

PEIRCE, FAIR & CO.

432 CALIFORNIA STREET
SAN FRANCISCO

August 27, 1929.

Colonel Ed. Fletcher,
San Diego, California.

My dear Colonel Fletcher:

Several years ago I had the pleasure of a brief inspection of the former Cuyamaca Water properties with our Mr. Peirce and our Mr. Barr. On that very pleasant occasion you were our host. I recall this incident at this time for the purpose of identifying myself in your mind.

Our Mr. Peirce has been abroad for several months. Our Mr. Barr has retired from active business and is no longer with us. Consequently it is necessary for me to continue that contact at this time.

You will recall that with other associates we purchased \$1,900,000 par value of La Mesa - Lemon Grove and Spring Valley Irrigation District Bonds in December, 1925, part of the proceeds of which were used in purchasing the Cuyamaca Water properties from you and your associates.

Within the past few months the Supreme Court of the State of California has rendered a decision in connection with the water rights controversy between the City of San Diego and the District which is extremely detrimental to the interests of the District. In fact, the decision seems to be so extreme that we find it rather difficult to believe that the rights, as adjudicated, can or will be enforced. We understand also that this decision is a very surprising one. Certainly it could not have been contemplated. Furthermore it is very far removed from our ideas of what could happen, as those ideas were determined by the investigation we made at the time we joined in the purchase of the bonds of the District.

We have recently contacted with Mr. Walter K. Tuller of the firm of O'Melveny, Tuller & Myers, who has been successful in obtaining a rehearing of this

PEIRCE, FAIR & CO.

Colonel Ed. Fletcher.....#2

case which we believe is to take place next month. As a result of our discussion of this matter with Mr. Tuller, we are also somewhat hopeful that the present decision will be substantially altered.

In the meantime you can appreciate that many of the Bondholders of these bonds are decidedly apprehensive. They have heard of the decision, the language of which would seem to leave little to the imagination, and they have also heard of the recent sale of a substantial amount of property in the District as a result of tax delinquencies. Under the circumstances we would very much appreciate the opportunity of discussing this whole situation with you at your early convenience, preferably in person, or if not, then by correspondence. We know you are thoroughly familiar with this whole problem, we have no personal contacts with District officials, and would consequently be very grateful for your assistance. Do you expect to be in San Francisco within the next week or two, and if not, would you be available in San Diego if I should come down there to see you?

So that you may know what thoughts are troubling us, I am enclosing herewith a few pertinent questions that come to me, the answers to which we should know, both for the intelligent understanding of this situation on our own part, and in order to enable us to intelligently answer the inquiries we are receiving from the holders of District bonds. We have no intention of making too burdensome this request for information. Perhaps you would prefer to pass along to the Engineer of the District the enclosed questionnaire for answer. In any event we will greatly appreciate your help and if you think it advisable in order to obtain a true understanding of this situation, I shall be very glad to come to San Diego at your suggestion.

Yours very truly,

DGS:H

Donald G. Sherwin

(1) What progress, if any, has been made in negotiations looking toward the annexation of all or any part of the properties of the District by the City of San Diego?

(2) What effect has the recent decision by the Supreme Court of the State of California had upon operations of the District? In other words, has there been any change in the amount of water diverted by the District, or in the amount of water sold by the District, or in the matter of collections for the water that has been so sold?

(3) To what extent has it been necessary to sell property in the District as the result of water charge or assessment delinquencies? Who were the buyers and on what price basis per acre was such delinquent property sold?

(4) What is the daily amount of water diverted from the San Diego River and what is the amount of water being pumped daily from the river gravels? How much of this water is used for domestic purposes and how much for irrigation purposes?

(5) How much water is being consumed daily by consumers within the District and through sales of water by the District to outsiders?

(6) How many acres of land in the District are under irrigation at this time, and how has this figure changed since the first bonds of the District were sold in December, 1925?

(7) How many bonds of the District are outstanding today and for what purposes were all those in excess of the original issue of bonds (\$1,900,000) sold?

(8) Has the Fletcher Dam been built, and if so what is its capacity and what is the present amount of water in storage behind it?

(9) How do present day revenues compare with the annual estimate of \$193,000, and how do present day operating expenses and interest charges compare with the estimated annual total of \$242,000? How does the estimated annual deficit of \$49,000 (to be raised by taxation) compare with the present day deficit, and what is the rate of taxation to provide for such deficit?

(10) In the original property appraisal of Messrs. Quinton, Code & Hill a value of \$1,000 per acre was placed on the 2400 acres included in the Cities of La Mesa and El Cajon. A value of \$300 per acre was placed on an additional 10,200 acres of irrigable lands and a value of \$100 an acre was placed on about 5,000 acres partially served. How do present day values compare with these?

