

R. H. CHANNING, JR.

725 STANDARD OIL BUILDING, SAN FRANCISCO, CALIFORNIA.

February 18, 1927

Mr. Ed Fletcher,  
920 Eighth Street,  
San Diego, Calif.

Dear Mr. Fletcher:

This will acknowledge your letter of February 11th, and I appreciate the attitude which you have taken with regard to the prospective sale of all our land in San Diego County as a unit. I mentioned this possibility to you as I thought it fair that you should be informed, but I am not particularly hopeful of being able to put the transaction through, as my preliminary conversations indicate that there is a wide divergence of opinion as to the value of these lands between the prospective buyers and myself. Propositions have been made, however, to purchase the Solano Beach tract on a more favorable basis, but, of course, as you appreciate this is the most readily saleable tract, and as it has water on it and adjoins your Solano Beach on one side and the Santa Fe Rancho on the other, it ought to be disposed of quickly, so that I can understand why several purchasers are after it.

I wish, therefore, that you would bring to a conclusion as soon as you reasonably can, your agreement with Mr. Treanor's representative for the actual physical subdivision of all three tracts, and when you have reached this, let me have the proposals as approved by both of you, and I shall endeavor to complete the transaction with Mr. Treanor.

You spoke to me at one time about your willingness to make a proposal to develop and sell the Solano Beach tract. Would you care to now make to me your best proposal for undertaking this, for convenience assuming that you got the whole tract to handle, that is, both our two-thirds and the San Diego Water Company's one-third. If we divide with Treanor, I assume I could take two-thirds of all figures. You might make this proposal in two forms, one in case we put up the money for the necessary improvements and the other in the event that you put up the money for the necessary improvements.

A proposal which I have had submitted to me on this tract has subdivided it into (a) 300 acres ocean frontage, (b) 714 acres in estates, (c) 200 acres rough land,

B-P-#2

(d) 10 acres between the highway and the beach, and (e) 90 acres plus the lagoon, and have placed various prices on these different tracts, the total price to be finally realized in something less than five years being \$2,250,000. From this they propose to deduct a selling commission and the necessary sums for improvements, leaving however, a balance net to us which I do not consider satisfactory. I want to sell this tract but I am able and intend to hold it until I get a fair price. The other two tracts we can also hold.

I enclose herewith copy of the agreement between Henshaw and the Whitneys, in which is the clause agreeing to reserve from any transfer of the property sufficient water for the syndicate lands at 5¢ per 1000 gallons. If it is convenient, I wish you would have the transfer from Henshaw to the San Diego County Water Company looked up and see if he actually did reserve this water, which I am, of course, very confident he did not. In that event we are entitled to water from him for both the Kelly Tract and the Linda Vista Tract. Whether we would have any claim against him on account of the Solano Tract by reason of having to pay a higher price for water than he agrees to sell for is an open question. It seems to me that I should turn this over to our attorneys, making a necessary demand on the Henshaw estate, and either get an agreement from them as to water or a sum by way of damages. Could you make an estimate as to what these damages could be placed at?

I enclose herewith also a letter giving you authority to agree on a valuation of the reservoir lands and to settle the pipe line rebate so far as the Whitney lands are concerned.

Very truly yours,

*R. H. Channing Jr.*

RHO Jr. R

MEMORANDUM OF AGREEMENT, made August 1st, 1913,  
between WILLIAM G. HENSHAW, party of the first part, and  
HARRY PAYNE WHITNEY and PAYNE WHITNEY, parties of the second  
part.

WHEREAS, the said Henshaw is the owner of certain  
options on lands in San Diego County, California, which  
options and prices thereof are more particularly set forth  
in a schedule hereto annexed; and

WHEREAS, the said Whitneys have made certain ad-  
vances on account of the purchase prices of the said options;  
and

WHEREAS, the said Henshaw is the owner of certain  
water rights affecting said lands:

NOW, THEREFORE, in consideration of one dollar paid  
by each party hereto to each of the others, the receipt where-  
of is hereby acknowledged, and of the mutual covenants and  
agreements herein contained, the parties hereto agree to  
form and do hereby form a partnership, the purpose of which  
shall be to acquire the lands embraced in the said options,  
to hold the same and to dispose of them from time to time  
as the interest of the partnership may require.

The said Henshaw agrees to and does hereby bargain,  
sell, convey and assign to the partnership hereby created,  
all of his right, title and interest in the said options and  
the lands embraced therein.

