



605 Federal Bldg.,
Los Angeles, Calif.
January 31, 1920.

Mr. L. B. Matthews,
Cuyamaca Water Company,
San Diego, California.

My dear Mr. Matthews:

I have your letter in regard to the report of hearings before the Railroad Commission in 1915, and maps and drawings which you have loaned to us. As we are still working on the San Diego River development, I would like to keep the above for a short time, if this will not inconvenience you too much. As soon as the San Diego River work is completed, I will see that all reports and maps borrowed from you are returned to your office.

I wish to thank you for the use of the above and hope that I may be able to return the favor at a later date.

Yours very truly,

John S. Longwell

Engineer - U.S. Reclamation Service.

January 28th,
1 9 2 0.

Mr. J. S. Longwell,
Engineer in Charge,
U.S. Reclamation Service,
Federal Building,
Los Angeles, Calif.

Dear Mr. Longwell:

If you are through with the volumn, with black cloth binding, of this Company's Exhibits before the Railroad Commission hearing of 1915, we would like very much if you would return same. We have occasion to refer to it, and it is very inconvenient where we have just the one other volumn. Also if you are through with any other maps and records, you might send them along at the same time. That is, unless you are contemplating a trip to San Diego in the near future.

With kind personal regards, we
remain

Yours very truly,

CUYAMACA WATER COMPANY

Secretary.

LBM:EF

May 14th, 1929,

Chief Engineer Walters
United States Reclamation Service
Denver, Colorado,

Dear Mr. Walters:--

Congressman Swing referred me to you relative to Boulder Dam construction.

He states he believes the Union Pacific Railroad will build the railroad into the dam and this will precede actual work of the dam itself. Is this the case?

In regard to actual work on the dam, is there any construction work going on at the present time in the way of explosives, etc? If there is no work at the present time, have you any idea when the bids will be asked by private contractors, or do you think the Reclamation Service will do the work?

The reason I am asking these questions is not that I am looking for a job myself, but, being in the explosive business, I get a lot of inquiries from superintendents, powder men, etc., who would like to know. In fact, there is one superintendent of exceptional ability who is desirous of being connected with the Boulder Dam project and he would like to be put in touch with the proper parties to acquaint them of his qualifications thru recommendations from contractors and engineers he has worked for.

I suppose you have lots of inquiries of this nature, but do hope you will give me what facts you can in the matter.

I am a personal friend of Dr. Elwood Mead, your commissioner in Washington, D. C., having known him at the University of California, thru his interest in water projects in San Diego County. However, I thought you would be in closer touch with what is actually going on than would Dr. Mead, himself, hence my writing to you.

I thank you for any information you may give me.

Sincerely yours,

E. J.
GMP

February Fifteenth

1 9 5 3

U. S. Department of Interior
Bureau of Reclamation
Washington, D. C.

Attention Mr. Elwood Mead, Commissioner

Dear Mr. Mead:

I have had an interview with your chief, Honorable Ray Lyman Wilbur relative to the merits and demerits of the several proposed routes for bringing Colorado River water to the western slope. After discussing the matter, Secretary Wilbur asked me to present my point of view to you sending a copy to the Reconstruction Finance Corporation and a copy to Secretary Wilbur.

I would like to call to your attention two propositions which I wish to emphasize:

1st: The construction of the Metropolitan Aqueduct is not justifiable now because -

- a. Of the excessive cost.
- b. No pressing necessity.
- c. The additional tax burden that would be placed on the citizens of Los Angeles when they can not afford it.
- d. That under the present setup it is not self-liquidating.

2nd: That if an aqueduct is to be built I feel it should come by way of San Diego because -

- a. It is cheaper
- b. It will provide irrigation and domestic water along the coastal plains and help support the project.
- c. San Diego Metropolitan District will cooperate.

I gave Secretary Wilbur the reasons why the Metropolitan Water District should build via the San Diego County route with a diversion of water near Yuma, an all American project as it is the shortest, the least expensive, with a saving in perpetual pumping lift of 700 or 800 feet of all the water from the river via the San Diego route as compared to the Parker plan. This saves at least three million dollars annually in operating costs alone.

