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BALTIMORE.

TUESDAY, JANUARY 7, 1862.

WAR AND OTHER NEWS.

The message of Acting Mayor Baker, which was to have been submitted to the City Council last evening, but which the First Branch in its wisdom refused to receive, will be found in another part of to-day's paper, as will also an abstract of the extraordinary proceedings of the First Branch of the City Council pertaining thereto. Mr. Baker goes into a detailed statement of all the circumstances connected with the arrest of Mayor Brown, on the 12th of September last, most of which are too familiar to our readers to need repetition. He directs the attention of the City Council to this matter without the least hope that that body can redress the wrong, but he deems it the duty of this branch of the city government to make an early and earnest appeal to those who can act in the premises to restore George William Brown to his official position. The financial statement, as furnished by the Register, and which is embodied in the Message of Mr. Baker, makes the stock debt of the city, on the 1st of January, $15,275,000, and the entire floating debt $750,000, showing an entire indebtedness on the part of the city of $16,625,000—from which is to be deducted the sinking funds and stocks owned by the city, amounting to $5,700,000. The city has guaranteed the bonds of the Northwestern Virginia Railroad Company, the York and Cumberland Railroad Company, and the Western Maryland Railroad Company, to the amount of $2,175,000, but as this sum is secured by mortgages on the various roads, it cannot be properly set down as a part of the city's indebtedness. The annual reports of the City Comptroller and City Collector are referred to, and the heads of each department complimented for their efficiency. The Health Department has been modified, and while its efficiency has not been materially decreased it has been managed at a saving of $10,000 during the year. The entire works of the Water Department have been for all practical purposes completed, at a cost of $3,700,000, besides which this department is at present in possession of various parcels of property which may be hereafter disposed of for at least $200,000. The message of Mr. Baker is certainly an able paper, and we doubt not will be read with interest by a large majority of the people of our city notwithstanding the popular branch of the City Council failed to prove itself magnanimous enough to receive it.

The United States Senate was occupied nearly its entire session yesterday in a debate which sprung up on the presentation of the credentials of the Hon. Benjamin Starke, the newly elected Senator from Oregon. Mr. Fessenden moved that the administration of the oath be suspended, and that the credentials, together with certain papers, be referred to the Committee on the Judiciary. The opposition to Mr. Starke was the rumor current that he was an avowed Secessionist. After considerable debate, the subject was postponed until today.

In the House of Representatives the battle of Ball's Bluff was fought over again to the exclusion of all other business. Mr. R. Conkling, of New York, opened the ball by rising to a privileged question, the response to the Secretary of War to a resolution in reference to the battle of Ball's Bluff not being satisfactory to him. He contended that the proper authorities evaded the true meaning of the resolution, and said it was but just to the living as well as the dead that the true facts of the case should be brought to light. He offered a resolution that the communication be returned to the Secretary of War with a request to send a reply to the original resolution. After a debate in which a number of members took part, and in which the details of the battle, the negro question, the rebellion, and other matters were alluded to, Mr. Blair, of Missouri, moved to lay the resolution on the table, which the House refused to do by a vote of 57 to 77. The resolution of Mr. Conkling was then adopted by a vote of 79 to 61.

The State Legislature transacted but little business yesterday. In the Senate the bill to charter the City Passenger Railway Company was taken up and laid over. In the House a memorial was presented praying the charter of the Fell's Point Bank. Several local bills were called up for a second reading and informally laid over.

The Intelligence from Washington in reference to Mrs. Greenhow and other unfortunate female prisoners, cannot fail to attract attention. For reasons best known] to the Government Mrs. G. and other females now in prison in Washington are forthwith to be sent to Fort Lafayette.—It is also stated by the Washington correspondents of the New York press that several other ladies of the highest respectability in that city have fallen under the ban of the Government police, in consequence of what is termed their treasonable practices, and the probability now is that ere many days the dismal quarters at Forts Lafayette and Warren will be graced by quite a bevy of female Confederates. It is alleged that Mrs. Greenhow has recently been detected in holding secret correspondence with the Confederate Government.

The news from the upper Potomac is of stirring interest. The despatches of the Associated Press furnished to us yesterday, and which by the way were furnished to the Philadelphia and New York papers on Sunday, state that on Saturday the 5th Connecticut regiment, stationed at Hancock, on the Maryland side of the Potomac, were attacked by a force of six thousand Confederates under General Jackson, and that after a brief skirmish the Connecticut regiment retired to await reinforcements. Gen. Lander had arrived at Hancock with a considerable force, and a portion of Gen. Banks' division at Frederick had gone thither, whilst the balance were under marching orders yesterday. The attack was renewed on Sunday, General Jackson threatening to shell out the Federal forces unless they evacuated the town. This threat was of course not entertained by Gen. Lander, and the shelling commenced, but had done but little damage up to the latest advices.—Hancock is a small village, immediately on the line of the old National road, about one hundred miles west of Baltimore, and fifty-four miles from Frederick. At this point the distance from the Potomac to the Pennsylvania line does not exceed six miles. Hancock has always been noted as a pleasant village, and was quite a celebrated stopping place in the now past era of stage coaches.

