in
Action.

SEATTLE, March 3. (AP)—Charging conspiracy to defraud him, George Nelson, as majority stockholder and trustee of the Railroad Construction company, filed suit in superior court here today for \$210,000 damages against the Wenatchee Southern Railway company, the First National Bank of Renton, Wash.; R. W. Gilham, president of the bank, and Fred Loomis. The suit arises out of the tangled financial affairs of the construction company, which was to build a railroad from Wenatchee to Kennewick.

In his complaint, Nelson set forth that the company was organized by Loomis, Gilham and himself and that he spent several years and large sums in making surveys, with the understanding that the Wenatchee Southern Railway company was to give him a contract for construction of the line at cost, plus 10 per cent. Loomis, Nelson alleged, was to sell bonds of the Wenatchee Southern Railway company and Gilham, as president of the Renton bank, was to finance the construction company to the extent of \$100,000.

A contract was signed with the railway company for construction of the road at a cost of \$2,000,000, the work to begin before July 1, 1926. Gilham advanced \$10,000 to start construction, but after \$4000 of that amount was expended, the Renton bank refused to honor any more checks for the work.

In September, 1926, Nelson charges, Loomis, Gilham and the trustees of the Wenatchee Southern railway conspired to defraud him, and in October Loomis and Gilham held a meeting of the construction company's stockholders and canceled the contract without notifying Nelson, the majority stockholder.

The plaintiff asks \$200,000 on the contract and \$10,000 additional damages. He also requests that a receiver be appointed for the construction company.

OFFICE OF
CHIEF ENGINEER
MAR 2 1927
NOT RECORDED
ST. PAUL, MINN.

St. Paul, Minn., February 28, 1927.

MR. H. E. STEVENS: ✓

We have a good man at Walla Walla who recently made a trip from Pasco to Wenatchee, following proposed line of the Wenatchee Southern.

Presumably you have all of the information given in this report, nevertheless, I am sending it to you asking that it be returned for our files.

Dictated by
MR. WOODWORTH

J. G. Woodworth.

Walla Walla, Washington,
February 24, 1927.

Your File A

Mr. W.E. Goman,
Western Traffic Mgr.,
Seattle, Wash.

Dear Sir:

Referring to your request for me to make an investigation of the Wenatchee Southern.

Mr. Young, agent at Pasco, accompanied me on a trip by auto from Pasco to Wenatchee, and we followed the proposed line of the Wenatchee Southern through from Kennewick to Vantage Ferry. The Highway leaves the river at Vantage, and we went by Quincy, coming to the river again at Trinidad, and from there on to Wenatchee the highway followed the river.

We stopped at Beverly both ways. There is a mile or two of heavy rock work just immediately out of Beverly Junction, which must be done before any rails can be laid, and there are not now the slightest indications of this work commencing on that part of the line. Beverly is not a large village, only a hotel, a garage, a store, and a poolroom. No one at that place had any information

at all about any work commencing. However, what few people reside at Beverly give credence to the recurring rumors that "work will soon commence on the Wenatchee Southern," but no one at that place has anything authentic.

The distance from Beverly to Wenatchee by highway is sixty-seven miles, and the distance by river is probably ten or fifteen miles shorter. The Vantage Ferry Highway crosses the Columbia about eight miles above Beverly, and some four or five miles above Vantage the river emerges from a deep gorge which extends from Trinidad.

The line as proposed from Beverly Junction, which is on the west side of the Columbia River, to Wenatchee would require very heavy construction. Except for a few flats on the river, the walls come down to the water's edge for most of the way from Vantage Ferry to Trinidad, a distance, I should judge, of thirty miles, and the line would be almost a continuous string of tunnels or a number of bridges back and forth across the river. From Trinidad to Wenatchee proper, a distance of about twenty-five miles, the line would not be of such heavy construction, yet quite a considerable

portion would be rock work.

Last Fall some work making a grade above Beverly Junction was done, but this work was on a flat of the river and was all team work, and was apparently done for the purpose of holding the right of way. Also some station rock work near Wenatchee was done, but it was only just a beginning, and was also for purposes the same as the work at Beverly. There is nothing at Beverly to indicate any work being done in the near future. And yet it is possible that some more grading will be added to that done last Fall.

The Wenatchee fruit districts commence at Trinidad, but on in Wenatchee most of the fruit is on the opposite side of the river from the proposed line, and it would appear that the Great Northern already has that portion of the fruit district pretty well covered.

