

REPORT  
OF THE  
PRESIDENT  
UPON  
RECEIPTS AND EXPENSES  
AND  
ESTIMATED REVENUE  
OF THE  
CENTRAL PACIFIC RAILROAD  
OF CALIFORNIA.

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DECEMBER, 1865.

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Office C. P. R. R. Company,

SACRAMENTO, November 25th, 1855.

To the Directors of the C. P. R. R. Co. of California :

In accordance with the request expressed at the last meeting of the Board, I beg leave to submit the following report of the business of the Railroad for this year up to the commencement of the present month :

RECEIPTS AND EXPENSES.

The receipts of the road and the operating expenses, from the first of January to the first of November last, being ten months, are as follows :

RECEIPTS FROM JANUARY TO OCTOBER, 1865, INCLUSIVE.

M <sup>TH</sup> .	WHARF.	MAILS.	EXPRESS.	PASSENGERS.	FREIGHT.	TOTAL.
Jan.	\$.....	\$ 516 66	\$ 200 00	\$ 4,827 51	\$ 5,496 72	\$ 11,040 89
Feb.	.....	516 66	200 00	4,505 25	5,257 64	10,479 55
Mar.	.....	516 66	200 00	7,404 50	7,209 10	15,330 26
Apr.	.....	516 66	200 00	7,102 85	12,256 67	20,076 18
May	168 27	572 72	200 00	8,931 10	13,067 79	22,939 36
Jun.	305 75	666 66	266 67	11,242 65	19,947 34	32,429 07
July	381 37	700 00	350 00	10,388 75	23,813 26	35,633 38
Aug	1,170 93	700 00	350 00	10,758 00	26,268 49	39,247 42
Sept	989 47	902 22	1,000 00	18,926 05	38,484 88	60,302 62
Oct.	1,121 91	933 33	1,000 00	17,597 75	45,272 35	65,925 34
	\$4,137 68	\$6,541 07	\$ 3,966 67	\$101,684 41	\$197,074 24	\$313,404 07

## OPERATING EXPENSES FROM JANUARY TO OCTOBER, 1865, INCLUSIVE.

Repairs of Locomotives, including alterations.....	\$ 7,564 67
Repairs of Cars, including alterations.....	5,942 77
Repairs of Track, ordinary and extraordinary.....	23,378 32
Repairs of Bridges.....	9 38
Locomotive service, (engineers, firemen, wood, water, oil and waste).....	15,883 87
Station service, (agents, clerks, laborers, etc).....	18,828 02
Wharf service.....	2,155 61
Mail transportation.....	400 00
Stationery and Printing, including Advertising.....	1,533 35
Loss and damage to freight.....	341 12
Damage to persons and property.....	761 77
Overcharges and Commissions on Freight.....	2,489 24
U. S. Revenue Tax.....	5,666 02
Office Expenses.....	619 21
Train service, (Superintendent, Contractors, etc).....	6,850 42
Repairs of Buildings.....	25 00
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	\$93,448 77

Expenses, 29 82-100 per cent. of receipts.

From January 1st to May 13th, the trains ran to Newcastle, 31 miles; from May 13th to June 10th, to Auburn, 36 miles; from June 10th to September 4th, to Clipper Gap, 42 miles, and from September 4th to Colfax, 55 miles.

This statement shows a gratifying increase of business, and verifies the correctness of the estimates made by the Acting Chief Engineer, set forth in his report of October 8th, 1864.

## ESTIMATES OF REVENUE.

Upon the subject of estimates of the expected receipts of the road, I take the following estimates from his report as a basis for calculation :

ESTIMATED ANNUAL RECEIPTS IN GOLD COIN FROM PASSENGERS  
IN CALIFORNIA.