The latest news from Green county, Kentucky, represents that a battle there is imminent, as the two opposing forces of the Federal and Confederate armies are in close proximity to each other. The Confederates have five regiments at Cave City, and the Federals are in large force at Munfordsville—these two places being only seven miles apart.

The appearance of a British war steamer off Annapolis created some stir in the ancient city yesterday. She is represented to be a large vessel having two tiers of heavy guns. The ship cast anchor off the harbor at three o'clock yesterday, but up to the time the cars left for Baltimore no one had landed from her, although it could be seen from the wharf that she had a large force of men on board.

The steamer Vanderbilt, at New York yesterday from Port Royal, brings some news of interest from that quarter. The V. has on board 3,637 bales of cotton. The brigade of General Stevens advanced on the mainland on the 1st instant, and after a short resistance took possession of some Confederate batteries. The Confederates had fallen back to their fortifications, said to be very extensive and defended by 12,000 men under Gen. Pope. Gen. Stevens' force was 4,500 strong, and in taking the batteries he is reported to have had eight men wounded. Major Matson, of the Eighth Michigan Regiment, received a mortal wound. The loss of the Confederates is not known. At the latest accounts Gen. Stevens held possession of his position, within six miles of the Charleston and Savannah railroad, where he would await for reinforcements from the North before he proceeded further inland. This account corresponds in almost all its particulars with that published yesterday derived from Southern sources.

We republish from the *National Intelligencer* an interesting article in reference to the disposal of the Confederate privateersmen. The opinion of Judge Daly, of New York, is to the effect that the privateersmen are no more morally guilty than parties taken on land in arms against the Government, and if the former should be made to suffer death the same punishment should be inflicted on the latter. The Judge says "further prosecutions can be stopped, and in respect to the privateersmen who have been convicted, the President, acting upon the suggestion of the Court that tried them, can, by the exercise of the pardoning power, relieve them from their position as criminals

THE PITTSBURG AND CONNELLSVILLE RAILROAD.—We are indebted to Benj. H. Latrobe, Esq., for a copy of the ninth annual report of the Pittsburg and Connellsville Railroad Company, a work of which he is the President. On the 31st October the floating debt was $85,312.09, being $17,142.78 more than at the same time last year. The revenue from the forty-eight miles of completed road between Connellsville and Turtle Creek was $70,105 75, whilst $122.45 was realized from other sources. The current expenses of the road for the year were $48,888 69, leaving $21,217.06 as the net revenue. During the year 60,968 passengers and 56,539 tons of freight were transported over the road, and $3,200 received for carrying the mails. The report states that whilst the closing of the lower Mississippi river to the coal of the Ohio and adjacent valleys has prostrated the mining interests of those regions for the present, and thereby cut off one of the most extensive and profitable fields of labor and trade, yet the Pittsburg and Connellsville road transported 5,000 tons of coal and coke more than the previous year. This has been caused by an increased demand of these articles for local consumption, and goes to show, that with a free and uninterrupted market for the immense coal fields of which this road is the natural outlet, what will at some future day be the magnitude of this short road, in which the city of Baltimore has such a vital interest. One fact in the report is worthy of special notice—during the year there has not been an accident on the road, and no passenger, employee, or other person has been seriously injured in its working. This certainly speaks well for the admirable manner in which the road has been managed.

ANNUAL REPORT OF THE MARYLAND PENITENTIARY.—The annual report of the President and Board of Directors of the Maryland Penitentiary to the Governor of Maryland is before us. The report sets out by stating that the liabilities of the institution exceed the resources by $6,030 29, and calls upon the Legislature to make an appropriation, not only to meet this deficiency, but also to meet any which may accrue during the coming two years. Every effort has been made, and with considerable success, to curtail the expenses of the Penitentiary by establishing the strictest economy in every department of the prison. The expenses of the last year have been less than the previous one by $7,060 61. The Directors state that one of the disadvantages that operates against a successful management is what are called short-term prisoners, whose sentence of confinement range from one to twelve months, and they therefore recommend the passage of a law prohibiting the sentencing of prisoners to the Penitentiary for a less time than one year. They state at length their reasons for desiring this change. It is also recommended that a law be passed prohibiting the incarceration of insane persons in the Penitentiary, and that provision be made for the removal to the Maryland Hospital of those who may become insane while convicts. Humanity would dictate the justice of the latter recommendation, and we feel confident that a law to meet the case would meet with the cordial approbation of all parties throughout the State. The general health of the prison has been excellent throughout the year. The report of the Warden pays a just tribute to the Rev. Dr. Wyatt, who, notwithstanding his advanced age and feebleness of body, continues his regular weekly visits to the unfortunate inmates of the institution. He says that those prisoners ministered to by this venerable divine have ever been classed among the very best disposed convicts under his charge.

