July 13, 1918.

Mr. Alfred T. Brock,
c/o National City Co.,
426 California St.,
San Francisco, Calif;

Dear Sir:

As per your request, and representing Wm. G. Henshaw, I present the following information in relation to the Volcan Project, so-called:

It includes the Warners dam site and reservoir site, also Sutherland, Pamo and San Clemente. This comprises the ultimate development of the entire project. If all of this project cannot be developed at the present time, we desire a partial development, including the building of Warners and San Clemente dams and Warners power plant and the pipeline from Warners to the City of San Diego.

A map is herewith enclosed showing all the water systems developed and undeveloped in the county of San Diego. Along the coast of San Diego County, between Oceanside and San Diego, there are approximately 150,000 acres of tillable lands, as nearly frostless as any lands in the United States; but the annual rainfall is only 9 or 10 inches, which is not always sufficient to insure one crop annually, while fifty miles inland, at an elevation of 5000 or 6000 feet, the rainfall averages 35 to 40 inches annually. It is necessary to impound the flood waters in the winter from the mountains, as none of the streams flow to the ocean during the summer months. By the impounding of these waters and putting of same on the semi-arid lands along the coast, we are absolutely assured of two full crops from these lands annually, either of beans, potatoes or high-priced winter vegetables, such as tomatoes, string beans and cabbage, which crops mature in January and February. These lands are also highly valuable for citrus and deciduous fruits, and it has been demonstrated that hemp and ramie grow here to perfection.

The City of San Diego needs water. The demand on its present system is greater than the net safe yield, and the cost of water delivered to the city limits of San Diego in bulk is 18.9¢ per thousand gallons, according to a report made in 1917 by City Manager Lockwood to the Mayor and City Council of San Diego. In addition, the cost of distribution must be added.

The San Dieguito Mutual Water Company's system (shown on the map in black) is now being constructed and the water will be placed on lands between Del Mar and Oceanside.

The Sweetwater system (in brown) is now over-sold and no more water can be developed from that system.

The City system (in green) can increase its net safe yield approximately 2,000,000 gallons daily by the building of Barrett Dam, but this is a small amount of water to take care of the future growth of San Diego.

The Cuyamaca system (in yellow) is over half developed, and a district is already formed to take over this system, which is controlled by James A. Murray, Wm. G. Henshaw and Ed Fletcher, and same will unquestionably soon be sold to a district outside the city limits of San Diego.

This leaves the Volcan project (in red) in reality the only source of supply of gravity water excepting the possible development of the Tia Juana River, where international complications come in, as the Tia Juana River, or a large part of it, is in Mexico.

The net safe yield of the city's present system, according to the engineer of the State Railroad Commission, is 7,000,000 gallons daily. The city's present consumption is 14 or 15 million gallons daily. At the present time, there is less than a two years' supply of water in the city's reservoirs, and the city is now buying three or four million gallons daily from the Cuyamaca system. This cannot continue indefinitely, for when the La Mesa, Lemon Grove and Spring Valley Irrigation District acquires the Cuyamaca system there will be very little if any surplus water to supply the city.

The City of San Diego needs more water - and quickly, and the only practicable source of supply for immediate delivery is from the Volcan system. In addition to the city's unprecedented growth and future demand for water, there is adjoining the City of San Diego the Linda Vista Mesa - 44,000 acres of practically frostless lands, in the center of which is Camp Kearny, at an elevation of 400 or 500 feet, on which is now located a division of troops of approximately 24,000 men, who are usign approximately 2,000,000 gallons of water daily. Government representatives are here now, desiring to make this a permanent cantonment and add four brigades of artillery - 24,000 men and 12,000 head of horses and mules. There is every indication that this is to be a permanent camp, as they have put in the best sewerage system possible, water system, remount station and semi-permanent hospital; there are paved highways to the city of San Diego, gas and electricity, and even if the cantonment should go that section of the country will need all the water that can be developed, as it will become

the best suburban section of San Diego and only twelve miles from the center of the present business section of the city.

In addition, the Government is now spending $5,000,000 on its marine base; over $4,000,000 for a permanent army and navy aviation grounds on North Island; $10,000,000 on its concrete shipbuilding plant, and Mr. Charles Schwab, last week, made the statement that San Diego will undoubtedly have the largestt shipbuilding plant in the United States, if not in the world, in the near future. In addition, Mr. Schwab has promised us, and the City Council today granted a franchise for, a steel shipbuilding plant, as well. $1,000,000 is now being spent at Fort Rosencrans, by the Government.

The Dupont people have a powder plant employing 2,000 men, successfully manufacturing potash, fertilizer, etc. from kelp.

Twenty or thirty new canneries, both for fish, vegetables and fruits, have been built within the last two years, and the products of our fish canneries alone last year exceeded $5,000,000. The great advantage canneries have here over other sections is that they can operate the year round. This materially reduces the overhead cost. We have the markets of the United States in the winter for our winter vegetables, and whenever there is a surplus of crops the canneries buy our products at a reasonable price.

San Diego today has 90,000 people, according to the sworn statement of the Manager of the Gas and Electric Co., controlled by Byllesby & Co., and on the outskirts of San Diego there are at least 15,000 more residing in Kensington Park, Normal Heights, East San Diego, National City, Chula Vista and Coronado, all within five miles of the city limits of San Diego.

San Diego City and County has the most equitable and healthful climate in the United States; has a paved highway connecting the city of San Diego with other portions of California, and one is now being built to the Arizona line, through the Imperial Valley. In addition, the San Diego and Arizona Railroad will be in operation by April 1, 1919, from San Diego through the Imperial Valley to Yuma, and with a direct connection East. Imperial Valley produced $40,000,000 worth of products last year, and that amount will be doubled within the next five years. The distance San Diego to El Centro, the county seat of Imperial County, is 136 miles by

state hgihway, and approximately 140 miles by rail. While from El Centro to Los Angeles the distance is 264 miles and twenty miles further to tidewater.