September 5th, 1929.

Peirce, Fair & Company
482 California Street
San Francisco, California.

Attention Mr. Donald G. Sherwin:

Dear Mr. Sherwin:

Answering your letter of August 27th, I have asked Mr. Herritt, the superintendent of the District, to answer same and enclose find the information that you have asked for.

I thank you for your interest in the matter.

I believe the District had the wrong attorneys and told them so for the last two years.

I will be glad to discuss this matter with you the next time I am in San Francisco.

I hope the next time you are coming down this way you will wire me so that I may have the pleasure of showing you some attention and the wonderful development in our back country.

With kind regards.

Sincerely yours,

BT:GMF

Encls.

PEIRCE, FAIR & CO.

432 CALIFORNIA STREET
SAN FRANCISCO

September 10, 1929.

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, Calif.

My dear Colonel Fletcher:

I wish to acknowledge with sincere appreciation your letter of September 6th, 1929, enclosing a copy of a letter to you from Mr. C. Harritt the General Manager of the La Mesa, Lemon Grove and Spring Valley Irrigation District. I shall look forward to the pleasure of discussing this matter with you in further detail either in San Francisco on the occasion of your next visit, or in San Diego if I have an opportunity to visit you there.

I have read over Mr. Harritt's letter with a great deal of interest. The matter of annexation appears to me to be of absolutely vital importance in event of a continued adverse attitude on the part of the courts toward the water rights of the District. Therefore I am particularly interested in Mr. Harritt's answer to my first question in which he says: "The entire District will be annexed should negotiations now under way for settlement fail, or should a final court decision make such action necessary." How can Mr. Harritt speak with such certainty. In order to accomplish such annexation would not the people of the City of San Diego as presently constituted have to vote for such annexation? If such a vote is required, then is Mr. Harritt justified in speaking with such assurance as is evidenced by his communication? Perhaps on the other hand such annexation needs only the consent of the people in the District. In such a case I can readily understand that the decision would be a practical certainty.

Perhaps you are close enough to this picture so that you would be willing to give me the benefit of your views on this particularly important point. I should certainly appreciate them.

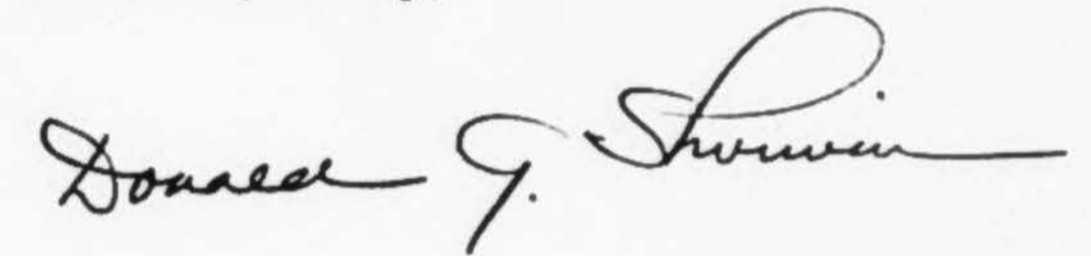
PEIRCE, FAIR & CO.

Colonel Ed Fletcher.....#2

Thank you again for the courtesy of your prompt reply and for the assistance you have given us in obtaining the other helpful information contained in your letter.

Yours very truly,

DGS:H



September Thirteenth,
1 9 2 9

Peirce, Fair & Co.,
432 California Street,
San Francisco, Calif.

Attention Mr. Donald G. Sherwin

My dear Mr. Sherwin:

Answering yours of the tenth, your point is well taken.

Legally it would have to be voted on both by the district and the city of San Diego but the facts are as follows:

Never has there been a time when it was necessary to call an election in San Diego to approve any annexation. The city council of San Diego have the right to annex and it becomes a law if within a certain period - thirty or sixty days - no written protests are filed asking for an election.

I will be glad to cooperate with you in every way and will keep you posted.

We are hoping the Supreme Court will notify its decision.

There are not 20 people out in the district today who favor annexation except and unless the city does two things.

First, give them in perpetuity an irrigation rate similar to the one they have now;

Secondly take over the present obligations of the district.

Kindly remember me to Mr. Fair and tell him to wire me the next time he is headed toward San Diego, please.

With kind personal regards,

Sincerely yours,

EF:AK

PEIRCE, FAIR & CO.

432 CALIFORNIA STREET

SAN FRANCISCO

September 16, 1929.

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, Calif.