MAYOR'S MESSAGE.

MAYOR'S OFFICE,
Baltimore, January 6th, 1862.

To the Honorable the Members of the First and Second Branches of the City Council:

Called to the position of Acting Mayor by the remarkable events that have transpired in our city, as well as in the country, it becomes my duty to make the annual communication required by law, to your honorable body. We cannot be unmindful of the obligations we are under to a kind Providence for the manifold blessings bestowed upon us as a community; even in the alarms of civil war, we have realized the blessings of bountiful harvests, pleasant seasons and a mild and genial climate; while our city has been favored with unusual good health, and a total exemption from epidemic disease. We have passed through dangers and sore trials of no ordinary character, yet under the present circumstances it may be unwise, as well as unprofitable, to refer particularly at this time to the many acts that have occurred in our city growing out of the present crisis.

There is one subject, however, though painful it may be, I feel it my duty to call your attention to. George William Brown, who had been elected Mayor of the city by a majority, which, under the circumstances, was without precedent, was arrested on the 12th of September last, by the authority of the General Government, and removed from this city, and placed in confinement, where he has been detained ever since, with the exception of a short period, when he was released for a few days to attend to some important private business, with the understanding that he was not to leave the State of Massachusetts. By this act the people of Baltimore have been deprived of the services of their Chief Magistrate for nearly four months, and their interests thereby have been materially injured.

Up to this time the causes of his arrest have not been made known to the people of Baltimore. In his case no affidavit was made, no charges preferred, no public examination had, and so far as we have been advised, no justification for his arrest and detention has transpired. He is deprived of his liberty and denied the right accorded and dear to the humblest citizen of our common country. This is the more remarkable because it is known that on the 19th of April, the time when our troubles commenced, Mr. Brown most gallantly and fearlessly exposed his life to protect the soldiers who were then, in obedience to the call of the President, passing through this city; and at the Town Meeting held on the same day, in the midst of a most excited populace, a large portion of whom differed with him in opinion, declared himself to be opposed to the doctrine of State secession.

It is well known that Mr. Brown subsequently exerted himself to restore peace and order in Baltimore, and that his object and motive was to produce this result, at the same time to preserve Baltimore from the dangers which then seemed to him to be imminent and most threatening. To such an extent did Mr. Brown exert himself, that his health broke down, and for several days during the time of the greatest excitement here, he was confined to his bed, and his physician forbid all access to or communication with him. Mr. Brown has ever been distinguished for his lofty tone and purity of character, for his love of country and his patriotic devotion to the discharge of his public duties, and no consideration could have induced him to consent for a moment to do any act inconsistent with his official position or the obligations of his

was taken from his family at midnight, without notice, without charges and without examination known to him or his friends. He has been confined for months, without investigation into his case, without opportunity to vindicate his innocence, and without knowing, except by vague rumors, the suspicions entertained against him. He has shown his ardent love for constitutional liberty, and doubtless will be ever ready, at any personal sacrifice, to sustain the rights and freedom of the community which so highly honored him. If it was unreasonable, in the days of the power of the Roman Empire, "to send a prisoner, and not withal to signify the crimes laid against him," how much more is it so, in the days of our glorious Republic, the land of the free and the home of the brave, and under the light of the nineteenth century!

Your attention has been invited to this matter, not with any hope that you can redress the wrong. But does it not demand on your part an early and earnest appeal for redress to those who can render it, and restore George William Brown to his official position as Mayor of our beloved city? believing the imprisoning of such men, under the circumstances, is injurious to the peace and dignity of the United States; while their liberties would tend to restore confidence, where it is now wanting. It was a maxim of the great and good Washington, "THAT IN WAR WE SHOULD TREAT OUR ENEMIES AS IF ONE DAY THEY MIGHT BE OUR FRIENDS."

How much more is it incumbent upon us in this community, where we are not yet afflicted with such dire calamity, to keep in mind that noble Christian sentiment! However we may differ in opinions, there is no necessity for personal hostility and animosity towards each other, for the day will come when these issues that now afflict us, will be past, and we will live side by side together, and we may then wish with unavailing regrets that we had not by unkind words and acts forever alienated some who we would like to be our friends, remembering the words of Henry Clay; "That whenever the most valuable elements of union, mutual kindness, reciprocal feelings of sympathy, equal rights and fraternal bonds, which now happily unite us, shall be destroyed, all hope for the future of our country shall be extinguished forever."

The meeting of the City Council, as directed by the New Code, on the first Monday in January instead of the third Monday, as formerly, almost precludes the Mayor from giving, as required, "an accurate account of the money received and expended," for the reason that the financial and other officers of the corporation cannot present in time full and accurate reports and statements of the receipts and disbursements of their several departments to the Mayor, upon which to base his report. I would therefore respectfully suggest that you memorialize the present Legislature of the State to change the time of the annual meeting of the City Council to the third Monday in January.