All that San Diego needs now is water and plenty of it. The city is not able to finance a big water development, at the present time, but a contract from the City can be secured for the purchase of at least 5,000,000 gallons of water daily, at 10 or 12¢ per 1000 gallons delivered at the city limits, and probably 5,000,000 gallons more within five years from date. The rest of the water developed by the Volcan project can easily be sold to the 40,000 or 50,000 acres of lands adjacent to the City of San Diego, on the Linda Vista Mesa, and the Poway and Bernardo sections, along the pipeline right of way, as designated on the map.

A board of engineers, consisting of J. B. Lippincott, M. M. O'Shaughnessey, W. S. Post, H. Hawgood, and F. L. Sellew, have determined that the net safe yield from Warners Dam is 22,000,000 gallons daily, covering a twenty-year period, and 10,000,000 gallons from the Sutherland-Pamo development, for domestic consumption; or 28,000 acre-feet per annum and 18,900 acre feet per annum for irrigation use. With 70% combined plant efficiency, the power development from Warners is 5,600 h.p., which may be continually available from the proposed power developments.

In addition to the material saving of fuel oil, estimated by the Fuel Administrator at 220,000 barrels annually, which may be thus effected, this project is so located geographically as to afford a desirable addition to either of the systems which reach this part of the state from hydro-electric plants far removed. There are three companies which will be glad to purchase this power.

Before any money is necessary to commence construction, we can show by contracts for water and power with responsible corporations as well as the City of San Diego, that we have an assured income of not less than $400,000, gradually increasing to double that amount at least, with an operating expense of not to exceed $50,000 annually.

It is proposed to secure $3,000,000 for this construction work, the details of method of financing to be arranged later; and the money to be put in escrow and paid out as the work progresses. The properties that can be put up in escrow as security for the loan are as follows:

1. Warners dam site - approximately 3000 acres of deeded land and floodage rights to 3000 more, which include the reservoir site;

Also the rights of diversion on the San Luis Rey River from Warners Dam to the ocean - a distance of 54 miles - which have been acquired at a great expense and required eleven years of hard work. This refers to the right to build Warners dam and divert the water from that water shed to other sheds. 97% of these rights have already been acquired and the other 3% will be secured by condemnation proceedings;

A cut-off wall costing nearly $50,000 has already been built across Warners dam site, to bedrock;

An 1100-foot outlet tunnel has been built and concreted, with a capacity of approximately 70,000,000 gallons daily; also concrete gates, cement conduit down the river, etc. including all surveys.

The capacity of Warners Reservoir is in excess of 200,000 acre feet when built to an elevation of 107 feet, and the elevation is 2644 feet above sea level.

All rights of way have been secured from Warners Dam to the Pamo power drop, as well as 30 acres for the location of the power plant. As the elevation of Pamo Dam is 890 feet, this furnishes a power drop of between 1500 and 1600 feet for the Warners water.

2. Sutherland dam site and lands flooded - approximately 600 acres. Elevation 1930 feet. It is proposed to build this dam to a height of 160 feet, with a storage capacity of 40,000 acre feet. It also includes the right of way for power purposes to Pamo Dam. There is nothing to hinder the building of Sutherland Dam and the power development at once.

3. Pamo dam site and reservoir site, including 1050 acres flooded. Elevation 890 feet. It is proposed to build said dam to a height of 156 feet, at which point it will hold 47,500 acre feet; also rights of way from Pamo Dam to San Clemente. Some of these will have to be acquired.

Approximately two-thirds of the riparian rights of diversion for the Pamo-Sutherland development have been acquired. The rest of these can easily be acquired before Pamo Dam is constructed and all the water diverted at this point of diversion. However, there is nothing to stop the building of Pamo as a diversion dam immediately, and diverting the Warners water through the Pamo Diverting Dam to the City of San Diego, as the Warners water is from an entirely different water shed, being the San Luis Rey River, while the Pamo water comes from the Santa Ysabel River.

4. San Clemente dam site and reservoir site. Lands flooded 228 acres. Outlet 800 feet above sea level. It is proposed to build this dam approximately 90 feet in height, the storage capacity being 8570 acre-feet.

The above-mentioned properties, together with the riparian rights, construction work and surveys would be easily valued by any court or competent authority at $5,000,000 - today's valuation.

We hope that your company can see its way clear to evolve a method of assisting in the financing of this project - or failing so to do yourself, that you will assist us in getting the necessary funds from the War Finance Corporation.

Enclosed herewith is copy of letter just received from D. M. Folsom, Fuel and Oil Director of the Pacific Coast, addressed to the War Finance Corporation, endorsing the project; also copy of letter to the War Finance Corporation written by the State Engineer of California. In a few days, we shall have an endorsement of the project from the Department of Agriculture and the Food Director; also the backing of the entire City of San Diego.

With all the Government projects, the completion of the San Diego and Arizona Railroad, and the development of our harbor, San Diego will in my opinion, double in population by 1925. This will mean a demand at a good price for all the Volcan water, and unquestionably the income from the sale of power and water will exceed a million dollars annually, within ten years from date of completion. The ultimate outcome of this development will be the sale of the completed system to a water district which will include San Diego City.

If interested, kindly take any matters of finance up with Mr. Wm. G. Henshaw.

Yours very truly,

VOLCAN LAND AND WATER COMPANY,

F-8

By_____

Manager.

Ed Fletcher Company
FLETCHER BUILDING
920 EIGHTH ST.
SAN DIEGO, CALIFORNIA

COPY

AGENTS
PINE HILLS
DEL MAR
BROSMONT

March 21st, 1914.

To The Honorable Members of San Diego Water Commission,
San Diego, California.

Gentlemen:

As per your request, and providing mutually satisfactory prices can be agreed on, I have been authorized by the Volcan Land & Water Co., and the Cuyamaca Water Co. to sell the following described property:

Warners damsite and all lands that will be flooded to the 80 ft contour, approximately two thousand nine hundred and sixty acres. This will include all our rights to divert the water from Warner's dam into other watersheds. We have the consent of the United States Government, the Escondido Mutual Water Co., and have made agreement to divert this water with all riparian owners excepting five or six rights which we believe we can acquire for $20,000. We have been seven years acquiring these rights on the San Luis Rey River for forty-five miles to the ocean, and we consider them of great value. At Warner's dam we have put in a concrete cut-off wall from the surface down to bed-rock; have the outlet tunnel nearly 800 ft in length almost completed, and have done considerable work on the grading of the conduit.

