

February 20, 1933.

City Trustees of East San Diego,
East San Diego, California.

Gentlemen:

Enclosed herewith find copy of protest of the City of San Diego, which is explanatory. I believe it is for your best interests to have your attorney intervene before the State Department of Public Works, and file a protest against the city's protest and give your reasons why.

I hope you will take immediate action in this matter.

Yours truly,

RF:KIM

*From W. Warren Price
Staley W. W. Co. La Mesa -
G. H. Halley
Kearney W. W. Co
Self*

July 1, 1933

To the Honorable, the City Trustees
and Civic Organizations of
East San Diego, California.

Sirs:

I am satisfied, after a conference today with the officials of the Fairmount Water Company, that their present system, including equipment, can be purchased for the sum of \$35,000:

That a lease can be entered into and possession of the property immediately be given to the City of East San Diego on the following rentals:

\$250.00 per month for the first year, payment of rental and interest at six percent net on deferred payments, payable monthly; \$300.00 per month the second year, and increasing thereafter \$50 per month until the total sum of \$35,000 and 6 percent on deferred payments shall have been paid to the Fairmount Water Company, thru a clause in the lease, giving option to purchase.

All rentals to be collected by the city, the city to have full supervision as to rates, and a lease entered into on mutually satisfactory terms and conditions protecting both parties in interest.

I heartily recommend that the City of East San Diego enter into an agreement along these lines with the Fairmount Water Company. I consider the junk value of the system worth this amount. Needless litigation and delay will be avoided, and all personalities should be eliminated in the interest of the city for the early development of an adequate distribution system, to enable East San Diego to properly develop and better equipped thereby to control its destiny.

Yours truly,

ED FLETCHER

RF:KIM

San Diego, California
July 8, 1922

Mr. Paul Ford,
City Engineer,
East San Diego, Calif.

Dear Sir:

You have requested me to assist you in placing an approximate valuation on those portions of the Fairmount Water Company's property which it is proposed to sell to the City of East San Diego.

With the limited time at my disposal it is impossible for me to make an exhaustive examination of the property in question. I have, therefore, based my calculations on a report made in 1916, which I have every reason to believe was made after a most careful and detailed study and examination by Mr. F. K. Fende, an authority on questions of this kind.

The quantities are as of 1916, prices as of 1922, depreciated to 1922. This gives a present reproduction less depreciation value of the above structures of \$42,602. See sheets No. 1 and 2, to which should be added the value of improvements made since 1916 shown on sheet No. 3, giving a grand total of \$56,615 as shown on sheet No. 4. The item on sheet No. 2 of \$1315 for fittings is an arbitrary figure of 5% of the present value of the distributing system. The actual figures on the following systems being:

Spring Valley Co., San Francisco	from 6.2 to 18%
Sweetwater Co., National City	5%
" " Chula Vista	3%
Tracy Water Company	6 1/2%
San Diego	3 1/2% to 4%

Depreciation - The most difficult question entering into the present value of any structure is that of correctly estimating the accrued depreciation in a pipe line. This depreciation may be brought about by corrosion, tuberculation, obsolescence, or all three together. Further, a pipe line in one location may be good for 30 years while a short distance away it may not last 10 years.

In a report signed by James D. Schuyler, A. K. Adams, A. H. Koebig, and J. B. Lippincott they state as follows:

"That the average life of wrought iron standard screw pipe as laid in Los Angeles in the better class of soils, which covers every thing but the shales,

adobes and heavy clays, is 30 years.

That the average life of the same class of pipe in the remainder of the city, chiefly in the hill portions, where the soils shade from salty shales and alkaline adobe to heavy clay, and as laid in Los Angeles, a considerable proportion being undipped or defectively coated, is between 15 and 20 years."

They further state as follows:

"Again it has been determined that the growth of the tubercle is more rapid in the earlier stages of the service of a pipe than later."

This would indicate that in so far as depreciation from tuberculation is concerned, from this time on there would be little cause for anxiety.

The depreciation of meters has been given a good deal of study. Leonard Metcalf, Journal of New England Water Works Association, gives them a life of from 15 to 25 years. Mr. J. W. Caldwell, Superintendent of Public Works, Honolulu, under severe conditions uses a life of 10 years while Messrs. Alford, Turneure, and Marsten, valuation engineers, use 25 years. Based on my own experience I believe 20 years is a very conservative estimate and have used it accordingly.

