

Financing the *Original* Town Hall Project, 1873-1874

Bruce Bolnick

January 2020

On May 5, 2016, the Topsfield town meeting approved a Warrant Article to “appropriate a sum of up to \$9,859,000, to pay costs of designing, remodeling, reconstructing and making extraordinary repairs to the Town Hall.” Although the Minutes of the Town Meeting show that the motion carried by the necessary 2/3 vote, there was strong opposition from many citizens who objected to the high cost of the proposed renovation, relative to more modest options. Indeed, in the Town Election two days later, the required vote to exclude the Town Hall debt service costs from Proposition 2½ spending limits only passed by a slim margin of 746 to 733 (with 29 blank votes).¹

Echoes of the past!

Back in 1873, the decision to build Town Hall was a source of great controversy. That original Town Hall Project was a highly ambitious undertaking for a town of only 1,200 citizens² and an economy based largely on small-scale farming. Yet the annual town meeting on March 4, 1873 went ahead in approving an article to build the town hall, setting a limit of \$13,000 on the construction cost.³ A report in the *Salem Gazette* on March 7, 1873, did not mention a vote count for the article itself, but stated that a motion “to pass over the article” was defeated by a vote of 95 to 76.

The cost of \$13,000 sounds today like a remarkably tiny expense for the construction of an elegant Town Hall. But it was a very big deal at that time. To put this in perspective, the total town budget for current expenses in 1873-74 amounted to just \$13,000. And one report in the *Gazette* indicated that the prospect of incurring additional debt for the project necessitated an increase in the tax rate from \$12 to \$19.50. No wonder this was controversial!

In fact, at a special town meeting in May, 1873, an article to alter the Town Hall plan was narrowly defeated by a vote of 75 to 71. Then a second special town meeting in June considered a motion to rescind the approval altogether. This, too, was narrowly defeated, with a vote of 102 in favor of rescinding and 108 against. It’s interesting to note that 210 townsfolk attended the meeting to consider cancelling the project, compared to 171 who attended the scheduled town meeting in March.

Opposition to the Town Hall Project was amply reflected in reports appearing in the *Salem Gazette*. For example, an article in October, 1873, suggested that the “ostensible reason” for the project was “to elevate the town,” but “the most palpable reason” was because members of the church opposed “all sorts of entertainments” in the existing facility (called “Union Hall”), and because “that hall was considered too low and too small for all public business.” Given this justification for the costly project, “many of the farmers feel sore upon this subject...” Another *Gazette* article in October, 1873, admonished the town for incurring such heavy debt, to be paid by “taxing the property of the people” – followed by a long paragraph highlighting the adverse effects on the local economy from the heavy debt and the resulting tax burden.

Again in November, 1874, the *Gazette* recorded “a good deal of rancorous feeling engendered by this enterprise, in which the prospect of a considerable addition to the town debt, added to the average degree of jealousy that is apt to be felt against expenditures for the alleged benefit of ‘the village’ by those living a few miles out upon the solitary roads.” The article ended, though, on a conciliatory note:

“now that it is finished, we hope our good friends will forget their former differences and unite in making their hall effective in promoting the social intercourse of the town, and the pleasure and elevation of the people.”

Following the initial vote to proceed, the project was placed in the hands of a Town Hall Building Committee chaired by Charles Herrick. Mr. Herrick owned a local shoe factory and was one of the leading taxpayers in town, facing a tax bill that year (1873) of \$693.12.⁴ Other leading citizens on the committee were John Bailey, John H. Potter, William Kimball, Joseph W. Batchelder, Ezra Towne and Dudley Bradstreet. Mr. Bradstreet also chaired the Board of Selectmen. After the building committee placed advertisements to solicit proposals for the project, every submission proved to be well in excess of the appropriated expenditure ceiling. Consequently, the committee took charge of managing the process directly. This required an enormous amount of unpaid effort on their part, but it resulting in a saving of at least \$2000.

In the end, tight management by the committee held the cost to \$13,230.92, including a payment of \$360.50 to the Boston architecture firm of Lord & Fuller for the building plans.⁵ A further \$1773.14 was spent on furnishings. Thus, the cost to the town totaled \$15,004.06. That figure excludes \$325 for the town clock; as reported in the *Gazette*, “amateur dramatic club” had raised funds for the clock “by public entertainment.” To finance this capital expenditure the town incurred \$14,000 of new debt, at an interest rate of 7% (or 6% for notes held by “parties in town”).⁶

Mainly on account of the Town Hall Project, the town’s debt rose by more than half, from \$20,700 in 1873 to \$33,000 in 1875. And interest expenses doubled over that same period from \$1,063.50 to \$2,117.23. Relative to the overall budget of the town, the interest expense jumped from 9% of non-debt current expenditure as of the town meeting in 1873 to a lofty 22% in 1875.⁷

On December 16, 1874, the Building Committee delivered the keys to the new town hall to the Selectmen in an elaborate dedication ceremony attended by more than six hundred people. In its account of this ceremony, the *Salem Gazette* pointedly noted that the hall “has been built in the face of much opposition... upon a belief that the town ought not to incur the outlay in the existing condition of its finances.”

