

February
Twenty-six
1921

Mr. J. H. Heath,
Escondido, California.

My dear Heath:

Answering yours of the 24th, I have written both Mr. Westfall and Mrs. Greene. Mr. Foster told me last week that they were going to work at once on the road.

It is a pleasure to work with you Escondido people. The only thing I have against you is that you piked out on that San Felipe Narrows road. Everyone else paid his obligations excepting the people from Escondido who subscribed \$1,000. If we had that \$1,000 we could complete the building of the road thru the San Felipe Narrows on the edge of the desert, but for lack of funds we will have to quit. I heard a great deal of adverse criticism of the Escondido people. There is no earthly reason why your subscription of \$1,000 is not being put to the best possible use in completing the road thru the Narrows. Foster is working thru the Sentenac Canyon and the Narrows road will have to be built in order to accomplish the desired results, and why not work both of them at once.

I have sent a copy of this letter to Mr. Johnson, to whom the Escondido people should pay that \$1,000.

Yours very sincerely,

EF:KIM

OK Oak Vale Ranch,
Lake Escondido Station,
Escondido, Calif.

July 19, 1924.

Col. Ed. Fletcher,
San Diego, Calif.

Dear Colonel:

About the time of the completion of the Lake Hodges dam I introduced a resolution at a meeting of the board of directors of the Chamber of Commerce of Northern San Diego County thanking the officers of the Santa Fe Railway for their vision and enterprise in this project.

J.R. Newberry, a director from Carlsbad, in a dramatic speech, urged that the resolution be tabled, as he had inside information, gained by a talk with some of the high up officials, that the Santa Fe had nothing to do with it.

I then asked the adoption of the resolution, amended to read "the builders of said dam" etc, and this was also tabled, being placed in the same drawer with the original.

The other day I snapped the enclosed picture, which tells the whole story.

I have in mind to write a little ditty for The Earth, and possibly some other publications.

If the ownership is vested in the San Diego County Water Company, or San Dieguito Mutual Water Company will you be so kind as to put me wise, as I do not want to make a break.

Any information which you may have time to impart will be received by an attentive ear and lodged in a faithful breast.

With best wishes

Cordially yours,

J.H. Heath

July 22, 1924.

Mr. J. H. Heath,
Oak Vale Ranch,
Lake Escondido Station, Calif.

Friend Heath:

I appreciate your letter of the 19th, and the following is a history of the entire matter:

I first sold Mr. Henshaw Warner's ranch and the Warner dam and water project. It was formerly owned by the Pacific Light & Power Company, one of Huntington's allied corporations. Huntington had planned building the Pacific Electric Railroad to San Diego.

Salmons and I put thru the Kerckhoff-Keller franchise. I bought Del Mar, Carlsbad, also the lands in Leucadia and Merle for the South Coast Land Company, Huntington owning a one-fourth interest. They were going to develop power from Warners to operate the Pacific Electric railroad. Harriman got control of a majority of the stock of the Pacific Electric, forced Huntington to quit building to San Diego, as Harriman was opposed to it, and that is the time that Kerckhoff and Huntington asked me to sell the Warner Ranch and power project to Henshaw, which I did.

I entered into a contract with Henshaw whereby he was to get back his money and six percent interest first, and I was to have one-fourth the net profits. I showed him that we should control all the water of the Santa Ysabel River as well, and the Volcan Land & Water Company was formed. I sold him the Sutherland damsite and purchased the lands that would be flooded; also Pamo damsite and lands to be flooded, also Carroll, now known as Lake Hodges, and also sold him one-half of my interest in the Cuyamaca System.

The war came on, Henshaw could not go ahead and finance but he gave his consent and I went to Chicago and induced the president of the Santa Fe Railroad, Mr. Ripley to get behind Henshaw. I explained to him that the Santa Fe rancho of seven or eight thousand acres was in red ink each year, but by putting water on it they could

make a profit on the land and put water on the coast lands. That the Santa Fe Railroad between Del Mar and Oceanside was not shipping out an additional pound of freight now as compared to 30 years ago, but water would change this condition and the Santa Fe Railroad would profit by it.

The records of the Santa Fe show that for every irrigated acre in Southern California, they get one-half carload per annum for Eastern shipment.

I got Mr. Ripley to send an engineer to investigate. The report was favorable. Mr. Henshaw was in the hospital sick, but I sold the proposition to the Santa Fe people on this basis -- The Santa Fe to finance the completion of Lake Hodges and distribution lines to the coast, but I to have no interest in either Pamo or Sutherland or any water that would originate East of there. They made me president of the company, the Santa Fe owning two-thirds of the stock of the San Dieguito Mutual Water Company, and Wm. G. Henshaw one-third, subject to my contract with him. I also had a contract with the San Dieguito Mutual Water Company to sell all of their stock, and they paid me a good salary. I have been president of the company from the beginning to the end.

Instead of selling mutual water company stock, as originally planned, they switched into the formation of two districts. Henshaw and I made a contract with the city of San Diego for 3 million gallons of water a day. I owned a one-half interest in that contract and confidentially I made \$67,000 on it without putting in a nickel.

Later Henshaw asked me to sell out his one-third interest in the San Dieguito Mutual Water Company to the Santa Fe. I took the matter up with them and they said they would not buy unless the money which Henshaw got out of the San Dieguito Mutual Water Company sale was spent in the building of Henshaw dam. This was agreed to, and I sold Henshaw's interest to the Santa Fe in the San Dieguito Mutual Water Company and made a commission of \$50,000. This is confidential.

The money from the sale of Henshaw's interest was put in escrow and Henshaw could not touch it until he commenced the construction of Henshaw dam. He organized the San Diego County Water Company.

Henshaw put in all Warner ranch as security for the bonds and started the building of Henshaw dam.

I was double-crossed by some friends (?) and I will tell you about it sometime, the result being that Treanor, who was handling all of Henshaw's oil and cement business up North, was put in charge of the San Diego County Water Company. I was made a director of the company and as you know, was a director of the company when the dam was built.

I was in charge of the whole Warner project, as you know, for nearly fourteen years. Things were made so disagreeable for me by certain people in the San Diego County Water Company that when I was approached to buy out my interest that I held in Henshaw, I gladly accepted, and I got about \$300,000 for my interest in cash, lands and properties. It included Henshaw's interest in the Cuyamaca Water Company, \$133,000; also between one and two thousand acres of land around Lake Hodges and Del Mar, and some cash. It is very fortunate that I did get settled up just before Henshaw died. The settlement was perfectly satisfactory to me and everything is harmonious.

It is the first real clean-up I have ever made. I am still a director of the San Diego County Water Company but have no particular interest in it excepting \$5,000 worth of stock.

A few months ago the San Diego County Water Company conceived the ideal of corralling all of the water in the county. They offered us \$1,000,000 for the Cuyamaca System, but we refused it. The above is strictly confidential. They did, however, buy back from the Santa Fe Railroad the San Dieguito Mutual Water Company, and another water company is being organized, known as the San Dieguito Water Company, which will shortly take over the properties. It will be controlled by the San Diego County Water Company.

Before printing any article that you may write, do not fail to let me see it so as not to get in any mix-up or get me in bad.

With kind personal regards, I am

Yours very truly,

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P. S. I am writing all of the above in confidence. Enclosed find copy of letter I have just received this day that will be of interest.

Remember, the above is all as between friends, but are the actual facts as asked for by you, and I thank you for your kindly interest in my personal welfare and success.

E.F.

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Ed Fletcher Papers

1870-1955

MSS.81

Box: 10 Folder: 27

General Correspondence - Heath, J.H.



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