

Cities and Towns.
December 4, 1933.

Senate File No. 192.
By WILSON. 2

*Street railways
cities to*
A BILL FOR

An Act to authorize cities having a population of 100,000 inhabitants or over, including cities acting under the commission plan of government, to own, construct, erect, establish, acquire, lease, purchase, maintain and operate a street railway system within their corporate limits and extensions thereto with all the necessary appurtenances, and to proceed by condemnation or purchase to acquire such street railway systems; to bond the same for the purpose of paying therefor; to levy a tax to retire said bonds; to incur indebtedness therefor; to anticipate such special tax, and to call an election for the purpose of voting on the proposition of acquiring such street railway system; and to appoint a Board of Trustees to manage such street railway system.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Authorization—Elections. All cities now or here-
2 after having a population of one hundred thousand inhabitants
3 or over, including cities acting under the commission plan of
4 government, shall have the power to own, construct, erect, es-
5 tablish, acquire, lease, purchase, maintain and operate a street
6 railway system within their corporate limits, and extensions
7 thereto for not more than ten miles beyond such limits, with
8 all the necessary appurtenances, real estate, buildings, street
9 car tracks, trolleys, power plants or systems, and lease either
10 as lessee or as lessor, or sell the same or any part thereof;
11 and such cities shall also have power to acquire, own and sell
12 the negotiable bonds or other evidences of indebtedness of such
13 street railway systems; provided, however, no such street rail-
14 way system shall be constructed or purchased nor when once

15 acquired be leased or sold, until the construction, purchase,
16 leasing or selling of such street railway systems shall have
17 been approved by a majority of the legal voters of such city
18 voting thereon at a general election, city election, or at a
19 special election called for that purpose, and in no event shall
20 such street railway system when once acquired, be leased by such
21 city, as lessors, for a period longer than twenty-five years.

1 Sec. 2. Purchase—Condemnation. In the exercise of any of the
2 powers herein granted any such city may acquire and hold any or
3 all necessary property of the character specified in the pre-
4 ceding section, including existing franchises or contracts, or
5 by purchase or condemnation proceedings. If by condemnation
6 proceedings, the value of the property shall be determined by a
7 court of condemnation as provided in chapter 312.

1 Sec. 3. Power to Bond. For the purpose of acquiring such
2 street railway systems either by purchase, condemnation, or con-
3 struction, and from time to time making permanent extensions
4 thereof, additions to and betterments of the same, and of the
5 power plants and equipment, including the acquisition of addi-
6 tional real estate, any such city may borrow money and may
7 issue its negotiable bonds therefor.

1 Sec. 4. Power to Tax. It shall have the power to levy upon all
2 the taxable property within the corporate limits of said city
3 for said purposes in addition to all other taxes now provided
4 by law a special tax not exceeding in any one year 5 mills on
5 the dollar, for a period of years not exceeding fifty.

1 Sec. 5. Power to Incur Debt. Such cities may for the purpose
2 of purchasing, erecting, maintaining and operating street rail-
3 way systems, incur an indebtedness not exceeding in the aggre-
4 gate added to all other indebtedness, 5% of the actual value
5 of the taxable property within such city, the amount of such
6 taxable property to be ascertained by the last state and county
7 taxing list previous to the incurring of such indebtedness.

1 Sec. 6. Anticipation of Tax. Any such city desiring to own,
2 construct, erect, acquire, purchase, establish and maintain such
3 street railway system may issue bonds in anticipation of the
4 special tax authorized in section 4 hereof. Such bonds shall be
5 known as Public Service Bonds, and said bonds and interest there-
6 on shall be secured by said assessment and levy and (unless other-
7 wise paid out of the surplus income derived from the operation
8 of the street railway system) shall be payable only out of the
9 proceeds thereof pledged to the payment of the same and shall
10 be issued and sold in accordance with the provisions of chapter
11 320, except as herein otherwise provided.

1 Sec. 7. Terms of Bonds. In issuing such bonds, the city council
2 may cause portions of the same to become due at different de-
3 finite periods, but none of such bonds so issued shall be paya-
4 ble more than fifty years from their date. Said bonds shall be
5 issued in sums of not less than one hundred dollars nor more than
6 one thousand dollars, each running not more than fifty years, and
7 bearing interest not exceeding five per cent per annum, payable
8 semi-annually.