The financial statement as furnished by the Register, and embodied in this communication, must be considered as approximating the result, yet as nearly accurate as possible.

The Stock debt of the city, Jan. 1st, 1862,	$15,275,000.00
Entire floating debt of the city,	750,000.00
	$16,025,000.00
Deduct sinking funds and Stocks owned by city,	5,700,000.00
	$10,325,000.00

Bonds guaranteed by the city for the Northwestern Virginia Railroad Company on which the city pays the interest $1,500,000.00

Bonds guaranteed for the York and Cumberland Railroad on which the city does not pay interest 500,000.00

Bonds guaranteed for the Western Maryland Railroad on which the city does not pay interest 175,000.00

2,175,000.00

$12,500,000.00

Leaving twelve million five hundred thousand dollars as the present liability and indebtedness of the city, not however, estimating the one million, five hundred thousand dollars secured by mortgage on the North Western Virginia Railroad, nor the $500,000.00 on the York and Cumberland, and the $175,000.00 of the Western Maryland Railroad, leaves the amount of city debt $10,325,000.00.

For more full and detailed statement of the financial condition of the corporation, I would refer you to the report of the Register of the city, and in this connexion it is deemed due to accord to him praise for a faithful devotion to the duties of his office, as well as for earnest zeal in promoting the financial interests of the corporation.

To the report of the City Comptroller you are also referred, as giving valuable information. This office, which is so ably and commendably filled, has proved to be greatly to the advantage of the city, in imposing wholesome restraints and checks on the disbursements of the various departments of the city government, as well as guaranteeing a safe precaution against any errors or loss that might accrue in any of the financial transactions of the corporation.

One hundred thousand dollars of the floating debt of the city was created under the ordinance No. 22, approved April 20th, 1861, to appropriate five hundred thousand dollars, or so much thereof as may be necessary, for the defence of the city against any danger that may arise out of the present crisis.

Of this amount $10,000 was paid to the working men

for grading Patterson Park, and $2,000 was paid to, and distributed under the direction of, the Poor Association, for the use of indigent widows, sewing-women, &c., and $61,960 was expended in erecting the Canton bridge, payments of interest on loan, and other purposes under the ordinance, leaving still on hand $27,100 to meet any existing claims which cannot be liquidated with justice to the city, until testimony can be had from persons who are now absent, including the Mayor.

The report of the City Collector gives you an exhibit of the condition of that department, showing a gratifying result. The separation of the collection of the tax on personal property from that on real estate, proposed by Mr. Brown, in his message last year, and adopted by ordinance, has worked well and resulted in the receipt of a very much larger amount of taxes than would otherwise have been received, and in fact it contributed largely in maintaining the financial credit of the city. By the inducement offered of a liberal discount for prompt payment, large numbers avail themselves of the benefit, who otherwise would let their taxes remain unpaid until the end of the year, thereby causing the city to borrow money in anticipation of income from taxes which may not be realized. Personal property, by its very changing nature and ownership, no calculation could be made of its being found, to levy upon for payment of taxes, if delay is granted over six months from March 1st. Its continuance is recommended.

The total gross amount of taxes collected for city purposes on the several levies, during the year 1861, was $1,390,093.26, exclusive of interest. Of which amount $166,147.88, exclusive of interest, was received on account of the levy of previous years, leaving $873,955 01 collected of the levy of 1861; of which $318,438 85 was for taxes on personal property, and $225,526.46 on real estate

The basis of taxation for this year may be calculated to be reduced considerably by the losses of depreciation and removals from the city, caused by the troubles that are upon us. In the estimation of the Appeal Tax Court you cannot calculate upon over $130,000,000 as the taxable basis for the year 1862, showing a loss of over $9,000,000 on that of 1861.

I need not say this fact calls for your serious attention, particularly as no certain calculation can now be made that even that amount can be depended upon six months hence.

Your attention is called, as it was last year, to the fact that many citizens who reside a few months of the year, in summer, in the country, outside of the limits of the city, and claim on that account to be residents of the counties of the State, for the purpose of obtaining an exemption from city taxation on all their personal property, such as vessels, bank stocks, mortages, judgments, furniture, and even stocks of goods and capital invested in mercantile houses doing active business in our streets.—There is no equity or right in any one to shrink from and avoid bearing an equal share of the burdens of taxation, while they claim and receive all the benefits of the contributions of others. Enjoying equally with others all the advantages of our municipal regulations, they lift not the heavy burdens of our already oppressed tax-payers so much as with their little finger.