The said Whitneys agree to advance from time to time,  
as the same may become due under the terms of the said options,  
such sums as may be necessary to complete the purchase of the  
parcels described in said options until the partnership here-  
by created shall have acquired complete title thereto.

The said Henshaw agrees to repay to the said  
Whitneys such sums as may have been advanced by them to the  
partnership for his account, or so much thereof as shall re-  
main unpaid on or before July 21, 1916, with interest on  
such advances from the dates thereof.

Upon the sale of any lands, any amounts received  
therefor shall be applied pro rata in repayment of the  
amounts advanced by the respective parties hereto until all  
sums advanced by them with interest thereon at the rate of  
six per cent. per annum shall have been repaid, and there-  
after any profits from sales of lands shall be divided equal-  
ly between the members of the partnership hereby created.

The said Henshaw agrees that he will not transfer  
to any person or corporation any of his water rights, ripar-  
ian rights, easements, etc., except subject to a condition  
or reservation that the lands embraced in the options herein  
referred to shall receive from the transferee of the said  
rights or his or its successors in interest, water adequate  
for all purposes at a price not to exceed Five Cents per  
thousand gallons.

The said Henshaw agrees to cause the Security

Trust and Savings Bank of Los Angeles, in whose name title to the said lands now rests, subject to mortgage for unpaid balances of the purchase prices thereof, to execute and deliver to a trust company in San Diego, California, to be mutually agreed upon, such instruments as shall be necessary to vest the title to said lands in said last-named trust company, and to cause said last-named trust company thereupon to execute and deliver to each of the parties hereto a declaration of trust in favor of the partnership hereby created.

It is understood that the various covenants and agreements herein contained are binding upon each of the parties hereto, his heirs, executors and administrators.

IN WITNESS WHEREOF the parties hereto have hereunto set their respective hands and seals this first day of August, 1913.

(Signed) H. P. Whitney  
 " Payne Whitney  
 " Wm. G. Henshaw

March 7, 1927

Mr. R. H. Channing, Jr.  
 725 Standard Oil Building  
 San Francisco, California

My dear Mr. Channing:

Regarding the proposed exchange of properties and the segregation of the Whitney, Henshaw interests - completely - will say:

I feel sure your interests are best protected by taking a deed to all of the Lookwood Mesa between Rancho Santa Fe and the ocean; also, the Linda Vista or West properties, and giving in exchange a deed to the Henshaw interest to the Kelly Ranch excepting 120 acres along the south line with 1500 feet of ocean frontage - you canceling the contract between Henshaw and yourselves regarding delivery of water on all the tracts but reserving the right to get water for the 120 acres in case the Henshaw interests bring water to the balance of the Kelly Ranch.

My reasons for recommending this exchange are as follows:

Subject - Kelly Ranch

It will cost in excess of half a million dollars to put the proper water supply on the Kelly Ranch and endless litigation for you even at that. I am satisfied that I can develop enough water from wells in the one hundred twenty acres of the Kelly Ranch that you are going to reserve to irrigate the 120 acres in sufficient amount to sell it to advantage for the reason that you are getting large <sup>the</sup>

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share of the bottom lands or valley lands and water can be developed from shallow wells immediately to take care of a large portion of the 120 acres. A thousand or fifteen hundred dollars will develop the water and make the entire tract saleable in one tract.

An actual survey has just been made by Mr. McFadden and it shows over three hundred acres of the Kelly land is in the sloughs and should not be valued at over fifty dollars an acre. This will leave only twelve or thirteen hundred acres of good, bad, and indifferent land on the Kelly Ranch which they would get.

It is going to take two years for them to put water on that tract under the most favorable conditions. On the other hand, by you getting the immediate possession of the lands around Solana Beach, those properties are going to be ready to put on the market and sell immediately, either in subdivision or as a whole with a permanent water supply attached to the lands and water put by the district on each ten or twenty acre tract at the district's expense.

My recommendation is to sell those out first and be in no hurry to sell the West properties on the Linda Vista Mesa. Don't forget that it is only twelve miles from the center of Fifth and Broadway, with a paved highway running right through the center. And I'll show you the way to get water for that tract which the Henshaw people know nothing about. I own about seven hundred acres adjoining you on the north of the north line of the West tract and will be glad to co-operate with you in every way.