From Warners to Pamo we will furnish all the rights of way, including the forebay for the power drop into Pamo Valley, and sufficient land for a power station as well. Our engineers estimate that at lwast five thousand horsepower of electricity can be developed by utilising the Warner's water

Water Commission, San Diego.

alone and approximately an additional thousand horsepower from the Sutherland reservoir. We include Pamo damsite and all lands that will be flooded to a 130 ft contour. At Pamo we have spent many thousands of dollars in excavations for the side wall, and in borings to determine that we have bed-rock in place, whihc has been demonstrated.

We include also Sutherland damsite and all lands in the reservoir site that would be flooded to the 130 ft contour. It includes our application for diversion of water from Black Canyon to Sutherland Reservoir; also our application for diversion of water from Sutherland reservoir thru the Santa Maria Valley. The Sutherland water can be diverted into Santa Maria Reservoir or thru the Santa Maria Valley to Lakeside, thence thru the Cuyamaca system to San Diego if desired.

It is our intention to furnish you complete rights of way from Warners dam to San Clemente reservoir on the Linda Vista mesa. We own eighty acres in the Santa Maria reservoir; there are two possible damsites; there is one damsite on the eighty acres that we control. This eighty acres will be added and is included in the deal.

The Carroll Reservoir site is included and all lands that will be flooded to the 130 ft contour. There would also be included the rights of diversion that we have acquired on the San Dieguito-San Pasqual River.

The San Clemente damsite is included, together with all lands that are to be flooded provided a dam was built 85 ft in height.

9
100

It also includes the water filings of every kind and description in the interests of the Volcan Land & Water Co. There are some small pieces of land in the reservoir sites that it will be necessary for us to buy also rights of way, but we reserve the right to ask the city to condemn these lands but we pay the judgement and all costs, excepting attorney's fees. The Volcan Land & Water Co. have spent in excess of $150,000. in engineering, rainfall data in co-operation with the United States Government, and expenses in acquiring the consent of the Government etc. All data, engineering reports and records of the Volcan Land & Water Company would be included.

The Cuyamaca Water Company is in a position to deliver the following: Cuyamaca Reservoir and the land flooded, approximately 940 acres; also house and acre of land at dam; all rights of way, including the rights of way for distributing system; the diverting dam and lands flooded as per agreement with the United States Government; the entire flume, approxomately thirty-three miles in length; the South Fork Flume, the Murray Hill and Eucalyptus Reservoirs and all lands flooded; La Mesa Reservoir and all lands flooded to a hundred foot level; the entire distributing system and all personal property of the Cuyamaca Water Company, including the Chocolate pumping plant; ten acres of ground, together with the two pumping plants on the Indian Reservation; said pumping plants having been installed last year; all our rights in the Boulder Creek dam and reservoir sites as secured from the State Water Commission of the State of California, said Commission having given us

permit to build said Boulder Creek dam for conservation of irrigating water and power purposes. The Cuyamaca Water Co, proposition also includes our permit from the United States Government to build the Conejos dam on Indian Lands; also the damsite that we own at Poverty Gulch, including the permit of the United States Government to build said dam; also El Capitan damsite and all lands flooded to the Indian Reservation, providing said dam was built to a height of 125 ft; also the El Monte pumping plant and ten acres with all improvements and personal property when purchased from the La Mesa Development Co.

The Cuyamaca Water Co. has within the last year spent over $300,000 in improvements and betterments of the Cuyamaca system and the system is in first-class condition today.

This also includes the Sand Creek syphon and concrete conduit, the relining of the flume the entire distance, with the result that by actual test for a week there is practically no leakage; the rebuilding of several miles of trestles; the installation of several thousand feet of steel flume in place of wooden trestles on the main line, and the rebuilding of the San Creek South Fork clume with steel flume; the installation of eight of nine miles of pipe line from La Mesa Reservoir to the city limits, etc. This property also includes all water rights of the Cuyamaca Water Company, including the three thousand inch diversion at the diverting dam and all the water of South Fork and many thousand of dollars in surveys.

Both the Volcan Land & Water Company and the Cuyamaca Water Company desire to reserve the hunting, fishing

Water Commission.

and boating privileges on the different reservoirs in question for a period of ten years from date of construction of reservoirs providing it is deemed advisable to purchase these properties and bonds are voted, we will accept in payment 4½% bonds at par and accrued interest. In case enough bonds can not be voted by the City to make a full payment of the properties, a lease with an option to buy satisfactorily to all combined, can no doubt be made. The writer has been reliably informed that a legal contract, which does not effect the bonding capacity of the city, can be made allowing partial payments covering a period of years. These properties control approximately 90% of all available surface gravel waters in San Diego County. A great many have advised the installation of pumping plants and taking waters from the gravels of our river beds as a permanent supply. The writer believes this is a mistake and that recourse to pumping should only be made in case of emergency.

The City should control the development of these properties and the writer will do all that he can to bring about an agreement satisfactory to all parties in interest. We would, like, if possible, an expression from your Honorable Body by May 1st, 1914 as to whether or not you care to continue negotiations.

Yours very truly,

Manager

F:K

CUYAMACA WATER COMPANY
SUCCESSORS TO
THE SAN DIEGO FLUME COMPANY
OFFICE, FLETCHER BUILDING
816 EIGHTH STREET, BETWEEN D AND E
P. O. BOX 1412

ED FLETCHER, MANAGER
LOU B. MATHEWS, SECRETARY
C. HARRITT, SUPERINTENDENT

SAN DIEGO, CALIFORNIA. April 30, 1914.

To the Honorable Members
of the City Council, and
San Diego Water Commission,

San Diego, California.

Gentlemen:

As per our understanding at the last meeting, and on behalf of the Volcan Land & Water Company and Cuyamaca Water Company, we submit the following proposition relative to the purchase of our water systems:

1st THE VOLCAN LAND & WATER COMPANY

The Volcan Land & Water Company holdings which we agree to deliver include the following: all surveys, engineering reports, water filings, water measurements, etc. This data during the last seven years, including the rights from the Government, has cost us approximately $200,000.

