

July 24, 1922

Blyth, Witter & Co.,
Trust & Savings Building,
Los Angeles, Calif.

Attention E. Paul Young

Gentlemen:

Answering yours of recent date, will say I will answer your four questions in their order.

No. 1. The Warner ranch is an old Spanish grant, in fact, two grants, one known as the San de Jose Valle, and the other the Valle de San Jose. It was in this ranch that General Kearny and Kit Carson camped during the Mexican War, on their march from California, and two days before the Battle of San Pasqual.

J. Downey Harvey and Vail & Gates owned the Warner ranch, and it was later purchased by the Pacific Light & Power Company, at least the J. Downey Harvey interest, and Mr. Henshaw purchased both from the Pacific Light & Power Company, and Vail and Gates.

It was the Hot Springs at Warner Ranch where the Indians lived for centuries. They failed to take advantage of the act of Congress soon after California became a state, wherein they could have perfected their title if they had gone into court at that time. Congress passed an Act that anyone claiming property by adverse possession had to show title within 5 years, or otherwise the land reverted to the government. The Indians at Warner Hot Springs failed to prove their title and lost out. You probably know the history of the removal of the Indians to Pala by the government after years of litigation in attempting to hold possession of the Springs.

Since Mr. Henshaw took over the property nearly \$50,000 has been spent in building good roads thru the ranch; 125 to 150 acres of land around the Springs have been planted to deciduous fruits and they grow there to perfection, including peaches, pears, apples, grapes, etc.

No. 2. The Escondido territory was developed in the late 80's. There are about 1800 acres of citrus fruit under irrigation now, and approximately 1,900 acres more in other products. They have reached the limit of their development with their present supply of water. There are literally thousands of acres of land available for irrigation in this district, adjoining Escondido, including San Marcos, Bernardo and high lands, and in fact all the way to the ocean, including Vista and 10 or 15 miles of ocean frontage from Del Mar south.

I have been in this country for 36 years. I could have bought fine farming land between San Marcos and Escondido 30 years ago for \$10 to \$15 an acre, dry land. They are now holding it at from \$100 to \$300 an acre, without water, and with a bountiful supply of water assured, it is worth anywhere from \$600 to \$1,000 an acre.

No. 3. There is twice as much agricultural land as there is water, when our known water resources are completely developed. Our lands are practically frostless and are ideal for citrus fruits; particularly winter vegetables that mature in January and February. Carlsbad shipped out 109 carloads of peas in January and February, 1921 from 300 acres. They netted over 9 cents a pound.

Our mesa lands from Escondido to the coast will raise winter vegetables of all kinds, with the markets of the United States available during the months of December, January and February and March, and at high prices, for string beans, peas, lettuce, eggplant, chilli peppers, etc. But, above all, the ultimate destiny of San Diego County is one of sub-division and small suburban ranches, and all the water that can be developed will some day be used for that purpose - within the next 20 or 30 years, if we continue to grow as we have - unless we find a supply of water that we know not of at the present time. It is water and transportation that makes land values.

San Diego City is growing so rapidly that it will soon have to look for another source of supply. Its present system, the city claims, has a net safe yield of 9.3 million gallons daily. Our engineers figure it is only 8 million gallons daily. Their consumption last year was nearly 11 million gallons daily. Mr. Troanor can, thru Mr. Lippincott, furnish you with official data on this subject if you desire, but the point I desire to bring out is San Diego must immediately look out for another 5 or 10 million gallons of water daily, because we have had exceptional rains the last year, and from every indication San Diego's use alone will nearly double, while East San Diego, Coronado and National City are developing rapidly and there are at least 15,000 people just outside the city limits of San Diego, with a rapid increase in population

that must have water.

No. 4 As to the future of the lands under the San Diego County water project, will say without water they will forever remain of nominal value. With water the lands are equal to any in Southern California in agricultural possibilities. I am referring particularly to the Linda Vista mesa, suburban to the City of San Diego, the Bernardo and Poway ranches, traversed by paved highway, and adjacent to Escondido; also the lands from Escondido to Oceanside served both by the Santa Fe Railway and a paved highway, as well as the coast lands, with which you are familiar.