If the San Diego, so-called route, is adopted, it will assist in developing the most desirable and useful lands in California. San Diego County wants to see this development made and is now forming its own metropolitan water district.

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San Diego did not join the Metropolitan Water District of Los Angeles county for the reason that the costs were prohibitive. In addition we were informed we would have been compelled to spend in excess of forty million dollars in bringing the water from San Bernardino at San Diego's own cost. Ocean water made fit for human consumption would cost less per thousand gallons.

Herewith enclosed is a map copied from one made by your department showing the competitive routes. With the Metropolitan Water District of Los Angeles county and the Metropolitan Water District of San Diego working in cooperation with the all American canal proposed from a point six miles above Laguna dam to Dixieland and possibly connecting Kane Springs and Coachella Valley gives an opportunity for all to work together in harmony for the development of the coastal plain from San Diego to Los Angeles with an economic saving to all as and when conditions warrant bringing the water from the Colorado River to the coast.

Financial and economic conditions do not warrant the construction of the Colorado River water aqueduct at the present time. It means the leading onto the already over burdened taxpayer, an additional two or three hundred million dollars expenditure with an additional burden of operation expense, the result of which will give a black eye to Southern California that will make this present depression look like 30¢.

As I will show later, Los Angeles has already a beautiful supply of water for the next 25 years without taking a drop from the Colorado River. San Diego County likewise. There is no haste in putting Colorado River water to beneficial use for it will be there as and when the western slope needs it.

Why this haste, in building the Parker route so-called at the present time without thorough investigation by the state and national government of the alternate routes? The state engineer of California has not investigated or approved the Parker route although it is the largest water development ever planned in the State. Neither has the State of California or your department investigated or approved or even considered the southern route by comparison.

Mr. Weymouth was Chief Construction Engineer for United States Reclamation Service in charge of all work in the West from 1916 to 1929 and Chief Engineer from 1929 to 1934. I do not know the reason for his resignation.

Page 26 of Document No. 92 of the 68th Congress, being a message from the President of the United States, states that the original estimated cost of twenty-eight projects undertaken by the Reclamation Service from 1912 to 1922 inclusive was \$95,455,641 and that the construction cost to June 30, 1925 was \$141,787,005.76. That of the net construction cost about 11% had been repaid by the settlers of the projects. That the average estimated cost per acre was \$30.57 as against \$88.85 actual cost per acre for the acreage for which the bureau was planning to supply water and \$117.94 actual cost per acre on the basis of the acre actually receiving irrigation. That in every case the acre cost under construction is higher than the original estimated cost.

It is interesting to note that the Director of the U. S. Reclamation Service resigned immediately thereafter and is now the chief engineer of the Metropolitan Water District. Some one in authority should make a check on his figures.

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Many competent engineers have testified as to the feasibility of the southern route. Any statement of the Metropolitan Water District directors that they have thoroughly examined the southern route so-called is untrue.

Discussing first the present water supply of the Metropolitan Water District area, a check up will show that not 40% of Los Angeles' water supply from the Owens River and Mono Lake basin has been developed.

H. A. Van Norman, Chief Engineer of the Department of Water and Power of the City of Los Angeles, which city comprises 75% of the area of the Metropolitan Water District, within the last few weeks at a public meeting made the statement that the city had a 25 year's supply available for future needs of the city, that the Mono basin water as provided for in the \$10,000,000 bond issue of 1920 would insure continuous aqueduct flow of 471 second feet, sufficient water for 2,500,000 people. This supply being independent of all local supply. The local supply in addition will furnish about 100 second feet aside from that which is brought to the city through the aqueduct.

There is no indication that a second aqueduct from Owens Valley will be needed to take care of the city's growth for some time to come. The aqueduct will carry between 450 and 475 second feet. The pumps in the Southern and Western part of the city will supply an additional 100 second feet, giving a total of some 550 to 575 second feet. This amount of water is sufficient to supply two two and three quarters million people.