Now, regarding your contract for water with Henshaw: I have talked over the matter with Judge Sloane. There is no question but that you might get something, but the amount is problematical. They are still in a position to say to you, "Here's your water at five cents. Take it away." But, you are fifty miles away from their source of supply. The Henshaw people have no obligation to deliver to you on the property. It is true they are taking advantage of technicalities but it is going to be hard to prove material damage

On the whole, getting out of a bad mess, I advise you

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to make the exchange along the lines as above outlined, believing it a mighty good exchange. If the Henshaw people know what I know about the water supply for the Linda Vista lands they would never make the trade.

Sincerely,

EF-J

May 24, 1927.

Mr. R. H. Channing, Jr.,  
725 Standard Oil Building,  
San Francisco, California.

My dear Mr. Channing:

As per your telephone request asking my opinion as to what I can sell the different properties of the Southwest Coast Land Company for within the next year or two, will say:

First - Kelly Ranch - 200 acres, \$600 to \$800 an acre if sold as a whole. There is one well on this property, also a small house and barn and with proper water development by means of wells this property might bring from \$200 to \$400 an acre more, but I would advise selling it as a whole, as it is too small a piece to monkey with.

Second - Lockwood Mesa property adjoining Solana Beach. This property is all within the boundaries of the Santa Fe Irrigation District - water placed on each ten acre tract at the expense of the district. Wonderful development at Rancho Santa Fe on the East, with the little town of Solana Beach on the West. Is ripe for sale at the present time and should bring as a whole \$750 to \$800 an acre.

More money can be made out of it in subdividing it up into small parcels without any additional expense to you. I have a deposit on two pieces between the highway and the ocean at \$3500 an acre, about 36 acres. There are about 35 acres more that should easily sell at \$2,000 to \$2500 an acre, but by spending \$200 or \$300 an acre in dredging it will bring \$3500 an acre, all between the highway and the ocean.

I am negotiating to sell 240 acres at \$1,000 an acre just adjoining the townsite of Solana Beach and East of

the highway. There are 600 acres more that should sell at \$800 to \$900 an acre and the balance at \$600 or \$700 an acre.

In other words, I believe that I can sell this property within the next year or two to net you \$1,000,000 after paying my commissions, assuming that conditions remain normal.

Third - Linda Vista Mesa lands. These properties are within 12 or 14 miles of the center of San Diego. There is one paved highway to the property from the center of the city and another one thru Murphy Canyon pledged by the Board of Supervisors at the expense of the county.

With water this property will sell at an average value of \$700 to \$800 an acre. I believe I can develop underground waters for this property. I would sell to Patterson if you are fully protected. What he wants, 700 or 800 acres at \$250 an acre, as he lies to the east of you, is the most undesirable property that you have excepting the northeast corner, and his development will materially help the value of the rest of your property.

If the government exercises its option it will want about 500 or 600 acres of your land at \$150 an acre for the Lighter than Air Base. We will know definitely in a short time if they are going to need it. With these two developments the rest of the property should easily be sold to net you anywhere from \$250 to \$600 an acre, based on my success in developing water. I would suggest an appropriation of \$15,000 or \$20,000 for water development.

Confirming our verbal understanding at the Biltmore Hotel Friday, will say that in case you decide to turn the properties over to me to sell in consideration of any service I have rendered in the past, as well as the future in subdivision of the property along natural boundaries, the total expense to your company on all sales made is to be a 10 percent commission on the gross sales, no sales to be made except with your written approval and consent in advance, both as to price and terms and conditions. It is understood that I am to pay all commissions to sub-agents.

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If you decide to accept my proposition and do not sell Parcel No. 2 as a whole, I should know it immediately as we should exercise the options and sell to Carr and Blackton. It is their intention to improve immediately and it will help the balance of the property materially. Their total purchase amounts to nearly \$120,000 for approximately 36 acres.

Yours very truly,

EF:KLM

May 21, 1927.

Mr. R. H. Channing, Jr.,  
725 Standard Oil Building,  
San Francisco, California.

My dear Mr. Channing:

As per your telephone request asking my opinion as to what I can sell the different properties of the Southwest Coast Land Company for within the next year or two, will say:

First - Kelly Ranch - 200 acres, \$600 to \$800 an acre if sold as a whole. There is one well on this property, also a small house and barn and with proper water development by means of wells this property might bring from \$200 to \$400 an acre more, but I would advise selling it as a whole, as it is too small a piece to monkey with.

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In other words, I believe that I can sell this property within the next year or two to net you \$1,000,000 after paying my commissions, assuming that conditions remain normal.