Junction and other way passengers per day, both ways.....	40
Auburn passengers—including those from the lower portion of Nevada county, per day, both ways.....	25
Colfax passengers, including those from Nevada, Grass Valley and Sierra county, per day.....	40
Dutch Flat, including upper portion of Placer and Nevada counties, per day.....	30



## SUMMARY.

14,600 Junction and way passengers, average	\$1 50...	\$21,900 00
9,125 Auburn " " "	3 50...	31,937 50
14,600 Colfax " " "	5 50...	80,300 00
10,950 Dutch Flat " " "	6 75...	73,912 50

Total, in gold coin.....\$208,050 00

ESTIMATED ANNUAL RECEIPTS FOR FREIGHT IN CALIFORNIA—  
IN GOLD COIN.

10,000 tons Auburn and way average	\$4 00.....	\$40,000 00
27,000 tons Colfax	{ including Nevada, Grass Valley, Sierra Co., Iowa Hill, Forest Hill, etc., etc., }	\$8 00... 216,000 00
10,000 tons Dutch Flat and vicinity		
20,000 tons return freight, including stone..	1 50...	30,000 00
20,000 cords wood .....	2 50...	50,000 00
10,000,000 feet B. M. lumber.....	6 00...	60,000 00

Total receipts for freight..... \$196,000 00  
 Add passengers..... 208,050 00

Total annual receipts from California business... \$704,050 00

ESTIMATED ANNUAL RECEIPTS FROM THROUGH BUSINESS TO AND  
FROM NEVADA TERRITORY.

116,000 Tons of Merchandise.....	\$22 50...	\$2,610,000 00
100,000 Cords of wood.....	5 00...	500,000 00
30,000,000 Feet B. M. lumber.....	10 00...	300,000 00
16,000 Tons return freight.....	10 00...	160,000 00
96,000 Passengers both ways.....	12 00...	1,152,000 00
Express and mails.....		30,000 00

Total ..... \$4,752,000 00  
 Add for business in California..... 704,050 00

Total annual receipts in gold coin..... \$5,456,050 00  
 Deduct for expenses for operating, etc ..... 1,626,800 00

Leaves net revenue of..... \$ 3,819,250 00  
 Or 25 per cent. per annum on a net capital of... 15,200,000 00

## ESTIMATED RECEIPTS TO DUTCH FLAT.

Your road will, when completed to Dutch Flat, command all the local business of Placer, Nevada, Sierra, and a portion of El

Dorado counties, as well as the greater portion of the Nevada freight and passenger business, which is estimated as follows :

Annual receipts from passenger business in California (see foregoing estimate).....	\$208,050 00
Annual receipts from freight in California (see foregoing estimate)..	496,000 00
77,500 tons Nevada freight \$10.....	775,000 00
48,000 Nevada passengers (both ways), \$6 75.....	324,000 00
Express and mails.....	20,000 00
Total annual receipts in gold coin.....	\$1,823,050 00
Deduct expenses of operating, etc.....	546,000 00
Leaves net revenue per annum.....	\$1,277,050 00
Or 25 per cent. upon a capital of.....	5,100,000 00

#### IDAHO AND MONTANA TRADE.

In the foregoing estimates no account was taken of the trade of Owyhee, Boise, Idaho, Montana or Salt Lake. The explorations made during the last Summer of the country lying between the Sierra Nevada and Rocky Mountains, has developed the fact that those large and flourishing districts, containing some of the richest gold and silver mines in the world, are now being rapidly opened up by enterprising American miners, can be more cheaply and expeditiously supplied by the route of which your road is a part than by any other. A glance at the map will show that your Railroad is located from Sacramento to the Great Bend of the Truckee, in an almost direct line from San Francisco to the Boise and Montana mines, and those who have explored the country between the Great Bend and those mines all agree that a good natural road can be located the whole distance in an almost direct line, that could be traveled with heavily loaded teams and through a country well supplied with water and grass.

The distances on your route would be as follows :

San Francisco to Sacramento, by steam.....	123 miles.
Sacramento to Wilson's, by railroad.....	85 "
Wilson's to Great Bend of Truckee, by wagon, (soon by rail).....	107 "
Great Bend to Boise City, by wagon.....	347 "

In all .....662 miles.