I consider the Metropolitan Water District not a self liquidating project. The district has furnished absolutely erroneous information to the Reconstruction Finance Corporation regarding the district's future growth of population, consumption and future demands for water, assessed values estimated, as well as future revenues necessary to make it a self liquidating project.

The Metropolitan District claims they will have 2,500,000 people in 1940. It is interesting to note that the Security First National Bank of Los Angeles has just finished a study of the population of the City of Los Angeles as of January 1st, 1933 in which they find the population to be 1,235,681 which is considerably less than the last census of 1930.

The Bureau of Vital Statistics of Los Angeles shows a birth rate for Los Angeles for the fiscal year ending June 30th, 1932, of 15.28 per 1000. It requires a rate of about 18.6 to maintain a stationary population. Without immigration Los Angeles' population would begin to decrease some year in the future. What chance is there for such immigration into Los Angeles with conditions as they are, and 100,000 people in Los Angeles on the dole? Statistics just brought out by the Los Angeles Chamber of Commerce show a decrease in the population of Los Angeles for the calendar year 1932. Comparison with the population curve of Dr. Dublin, America's most famous statistician, shows that Los Angeles has no right to expect a population greater than 1,500,000 in 1940, and 1,700,000 in 1950. The district claims to the Reconstruction Finance Corporation that there will be 1,700,000 people in Los Angeles in 1940, and 2,500,000 in 1950. During the last three years the actual growth of Los Angeles, as given by the Chamber of Commerce, is 1927 that figured by comparison with the Dublin estimate for the United States as a whole.

The district's income depends on the sale of water and the sale of water depends on the number of people in the district, therefore, I consider

it wellnigh criminal to over estimate the future population to say nothing of the over estimating of water consumption which will lead the Metropolitan District into an unjustifiable and uneconomical expense.

USE OF WATER PER CAPITA

The district claims the use of water per capita will be 170 gallons per day. The actual record shows during the last two years the consumption has dropped down to 115 gallons per day with a downward tendency, or an error of practically 33-13%.

The district informs the Reconstruction Finance Corporation that the actual domestic commercial and industrial water consumption of the city of Los Angeles in second feet in 1932 to be approximately 305 second feet to the consumer. In reality it was approximately 230 second feet. The district estimates the above mentioned needs to the consumer will be 425 second feet in 1940 but based on the last two years' use of water and the growth of population the last two years it will not exceed 275 to 300 second feet. In 1950 the district tells the Reconstruction Finance Corporation the consumer will be using 80 second feet of water while by no stretch of the imagination will they use over 410 second feet, much less than Los Angeles can depend on from the aqueduct alone.

PRESENT AND FUTURE TAX BURDEN

Robert Miller, economic engineer of Los Angeles cites an alarming increase of bond delinquencies which is general, with special districts, and the bonds of one of the cities of the Metropolitan Water District is now 50% delinquent. He reports a danger that the present unhappy situation of the Mattoon Act district may become the lot of the entire Metropolitan Water District, since the principal of taxation is the same, an ad valorem tax or accumulative tax on good property to meet the obligations of defaulting areas similar to the method of taxation within irrigation districts.

Competant engineers have shown that the tax for the construction of the Metropolitan District development will be 75¢ for each \$100 valuation when completed and before amortization starts.

With Los Angeles city being approximately 75% of the entire Metropolitan District and as it will be compelled to pay probably 75% of all obligations, sinking fund and operating expenses of the proposed Colorado River development irrespective of what the district claims to the contrary, this means an average payment in taxation by the city of Los Angeles alone of approximately \$10,000,000 annually for its proportion of the supply of the Colorado River water. This would be added to its present indebtedness and operating costs.

Mind you, for the next 30 or 25 years we have more than sufficient water to take care of the entire demands, without putting a dollar into the Colorado River project so that expense goes on just the same and you are only adding another burden the Colorado River expense which will make taxation so hdavy that it will mean a complete collapse of our city and county government unless it is the plan of the city of Los Angeles and the Metropolitan Water District to get the U. S. Government to put up all the money for the construction of the Colorado River project then repudiate its debts and make the U. S. Government the goat.