Third - Linda Vista Mesa lands. These properties are within 12 or 14 miles of the center of San Diego. There is one paved highway to the property from the center of the city and another one thru Murphy Canyon pledged by the Board of Supervisors at the expense of the county.

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-3-

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Yours very truly,

EF:KLM

R. H. CHAMBERLING, JR.

725 STANDARD OIL BUILDING, SAN FRANCISCO, CALIFORNIA.

May 4, 1927

Mr. Ed. Fletcher,  
920 Eighth Street,  
San Diego, Calif.

Dear Mr. Fletcher:

Thank you very much for your letter of May 2nd, giving me estimates on which you think you could sell the three tracts of land. I shall take this east with me, and on my return will be prepared to do something definite with these lands, assuming that in the meanwhile we have the deal with Treanor completed.

I am, of course, particularly interested in an early disposal of the Lockwood Mesa lands, on account of the large sum that we are paying the irrigation district annually. Would it be too much trouble for you to fill in on the enclosed sketch map, about what you think you can get for the various tracts shown within the next two or three years, assuming that we do not put any money into their development or improvement. This would enable me to reach a decision as to whether I wish to sell the land on this basis or not, in a much more satisfactory way than if you just state that you think you can get a certain amount per acre for 600 acres, as you have done in your letter of May 2nd. If you can do this I would appreciate your filling out the figures at your early convenience and return them to me, as I should like to take them east with me also.

Very truly yours,

*R. H. Chamberling Jr*

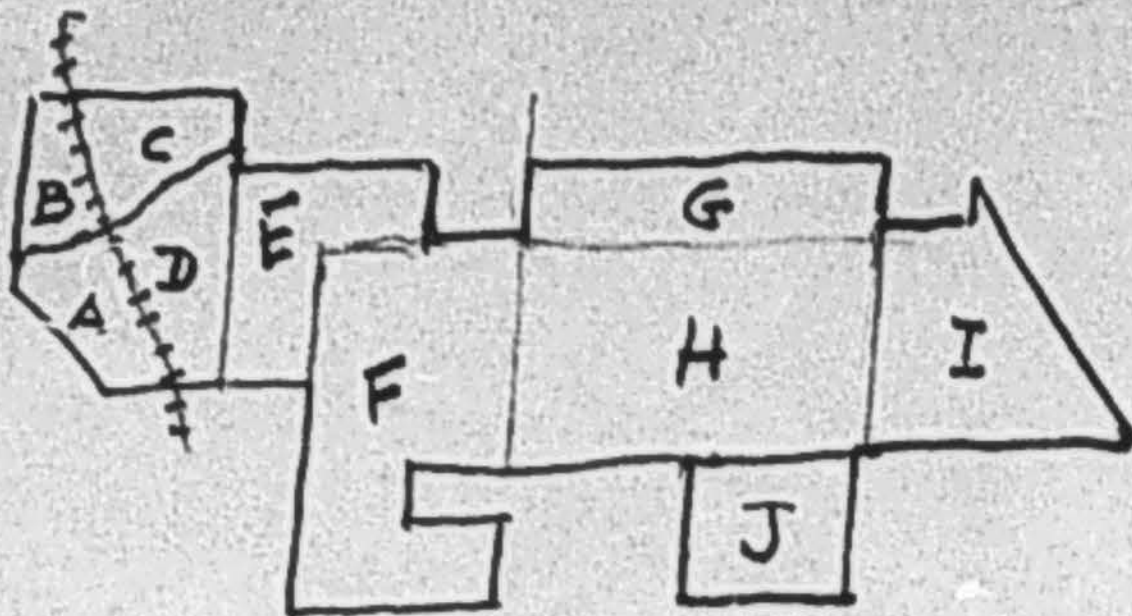
RHC Jr. R

Enc.