By the route used at this time the distances are as follows :

San Francisco to Portland, by steamer. ....	860 miles.
Portland to Umatilla, by steamer and railroad.....	221 "
Umatilla to Boise City, by wagon.....	317 "

1,398 miles.

Making in all 1,398 miles, more than double the distance and transshipments than by your route. As your Railroad progresses the wagon travel by your route will be continually diminishing, and the advantages will be still more in your favor.

When the Railroad shall have been completed to the Great Bend of the Truckee, which will undoubtedly be in the year 1867, the estimate is low that 100,000 tons of freight and 30,000 passengers will pass over it annually for the Owyhee, Boise, Idaho and Montana mines, in addition to the freight and passengers for various points in the State of Nevada. With \$25 per ton for freight and \$15 per passenger, the result will be as follows:

100,000 tons of freight, at \$25 .....	\$2,500,000
30,000 passenger, being 50 daily each way, at \$15.....	450,000

Amounting to.....	\$2,950,000
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#### EXCELSIOR MINES.

During the past Summer astonishing discoveries of quartz ledges of immense extent and apparently of the richest character, have been made near the line of your road, not far from Crystal Lake, known as the Excelsior or Meadow Lake mines.

Preparations are being made to work these mines extensively during the coming year. Thousands are intending to remove there as soon as the spring opens. With the facilities afforded by your railroad, machinery and all the necessaries of life can be procured much cheaper than in most other mining districts. With these advantages, there is no doubt that a population of at least 15,000 persons will settle there, who will depend on the railroad entirely for their supplies, and it is safe to estimate that they will require not less than 20,000 tons of freight yearly, which, at \$13 per ton, will amount to \$260,000, besides causing a large increase in the passenger transit.

Taking, then, these items, and adding them to the previous estimates, we have the following results, when your road shall be completed to the Great Bend of the Truckee:

#### ESTIMATED ANNUAL RECEIPTS TO THE GREAT BEND OF THE TRUCKEE.

Estimates for California business, as above.....	\$704,050
Add for freight, etc., to Excelsior mines.....	260,000
Estimates for Nevada business, as above.....	4,752,000
Add for freight to Idaho, etc.....	2,500,000
Add for Passengers.....	450,000
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Total receipts in gold coin.....	\$8,666,050
Deduct for operating expenses on 193 miles of railroad, say 30 per cent.....	2,599,815
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Leaves a net annual revenue in gold coin of.....	\$6,066,235

One of the most valuable grants made to your Company is the timber in the mineral districts, and on the odd sections, which includes some of the most extensive forests of sugar pine, red spruce, yellow pine and tamarack, on the Pacific coast. The value of this grant can hardly be over estimated. On this subject, I quote the following from the Report of the late T. D. Judah, Esq., whose estimates of the quantity of wood and timber is unquestionably below the actual fact :

“The fact cannot be controverted that your Company possesses about 500,000 acres of timber land, which will, by the construction of your road through it, become immediately available and largely enhanced in value; and if we allow that 300,000 acres, or one-third of this land, contains *only ten trees per acre*, from which can be cut six logs twelve feet long per tree, averaging twenty-four inches square, this gives 3,400 feet b. m. per tree, and the total quantity amounts to ten thousand millions feet of lumber, which delivered at Sacramento at, say \$15 per thousand, amounts to one hundred and fifty millions of dollars; or calling this lumber worth, standing, one dollar per thousand, it would be worth \$10,000,000 to the Company.

“It is well known that the sugar pine of these lands often runs 125 feet high without a limb, and often measures eight feet through at base—while a tree is seldom found measuring less than three and one-half feet at base. Cut but one tree per acre per year, and it gives an annual yield of 1,000 million feet of lumber—three million feet per day, equal to 5,000 tons per day, or say 1,750,000 tons per year.

“Allowing the 500,000 acres instead, to yield fifty cords of wood per acre (a very low estimate) and it amounts to twenty-five million cords of wood, which, if delivered at Sacramento at \$6 per cord, would amount to 150 millions of dollars, and pay the road about 100 millions of dollars freight.