The Secretary of Interior, Mr. Filbur, well said at a public meeting in Los Angeles last October, "The U. S. Government is gambling 40 million dollars with the Metropolitan Water Districts. Never was a truer statement made."

Water consumption within the city of Los Angeles had dropped off from 260 second feet in 1928 to 230 second feet in 1932 although there has been an increase in population. The reason for this is partially because consumers cannot afford to pay at current rates yet water rates today are ridiculously low in comparison with what the consumer will have to pay if Colorado River water is brought to the coast at the present time.

Leonard Metcal, an authority on this subject, in his Journal of American Water Works Association dated January 1926 shows that where water use was metered and where the rates have been raised the average of statistics for all cities investigated is as follows:

<u>Increase in rates</u>	<u>Decrease in consumption</u>
20%	15%
40%	22%
60%	28%
80%	35%
100%	40%

The future income is a vital question as to whether or not the Metropolitan Water District is a self liquidating project. Rates within the City of Los Angeles and the Metropolitan District must increase as the years go by.

When the whole of Los Angeles' 1930 water department bond issue of \$20,000,000 is sold it will require an advance in rates from 15¢ to 18¢ per hundred dollars to pay interest and amortization of these bonds, without resorting to help from general tax funds. This means nearly a 50% increase in rates and if Los Angeles reacted to this increase as other cities have it would produce a 25% drop in water consumption with a similar drop in revenue. There is no question but that the increase in rates would not accomplish all the results desired.

What would happen to our demand if we were loaded, in addition, with an annual charge of roughly 10 million dollars per annum of the Metropolitan Water District, bond issue same being 75¢ on each \$100 valuation without any large increase of water demand and put all the burden of water charges where it belongs. Real Estate pays by taxation and is now paying 75% of all the taxes in this state.

It means ruin unless normal times return quickly, and Los Angeles doubles in population and wealth the next 10 or 15 years. With our 20 to 25 years water supply available without the Colorado River water why take the chance now?

This letter is written as a protest against the continuation of the work of constructing the Colorado River project at the present time as well as the financing of the project by the funds of the United States Government loaned by the Reconstruction Finance Corporation.

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I do not understand how federal funds can be used for this purpose. You are authorized, according to Act of Congress, to loan money for the purpose of assisting in the construction of a project which shall be termed self liquidating if such project will be made self supporting and finally solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project. What right by law has the Reconstruction Finance Corporation loan anyone for a longer period than 15 year; also when it means taxation on real estate?

An investigation by the Reconstruction Finance Corporation will show that by no stretch of the imagination can the Colorado River project as contemplated by the Metropolitan Water District be built and interest and sinking fund paid to the U. S. Government except by taxation. This is a violation of the law. Neither will revenue from the sale of water from the Colorado River be sufficient to take care of interest and sinking fund owing to its high cost except that the expenses from the cost of operating the balance of the Metropolitan Water District's system or the city of Los Angeles being included in taxes otherwise excessive rates will be charged for water coming from the Colorado River and in either case the burden will go directly on the land owner and taxpayer already over burdened which means his ruination.

The only reason the Metropolitan Water District bonds ever passed was by the officials promising people out of work that they would have 10,000 men in the trenches by the following first of January, a ridiculous oral statement.

An investigation will show that the District's conclusions are based on the future population of Los Angeles now unknown and should be based on actual proven water demands with due thought given to the probable lessening demand when rates are increased. Due caution has not been used. Embarking into any new policy of selling irrigation water below cost at the expense of the user is wrong and means ruin if maintained for a long period of time.

There has been a tremendous shrinkage of real estate values within the last three years in the Metropolitan District area. The assessor of Los Angeles has reduced the value of Los Angeles property since 1929 21.7% with more reduction in sight. The Metropolitan District make no mention of this although the bonding capacity of the Metropolitan District is limited to 10% of its assessed valuation.