It is hardly necessary for me to call your attention to the growth in value of the practically frostless lands in Southern California, and practically all the lands I have mentioned above are frostless, or as near so as any that can be found in Southern California. They are ideal both for citrus and deciduous fruits, somewhat rolling, but that makes it ideal for subdivision and for homes. The climate is unsurpassed and if we have general prosperity for the next ten years, the lands that secure water from Lake Hemshaw dam will easily sell at from \$600 to \$700 an acre for farms and \$1,000 to \$2,000 per acre in smaller subdivisions with water. There can be no question as to the success of the San Diego County Water Company from a financial standpoint, with its revenue from power and its sale of water. I predict within 3 or 4 years all the water will have been disposed of to the City of San Diego, to lands which Mr. Hemshaw owns at Bernardo and to the other lands that I have described, undoubtedly thru irrigation districts.

I will be glad to furnish you any further information desired.

Yours sincerely,

EF:KLM

280-24

June 27, 1922

Blyth, Witter & Company,
Los Angeles, California.

Gentlemen:

At the request of Mr. Treanor, the following is my estimate of values, and the reasons therefor, covering the lands, water rights, etc., that will be included in the proposed bond issue as asked for by Mr. Henshaw.

BERNARDO RANCH.

Approximately 5,000 acres. This land has an elevation from 400 to 700 ft. above sea level, is practically frostless, is only 4 miles from Escondido, ideally located on the main inland route, Riverside to San Diego, and approximately 25 to 30 miles from San Diego.

I am a county highway commissioner. We have lately built nearly 4 miles of paved highway, costing over \$130,000 within the boundaries of the Bernardo ranch, and a paved highway is completed, or under contract, the entire distance to the center of the City of San Diego. The completion of this paved highway immediately doubles the value of the Bernardo ranch properties. This has been demonstrated by our paved highways thru El Cajon and Imperial valley, also up the coast.

Electric power is available. 4,000 acres of this land is tillable. It is ideal for citrus fruits or deciduous fruits, and large tracts of grapes adjoining the ranch are being grown, without irrigation, very successfully.

Based on the assumption that water will be delivered to this ranch at a reasonable irrigation rate, I consider a fair valuation for bonding purposes of the land alone would be

Approximately	2,000	acres	at	\$300	an	acre
"	1,000	"	"	200	"	"
"	1,000	"	"	150	"	"
"	1,000	"	"	10	"	"

This does not include the cost of the water delivered to the property by the distribution system. A personal investigation of the value of land and water in Escondido valley will show that this valuation is ultra-conservative.

WARD RANCH

822 acres, located in the San Pasqual valley. It

controls nearly 2 miles of riparian rights below Pamo and above Lake Hodges on the San Pasqual River. Between 400 and 500 acres of this land is riparian to the stream. Approximately 300 acres is bottom land and 220 acres sloping mesa land and available for development with Pamo and Sutherland dams built. Any pipe line from Pamo or Sutherland to the ocean will run for nearly 2 miles thru this property, and the mesa lands can be irrigated and planted to citrus or deciduous fruits. About 150 acres of the mesa land have already been cleared and put to grain, dry farming.

The property is within 4 miles of Escondido and it is planned to put a paved highway thru the valley by the county highway commission.

The property has a house, barn and pumping plant, with an approximate valuation of \$5,000.

A reasonable value of this property for bonding purposes, with the proposed water development above mentioned, is as follows:

300 acres at \$200 per acre --	bottom land
220 " " 100 " " --	sloping mesa land particularly adapted to deciduous fruits
300 " " 10 " " --	

The bottom lands are particularly adapted to alfalfa, walnuts, deciduous fruits, etc., when the flood menace is eliminated by the construction of either Pamo or Sutherland.