1 Sec. 8. Trust Fund. It shall be the duty of the city treasurer
2 to collect and receive said tax and to hold the same separate
3 and apart in trust for the payment of said bonds and interest,
4 and to apply the proceeds of said tax pledged for that purpose
5 to the payment of said bonds and interest.

1 Sec. 9. Certificates Authorized. Every such city may issue in-
2 terest-bearing public service certificates to provide for the ac-
3 quisition, extension, or improvement of any street railway pro-
4 perty or equipment. Such certificates may be issued as afore-
5 said to an amount ten per cent in excess of the cost of any such
6 extensions, improvements, street railway systems, or equipment,
7 on account of which such certificates are issued.

1 Sec. 10. Trustees Must Recommend. No ordinance providing for the
2 issuance of such certificates shall be effective until there be
3 filed with the city clerk, prior to the adoption of such ordin-
4 ance, the recommendation of the street railway system trustees
5 for the issuance of such certificates.

1 Sec. 11. Liability of City. Such certificates shall in no case
2 become an obligation of the city or be payable out of any gen-
3 eral fund, but shall be payable solely out of a sinking fund
4 representing a specific portion of the income derived from the
5 street railway system on account of which they were issued.

1 Sec. 12. Sinking Fund. Every such city shall have the additional
2 power to provide, by ordinance, for a sinking fund to be de-
3 rived from the earnings of any street railway system acquired
4 by it pursuant to the terms of any ordinance, contract, or other

5 regulation.

1 Sec. 13. Trustees—Election—Number—Term. Whenever any such
2 city becomes the owner of a street railway system, the mayor
3 shall, forthwith name, subject to the approval of a majority
4 of the City Council, trustees for such street railway system.
5 The board of trustees shall consist of the mayor and four resi-
6 dent voters, who shall hold office, one until the first Monday
7 in April of the second year after his appointment, two until
8 the first Monday in April of the fourth year after appointment,
9 and one until the first Monday in April of the sixth year after
10 appointment. Subsequent appointments shall be for a term of
11 six years. Vacancies shall be filled as original appointments
12 are made. If the street railway system is leased or sold, the
13 term of office of each member of the board shall be held to
14 have expired.

1 Sec. 14. Chairman—Eligibility to Office. The chairman of the
2 board shall be the mayor. No person shall be eligible for ap-
3 pointment on the board while he holds, or is a candidate for,
4 or has within one year held, any other salaried civil, federal,
5 state, county, or city office or position.

1 Sec. 15. Bond. A bond in the sum of five thousand dollars shall
2 be required of each member of the board before entering upon the
3 duties of his office, conditioned as provided by law, with sure-
4 ties to be approved by the council. When so approved, said bond
5 shall be filed in the office of the city clerk.

1 Sec. 16. Power and Duties. The board of street railway system

2 shall have supervision over and be responsible for all details
3 of administration and operation of said street railway system,
4 the board to determine all questions of engineering, mechanical,
5 and operating details, extensions of tracks, except as otherwise
6 specifically provided, and other improvements and betterments
7 of said street railway systems; and report to the council at such
8 stated periods as the council may determine, all information nec-
9 essary for its guidance in the issuance of bonds and the perfor-
10 mance of such other duties as may be required of it under this
11 chapter as amended, it being the intent and purpose of this sec-
12 tion to give such board of street railway system trustees com-
13 plete management and control of said street railway system, to-
14 gether with all land and property now or heretofore held and used
15 in connection therewith, with the right to make all necessary
16 contracts pertaining to the operation, maintenance, extensions,
17 and improvements of the same, as well as the right to sue and be
18 sued.

1 Sec. 17. Salaries. The four appointive members of the Board of
2 Trustees shall receive such monthly compensation as may be fixed
3 by the City Council.

1 Sec. 18. Rules—Records—Accounts—Financial Statement. The board
2 shall immediately after its organization make and prescribe all
3 the necessary rules for the government of the street railway
4 system, and prescribe the form of records and the kind of accounts
5 to be made and kept in the operation of such street railway sys-
6 tem. It shall institute and require the keeping of a uniform

7 and perfected system of accounts and requisitions showing the
8 purchase, storing, and use of materials for operation, construct-
9 ion, and other purposes. Said accounts shall be kept distinct
10 and separate from other city accounts, and in such manner as to
11 show the true and complete financial results of the operation of
12 said street railway system. The board shall at least once a year
13 cause to be prepared and printed for public distribution a full
14 and complete financial report covering the last preceding muni-
15 cipal fiscal year.