2nd WARNERS DAMSITE

Warners Damsite and 2300 acres of land that will be flooded. The development work at the damsite has cost us approximately $75,000, and include the following: concrete cut-off wall to bedrock the entire width of the dam; 1080 feet outlet tunnel; conduit; engineer's residence, camp, equipment, roads, telephone lines, etc. We consider the 2300 acres of land in the Warners Ranch damsite easily worth $100 an acre, or $230,000. The Railroad Commission

of the State of California on the physical valuation basis, gave the Cuyamaca Water Company a valuation of $86 per acre for all our lands at Cuyamaca Lake; Murray Hill lands $150 per acre; La Mesa lands $100 per acre and the Eucalyptus lands $100 per acre. The lands flooded in Warners Reservoir are, as you know, all rich bottom lands, and the damsite itself is extremely valuable on account of its natural possibilities and elevation for the impounding of flood waters.

3rd SAN LUIS REY RIPARIAN RIGHTS

We will deliver practically all of the riparian rights of the San Luis Rey River for 45 miles to divert the water to other sheds. There are only six riparian rights that we have not acquired, and we estimate the cost of acquiring same will not be in excess of $20,000; it has taken seven years to acquire these rights and has cost many thousands of dollars. We are of the opinion that the riparian rights of diversion could not be condemned in court today at a less cost to the city than $500.000.

4th RIGHTS OF WAY FROM WARNERS DAM TO PAMO, OR SUTHERLAND RESERVOIRS

We will furnish clear title to all rights of way, including the forebay for the power drop into Pamo Valley and sufficient land for a power station as well. Our engineers estimate that at least 5000 horsepower of electricity can be developed by using Warners water alone, and approximately an additional 1000 horsepower from the Sutherland

reservoir. In case the water from the Warners dam is desired to be conducted into Sutherland reservoir and from Sutherland Reservoir into the San Diego River at the diverting dam, thence to the city of San Diego, practically the same horsepower of electricity can be developed only it will be in two units instead of one. The 600-ft. drop being made into the Sutherland Reservoir from Warners and a 1000-ft. drop from the Sutherland Reservoir into the diverting dam reservoir.

5th PAMO DAMSITE

Pamo damsite and 662 acres of land that will be flooded. At Pamo we have spent between $15,000 and $20,000 in excavations in side walls and borings to determine the location of bed rock. We are pleased to say that all reports are favorable and we have demonstrated that bed rock is in place, which will permit a concrete dam to be built if desired, and to any reasonable height.

6th SUTHERLAND DAMSITE

This includes the damsite and 434 acres of land, the total amount that will be flooded. Bedrock is exposed.

7th PERMIT FROM U.S. GOVERNMENT

Permit for diversion of water from Black Canyon to increase the supply of Sutherland Reservoir.

8th PERMIT FROM U. S. GOVERNMENT

Permit from the U. S. Government to divert water from Sutherland Reservoir thru the Santa Maria Valley. The waters of Warners and Sutherland reservoirs can be diverted into Santa Maria Reservoir, or thru the Santa Maria Valley to the diverting dam, and thence to the city thru the Cuyamaca system if desired.

9th SANTA MARIA or ALVERSON DAMSITE

Santa Maria or Alverson damsite and 80 acres of land in the Santa Maria reservoir. There are two possible damsites at Santa Maria: one known as the Alverson damsite on the 80 acres that we control.

10th CARROLL DAMSITE and 883 acres that will be flooded.

11th ALL RIGHTS OF DIVERSION that we have acquired on the San Pasqual, Bernardo and San Dieguito Rivers.

12th SAN CLEMENTE DAMSITE

The San Clemente damsite and 218 acres flooded. Excepting in the matter of the Santa Maria reservoir site, our offer to you is to furnish free and clear of encumbrances a clear title to all damsites and lands flooded, excepting existing rights of way for public roads. There are some small pieces of land in the reservoir sites that we do not own yet, also a few rights of way, and it will be necessary for us to buy or condemn same at our own expense, but we reserve the right

to ask the city to condemn these lands and we pay any judgment and all costs excepting attorney's fees. All data, engineering reports and records of the Volcan Land & Water Company will be included. The writer particularly desires to call your attention to what he considers a very important matter and possibly of great advantage to the city; by building a large concrete conduit and pipe line from the diverting dam of the Cuyamaca Water Company to Chollas Heights Reservoir, the city, at any time, by building the conduit line from Warners to Sutherland Reservoir and from Sutherland Reservoir thru the Santa Maria Valley to the diverting dam, will be able to place into Lower Otay dam any excess flood waters from the San Luis Rey, the Santa Ysabel or the San Diego Rivers. This materially increases the value of the present San Diego water system acquired from Mr. Spreckels, as it would mean the filling without fail each year of the Otay Reservoir with flood waters if needed.

The following are the properties of the Cuyamaca Water Company:

1st CUYAMACA RESERVOIR

Cuyamaca Reservoir and lands flooded, 930 acres; also house and acre of land at dam; also rights of way to diverting dam.

2nd SAN DIEGO DIVERTING DAM

San Diego diverting dam and lands flooded as per agreement with the U. S. Government. The original cost of the diverting dam was approximately $40,000, and we have spent nearly $15,000 in raising the diverting dam and improvements there since we acquired the property, June 1, 1910.

3rd SAN DIEGO FLUME

The San Diego Flume, nearly 36 miles in length; also rights of way. We have lately relined the flume with rubberoid roofing and it is a success. A week's test demonstrated the fact that there was not 1% of loss by leakage and evaporation from one end of the flume to the other thru the month of March. We believe that the life of the flume is ten years, and that it will not be necessary to reline the flume excepting once during that period. The cost of relining the flume this year was approximately $45,000.

4th LA MESA RESERVOIR

The present height of said reservoir is 62½ feet. This reservoir should be built to 100 feet in height at least, and we will agree to deliver flood rights to all lands flooded by the construction of said dam 100 feet in height.

5th EUCALYPTUS RESERVOIR; two acres flooded.

6th MURRAY RESERVOIR; seven acres flooded.