That reference in the *Gazette* to “the existing condition of its finances” was probably an oblique way to point out that the good citizens of Topsfield had chosen to initiate the Town Hall Project at perhaps the worst possible time in terms of overall economic conditions. Only three weeks before the initial vote on the Town Hall Project, President Ulysses S. Grant had signed the Coinage Act of 1873 – soon denounced as “the Crime of 1873” – placing the U.S. dollar on the gold standard, while ending official recognition of silver coinage. By ending “bimetallism,” the Coinage Act markedly tightened the availability of bank credit, leading to a spike in interest rates. Historical data from the Federal Reserve show that the average yield on municipal bonds in New England reached 5.68% in the 1873, and borrowing costs that year were higher than at any other time between 1866 and the first World War.

Even worse, in September of 1873 a leading banking firm in Philadelphia, Jay Cooke and Company, collapsed. Cooke’s bank had provided critical financing for the union army during the civil war, and was a central source of funds for expansion of the railroad industry. Its collapse immediately precipitated an economic crisis that became known as the Panic of 1873, one of the most severe contractions in U.S. economic history. The double blow of a deep economic crisis and an end to bimetallism led to a period

of falling prices (i.e., deflation), declining property values, and hard times for farmers and other businesses throughout the land.

In short, the *original* Town Hall Project in 1873 was highly controversial; the cost of the project imposed a very heavy fiscal burden on the town budget; and the expense could hardly have come at a worse time in terms of overall economic conditions. Yet today, Topsfield owes a debt of gratitude to the taxpayers of 1873, who created an architectural gem that has graced the town common for nearly 150 years.

This note was written by Topsfield resident Bruce Bolnick, in January 2020, as a contribution to the Topsfield Historical Society. The author benefited from comments and suggestions made by Jeanne Pickering, Norm Isler, and Wendy Thatcher. Historical information comes from two sources: contemporary news accounts in the *Salem Gazette*, replicated by George Francis Dow in *Historical Collections of the Topsfield Historical Society*, Volumes XXVI, XXVII and XXVIII (1921, 1922 and 1923); and Town of Topsfield *Annual Reports on Revenue and Expenditure* for the years 1873 through 1876, available in archives at the Topsfield Town Library.

¹ *Town Meeting Warrants*, Article Twenty-Fourth: Town Hall Project and Town Meeting Minutes, from the 2016 *Annual Report*.

² According to U.S. Census data, the population of Topsfield was just 1,213 in 1870, dropping to 1,165 by 1880.

³ Using the consumer price index as a gauge, \$1 in 1873 would be equivalent to \$21.41 at end of 2019. By this measure, \$13,000 in 1873 would be equivalent to \$278,330 now. Of course, the tax base was also far smaller in the 1870s. A report in the *Salem Gazette* in 1875 showed an assessed valuation of real property in Topsfield totaling \$487,809; thus, the \$13,000 provision for Town Hall represented 2.7% of the property tax base. By comparison, the provision of \$9,859,000 in 2016 for renovation of the Town Hall amounted to 0.8% of the assessed value of real property in town.

⁴ Other top taxpayers were Thomas W. Pierce at \$1038.11, Moses Wildes at \$693.22, Anna Pingree at \$408.46, and John Bailey at \$315.60.

⁵ Lord & Fuller went on to design new town halls for Saugus (starting in 1875) and Marblehead (1876). The Wikipedia entry for Saugus says that "Saugus Town Hall was built on a low, wet piece of land.... The land was filled at great expense and construction of the town hall put Saugus in a \$50,000 debt. This was one of the reasons that the neighborhood of East Saugus sought to be set off from Saugus and annexed to the city of Lynn."

⁶ The documents examined for this article provide no record of the maturity profile for these loans and notes. But the *Annual Reports on Revenue and Expenditure* show that Notes and Loans *paid* in 1872 and 1873 amounted to around 12% of the beginning balance each year. If principal payments were due on maturity, then the average maturity would have been 8 years at that time.

⁷ Other major expenses in 1873 included funding for schools (\$1,232.42), roadwork (\$2,456.57) and work on the town almshouse on Perkins Row (\$2,816.13).