While a large number of the meters in question are from six to nine years old I find that the total cost of repairing meters and services in 1921 was only \$254.66 as there was a monthly average of 1712 active services in operation during the *month* year. This would indicate a cost per meter per year for repairs of about 1 1/2 cents. In this connection it should be noted that the total cost of pipe repairs for the same year was \$1594.90 distributed over some 250,000 feet of pipe. This would indicate that the system as a whole cannot be other than in good condition.

Financial - The year 1921 shows a gross revenue derived from that portion of the system under consideration of \$29,300.82 with a gross expense including depreciation of \$22,683.79 leaving a profit of \$6,617.03. My understanding of the proposed method of operation, if acquired by the City would permit the operating expenses to be reduced approximately \$8,000, leaving a profit, based on present rates and consumption, of about \$14,600 not allowing for depreciation.

Replacements - One of the difficulties in taking over a water system under the District plan is the question of replacement. Obviously, certain portions of this system will require replacement within a short time while other portions will probably continue to function for many years, possibly 20 or 25 years in some instances.

In this instance the property is a going concern, not only earning depreciation and in fact all charges, but a large

7/8/22

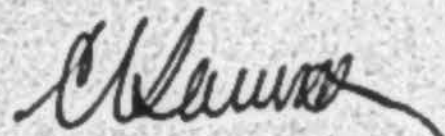
return on the purchase price asked. (It should be kept in mind, however, that it is not earning an exorbitant return on either its present value or the money invested). In view of the above it would seem not only feasible but without question that a replacement fund should be set aside out of earnings and used for that purpose as the necessity arose.

In as much as it costs just as much to maintain a pipe line in front of a vacant lot as it does an improved one, I would suggest that a readiness to serve charge of 50 cents or \$1.00 a year be assessed against all vacant property within the district. This would yield from \$6,000 to \$12,000 per year which could be added to your replacement fund should you so desire. It would not be necessary, however, unless you reduced your rates materially.

Water Rates - While this question is rather outside the issue so far as I am concerned it is difficult for me to understand why people living in the most arid section of the State and paying a rate for water below the State average and below that paid in large sections such as the cities around San Francisco Bay, for instance, should be continually demanding low rates for water. It would seem the part of wisdom to pay a moderate rate and accumulate a water fund rather than a low water rate with a high tax rate.

Conclusion - It is a most disagreeable duty to undertake a work of this kind with the limited time at my disposal. It is also not giving the present owners of the system just consideration. Many items have been omitted, others, where any doubt existed, have been reduced to a point where most probably a great injustice has been done them. In other cases, the time was not available to get current prices. In this instance it has been impossible to do other than go far enough into the matter to demonstrate beyond any reasonable doubt that the property is actually worth far more than the price asked, and in justice to myself as well as the other parties concerned this report must not under any circumstances be quoted or considered as a valuation of the Fairmount Water Company's Property.

Yours very truly,



CH:ME

September 22, 1922.

To the Honorable, the Mayor and
Common Council of the City of East San Diego,
California.

Gentlemen:

As it has been impossible to get together in the matter of a lease of the Fairmount Water Company System to the City of East San Diego, and there is a question of the legality of such method, I submit the following offer for your consideration and hope it meets with your approval:

I will sell the Fairmount Water Company System, within the city limits of East San Diego, together with the West fifty (50) feet of Lots Thirty-seven (37) and Thirty-eight (38), Block Forty-nine (49) of City Heights in said City of East San Diego according to amended map thereof No. 1007 on file in the office of the County Recorder of the county of San Diego, State of California, excepting therefrom, however, the south Ten (10) feet of the West Fifty (50) feet of said Lot Thirty-seven (37); the sale will also include the following personal property:

All its water mains, water pipes, service pipes, meters, meter boxes, accessories, fixtures, attachments and equipment now attached to and forming part of said water distributing system, all contracts for the purchase or sale of water within said City of East San Diego to which the Fairmount Water Company may be a party; and in addition thereto the following: 30 Meter Boxes, 200 feet of two-inch Standard pipe new, seven two-inch Meters, one one-inch Ident Meter, two eleven-inch Lambert Meters, Meter Parts, Fittings, 30 Service Cocks, six two-inch Valves, twenty 2 x 3/4 Tapping Saddles, 240 two-inch Leak Clamps, 140 Small Leak Clamps, 25 eight-inch Leak Clamps, 12 six-inch Leak Clamps, one four-inch Vise, one Emery Grinder, three Crow Bars, two Wagon Vises, one pair Chain Tongs, two four-foot chain Tongs, three Eighteen-inch Stillson Wrenches, three twenty-four inch Stillson Wrenches, two fourteen-inch Stillson Wrenches, three ten-inch Stillson Wrenches, four Monkey Wrenches, three pair three-wheel cutters, one pair 3/4 inch Rollers, one pair Three-wheel Cutters for three-inch pipe, one pair Three-wheel Cutters for four-inch pipe, three Meter Wrenches, two Armstrong Stock and Dies, two Set Dies, one Beaver Ratchet Stock

and Dies, three Gate Keys, two Tapping Outfits, Sundry Small Tools, two Braces and Bits, one Wagon Jack, one Lead Melting Pot, two Ladles, Lanterns, four Pitchforks, two wheel Barrows, Cutter Wheels, one Beaver Stock and Dies, one Bulldog Stock and Die, two Hand Saws, one Hack Saw, four Hammers, one seven-pound Sledge, Miscellaneous Small Tools, one Safe, one Standing Desk, one Desk and Typewriter, two Letter Files, three swivel Chairs, one Gas Radiator, one Electric Fan, one Adding Machine, one eighty-pound anvil, one Post Drill, fifty feet 3/4 inch hose, two sets single harness, one buggy, one forge, one one-ton Ford truck, one Ford Runabout, one old wagon, one horse, all blue prints, maps, profiles and records showing the location of parts, gates, valves, mains, pipes, and all easements, if any, of said water distributing system, except such articles of said personal property above mentioned as may be incorporated in said system before it is turned over:

the purchase price being Thirty-one Thousand Dollars (\$31,000).

I agree to bid par and accrued interest for \$31,000 six percent (6%) bonds, to be voted for the purpose of purchasing said system provided the legality of said bonds shall be approved by attorneys to be mutually agreed upon.

It is understood that you will call said election at the earliest possible date, and that the bonds shall be issued and opinions as to the legality secured as soon thereafter as possible and that the whole transaction may be completed prior to January 1st, 1923. Delivery of said system and personal and real property to be made when the system is paid for.

It is understood that this offer is conditioned upon the approval of the State Railroad Commission for the sale of said system to me by the Fairmount Water Company and by me to the City of East San Diego, and that the City is to join in the necessary applications to secure such approval.

Yours truly,

KP:KLM

September 22, 1922.

To the Honorable, the Mayor and
Common Council of the City of East San Diego,
California.

Gentlemen:

As it has been impossible to get together in the matter of a lease of the Fairmount Water Company System to the City of East San Diego, and there is a question of the legality of such method, I submit the following offer for your consideration and hope it meets with your approval:

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All its water mains, water pipes, service pipes, meters, meter boxes, accessories, fixtures, attachments and equipment now attached to and forming part of said water distributing system, all contracts for the purchase or sale of water within said City of East San Diego to which the Fairmount Water Company may be a party; and in addition thereto the following: 30 Meter Boxes, 200 feet of two-inch Standard pipe new, seven two-inch Meters, one one-inch Ident Meter, two eleven-inch Lambert Meters, Meter Parts, Fittings, 30 Service Cocks, six two-inch Valves, twenty 2 x 3/4 Tapping Saddles, 240 two-inch Leak Clamps, 140 Small Leak Clamps, 25 eight-inch Leak Clamps, 12 six-inch Leak Clamps, one four-inch Vise, one Emery Grinder, three Crow Bars, two Wagon Vises, one pair Chain Tongs, two four-foot chain Tongs, three Eighteen-inch Stillson Wrenches, three twenty-four inch Stillson Wrenches, two fourteen-inch Stillson Wrenches, three ten-inch Stillson Wrenches, four Monkey Wrenches, three pair three-wheel cutters, one pair 3/4 inch Rollers, one pair Three-wheel Cutters for three-inch pipe, one pair Three-wheel Cutters for four-inch pipe, three Meter Wrenches, two Armstrong Stock and Dies, two Set Dies, one Beaver Ratchet Stock