7th BOULDER CREEK RESERVOIR; we will assign our permit from the State Water Commission, giving permission for the construction of this reservoir; also power permit.

8th CONEJOS RESERVOIR

By the payment of $2600, the U. S. Government will give permission to build the dam and occupy any lands that will be flooded by the construction of said dam. It is optional with you whether you desire to accept of said offer or not; if so, we will expect the city to pay the $2600.

9th POVERTY GULCH RESERVOIR

We own the damsite and have the U. S. Government permission to build said reservoir. We do not own all the reservoir site.

10th EL CAPITAN DAMSITE

We will furnish this damsite and all private lands that we now own that may be flooded by the construction of a dam 100 feet in height. Consent from the U. S. Government will be needed to flood a portion of the reservoir site. We have surveyed Boulder Creek, Conejos, Poverty Gulch and El Capitan damsites and reservoir sites, and will turn over said surveys in case of sale, as well as all other engineering data.

11th DISTRIBUTING SYSTEM

The Cuyamaca Water Company distributing system includes many miles of pipe, including a new 16 and 14-inch pipe line from Eucalyptus Reservoir to the city limits of San Diego. We furnish water to Spring Valley, Lemon Grove, La Mesa, Normal Heights, East San Diego, etc. We will furnish a good and sufficient deed and certificate of title to all damsite and reservoir sites, except as described above, free and clear of all encumbrances, excepting existing rights of way for public roads.

12th

PUMPING PLANTS

Our offer of sale includes pumping plant No. 1 at Old La Mesa; pumping plant No. 2 at Chocolate; pumping plant No. 3 at Capitan Grande schoolhouse, and El Monte pumping plant now owned by James A. Murray and formerly owned by the San Diego Flume Company. The El Monte plant consists of approximately ten acres with all improvements, and is located on the west line of the El Monte ranch. The Cuyamaca Water Company has within the last year spent over $300,000 in improvements and betterments of the Cuyamaca system and said system is in first class condition today.

The improvements include the Sand Creek syphon and concrete conduit; the relining of the flume the entire distance; the rebuilding of several miles of trestles; the installation of many thousands of feet of steel flume in place of wooden trestles; and practically the rebuilding of the distributing system. In the sale of the Cuyamaca Water Company will also be included all water rights of the Cuyamaca Water Company, including 3000 inches of diversion at the diverting dam and our water rights to the waters of the South Fork. We have put at least $20,000 into surveys and records the last few years, which will be included. Both the Volcan Land & Water Company and the Cuyamaca Water Company desire to reserve the hunting, fishing and boating privileges on the different reservoirs in question for a period of ten years from date , or of construction of reservoirs, providing it is deemed advisable to purchase these properties and bonds are voted.

The purchase price of the properties of the Cuyamaca Water Company and the Volcan Land & Water Company is $3,500,000, as of date of May 1, 1914, to which is to be added any moneys expended thereafter, and this price will hold good until canceled by written notice. Providing it is deemed advisable to purchase these properties and bonds are voted, we will accept in payment 4½% bonds at par and accrued interest. As the city cannot vote this amount of bonds in any event this year and purchase these properties, the writer suggests that the Cuyamaca Water Company properties be not included in any bond issue and arrangements can be made to purchase same under option at an agreed price, on the basis of $50,000 or $100,000 a year, the fund to come from the Water Department or included in the tax levy yearly. Attached hereto is a letter from Supreme Justice Henshaw, giving his opinion that an option of this kind protects both parties in interest.

Regarding the Volcan Land & Water Company holdings, the writer is of the opinion that by voting $1,500,000 in bonds immediately, a lease can be made covering the balance of the Volcan Land & Water Company holdings in a manner similar to the lease made with Mr. Spreckels for the purchase of Moreno dam, and the Volcan Land & Water Company will no doubt be willing to wait say three years at which time the city can vote the balance of the purchase price of the Volcan Land & Water Company holdings.

These properties control approximately 90% of all

available surface waters in San Diego County, and the writer sees no reason why the city, if it is desirous so to do, cannot immediately take possession of and control all our properties. There is a probability that the Volcan Land & Water Company will make other arrangements for the sale of its properties at an early date if the city does not take advantage of this offer.

The writer hopes that your Honorable Body will take early and favorable action on this matter, so as to preclude the possibility of these properties being acquired by others.

Attached hereto is map showing reservoir sites, present capacities and acres flooded.

Respectfully submitted,

Manager.

EM-S

26000
50
15000000
13
450000
150000
19,500,000

THE VOLCAN OFFER

Frequent inquiries have been made as to the exact terms of the offer of the Volcan Land & Water Company to the city of San Diego and its holdings of land and water rights on the San Luis Rey River and the Santa Ysabel River.

The following gives the essential matter condensed from the official correspondence and papers on file with the City of San Diego:

Offer of the Company.

May 22, 1914.

To the Honorable Members
of the City Council, and
San Diego Water Commission.

San Diego, California.

Gentlemen:

As per our understanding at the last meeting, we submit the following proposition relative to the purchase of our water system.

The Volcan Land and Water Company holdings which we agree to deliver include the following: All surveys, engineering reports, water filings, water measurements, etc. .....

General Description of property omitted but shown in Schedule below. .....

The purchase price of the property of the Volcan Land and Water Company is $2,500,000, as of date May 1, 1914, to which is to be added any moneys expended thereafter, and this price will hold good until canceled by written notice. Providing it is deemed advisable to purchase these properties and bonds are voted we will accept in payment, 4½% bonds at par and accrued

interest.

Attached hereto is our letter of May 15th, giving the cost in detail of the construction of a portion of the Volcan Land and Water Company system.

In submitting this suggestion, by which the City can obtain this water at a minimum cost and minimum burden, we beg leave to call the attention of your Honorable Body to the fact that although we have assumed, at your suggestion, $1,500,000 as the amount to be immediately expended in construction, if your Honorable Body desires this amount increased say to $1,750,000 or possibly $2,000,000 under your own plans and specifications, this will be satisfactory to us.