My dear Colonel Fletcher:

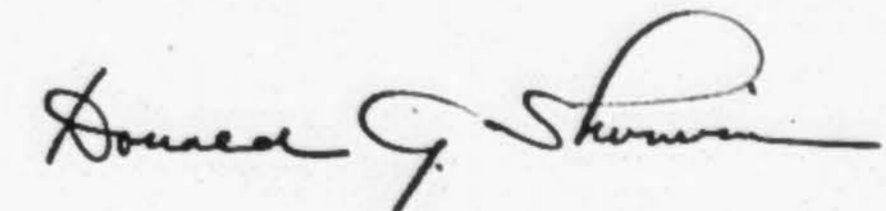
This will acknowledge with thanks your note of September 13, 1929, which answers very satisfactorily the question submitted.

Let me add that you have done much to reassure us all regarding this troublesome situation. It is difficult to remain pessimistic after reading your letters.

Mr. Fair is in Mexico at the moment to celebrate the opening of the quail season. I fear, however, that he will have no opportunity to stop in San Diego since he is enjoying this holiday in company with other associates. I know that he would very much enjoy a visit with you and I shall make it a point to bring your letter to his attention upon his return. As a matter of fact I believe he will pass through San Diego some time tomorrow morning enroute home.

Thank you again for your helpfulness.

Sincerely yours,



DGS:H

PEIRCE, FAIR & CO.

432 CALIFORNIA STREET
SAN FRANCISCO

April 16, 1930.

Colonel Ed Fletcher,
1020 - 9th Street,
San Diego, Calif.

My dear Colonel Fletcher:

We were rather shocked at the scope and nature of the unanimous opinion recently rendered by the Supreme Court of the State of California in connection with the water rights of the La Mesa-Lemon Grove and Spring Valley Irrigation District. We understand that the advisability of attempting to obtain a rehearing of this case by the United States Supreme Court is now being considered. There have also come to our attention various comments made by San Diego City officials and District directors at a joint conference held in San Diego a few days ago. We are therefore inclined to trespass again on your good nature by asking for your opinion with regard to certain phases of this situation, which must be up for discussion at this time, and will greatly appreciate your cooperation.

- (1) Are there not certain very distinct advantages that would result from annexation by the City of the District provided the City would assume the present indebtedness of the District, and provided further that the terms of such annexation would assure the inhabitants of the District at least as much water as they are obtaining today?
- (2) What is the present attitude of City officials and the citizens of San Diego generally regarding such annexation?
- (3) What is the attitude of the District officials and the residents of the District toward such annexation?
- (4) How long would it take as far as time is concerned to consummate such an annexation?
- (5) If an annexation on the above terms was possible, what more can the District expect to obtain through further litigation, and therefore would not even a victory by the District be a more or less idle one if the District

PEIRCE, FAIR & CO.

Colonel Ed Fletcher.....#2

could obtain today all that it reasonably needs or wants?

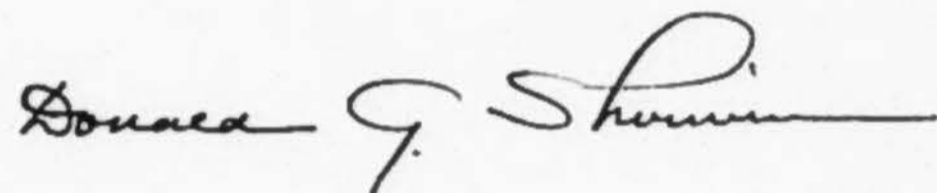
- (6) In the event that a further adverse decision is forthcoming as a result of the proposed rehearing by the Supreme Court of the United States, how serious a factor would this be in the necessity for annexation which would immediately arise? Might it not well mean that the City would not offer as attractive terms for annexation as can be obtained at this time, and if so should not this factor be given very serious consideration before further litigation by the District is undertaken?
- (7) What is the significance of the comment we hear to the effect that the construction by the City of the El Capitan Dam would be ruinous to the District? Why would it be ruinous and is the construction of this Dam imminent?
- (8) What properties are owned by the District which are not affected by the recent decision of the California Supreme Court, and what is their fair value? In this connection I would assume that the Cuyamaca Reservoir and certain other reservoirs together with certain flumes and pipe lines would fall in this category.
- (9) What is the value of property such as water bearing gravels in the El Monte Basin which are rendered apparently valueless as a result of the recent decision?
- (10) Having in mind all water development possibilities available to the City of San Diego, when in your opinion, will the City begin to take water from the San Diego River at the expense of the District?
- (11) At the recent conference in San Diego spokesmen for the District are reported to have said that the District is willing to limit the amount of water it takes from the San Diego River to approximately three and one-half million gallons daily. How adequate is this supply for present needs of the District and for the future growth of the District? With 4,000 acres under irrigation at this time I assume that this amounts to somewhat less than an average of 1 acre foot per annum.