and Dies, three Gate Keys, two Tapping Outfits, Sundry Small Tools, two Braces and Bits, one Wagon Jack, one Lead Melting Pot, two Ladders, Lanterns, four Pitchforks, two wheel Barrows, Cutter wheels, One Beaver Stock and Dies, one Bulldog Stock and Die, two Hand Saws, one Hack Saw, four Hammers, one seven-pound Sledge, Miscellaneous Small Tools, one Safe, one Standing Desk, one Desk and Typewriter, two Letter Files, three swivel Chairs, one Gas Radiator, one Electric Fan, one Adding Machine, one eighty-pound anvil, one Post Drill, fifty feet 3/4 inch hose, two sets single harness, one buggy, one forge, one one-ton Ford Truck, one Ford Runabout, one old wagon, one horse, all blue prints, maps, profiles and records showing the location of parts, gates, valves, mains, pipes, and all easements, if any, of said water distributing system, except such articles of said personal property as have been incorporated in said system since July 1st, 1922;

sum of
for the Thirty-One Thousand Dollars (\$31,000).

I agree to bid par and accrued interest for \$31,000 six percent (6%) bonds, to be voted for the purpose of purchasing said system provided the legality of said bonds shall be approved by attorneys to be mutually agreed upon.

It is understood that you will call said election at the earliest possible date, and that the bonds shall be issued and opinions as to the legality secured as soon thereafter as possible and that the whole transaction may be completed prior to January 1st, 1923. Delivery of said system and personal and real property to be made when the system is paid for.

It is understood that this offer is conditioned upon the approval of the State Railroad Commission for the sale of said system to me by the Fairmount Water Company and by me to the City of East San Diego, and that the City is to join in the necessary applications to secure such approval.

Yours truly,

HP:KLM

June 30, 1922.

City Trustees of East San Diego,
East San Diego, California.

Gentlemen:

I want to be of service in settling the water problem of East San Diego. It may be the old story that "fools enter where angels fear to tread", but I am going to take the chance, anyhow.

Unquestionably the city has the right, if a majority of property owners decide so to do, to install a new water system under the district plan, in competition to the Fairmount Water Company. Naturally the Fairmount Water Company will contest it, and it means much litigation and hard feeling. There is no question but there is material value in their system, and which could be used in the enlargement of a new system built by the City of East San Diego. One item, their meters alone could not be replaced today for less than approximately \$20,000 to \$25,000. They have 2200 of them. The present price is in excess of \$10 each, to say nothing of the cost of installation. I am informed they have nearly 50 miles of pipe line within the city limits of East San Diego. I am positive the system, now, could not be replaced for \$100,000. The pressure can easily be remedied by the construction of main trunk lines, east and west thru the city, as needed.

I am not an advocate of the Fairmount Water Company.

neither am I in their pay, directly or indirectly, but in order to bring about a fair solution of this problem, I submit the following plan for your consideration:

That the system of the Fairmount Water Company be purchased at a price to be mutually agreed upon.

That it be acquired thru a lease contract covering a term of years, such as Mr. Henshaw and I have made with the City of San Diego in the matter of the La Jolla-Del Mar pipe line.

That the city council of East San Diego appoint a committee to consult with me in this matter, for I have, on my own responsibility taken the matter up with the Fairmount Water Company, and believe that a solution of this problem can be found, so that the city can immediately proceed with the development of its distribution system without loss time, and with great saving of money and worry to the City of East San Diego.

The Guyanaca Water Company is in a position to furnish the use of our 12" cast iron pipe line thru East San Diego, and thus furnish greater pressure and a larger supply of water to East San Diego, thru a rental or some other plan, so as to immediately assist in relieving the temporary shortage. I am sure by another season East San Diego will be thankful in having this water problem solved, and the elimination of litigation, ill-feeling and delay.

Yours very truly,

ED FLETCHER

EP:KLM

Ed Fletcher Papers

1870-1955

MSS.81

Box: 6 Folder: 38

General Correspondence - East San Diego City Trustees



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