The point that we desire to call your attention to is that it will all be financed by the Volcan Land & Water Company; thus relieving the city of providing any further money beyond the initial payment of $1,500,000. To put it another way, this means that by voting $1,500,000 in bonds, the city of San Diego is assured of at least ten million gallons of water per day, delivered to University Heights Reservoir in the City of San Diego, also securing the entire control of the flood waters of the San Luis Rey River and Pamo and Bernardo River with an average runoff the last 10 years in excess of 50 million gallons of water per day, year in and year out.

As your Honorable Body knows, the Volcan Land & Water Company desires an early decision as these negotiations have been pending since December 1st, 1913, and what is proposed in our communication of May 15th, 1914 is merely to expedite matters and do everything we can to hasten an immediate decision.

The writer hopes that your Honorable Body will take early and favorable action on this matter, so as to preclude the possibility of these properties being acquired by others who are now considering the purchase of same.

Respectfully submitted,
Volcan Land & Water Company,
By Ed Fletcher,
Manager.

The Financial plan suggested in letter of May 15th, is as follows:

The City enter into a contract to purchase all the water rights, damsites, reservoir sites, etc., etc., as set forth in our communication to you of April 30th, 1914. On this contract the city should pay at this time $1,500,000 by the issuance of bonds.

This leaves $1,000,000 still unpaid, and it is estimated that it will require $1,500,000 to construct the Warner Dam, the Carroll dam, and the necessary tunnels and acquiduct connections; also including the large steel pipe line that will be necessary to connect the Carroll dam with the University Heights reservoir in the City of San Diego. This estimated amount of $2,500,000 could be placed as a bond issue upon the property.

The above mentioned contract with the city will provide that the city has a right to purchase at any time (to be agreed upon), say five, ten, fifteen or twenty years, at which time by the payment of sufficient amount to extinguish the $2,500,000

bonds, they become the owners of the entire system.

Further, the contracts to provide that the city will pay for water at a given price and to reserve the right of disposal of the water to outsiders. The price that the city agrees to pay for the water to be only sufficient to carry the fixed charges of interest on the bonds, operating expenses, etc.

The contract to further provide that no dividend shall be paid upon the stock, but any money in the treasury would be devoted to betterments, improvements and extensions under the direction of the City of San Diego.

The contract to further provide that the amount of $1,500,000 assumed to be expended in the development of the system, whether the amount be more or less, shall be expended under the direction and approval of the City of San Diego.

We would expect to issue these bonds with a retiring clause, so that the city would exercise its right to purchase under contract at any time. You will see that under this plan, the city will have only to pay $1,500,000 now in bonds and will need to expend no more money if it sees fit for twenty years thereafter.

Executive Department
City of San Diego, State of California
Charles F. O'Neall, Mayor.

San Diego, California
May 28th, 1914.

To the Honorable
Charles F. O'Neall, Mayor,
The Members of the Common Council,
The Members of the Water Commission,
of the City of San Diego, California.

Gentlemen:-

Pursuant to the agreement reached at the Mayor's

conference of even date herewith. I am extending, on behalf of the Volcan Land and Water Company, the time for the acceptance by the City of San Diego of the proposition contained in that certain document addressed by the Volcan Land and Water Company to the Honorable Members of the City Council and the San Diego Water Commission, under date of May 22nd 1914 for an additional period of four months, or until September 22nd, 1914.

This extension of time being given to enable an engineer, recommended by the Railroad Commission of the State of California, or by agreement of the interested parties, to make an investigation of the properties of the Volcan Land and Water Company and to make a final report in duplicate of the valuation thereof. One copy of said report to be delivered to the Common Council of the City of San Diego the other copy to the Volcan Land and Water Company. The expense of said engineer to be borne equally by the City of San Diego and the Volcan Land and Water Company.

It is further understood that following said report and in case the City desires to act favorably thereupon that the Common Council shall adopt the necessary resolutions and ordinances providing for a bond issue and contract for the purchase of the Volcan Land and Water Company properties as soon thereafter as may be done under the general laws of the State of California.

Provided however, that in case a final report of valuation is made by said engineer prior to the 22nd of September, 1914, then and in that instance the time for the passing of resolutions and ordinances calling a bond election shall commence four weeks after said final report is filed by said engineer.

Trusting that this matter shall be brought to a final determination at the earliest possible moment and that no unnecessary delay shall be experienced in this matter, I am with sincere feelings of esteem.

Very truly yours,

Wm. G. Henshaw.

Prest. Volcan L. & Water Co.

San Diego, Calif., May 28th, 1914.

Railroad Commission, State of California,

Market Street, San Francisco, California.

The City of San Diego is contemplating the purchase of the properties of the Volcan Land and Water Company. It is our wish that you kindly recommend to us the name of an engineer whom you deem capable of making this estimate of valuation and one without interest or prejudice in the matter.

(Signed) Charles F. O'Neall, Mayor City of San Diego

(Signed) Ed Fletcher, V-Pres. Volcan Land & Water Co

San Francisco, Cal., May 29, 1914.

Chas. F. O'Neall,

Mayor San Diego, Cal.

Can recommend P. E. Harroun fifty eight Sutter Street, San Francisco, Engineer to value water plant. Has had wide experience and was formerly with this Commission. If he not available, can recommend A. R. Kelley, Nevada Bank Building, San Francisco. Conscientious and capable valuation engineer. Also formerly with Commission but of more limited experience than Harroun.

Railroad Commission.

P. E. Harroun.
58 Sutter Street.
San Francisco. Calif.

Railroad Commission recommend you to fix valuation Volcan water properties for City of San Diego. Are you available? When can you come, and price per month, for not to exceed three months?

Chas. F. O'Neall.

Mayor.

BRIEF OF SCHEDULES OF PROPERTY TO BE TRANSFERRED BY VOLCAN LAND AND WATER COMPANY ACCOMPANYING OFFER OF SALE.

furnished City of San Diego and appraisement ENgineer P. E. Harroun.

EXHIBIT "A" Property and Rights to be conveyed.

Group 1. Warners Reservoir Site - 2960 acres - Land to be Conveyed.

Group 2. Release of Riparian Rights with respect to diversion at Warners Dam, over public land, and private land, consisting of 114 ownerships, totaling 53,000 acres of riparian lands.