1 Sec. 19. Audit of Accounts. The books and accounts of such street
2 railway system shall be audited at least once a year by a public
3 accountant selected by the city council, and a copy of said audit
4 shall be filed with the auditor of state.

1 Sec. 20. Rates. The board of street railway system trustees,
2 in all such cities owning and operating a street railway system
3 under this chapter, shall determine the rates to be charged for
4 transportation of passengers, express, freight or for other ser-
5 vices.

1 Sec. 21. Rates Generally. Rates shall be so fixed as to produce
2 an amount which shall be sufficient to cover:

3 1. Interest on the entire outstanding indebted-
4 ness of said street railway system, including that portion
5 that is a general obligation against the city.

6 2. The cost of all operating expenses, includ-
7 ing insurance against legal liability and payment of
8 judgment resulting from such liability.

9 3. A sufficient sum by way of a depreciation
10 fund to cover such repairs and replacement as may pro-
11 perly be charged against such fund.

12 4. A sufficient annual provision for a sinking
13 fund to fully pay at maturity all bonds and certificates
14 which by their terms are payable out of the special tax
15 provided for in this chapter, or out of the earnings of
16 the property purchased under the powers herein granted
17 and to pay special assessments for street improvements
18 lawfully assessed against the street railway systems
19 property or any part thereof, and to pay for necessary
20 extensions, improvements and additional lands in cases
21 where bonds have not been issued therefor.

22 5. A surplus in addition to the requirements set
23 out in the last four preceding paragraphs to be used as
24 a working capital of not to exceed fifty thousand dollars;
25 provided, however, that the board may absorb all surplus
26 in excess of fifty thousand dollars by reducing street
27 railway rates to consumers or by increased service
28 and must so absorb all such surplus in excess of seventy-
29 five thousand dollars.

1 Sec. 22. Mortgage—Restriction—Interest. In addition to all the
2 powers hereinbefore granted, such cities shall have the right to
3 mortgage or bond such street railway systems and pledge the net
4 revenues thereof to secure the payment of the purchase price,
5 and the extension and improvement thereof, but no part of the

6 general fund of such cities shall be applied upon such contracts,
7 bonds, or mortgages. In the payment of the securities authorized
8 to be issued by this section the city and holders thereof shall
9 be restricted to the property mortgaged and the net revenues there-
10 of, and such contract or bonds and all other bonds or certifi-
11 cates issued under this chapter shall not bear a higher rate of
12 interest than per cent per annum, payable semi-annually.

1 Sec. 23. Extension of Tracks. The board of street railway sys-
2 tem trustees shall establish such rules regarding the extension
3 or relocation of tracks as in its belief will inure the great-
4 est benefit to the city, and shall avoid granting special favors
5 in the extension or relocation of tracks by requiring property
6 owners when necessary to make certain guarantees or to pay cer-
7 tain sums to cover the cost of unprofitable extensions.

1 Sec. 24. Political Activity Forbidden. Any member of said board
2 of street railway system trustees or any employee of such city
3 who is employed in any of the departments of said street railway
4 systems, who, by solicitation or otherwise, shall exert his in-
5 fluence, directly or indirectly, to influence other officers or
6 employees of such city to adopt his political views or to favor
7 any particular person or candidate for office, or who shall in
8 any manner contribute money, time, labor, or other valuable thing
9 to any person for election purposes, and any member of the city
10 council who shall, by solicitation or otherwise, exert his
11 influence directly or indirectly to influence said board or any
12 member thereof in the hiring or discharging of any employee

13 or employees of said railway systems, shall be guilty
14 of a misdemeanor and upon conviction shall be punished by a fine
15 not exceeding one thousand dollars, or by imprisonment in the
16 county jail not exceeding six months.

1 Sec. 25. Construction of Chapter. Nothing herein shall be
2 held to repeal Section 6142 and 6143. Said sections, however,
3 so far as the rate making power is concerned, shall not apply
4 to the operation of street railways constructed or purchased
5 under the provision of this chapter. In all other respects
6 this chapter shall be construed as granting additional power
7 without limiting the power already existing in the cities of
8 the first class with a population of one hundred thousand
9 inhabitants or over.