At Wenatchee proper, the proposed line would be able to secure some fruit tonnage, and yet the Great Northern is well intrenched with branch lines and packing houses; so much so that it would not seem that a new line could expect to break into

any big tonnage. The Great Northern has branch lines up the Okanogan, the Columbia, and the Moses Coolee, where in each district a heavy tonnage is produced, and apparently these outside districts are so bottled up that it would be almost a physical impossibility for a competing line to reach out of Wenatchee and secure very much of the tonnage.

The country going into Wenatchee from the South is relatively only a small portion of the producing district. The terrain around Wenatchee is broken up by deep canyons, high mountains, and precipitous cliffs, and presents a forbidding prospect for constructing a railroad where there is already a well established road. It would appear from observation of the country, and the already existing transportation there, that the Great Northern could not possibly lose very much business to a competing line.

The business men of Wenatchee seem to think pretty generally that the C.M. & St.P. will finance the construction of the Wenatchee Southern, but

President Russell has kept his financial connection, if he has any, pretty close, and no one that I could find has any definite information as to his backers. Certain it is that he and his known associates are not able to finance the construction of the road without assistance from the outside. There appears to be some feeling in Wenatchee that Mr. Russell and his associates are promoting the road with the idea of selling it out. But the prevailing opinion is that the C.M. & St.P. are back of the movement. There is also some feeling that the Union Pacific are interested with the C.M. & St.P., but this sentiment is not so general as that the C.M. & St.P. is back of the proposition.

Mr. Guy Brown, President of the Columbia Valley Bank, told me that insofar as he knew, neither his bank or the other banks in Wenatchee had any definite or positive information as to the backers of Mr. Russell, but they did seem to think quite positively that Mr. Russell was dickering

with the C.M. & St. P. Mr. Brown also told me that the Wenatchee Southern either had outright ownership of a right of way, or option for it, from Wenatchee to Beverly Junction. This, however, would not be a difficult matter, as a great part of the land is worthless for anything other than a right of way.

What there is to the proposition that the C.M. & St. P. and the O.W.R. & N. are the backers of the Wenatchee Southern is problematical. From the amount of traffic that could be secured at Wenatchee as against the already well entrenched position of the Great Northern, the absolute physical impossibility of development of traffic from Trinidad to Priest Rapids, and the negligible amount of traffic now in the White Bluffs and Hanford district, and the small amount at Richland, it would appear that a rail line such as contemplated by the Wenatchee Southern would not of itself attract capital for its construction, assuming that the line is indepen-

dent construction and operation.

Below Beverly about ten miles is the Priest Rapids, and the country from Priest Rapids to Richland and Kennewick widens from both sides of the Columbia, and embraces a very large area of good land and would be highly productive under irrigation. Between Priest Rapids and White Bluffs on the North side of the river, is one body of land of over 100,000 acres, practically all of which is good soil, and when the Priest Rapids development is accomplished undoubtedly will be irrigated. Just below, and on the opposite side of the river is the White Bluffs and Hanford country, which is also extensive and capable of cultivation and high production.

It appears that the quality of the soil adjacent to Priest Rapids and White Bluffs and Hanford is better than any other body of irrigable land in Eastern Washington. The development of these lands will not, however, be much more, if any, than what is now already developed

until the Priest Rapids development comes in. At the present time, what water is used for irrigation at White Bluffs and Hanford is pumped from deep wells or from the river. The C.M. & St.P. now have a branch line from Beverly Junction and Hanford, a distance of forty-six miles. Undoubtedly it is from the fact that the Wenatchee Southern contemplates the use of the trackage of the C.M. & St.P. from Beverly Junction to Hanford and of the trackage of the O.W. R. & N. from near Richland to Kennewick, that is the cause of the prevailing opinion that the C.M. & St.P. and the O.W.R. & N. are behind the Wenatchee Southern.

The country commencing at Priest Rapids and extending through White Bluffs, Hanford, Richland, Kennewick, Pasco, Burbank, and to Attalia, offers a wonderful opportunity in the way of development.

I assume our people are fully aware of this large body of practically virgin territory. Its growth, however, will come through the development of the Priest Rapids Power Project, although

from Richland to Attalia there is large possibility in the way of development without consideration of the Priest Rapids Project.

Insofar as I could learn, there is no prospect of any immediate construction of the Wenatchee Southern, either at Beverly Junction or Wenatchee. Yet it is quite possible there may be another show of work at Beverly this Spring and Summer. But unless the work is financed by the C.M. & St.P., it does not look at all probable that President Russell and his associates will be able to get very far in building this road.

Yours truly,

D. F. & P. A.

69 42