The actual reduction of assessed values of the district since the bonds were voted amount to \$445,709,150. A recent careful revaluation made by the Los Angeles Bureau of Municipal Research assisted by Mr. Gerhardt E. Reeves shows that the central business district of Los Angeles is over assessed 20%. Scores of properties were encountered that are not earning taxes. The Oil Drug Company states their retail sales have decreased 85% since 1929 with a further reduction of about 12% noted this year with the company now in bankruptcy. This also applies to the Sun Realty Company. While 40% of the U. S. Street bond issues are in default.

The total value of the most important listed stocks on the Los Angeles stock exchange show that since June 30, 1929 the values have shrunk from 50% to 95%. Stocks have dropped 67% on the Los Angeles exchange since 1929.

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Associated Press dispatches of February 14th quote County Assessor Hopkins of Los Angeles as promising real estate owners a tax cut of nearly 10 to 20% this year. He further states that a revision downward of 22% of the previous year was made in 1932.

Almost any residential property in the city of Los Angeles can today be bought for its assessed value. This applies all over Southern California as well while a large proportion of the best business blocks of the cities of Southern California are not getting sufficient revenue to pay taxes to say nothing of interest.

Thousands of homes are being lost in Los Angeles because of the inability of the owners to pay taxes. Office buildings and business houses are being sold for taxes. Actual values of property has dropped nearly 60% but in spite of this fact it is now proposed to increase the burden of taxes on the people of Los Angeles. The Metropolitan District cannot deny that to do this it will be necessary to raise the rate or the assessed values or both and it is ridiculous and suicidal to attempt to increase tax rates and assessed valuations in the face of depleted values and incomes.

The following objections may be of interest:

1 - The proposal to spend a \$40,000,000 loan, secured by the real estate of Los Angeles, has not resulted in any prospect of economic recovery there. On the contrary, since the loan was announced, the second largest mortgage loan institution of Los Angeles has suspended, the stock of Los Angeles' first mortgage loan institution is down to 8.25 in comparison with 200 in 1929. The investment certificates of this institution and of their major building and loan associations are quoted at from 50 to 60% of face value. The average gross rental of residential property in Los Angeles for 1932 was 5.84% of market value, as determined by advertised prices.

2 - Based upon 1921-23 measures of business activity, per capita, as bank debits, building permits, department stores sales, and postal receipts, the economic population of Los Angeles has declined from a peak of 1,60,675 in 1929 to 725,537 in 1932. The Assessor has announced that the reduction of the assessed valuations of real estate in the County for the year will average from 12 to 20% Our own determination of the ratio of assessed to true value of property indicates that the reduction justified by present economic conditions would be at least 50% of the present assessed value of property, and from 10 to 20% of improvements.

3 - The insurance premiums annually by the State amounted last year to \$170,705,500 in excess of payments to policy holders. That money heretofore reinvested in real estate development all now, for the greater part, go East.

4 - The State tax on gasoline now exceeds the gross receipts from the Orange crop of the State.

5 - The farmers of San Fernando Valley recently petitioned the Los Angeles Bureau of Water and Power for a reduction of the agricultural water rate by approximately 50% on the plea that the present rate of \$8 an acre foot is prohibitive under present agricultural price conditions.

6 - The state Supreme Court in two important decisions during the month of September established the principle of assessing real estate in proportion to its value as

indicated by net earnings. This decision, over ruling the County Assessor and Superior Court of Los Angeles County, opens the way for wholesale readjustment of the tax base, not only in that county, but throughout the state.

7- Property owners of Los Angeles do not intend to suffer the confiscation of their property by taxation. They will resort to the courts, if necessary to obtain justifiable reductions of assessed valuation. This will undoubtedly reduce the present tax base to a point where the metropolitan water bonds will exceed \$15 of the assessed valuation.

8 - The taxpayers of Los Angeles, because of the changed conditions since the bonds were voted, in our opinion, will not submit to the levy of taxes for refunding unprofitable R.F.C. loans, because to do so will mean their ruin or such injury as could never be repaired by the improbable benefits of an idle supply of costly domestic water.