PICO PROPERTY

This consists of 442 acres, 4 miles from Oceanside, with a county paved highway within one-half mile of the property line. The San Luis Rey River runs from a mile to a mile and a half thru the property. The improvements consist of a house and several barns, the estimated value of which is \$4,000.

There are approximately 250 acres of bottom land susceptible of development, and the balance is mesa land, 20 to 40 feet above the valley lands. There is a natural lake on the property that never goes dry, occupying 2 or 3 acres. The river has done some considerable washing, but when Warner Dam is built there can be developed as fine bottom land as there is in the county. It is ideal at the present time for sugar beets, alfalfa, corn, walnuts and deciduous fruits. The mesa land for citrus.

The Pico property is particularly valuable on account of its large underground supply of water that can be developed by pumping at small cost, for the City of Oceanside and other coast lands. An investigation will show that 4 or 5 million gallons

of water daily can easily be pumped from these gravels during the irrigating season. The reasonable value, for bonding purposes, of this property, including water rights, etc. is as follows:

250 acres, bottom land	- - - - -	\$200	per acre
75 " , mesa land	- - - - -	150	" "
117 " river channel	- - - - -	25	" "

WARNER RANCH- Not Including Reservoir site

38,408 acres. This property to include Warner Hot Springs. Over \$30,000 has been spent in building roads on the ranch; a paved highway is being built from San Diego to Santa Ysabel, 7 miles south of the Warner ranch line, and said highway is all completed but 17 miles. The county eventually will complete a paved highway to Warner Springs, possibly in the near future, under a county bond issue. The paved highway is 18 ft. wide, 5" thick, of concrete, and will be a wonderful benefit to the property.

It could not be valued as a cattle ranch, for it is as near ideal for deciduous fruits as any land San Diego County can produce, particularly apples, pears, peaches, cherries, etc. It is only a short time when in sub-division it is much more valuable and will be divided into small farms. The elevation of the agricultural land is from 2700 to 3200 ft. The average rainfall is from 22 to 30 inches. There are 16 living streams the year round running into the ranch property.

There are easily 8,000 or 10,000 acres of fine bottom land outside of the reservoir which is ideal for alfalfa, grain, etc. The 120 acre fruit farm at the Springs speaks for itself. It was only this summer that one of the professors of the State Board of Agriculture said it was equal to any in the State of California.

It is the best cow ranch in Southern California. At the present time for grazing purposes it rents for \$36,000 per year, cash rent, to thoroly reliable people.

A fair value of this property is as follows:

8,000 acres of bottom lands	- - - - -	\$100.00	per acre
22,000 " " cultivable mesa lands	- - - - -	30.00	" "
8,408 " " "	- - - - -	5.00	" "

In making these values I have ignored any added value for the 60 acres of apple orchard, the 40 acres of pear orchard and the 12 acre home orchard of deciduous fruits, also 15 acres of grapes. The above orchard would easily sell today at \$500 an acre, and the vineyard at \$350.00 per acre.

I have not included any additional value for Warner Springs, on which have been built between \$50,000 and \$60,000

worth of improvements, including 20 odd adobe cottages, dining room and a 12 room cottage, 40 bath rooms, a concrete plunge 100 x 60 ft., an up-to-date massage room, a first-class two-story ranch house, a water system that cost nearly \$10,000, a store building, also another ranch house and barns on the south line of the property. We were offered \$200,000 several years ago for the Springs and 1,000 acres of land. Mr. Henshaw's price at that time was \$300,000 for the Hot Springs, improvements and the 1000 acres. It is an ideal place, and I have a list of 37 people who have asked to buy lots there if we ever sub-divide the property.

RESERVOIR LANDS

Henshaw Reservoir Site - consisting of 6,100 acres, not included in Warner Ranch valuation.

Reference is hereby made to the report of the state engineer of California, under date of November 4, 1918, in the matter of the sale of the Volcan System to the San Luis Rey Irrigation District. These lands are valued by the State of California, informally approved by the state bonding commission, at \$150.00 per acre.