Property of every kind, wherever found, wherever it is, it is protected, defended, and made productive, ought to bear the expense of the laws and regulations by which the result is had, and without which it must seek investment or domicil somewhere else. Unless this license is arrested by legislative enactment, it must soon lead to the withdrawal of a large amount of property from the taxable basis of our city, increase the heavy taxes now on real estate, and lead to final bankruptcy. For a list of some such exemptions from taxation, you are referred to pages 220, '21, '22 and '23 of Second Branch Journal of last year.

This evil can be and must be remedied by the Legislature of the State, and I would respectfully urge upon you the necessity of application at once, to have such laws passed as will meet the case. The decreased basis of taxation, and the large amount absolutely required to meet the financial obligations of the city, must fall heavy upon tax-payers, and with all the curtailment and economy that you can bring to bear upon the various departments of the corporation, the rate of taxation *will and must* be larger than last year.

The office of the Commissioners for Opening Streets was, by ordinance, abolished last year, and the powers and duties conferred upon the Appeal Tax Court. This change has worked well, and the members of the Court concur in expressing the opinion "that the duties of the two offices can be discharged as provided for under the ordinance, and the practical result will ensure a very large saving of expense to the property-holders who may be interested therein." The saving, of expense to the city is considerable. Its continuance is advised.

There has also been a change in the offices of City Commissioner and Port Warden, combining both in one office, styled City Commissioners and Port Wardens, dividing the city into three departments, with a Commissioner to each, the three to constitute a Board to determine upon any improvements, repairs, &c., necessary, and with the approval of the Mayor and Comptroller, effect the same. The plan is working well under the efficient management of the Board, and promises good results in preventing any waste of the public funds in needless expenditures. The contract system, as carried out by them, has already saved fifty per cent. to the city in paving and other repairs. They are also empowered to erect and remove lamps, flag and stepping-stones, upon the requisition of the Mayor, and thereby saving much needless and expensive legislation by the Councils. For further information in regard to this department, you are referred to their report.

The Board of Health or Health Department has also been modified, lessening the expense to the city, yet very materially increasing its efficiency. The saving to the city during the year has been over $10,000. The appropriation for cleaning the streets has run out, and will require a further appropriation at your hands.

Some drawback to the more effectual working of the Health Department has arisen during the past few months, from the separation of the Police Department from the control of the Health Commissioner, in delivering and receiving notices, complaints, &c. In connection with this department is the Marine Hospital, in regard to which some alteration is required in the ordinance relating to it. The change proposed is as follows:

1st. Set aside and enclose the lot of ground immediately connected with the hospital buildings, for the purpose of a pasture and garden for the use of the Physician, and let the balance of the farm be rented out by the City Comptroller on the best terms attainable for the benefit of the city.

2d. Employ a Hospital Steward, who shall be a married man, and whose wife shall act in the capacity of Matron and Nurse, who shall occupy the hospital buildings, at an annual salary, and shall procure their own supplies of provision, fuel, &c., furnishing board for the boatman upon such terms as may be agreed upon between them; and he shall also supply such necessary articles of diet to the sick as may be directed by the Physician, for which he shall receive the sum of fifty cents per day, the amount now paid by patients; this amount to be collected, as far as practicable, from the patients or those placing them in the hospital, and in case of paupers, to be paid by the city.

3d. Boatmen to be hired by the Physician, at such prices as may be agreed upon per month.

4th. No supplies other than medicine to be furnished by the Board of Health.

This arrangement will save considerable to the city, more than can possibly be done under the present plan.

The Water Department is one of the most interesting as well as one of the most important connected with the city government. The entire works are now, for all practical purposes, completed, and every outlay has been judiciously made with reference to utility and permanency; and we can now look upon the whole with satisfaction and pride, knowing that the city of Baltimore possesses durable water works, furnishing a full and ample supply of pure, wholesome water, unsurpassed by any other city. All this, however, has not been done without considerable cost to the city. The entire cost is estimated at the present time to be, in round numbers, $3,700,000, including various parcels of property which may be disposed of hereafter as unnecessary for the use or maintenance of the Water Works, estimated to produce, when sold, $200,000—making the net cost of the Water Works $3,500,000.

The management of the Water Works has been usually committed to a Board of Commissioners, who, with the practical experience of several years past, combined with the knowledge and skill of those successful in accomplishing happy results in other enterprises, have presented through a committee an able and comprehensive report, from which I have embodied much in this communication.

This report, together with the regular report of the Water Board, embracing that of Mr. Charles P. Manning, the Chief Engineer, and others, will be found to be full of interest; accompanying the report will be a Topographical map, showing the whole extent and scope of the works from Lake Roland, which forms a beautiful sheet of water, destined to become a favorite resort of the citizens during all seasons of the year, and second only in interest to Druid Hill Park; your attention can be traced the whole course of the aqueduct, perfect and durable, in all its parts, to the Hampden Reservoir, and from thence across Jones' Falls, to that of Mount Royal.