Associated Press dispatches under date of February 16th state that Arizona has rejected the proposed contract submitted by the Secretary of Interior as to its proportion of the Colorado River water supply. As between riparian owners there is future endless litigation in sight which should first be adjudicated with an equitable settlement with our neighboring nation, Mexico, to her claim to water of the Colorado River which has not been done. Right does not make right.

Five cities in San Diego County including the Cities of National City, Coronado, La Mesa, Ocean side and San Diego have approved the contract with the Secretary of the Interior and four irrigation districts comprising over 70,000 acres in San Diego county have signified their intention to joining the San Diego County metropolitan water district now in process of formation. The idea being to get their share of Colorado River water as heretofore arranged for with the Secretary of the Interior, as and when needed and we hope ten to twenty years hence in cooperation with the metropolitan water district via San Diego County.

CONCLUSIONS

1. Regardless of the merit of demand of the Colorado River aqueduct it is not at this time a feasible project for the property owners of the Metropolitan District whose credit is being pledged for construction funds.

2. After full depletion of the assessed value of the real estate in the present Metropolitan district not enough assessed value remains to justify a bond issue of 2 or 3 hundred million dollars under 1% limit imposed by the state.

3. The estimated cost of the water makes it prohibitive for agriculture, without a subsidy and there is no other need for the water at the present time.

4. Real estate is now in such a depreciated state that relief is imperative and proper measures for such relief should take precedence over any other project. Practical abandonment of the ad valorem taxation of the property seems to be inevitable and an immediate necessity.

5. In the normal processes of Nature, function precedes structure; in business, demand should precede supply. A proven and profitable market for Colorado River water should be assured before the investment is made.

6. Under changing economic conditions since the project was started the need of water for Los Angeles and vicinity is not more water but cheaper water.

7. The Metropolitan Water Board as now constituted, is an oligarchy of men who are not responsive to the electorate, and whose terms of office have no end. They are in a position to nullify the effort of taxpayers to discharge their burden of ad valorem taxation.

8. The commencement of this Metropolitan project at this time means endless litigation, wholesale reduction of assessed valuations of property within the irrigation district thereby discrediting these and other bonds and arresting the project in an unfinished state.

9. The proposal to pay the interest charges of the aqueduct from water receipts merely changes the form of the tax and limits it to water users.

10. There should be no increase of capital expenditures by the Metropolitan Water District until a new survey is made jointly by the Reconstruction Finance Corporation and the U. S. Reclamation Service in conjunction working in cooperation with the State of California thru the state engineer to determine the question of feasibility of the project, the comparative routes, the present and future water supply of the Metropolitan Districts available with the Colorado River water as well as a thorough study of the possibilities of bringing the Colorado River water via Iuma in conjunction with the all American canal and in cooperation with the metropolitan water district of Los Angeles and San Diego in the development of our entire coastal plans.

No one under any conditions will buy the bonds of the Metropolitan District. This has been demonstrated. I urge that no more money be loaned the Metropolitan Water District at the present time until a new and thorough investigation is made.

I ask that officials be appointed and an impartial investigation made at the earliest possible date.

If either the U. S. Reclamation Service or the Reconstruction Finance Corporation desire to make any further investigation, I am in a position to state that ten or twelve of the most prominent engineers, economists, geologists and financiers in Los Angeles and San Diego County will be glad to cooperate with you in any investigation to be made as to the facts, as stated, and the State of California should have something to say in regard to the largest water development ever made in the state.

The Fletcher family are large property owners within the boundaries of the Metropolitan Water districts and do not want their property confiscated.

I have no ulterior motive in making this protest. My one desire is to see San Diego County in cooperation with Los Angeles eventually develop the greatest water project in the history of the United States but conditions do

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not warrant it at the present time and I predict that any money spent by the Metropolitan Water District belonging to the U. S. Government is money thrown away.

Assuring you of my hearty cooperation in determining the facts and hoping to receive an early and favorable reply to my request.

Sincerely yours,

BTAM

Ed Fletcher Papers

1870-1955

MSS.81

Box: 31 Folder: 20

**General Correspondence - United States.
Department of the Interior - Reclamation Service**



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