

Calendar No. 280

69TH CONGRESS
1st Session }

SENATE

{ REPORT
No. 278

ERECTION OF A FEDERAL RESERVE BANK BUILDING IN DETROIT, MICH.

MARCH 6, 1926.—Ordered to be printed

Mr. McLEAN, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. J. Res. 61

The Committee on Banking and Currency, to which was referred Senate Joint Resolution 61, beg leave to report that they have had the same under consideration and are of the opinion that the bill should pass with an amendment as follows:

At the end of the bill add the following proviso:

Provided, however, That the character and type of building to be erected, the amount actually to be expended in the construction of said building, and the amount actually to be expended for the vaults, permanent equipment, furnishings and fixtures for said building shall be subject to the approval of the Federal Reserve Board.

FEDERAL RESERVE BOARD REPORT

The Federal Reserve Board recognizes the necessity for the construction of a building for a branch bank at Detroit, Mich., as provided in this resolution in a communication received March 5, 1926, as follows:

Receipt is acknowledged of your letter of March 1, requesting the views of the Federal Reserve Board with reference to Senate Joint Resolution 61, authorizing the Federal Reserve Bank of Chicago to enter into contracts for the erection of a building for its Detroit branch.

The Federal Reserve Board has already gone on record as recognizing the necessity for the construction of a building for the Detroit branch of the Federal Reserve Bank of Chicago, but has expressed no opinion with reference to the amount which actually should be expended in the construction of such a building. Congress having forbidden any Federal reserve bank to enter into any contract or contracts for the erection of any branch-banking building costing in excess of \$250,000, exclusive of the cost of vaults, permanent equipment, furnishings, and fixtures, the Federal Reserve Board feels that it is for Congress to determine whether it wishes to authorize a greater expenditure in Detroit because of the size and importance of the city or in view of probable growth.

In the event that Congress authorizes the construction of a building for the Detroit branch at a cost in excess of that now allowed by law, the Federal Reserve

Board believes that the resolution as passed by Congress should provide that the character and type of building to be erected, and the amount actually to be expended under the authorizations shall be subject to the approval of the Federal Reserve Board. To this end the board suggests that if this resolution is to be enacted it be amended by adding at the end thereof a proviso reading as follows:

"Provided, however, That the character and type of building to be erected, the amount actually to be expended in the construction of said building, and the amount actually to be expended for the vaults, permanent equipment, furnishings, and fixtures for said buildings shall be subject to the approval of the Federal Reserve Board."

For your further information there is inclosed a statement showing the amounts expended in connection with the erection of buildings to house the branch Federal reserve banks at Denver, Omaha, Little Rock, and Jacksonville, all of which buildings have been constructed since the enactment of the amendment of June 3, 1922, limiting the amount which may be expended in the construction of such buildings. In each case the cost of the building proper was less than \$250,000, and therefore congressional authority to make the expenditures involved was not required. None of the branches named, however, are comparable in size to the Detroit branch, which is one of the largest on the basis of volume of operations. This statement shows the volume of items handled in connection with the principal functions of each of the branches named as compared with the volume handled by the Detroit branch.

We are inclosing also a second statement which compares the volume of business handled at the Detroit branch with that handled by the branch Federal reserve bank at New Orleans. Construction of the building at New Orleans was started prior to the enactment of the amendment of June 3, 1922, and that branch is the only one of the larger branch Federal reserve banks which is housed in a building erected specially for that purpose. It will be noted that the cost of the building at New Orleans, exclusive of vault and vault equipment, was \$793,226. This figure, however, includes certain items of permanent equipment and fixtures, such as heating plant, elevators, etc.

Contracts have been let for construction of a building at Salt Lake City to house the branch Federal reserve bank located at that point. The cost of the building proper will be less than \$250,000. There are 129 officers and employees at this branch and the volume of its operations is as follows: During 1925 the number of checks handled was 8,206,000; number of pieces of currency handled, 3,345,000; number of coins handled, 1,679,000; number of bills discounted for member banks, 7,255; collection items handled, including Government coupons, 242,000; number of United States securities issued, redeemed, and exchanged, 13,000.

Volume of work at the Detroit and New Orleans branches and cost of the New Orleans building

| Volume of work in 1925 | Detroit | New Orleans |
|---|------------|------------------------|
| Number of pieces handled: | | |
| Checks received..... | 17,308,000 | 3,570,000 |
| Currency received and counted..... | 58,624,000 | 24,511,000 |
| Coin received and counted..... | 12,148,000 | 19,781,000 |
| Bills discounted for member banks..... | 6,469 | 11,166 |
| Collection items— | | |
| Government coupons..... | 641,000 | 380,000 |
| Other..... | 89,000 | 22,000 |
| Issues, redemptions, and exchanges of United States securities..... | 93,000 | 47,000 |
| Number of officers and employees, Dec. 1, 1925..... | 162 | 76 |
| Cubic-foot contents of building..... | | 815,946 |
| Cost of building: | | |
| Building, exclusive of vaults and vault equipment..... | | ¹ \$793,226 |
| Vault and vault equipment..... | | 102,757 |
| Total..... | | |
| Cost of land..... | \$600,000 | 201,250 |

¹ Separate figures of cost of building proper, exclusive of all permanent equipment and fixtures, not available.

Volume of work at the Detroit branch and at the four branches whose buildings were erected since the amendment to the Federal reserve act limiting the cost of the building proper to not to exceed \$250,000, also cost of buildings at those branches

| Volume of work in 1925 | Detroit | Denver | Omaha | Little Rock | Jackson-ville |
|--|------------|-----------|------------|-------------|---------------|
| Number of pieces handled: | | | | | |
| Checks received | 17,308,000 | 8,582,000 | 11,207,000 | 5,011,000 | 6,351,000 |
| Currency received and counted | 58,624,000 | 6,882,000 | 4,760,000 | 9,045,000 | 21,037,000 |
| Coin received and counted | 12,148,000 | 7,707,000 | 2,552,000 | 5,208,000 | 28,012,000 |
| Paper discounted for member banks | 6,469 | 6,732 | 7,022 | 5,487 | |
| Collection items— | | | | | |
| Government coupons | 641,000 | 374,000 | 333,000 | 69,000 | 71,000 |
| Other | 89,000 | 40,000 | 36,000 | 20,000 | 37,000 |
| Issues, redemptions, and exchanges of | | | | | |
| United States securities | 93,000 | 76,000 | 63,000 | 22,000 | 40,000 |
| Number of officers and employees Dec. 1, | | | | | |
| 1925 | 162 | 73 | 77 | 49 | 42 |
| Cubic-foot contents of building | | 342,222 | 411,543 | 433,727 | 280,885 |
| Cost of building: | | | | | |
| Contract price— | | | | | |
| Building proper | | \$230,863 | \$230,227 | \$220,659 | |
| Vaults, permanent equipment, and | | 232,935 | 201,065.09 | 116,381 | |
| fixtures | | | | | \$236,499 |
| Total | | 463,798 | 431,292.09 | 337,040 | 236,499 |
| Actual cost, including architect fees | | 1,500,337 | 1,462,223 | 336,687 | 236,934 |

¹ Subject to minor adjustment.