The capacity of Lake Roland is ..... 500,000,000 gall.
The capacity of the conduit is 30,000,000 in 24 hours.

The map is complete and perfect in all its parts, and is an exact copy of one on a larger scale in the office of the Water Board.

The report of the Committee referred to before "reviews the present system of conducting the business of the department with reference to such changes and modifications of existing regulations as may be considered advisable." It presents many very valuable and important changes and alterations which I heartily commend to your consideration. All the officers of the Water Department should be appointed by the Board and be responsible to it, subject to removal, as other city officers are, by the Mayor.

"It appears to be a conceded opinion that the City Water Works should produce a revenue sufficient to defray the current expenses, and a sum sufficient to pay the annual interest on the debt incurred in the cost of the works. The Legislature of the State, in giving the authority to the city to embark in this enterprise, and the action of the councils in reference to the subject, contemplated an income for the above purposes. The time has now arrived when it is absolutely necessary to increase the revenue from some source to meet the large deficiency in paying the interest and the current expenses of the department."

The revenue for the year 1861 will be about	$180,000 00
The interest on the debt is	210,000.00
The expenses	10,000.00

Leaving a certain deficit of forty thousand dollars for the year 1861; and if the revenue is not increased during this year, there must be a further deficit of fifty thousand dollars, from what shall the deficiency be met?

This subject having occupied the serious attention of the Water Board for some time, and deeming the subject requires early action on the part of the Council, have determined to propose a new schedule of water rates, which is submitted for your consideration.

Water Rates—Payable Yearly in Advance.

A private family in a house of over 22 ft. front,			$15 00
do.	do.	over 17 and not over 22 ft.	12.00
do.	do.	of 14 ft. and not over 17 ft.	9 00
do.	do.	under 14 ft. front,	6.00
A house occupied by more than one family, extra for each additional family			2 00
Stores and warehouses not occupied as dwellings,			10.00

All other rates same as at present.

And in view of inducing a prompt payment of the water rates, the following discounts will be allowed:

All bills paid at the office of the Water Department on or before March 1st, a discount of 10 per cent. April 1st, 8 per cent. May 1st, 6 per cent. July 1st, 4 per cent. September 1st, 2 per cent. No discount shall be allowed after the 1st day of September; and all bills not paid by said date shall be subject to an extra charge for collecting.

It is believed the charges are equitable, and that the revenue of the department will be increased thereby. The reduction of the rates on the smaller class of houses under 14 feet front, will induce many who occupy such houses to become water takers, who are not now—thereby conferring the boon of pure water upon a worthy class, and promoting the general health of our city. The reduction, also, on stores and warehouses, will induce many of them to take water for drinking purposes, who would not pay the higher rate now demanded.

The increase on some class of houses is so slight, that all will cheerfully accord to the reasonableness of the change. Heretofore the water takers, those who have it on their premises, are the only persons that have contributed to the expenses of the Water Department. Out of 37,000 buildings in the city, there are but 16,370 buildings supplied with water, leaving more than one-half of the houses in the city exempt from any cost whatever for the use of water for the extinguishment of fires and other purposes. Without the aid of these works, the steam fire-engines would be comparatively useless, the property holders and others, who derive great advantages by the reduction in the rate of insurance, and risk of loss by fire, without any remuneration to the Water Department therefor. That they should be required to contribute to the expenses of the department, in some form or other, is plain to all.

Again, there are other outlays imposed upon the Water Department for which it should receive some return.—The fire plugs adapted to the steam fire engines cost three times the amount of the fire plugs formerly used. The cost of fire plugs alone, the last few years, including those in the original purchase by the city, amounts to over fifty thousand dollars; and by a report from the Water Engineer, $5,000 annually will be required to erect new ones and repair those old. Large size water mains have been laid at great extra expense, in order to give a full supply to the fire plugs which have been placed in almost every square; and it is estimated that half a million of dollars additional has been incurred in the erection of the works and laying mains, in order that the Fire Department might always depend upon a full flow of water.

Therefore, in order to raise a sufficient revenue to enable the Water Board to meet all their annual liabilities the following rates are proposed—to be called WATER AND FIRE-PLUG RATES—to be assessed annually, upon all lots of ground with buildings thereon, where water is not taken, and that bind on any street, lane or alley where the water mains are laid, or within 300 feet of any fire-plug. The said rate to be paid to or collected by the Water Department, and to be subject to the same discount and regulations as other water rates are.

Lots with buildings over 22 feet front and 4 stories high	$5.00
" " over 22 feet front and under 4 stories high	4.00
" " 17 feet front and not over 22 feet front	3.00
" " 14 feet front and not over 17 feet front	2.00
" " under 14 feet front	1.00

Whenever any owner or occupier of any property subject to the water and fire-plug rate, shall have the water introduced into said premises, and become consumers of water, the rate shall be abated. For the reasons set forth, the rates proposed are equitable and just, and must meet with the approval of all citizens; and the result will bring a sufficient revenue to enable the Water Board to meet all their expenses, without throwing the burden upon the city treasury. With these rates enacted, we may hope in a few years to have the regular water rates reduced one to two dollars per house.