The reason for this valuation is that the lands are being used for a higher purpose, and are recognized as the key to any storage development for either water power development, or irrigation on the upper San Luis Rey River. In fact, it is the only reservoir site available and practicable on the San Luis Rey River for the storage of any considerable amount of water. The courts have recognized that lands have an added value for reservoir purposes and must be valued for that particular purpose, not necessarily for some other less important use.

Reference to U. S. Supreme Court Decision, Boone Company, vs. Patterson, 98 U. S. 403. There are numerous later decisions of the court which up-hold all the principles of law stated above. Reference is made to the Minnesota Rate Case, 232 U. S. 352, etc. Suits were brought to condemn certain lands within the reservoirs of the Sweetwater Water Company and the San Diego Flame Company within the boundaries of Cuyamaca Lake. Judgment confirmed and decision by jury in each case was in excess of \$300 per acre, covering the condemnation of several hundred acres within the boundaries of each reservoir.

The state engineer of California, August 12, 1919, formally approved the following reservoir valuations for sale purposes of the Cuyamaca System to the La Mesa Irrigation District:

Cuyamaca reservoir	\$100 per acre
Milen Reservoir	400 " "
Eucalyptus Reservoir lands, condemned	688 " "
Murray Reservoir lands	200 " "

The State Railroad Commission of California has a rate fixing value of from \$100 to \$200 on actual lands flooded for reservoir purposes on the Cuyamaca System, and undoubtedly if a sale were made, a higher price would be made for sales purposes.

Reference is hereby made to the valuation of \$250 per acre by the state engineer of California and unofficially approved by the state bonding commission on 1300 acres of land flooded by the construction of Lake Hodges, in the matter of the proposed sale to the Cardiff Irrigation District, report dated Sept. 3, 1918.

Uniformly both the state engineer of California and the state railroad commission have placed higher valuation on reservoir lands nearer the coast.

For the reasons above stated, and additional information can be secured, if desired, to substantiate my claim, I consider the following a conservative value for reservoir lands for bonding purposes:

Lake Henshaw Reservoir 6100 acres at \$150 per acre	\$915,000
Sutherland Reservoir 700 acres, flooded-\$150 per ac	117,000
Pamo Reservoir 1130 acres flooded-\$250 per acre	282,500
San Clemente Reservoir 238 acres flooded \$250 per ac	59,500
Acreage adjoining Pamo, Sutherland and San Clemente at \$50 per acre, suitable for subdivision purposes 1260 acres @ \$50	
	63,000
	<u>\$1,437,000</u>

RIGHTS OF WAY ALREADY ACQUIRED

I have made no valuation on rights of way already acquired, Warner to Escondido Ditch, Warner to Pamo, Sutherland to Pamo and from Pamo to San Clemente, including rights of way thru Forest Service, etc., Sutherland power drop, work already completed at Warner's, Sutherland and Pamo, surveys or water rights. I understand that will be handled independently from the Los Angeles office by Mr. Treanor.

If there is any question as to values I have claimed I would be glad to furnish further additional information to substantiate values made in this report.

Yours very truly,

S U M M A R Y : ESTIMATED VALUES COVERING LANDS, ETC. THAT
WILL BE INCLUDED IN THE PROPOSED BOND
ISSUE AS ASKED FOR BY MR. HENSHAW

BERNARDO RANCH	5,000 acres	\$ 960,000
WARD RANCH	828 "	85,000
PICO PROPERTY	442 "	64,175
WARREN RANCH	38,408 " (not including reservoir site.)	1,508,040
RESERVOIR LANDS - Lake Henshaw, Sutherland, Pano, San Clemente and acreage adjoining		<u>1,437,000</u>
		\$ 4,048,215

Ed Fletcher Papers

1870-1955

MSS.81

Box: 2 Folder: 19

**General Correspondence - Blyth,
Witter and Company, Los Angeles**



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