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# Lockwood Mesa Lands

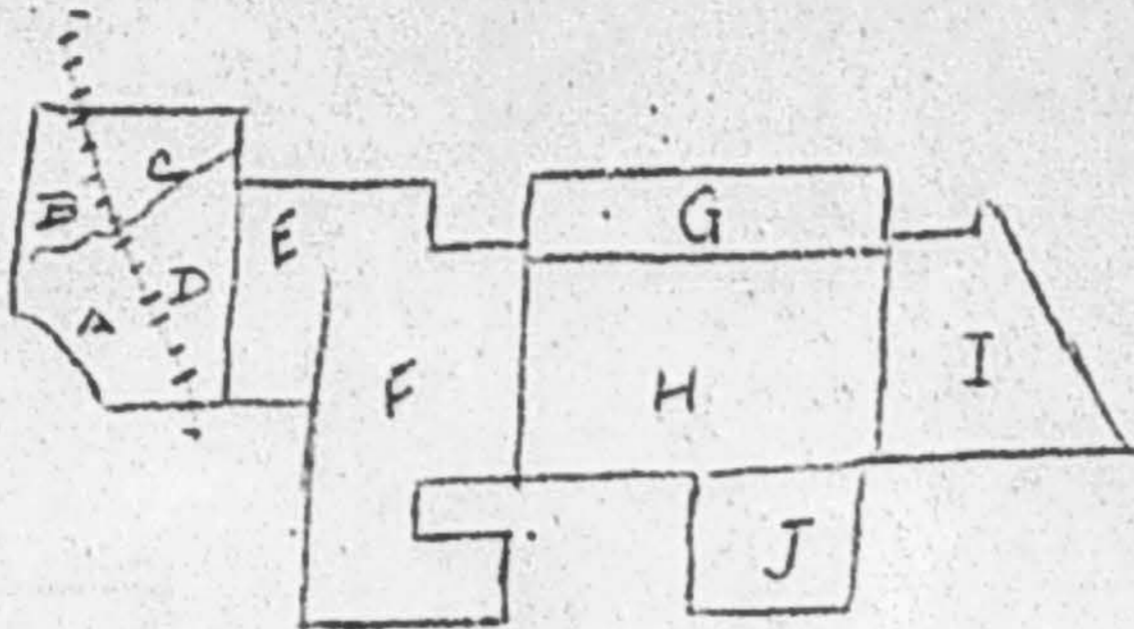
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K

A	32 acres	approx	@ 3500	to 4000 per acre
B	32 "	"	@ 2000	to 2500
C	65 "	"	@ 150	to 250
D	109 "	"	@ 1000	to 1250
E	120 "	"	@ 1000	to 1000
F	217 "	"	@ 900	to 900
G	157 "	"	@ 800	to 900
H	312 "	"	@ 800	to 600
I	168 "	"	@ 500	to 700
J	162 "	"	@ 600	to 800
K	40 "	"	@ 700	to 800
	1414	"		

# LOCKWOOD MESA LANDS



K

A	32 acres approx.	©	\$3500 to \$4000 per acre		
B	32	"	"	2000 to 2500	" "
C	65	"	"	150 to 250	" "
D	109	"	"	1000 to 1250	" "
E	120	"	"	1000 to 1250	" "
F	217	"	"	900 to 1000	" "
G	157	"	"	800 to 900	" "
H	312	"	"	800 to 900	" "
I	163	"	"	500 to 600	" "
J	162	"	"	600 to 700	" "
<u>K</u>	<u>40</u>	"	"	700 to 800	" "
	1414	"	"		

May 6, 1927.

Mr. R. H. Channing, Jr.,  
725 Standard Oil Building,  
San Francisco, Calif.

My dear Mr. Channing:

I have filled in valuations on the Lockwood Mesa lands as per your request of May 4th and same is herewith attached, showing what I believe I can sell these properties for within the next two or three years, as a minimum.

I would not divide the properties up in the way that Mr. McFadden and you have divided them, as they do not represent natural boundaries, but this will give you an idea as near as I can determine it based on the present subdivision submitted.

On the other hand, if you can get an offer to sell all of this property to one party at from \$750.00 to \$850.00 per acre I would advise you to take it, particularly if it is someone in whom you have confidence, will build up the country and it means an outright sale.

Yours very truly,

EF:KLM

R. H. CHANNING, JR.  
725 STANDARD OIL BUILDING, SAN FRANCISCO, CALIFORNIA.

July 29, 1927

*File*

Colonel Ed Fletcher,  
920 Eighth Street,  
San Diego, Calif.

Dear Sir:

Mr. Channing has instructed me to send you the enclosed copy of agreement between the San Diego County Water Company and the Southwest Coast Land Company referring to the supplying of water to our 200 acres of the Kelly Ranch.

Very truly yours,

*Geo. A. Rose*

GAR

Enc.

**Ed Fletcher Papers**

**1870-1955**

**MSS.81**

**Box: 4 Folder: 34**

**General Correspondence - Channing, R.H., Jr.**



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