The report of the Commissioners of Public Schools will give you the operations during the past year in that department. In no city do the Public Schools occupy a more prominent and promising position, than in ours; and it is mainly due to the excellent management and untiring zeal of the Board of School Commissioners. The Public Schools are commended to your fostering care, and to as liberal appropriations for their continued support as can be made consistent with the means of the city to afford—believing that curtailment had better be made in all other departments, than in this; and any cutting down of the appropriation to the Public Schools would prove to be poor economy in the end.

The Fire Department is well manned and efficiently managed, and the results show the very great value of a Paid Fire Department to the city and the citizens. Under the present Board of Fire Commissioners, you have a guarantee that not one dollar will be spent but for value received and outlay required. Their report will furnish you the details of their operations

The Fire Inspector's Report will also furnish you with interesting details. The number of fires for 1861 has been 96. Chimneys, 15; false alarms, 19; outside city limits, 6. Total, 135. Incendiary, 29. The loss by fire has only been $90,000. *Less than has occurred in any one year for 25 years past.*

The Visitors of the Jail present a very interesting report, to which your special attention is called. Under the excellent management of the Warden, who is peculiarly fitted to fill the position, the Baltimore City Jail may be said to be one of the model institutions of the country. The visitors, in their report, call your attention to the great need of having within the bounds of the jail wall, a building, to be known as *The Work House*, in which those committed that the law requires should work, can be employed. A cheap but substantial building could be built in the N. E. corner of the lot, at a trifling expense. The large gateway on Buren street, and the railing near the office wall, are not sufficient protection to the yard, and should be altered to secure the safety of the prisoners when in the yard at work. An appropriation of $20,000 will be required to meet the expenses of the coming year.

All the prisoners the law requires to work, the Warden has employed in making a garden in back yard, building a stone stable, improving the front yard as an ornamental garden, with grass plots, shrubbery, fountain, gravel walks, &c; this, when finished, will add greatly to the beauty of the jail, and will be an ornament to the city's property. Many very important improvements have been introduced in the building and its management, which will be seen more fully in the report.

The fiscal year of the Trustees of the Poor and Almshouse closed on the 31st December, 1861, and a sufficient time has not elapsed to the present to enable the Trustees of that Department to present their annual report. It will, however, be prepared in the course of the current month, and submitted to your consideration. In advance of receiving a report of the details in connection with that department, I am gratified in being able to state that *notwithstanding the condition of the times for the past year, there has been but a small increase in the number of poor admitted to the benefits of the institution*, and that its expenses have been considerably less than the appropriation for its support, a saving of not less than $9,000.

The ordinance providing for the erection of an almshouse building on the farm purchased of Mr. A. W. Goldborough, for sufficient reasons, was repealed by the last Council, and the Committee on the Almshouse were empowered to make equitable settlements with the contractors. A settlement has been made with some; but others are still unadjusted, and it will devolve upon you to continue the arrangement, or take such action as may be deemed proper.

The report of the Trustees of the McDonogh Educational Fund and Institute, is presented with this communication, showing the net amount of cash funds received of $123,702.92, which is invested in city stock, leaving a large balance in cash and notes running to maturity in New Orleans. Whether any loss may accrue to said fund, under existing circumstances, cannot now be determined.

The House of Refuge is still fulfilling its mission, and is an important adjunct to the city, relieving it of a large amount of expense in punishing crimes and violation of the regulations of the city; by affording a preventative in educating and accustoming to the restraints of law and order, that class of youth who, without the fostering care of that noble institution, would become the pests of society. The completion and opening of the female department, in a new and separate building, erected mainly by the liberal beneficence of one whose name can never be forgotten in Baltimore, will enable the Managers still more fully to carry out the praiseworthy designs of the institution.

The City Passenger Railway Association have failed to agree with the terms of the contract proposed in accordance with the report of the Joint Select Committee of the last Council, while they also have not complied with many conditions of the ordinance by which they have obtained from the city important and valuable considerations. It is for you to determine whether the resolution adopted by the last Council shall be carried out or not. Whatever action is had, it is important to act at once. The amount received from the City Passenger Railway Association, for Park fund, is—

Receipts from City Passenger Railway Association, in 1860 and 1859	$32,002 14
In 1861	53,862.70
Total	$86,764 81

The City Counsellor's report will present the number of cases under his charge in the various Courts, in which the city is interested.