Group 3. Rights of Way for Warner Canal, 50 feet wide for the distance of 6.6 miles or as alternative 3 miles of power canal.

Group 4. Pamo Reservoir Site - 662 acres to be conveyed for floodage.

Group 5. Sutherland Reservoir Site.
6.7 acres of U. S. Easement for floodage.
427.4 acres to be conveyed.

Group 6. Black Canyon Conduit.
U. S. Right of Way over Forest Reserve - 1 mile.

Group 7. Ramona Canal.
U. S. Right of Way over Forest Reserve - 4 miles.

Group 8. In Santa Maria Reservoir - 80 acres to be conveyed.

Group 9. Carroll Reservoir.
50 acres U. S. Easement for floodage.
833 acres to be conveyed.

Group 10. Release of riparian rights with respect to diversion at Pamo Dam - consisting of 16 ownerships of 2557 acres of riparian land.

Group 10. Certain rights of way and riparian rights granted to Pamo Water Company, being

Rights of way through 10 parcels totaling 2½ miles, and

Riparian rights to various parcels aggregating 620 acres.

Group 11. San Clemente Reservoir Site, - 217 acres to be conveyed.

Group 12. Pamo Canal.
U. S. Right of Way 50 ft. wide - 24.8 miles in length.

Group 18. As an alternative the furnishing by Volcan Land and Water Company of the right of way from end of Warner Canal to Sutherland Reservoir, if requested by City of San Diego.

EXHIBIT "B"

Water appropriations for 50,000 Miners Inches upon San Luis Rey River, at Warners Dam.

Water appropriations for 50,000 Miners Inches upon Santa Ysabel River at Pamo Dam.

Water appropriations for 40,000 Miners Inches upon Pamo Creek.

Water appropriations for 40,000 Miners Inches at Sutherland Damsite.

Water appropriation for 5,000 Miners Inches upon Balck Canyon Creek.

Water appropriation for 10,000 Miners Inches on Bernardo River at Carroll Dam Site.

San Diego, California,

July 20th, 1914.

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

Pursuant to conferences heretofore had between the members of the Common Council of the City of San Diego and the representatives of the Volcan Land & Water Company, a corporation, said corporation now submits the following offers and proposals, to-wit:-

The said corporation offers and proposes to cause subject to a bonded indebtedness of $1,500,000. and the deed of trust to secure the same transfer to the said City of San Diego, California, all its right and title to, and interest and estate in all the property and rights described in the Exhibits or any of the Exhibits hereto attached and made a part of this offer and proposition, and marked respectively 'Exhibit A', 'Exhibit B', 'Exhibit C', 'Exhibit D', and 'Exhibit E'.

The lands described in said Exhibit A will be conveyed to the said City of San Diego so as to vest in said city a fee simple title thereto; the riparian rights referred to in said Exhibit A consist of the grant or transfer to said corporation by the owners of lands riparian to the San Luis Rey River, of their several riparian rights, or the consent in writing given by such owners to the construction and maintenance of a dam andreservoir in Warner's Ranch, whereby the waters of the San Luis Rey River may be impounded and diverted from the watershed of said river; and the consent of the United States to such impounding and diversion of the waters of said river, which said consent of the United States is embodied in the original of which said Exhibit E is a copy, and which said consent by the United States is also the transfer of the right of way across lands of the United States for the construction of a canal and conduit for the diversion of the waters of said river from such dam and reservoir, or the consent to the construction and maintenance of such canal and conduit; wherever in any of the groups included in said Exhibit A lands are referred to as "lands to be conveyed", the title to such lands or the easement of the said corporation therein, for the purposes referred to in said Exhibit, will be transferred to said city; and wherever in said Exhibit A an easement is referred to over public lands, all the said corporation's rights and estate andinterest in such easement and in such lands will be transferred; the riparian rights referred to in said Exhibit A as having been released by the United States or over public lands, are such rights as have been acquired by the said corporation by virtue of said original of which Exhibit E is a copy, except in the case of rights of way for the Ramona canal over public lands, the corporation ~~xkix~~ respectfully states that the application for such rights of way is now pending before the Interior Department of the government of the United States, and all of the interest of said corporation in such rights of way and in the said application to acquire the same, will be transferred to said city. It is the intention of the said corporation to transfer to the said city all of its interest and estate in, and right and title to each and all rights, easements and property referred to in said Exhibit A so as to vest in the said City of San Diego all of said corporation's right and title to and all of its interest and estate in said property and easements.

The said Exhibit B is an index map showing the location of the property, rights and easements referred to in said Exhibit A, and also showing the relation and situation of the property and easements and rights referred to in said Exhibit A, the inscription upon which said map indicates the meaning of the several shaded or

colored portions thereof.

The said Exhibit C contains copies of water filings and notices of appropriation of water and assignments of water rights, all of which rights and the rights of the said corporation under such filings and notices and appropriations will be transferred to said city, as will also all of the rights acquired by any person or corporation by virtue of such appropriation, some of which water rights or rights to appropriate water may not at this time be vested in said corporation, but will be acquired and transferred by it to said city; the said Exhibit C also contains a copy of an agreement entered into between the grantor of the said corporation and Escondido Mutual Water Company, a corporation, relative to the diversion of the waters of the said San Luis Rey River by the said parties to said agreement and their successors and assigns.

Said Exhibit D contains the several maps showing rights of way over public lands acquired by the said Volcan Land & Water Company.

Said Volcan Land & Water Company will transfer to said city all of its rights and easements relating to the impounding and diversion of the waters of said San Luis Rey River, and of the Santa Ysabel River, known as the Bernardo or San Dieguito River, Temescal or Pauma Creek and Black Canyon Creek, and all the rights and easements for the construction and maintenance of any and all canals, ditches, flumes and conduits for the diversion and transportation of the waters of said streams or of any of them.