Colonel Ed Fletcher.....#3

For the sake of clarity the foregoing questions have been made to look rather imposing. I sincerely trust that the answering of them will cause you no undue inconvenience and wish again to express our appreciation for your helpfulness in the past in this connection.

Mr. Fair joins me in extending our very best regards.

Sincerely yours,



DGS:H

April 21st, 1930.

Peirce, Fair & Co.,
432 California St.,
San Francisco, Calif.

ATTENTION MR. DONALD G. SHERWIN.

Dear Sir:

Colonel Fletcher has handed me your letter of April 16th and has asked that I furnish you the information requested therein, and I am answering your questions in the order you have listed them.

1 - It is impossible to prevail upon the City of San Diego to assume the District's indebtedness and the rate for water under annexation would prohibit all agricultural use.

2 - The City Officials would probably permit unconditional annexation which would mean City taxes, City rates for water in addition to their Irrigation District tax which would very probably be defaulted. Furthermore, the City has no facilities which would supply any portion of the District and so far no plan of development proposed by the City would be so located as to serve the area within the District.

3 - They would consider such annexation only as a last resort and it would undoubtedly mean the disorganization of the Irrigation District.

4 - It would take a long time to force the residents of the Irrigation District to annex as a whole.

5 - It is impossible to obtain annexation under the conditions set out in your previous question.

4-21-30.

6 - Very careful consideration has been given to the question of further litigation and it is considered, in view of the facts regarding annexation as set out in previous answers, that it is necessary to take advantage of every possibility of winning a more favorable decision. The terms that the City are willing to offer at this time mean death to this District and we cannot conceive of less attractive terms at any time in the future.

7 - The District's principal source of supply is a large underground basin immediately below the El Capitan Reservoir site. The construction of a dam at this point would cut off the supply of water to this basin which would soon become exhausted and the District would be deprived of its most reliable, economical source of supply.

The construction of this dam is being contested legally, by indirect pressure and persuasion and by every means in our power and we believe that the City decision as to where they will build is leaning toward the construction of a dam in Mission Gorge which would not effect our supply for the immediate present.

8 - None of the District's physical properties including their lands, etc., are included in this decision. It effects only the right to the water of the river. This includes waters stored in Cuyamaca or other reservoirs owned by the District. A fair value for the District property is \$2,275,000.00, but without water, of course, its value is nil.

9 - This question is answered by the statement set out in reply to your query # 8.

4-21-30.

10 - It will probably be several years providing the City can be restrained from building at El Capitan. However, the prevailing uncertainty as to the exact time, and the impossibility of the District financing any extensions or betterments under these conditions are very serious factors.

11 - The statement made by the spokesman for the District was incorrectly reported in the press. The statement was made that it was doubtful that the District would ever require irrigation water for more than four thousand acres of permanent agricultural use, such as orchards, etc. but that occasionally the acreage might increase temporarily by truck gardening, etc. But, that additional water would be required to meet the growing domestic requirements. The amount of water mentioned is the maximum used by the District in any one year under present development.

You must understand, of course, that any compromise whereby the District is limited to the amount of water now used means the utter failure of the District as such. With no exact information at hand, we believe that probably two-thirds of the Irrigation District taxes are paid by the undeveloped lands and these taxes are being paid only in the expectation that water will be delivered to these lands as required. Obviously, the owners of these lands will refuse to pay any additional taxes knowing that they will be unable to derive any benefit from the District. This whole situation can be summed up in a very few words, as follows: The Irrigation District must obtain a modification or reversal of this decision or their dissolution is an absolute certainty.

The outcome of this litigation is a serious blow to the hopes of many of the residents of this section. A very great progress has been made

during the past four years. This is set out to a considerable extent in the copy of the annual report for the year 1929 a copy of which we are forwarding to you under separate cover.

Trusting that this is the information that you requested, I am

very truly yours,

General Manager
LA MESA, LEMON GROVE & SPRING VALLEY
IRRIGATION DISTRICT.

CH:RD

Ed Fletcher Papers

1870-1955

MSS.81

Box: 25 Folder: 5

General Correspondence - Sherwin, Donald G.



Copyright: UC Regents

Use: This work is available from the UC San Diego Libraries. This digital copy of the work is intended to support research, teaching, and private study.

Constraints: This work is protected by the U.S. Copyright Law (Title 17, U.S.C.). Use of this work beyond that allowed by "fair use" requires written permission of the UC Regents. Permission may be obtained from the UC San Diego Libraries department having custody of the work (<http://libraries.ucsd.edu/collections/mscl/>). Responsibility for obtaining permissions and any use and distribution of this work rests exclusively with the user and not the UC San Diego Libraries.