The Parks are becoming the institutions of the city, and that of Druid Hill surpasses anything of the kind in this country or in Europe. In the natural beauty of the primeval forest, which the woodman's axe has never desecrated. Old oaks, monarchs of the wood, and noble specimens of our native forest trees, have here been preserved. Hill and dell and meadow green, vary the scene, combining all the advantages that could be desired. Druid Hill has, by some mysterious agency, been shut in from the outside world, and remembered in the days of boyhood as forbidden ground to every urchin, as was the garden of Eden kept by the flaming sword. Druid Hill belongs to the Baltimore citizen in its possession and enjoyment. Sustained as it is without any expense to the city by the revenue received from the City Passenger Railway, which revenue, it is calculated, will fully meet all the expense incurred for interest on the bonds, and all other outlays for maintaining the parks in proper order, &c., without calling on the city for one dollar. The city owns, through the Water Board, two pumps at the old pump house of the Chase Reservoir, one of which, if donated to the Park Commissioners, would be erected by them on Jones' Falls, near the park, thereby forcing water up upon the highest hill, and adding much to their advantage in beautifying the grounds. I would therefore recommend the donation of one of the pumps to the Park Commissioners for the object named.

The interest of the city in the various railroads has been seriously affected by the crisis during the past year. Your attention is called to make provision at once for the payment of the interest on $1,500,000 of the bonds of the North-Western Virginia Railroad Company, guaranteed by the city—the interest on which amounts to $45,000, and became due on the 1st inst. The Council, in July last, made provision for the same amount, which falling due July 1st—the Baltimore and Ohio Railroad Company refusing to pay the same, the said interest in compliance with the agreement as understood and acted on previously between them and the North-Western Virginia Railroad Company. As the case is the same as acted on by the Council in July last, I would refer you to the Journal of the First Branch, pages 658, '29, '30, '31, '32, '33, '34, '35, '36 and '37, for further information.

The Northwestern Virginia Railroad Company is indebted to the city of Baltimore, on the 1st of January, including interest, $45,000 to be paid, on million seven hundred thousand dollars ($1,700,000) of which $1,600,000 is covered by mortgage; and as there seems to be no prospect of any better results in the future, I would recommend a foreclosure of the mortgage and a sale of the road at the first favorable opportunity.

The Pittsburg and Connellsville Railroad Company have paid but one dividend of 3 per cent. on the stock held by the city in said road, amounting to $105,600. Fifteen additional miles of track have been completed by the Western Maryland Railroad Company from beyond Finksburg to Westminster and to the Wakefield Valley, towards Union Bridge, and in conformity with the ordinance, seventy-five thousand dollars of the bonds of said company have been endorsed, making in all up to the present time $175,000 of bonds endorsed by the city.

The report of the Inspector and Sealer of Gas Meters—a new office created during the past year—will prove highly interesting to you, as well as to the public at large.—Important information and directions are given, which will save much expense to the citizens who are consumers of gas. Certain alterations are suggested to the ordinance, as necessary to the proper working of the department. Since the 15th of June last, 1,438 meters have been inspected—1,272 for the Gas Company, and 166 for consumers.

The report of Dr. Aiken, Inspector of Illuminating Gas, also a new office created the past year, presents to your consideration exceedingly interesting facts, and promises results materially to the interest of the City of Baltimore, and particularly so to all gas consumers. The continuance of both offices is recommended.

There are many of the ordinances of the city which require amendments and alterations. The ordinance relating to the sweeping of chimneys needs revision. The almost entire change of fuel in use, from wood to that of coal, requires alteration in regard to the necessity of sweeping the chimneys as often as is now required by the ordinance. Again, the time was that boys could be readily obtained as chimney sweeps; now it is almost impossible to secure any that can be depended upon to perform the work as it should be done. Machines are invented that are and can be adapted to sweep more effectually all chimneys in the city, than possibly can be done by hand. They are used in other cities with entire satisfaction. These introduced will necessitate other changes of the ordinance in regard to flues, &c. All of which is submitted for your consideration.

I would recommend the ordinance providing for the appointment of a special keeper of refuse material belonging to the corporation, to be so amended as to transfer the duties of the office upon the Comptroller, without the compensation as provided.

I would also recommend the passage of an ordinance supplementary to ordinance No. 93, approved Oct. 11th, 1860, requiring the Register of the city, upon receipt of the returns of the Judges of Elections for Municipal Officers, to notify those elected to appear before the Mayor within thirty days, as required by law, and take the oath presented by law or ordinance. This will obviate any cavil hereafter.

Your special attention is called to the following ordinances: No. 18, to preserve the health of the city; No. 27, to regulate the several markets in the city of Baltimore; No. 32, regulating the riding and driving of horses and carriages, &c.; and ordinance No. 33, to enforce useful regulations, to restrain certain evil practices, and remove nuisances. Nine-tenths of all the arrests made, and fines imposed, are for the violation of some section of these ordinances; and they are too often made use of as the instrument, in the hands of those who are invested with the power, to inflict pains and penalties upon many persons who are innocent of any intention to violate any of the provisions of the ordinances of the city or the laws of the State