The price for which said Volcan Land & Water Company will make the foregoing transfer, and transfer said property, rights and easements to said City of San Diego, is the sum of Two Million Five Hundred Thousand ($2,500,000.) Dollars, together with all monies expended by or on behalf of said Volcan Land & Water Company since the 1st day of May, 1914, upon or in connection with said property, rights and easements, or any of them, and such purchase price, consisting of said sum of Two Million Five Hundred Thousand ($2,500,000.) Dollars, and said other monies expended, as aforesaid, is to be paid as follows:- One Million Five Hundred Thousand ($1,500,000.) Dollars in four and one-half (4½%) per cent bonds of said City of San Diego to be authorized and issued in conformity to law, and so as to become a legal and binding obligation of said city, payable on or before _____ years from date of issuance of the same, ~~and the balance of such purchase price~~ such sale to be made subject to the bonded indebtedness of said Volcan Land & Water Company, in the sum of Two Million Five Hundred Thousand ($2,500,000.) Dollars, One Million ($1,000,000.) Dollars of which indebtedness has actually been incurred and the bonds therefor issued, the remaining One Million Five Hundred Thousand ($1,500,000.) Dollars of such indebtedness not having been incurred and no bonds therefor having been issued; and such indebtedness of the amount of One Million Five Hundred Thousand ($1,500,000.) Dollars not yet incurred will be authorized and incurred by said Company if the said City of San Diego so desires, and the money derived from the sale of the bonds representing such One Million Five Hundred Thousand ($1,500,000.) Dollars of such indebtedness expended in the construction of said water system.

and said property, rights and easements to be transferred upon the payment of the total purchase price.

There seems to be a confusion in the minds of many as to the terms and conditions suggested in the purchase of the Volcan Water system. Let me state in as few words as possible:

The Volcan Company has assumed from estimates made that it will cost $1,500,000 to construct sufficient of the system to bring into the City 10,000,000 gallons a day by way of a pipe line from the Carroll reservoir to the City. This 10,000,000 gallons can be increased to the extent of some several million gallons more by merely an extra pipe line. The Volcan Company has asked that the City at this time pay $1,500,000 that will have to be expended upon this construction. The Mayor and the City, however, have refused to pay as much as that at this time and will not favor the payment of over $1,000,000. Taking into consideration the $1,000,000 payment and the $1,500,000 to be expended, the proposition results as follows:

If the City exercises its right to purchase it will pay the Volcan Company for all its reservoir sites, riparain rights, water rights, rights of way, etc., $2,500,000. Add to this the $1,500,000 estimated to be expended makes $4,000,000. The City is to enter into a contract giving it the right to purchase the contemplated works at $4,000,000 and on this pay the above mentioned $1,000,000. The contract of the City to purchase is to run over an indefinite length of time from 25 to 40 years, if required. The city pays no interest on the $3,000,000 that has to be paid eventually if they purchase, because they enter into a contract to purchase the water from the Company at a price to be agreed upon, but at less than the water is costing the City at this time. The purchase of this water will provide the Volcan Company a fund sufficient to take care of the operating expenses, interest on the bonds, etc. The proposed contract will give the City the right to take over the properties [redacted] at any time during the period stated of

from 25 to 40 years. You understand that the $3,000,000 will be represented by bonds placed upon the property by the Volcan Company, and whenever the City desires to take over the property, they issue their own bonds and retire the bonds issued against the properties of the corporation.

Will the City have charge of the construction?

The Company will have to construct the proposed works, but the City will have the decision of the work to be done and the construction will have to be subject to the approval of the City. In this way the City will dictate and control the construction, but the corporation will have to pay for the same.

What is the total amount of water that the City will control by the proposed purchase?

The total amount of water under the lowest estimates made is 23,000,000 gallons per day delivered to the City. My belief and the judgment of most of the engineers who have investigated this matter is that the City will receive a great deal more than 23,000,000 gallons a day.

The proposed plan provides for an initial delivery of 10,000,000 gallons of water per day to the City. How would the next increase be provided?

The first construction will involve storage of more than an average of 10,000,000 gallons per day, but the pipe line from the Carroll reservoir to the City has been calculated of a size sufficient to transport only 10,000,000 gallons per day. The supply could be increased by another pipe line, and my information is that the water stored would provide 15,000,000 or 16,000,000 gallons per day. Thus the first addition necessary would be another pipe line from the Carroll reservoir to the City with a carrying capacity of 5,000,000 or 6,000,000 gallons. Consequently, the City for an expenditure at this time of $1,000,000 will secure the immediate delivery of 10,000,000 gallons a day and will control all the water from the San Luis Rey that can be diverted at the Warner dam and the water of the San Dieguito Pamo water-shed diverted at Carroll dam site. Eight

or ten million gallons more per day can be later obtained by the building of the Pamo and the Sutherland dams, making a total of 23,000,000 or more gallons per day net. The total eventual cost being estimated at $3,000,000 or $3,500,000 more than provided for in the present proposed contract. This $1,000,000 expended at this time will perpetually control for the City both of these valuable water-sheds and more water can be developed in the future from time to time as the City's requirements demand.

WHEREAS the water question is a matter that the members of the Society of Southern States are vitally interested in, and a question properly debateable, and

WHEREAS it is a neccessity to the City of San Diego immediately to acquire more water to supply this growing population, and

WHEREAS it is absolutely necessary for the City to control and conserve all of the water in San Diego County and tributary thereto, and

WHEREAS the Volcan Water Company has submitted an offer for the sale of its properties to the City of San Diego, be it therefore,

RESOLVED that we, the Society of Southern States of San Diego feel that all of the water in San Diego County should be acquired by the City of San Diego, at the earliest possible date. The best price and terms to purchase the Volcan Water System should be secured by the City Council and we unqualifiadely endorse and recommend to the City of San Diego the submission at once of the purchase of the Volcan System by the City of San Diego. And we also desire to go on record as advocating the purchase of all other sources of supply as soon as the finances of the City will permit.

BE IT FURTHER RESOLVED that a copy of the foregoing resolution be sent to the City Council for their consideration.

Approved by--Thos O. Burger

PRESIDENT SOCIETY OF SOUTHERN STATES

And Ermine G. Glenn

Secretary SOCIETY OF SOUTHERN STATES

Dated October 10th, 1914.

Ed Fletcher Papers

1870-1955

MSS.81

Box: 48 Folder: 16

Business Records - Water Companies - Volcan Land and Water Company - San Dieguito System - Offer of Sale to City - Correspondence with City Council and Water Commission

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