“It is well known that the supply of wood is becoming more scanty, and is rising in value yearly.

“What then may we estimate the value of this domain in years to come, not only to the Company, as owners, but to the railroad as a source of revenue in its transportation, and to the community, who are obliged to use it.

“Wood is now worth \$18 per cord in Washoe, and in the winter commands \$40 per cord. In fact, the cost of hauling is so great that not a few mills have been compelled to stop work, and are now idle in consequence.

“How difficult it is then to realize the immense value of this estate, which belongs to your Company, *by absolute grant of the United States Government*, and to which you hold a title, which *cannot be disputed or disturbed.*”



## PROSECUTION OF THE WORK.

At the commencement of the year 1865, your road had only been completed to Newcastle, a distance of thirty-one miles from Sacramento, though some grading had been done between that place and Auburn. During the year the road has been extended to Colfax, a distance of fifty-five miles from Sacramento, attaining an elevation of 2,448 feet, and the grading for fourteen miles further to Dutch Flat, at an elevation of 3,416 feet, is nearly completed.

On the 2d day of January, 1865, the Supreme Court of this State rendered a learned and able decision, fully establishing the validity of the State law granting aid to the Company, by providing for the payment, by the State, of the interest on \$1,500,000 of the Seven per cent. 20-year Bonds issued by the Company. This decision gave an immediate value to those bonds, and enabled us to proceed with confidence in the work of construction.

A call was immediately issued for laborers, and the working force has gradually increased from that time until they now number about five thousand, with a constant increase. We have every assurance, that upon the opening of spring, it will be rapidly increased, and I have no doubt that 10,000 laborers can be procured early in the coming year. With this force, I am confident that the road can be completed over the mountains to the Truckee River during the year 1866.

## NECESSITY OF DISPATCH.

We have every inducement to press the work vigorously until it is fully completed. The American people are looking anxiously for this result. There is a feverish anxiety in the public mind upon the subject. The national importance of the work is daily becoming more apparent. Its necessity as a means of binding the States together, and as a defense in case of war with a foreign nation, accounts for some of this solicitude. These considerations alone are sufficient to induce us to put forth every energy to construct the road as rapidly as possible.

But other considerations, having a more direct bearing upon the interests of the Company, urge us to pursue the same policy. The vast and rapidly increasing trade of the Washoe, Reese River, Salt Lake, Humboldt, Owyhee, Boise, Idaho and Montana mines is before us, ready to afford business for our road, which will burden it to its full capacity. This trade is a tempting prize, not only to our road, but to every material interest on the Pacific coast. Delay in constructing it postpones the time of the enjoyment of the benefits of the immense commerce of the more distant portions of these districts. The earlier we complete our road the sooner will we reap the profits of this trade.

## CHARACTER OF THE WORK.

During the past season we have been engaged on some of the heaviest and most expensive portion of the line over the mountains, and we have successfully overcome some of the most formidable obstacles with which we shall be called upon to contend. The grading between Newcastle and Colfax was difficult, but the work is still more formidable between the latter place and Wilson's Valley, a distance of 31 miles. Fourteen miles of this section to Dutch Flat, which includes some of the most expensive work on the whole line is nearly graded, and will be ready for the track in the month of January. If the winter shall prove favorable for work, as seems now highly probable, the grading will undoubtedly be completed to Wilson's ready for the track-layers by the 1st of June next.

The track will be laid to Dutch Flat long before the spring travel commences, and to Wilson's in time for the summer trade, and probably to the Summit in time for the fall traffic. The construction of the road to Dutch Flat by that time ensures to us the next season's Washoe business, and by proper exertion the freight of the more distant points, before spoken of, can also be secured. Under these circumstances our true policy is to press on the work as rapidly as possible, and relax no effort until it is finally completed.

LELAND STANFORD,

President Central Pacific Railroad Company.