

The Metropolitan Water District,
of Southern California,
306 West Third Street,
Los Angeles, California,
May 28th, 1936.

Mr. William Holmes,
City Clerk of San Clemente,
San Clemente, California.

Dear Sir,

Pursuant to the request given in your letter of May 23rd, 1936, the following information relating to procedure for annexation of territory to the Metropolitan Water District of Southern California is submitted.

I am enclosing herewith a copy of the Metropolitan Water District Act, including all amendments. The procedure for annexing territory to the District is set forth in Section 9 of the Act.

**INFORMATION AS
TO PROCEDURE FOR
ANNEXATION OF
TERRITORY TO THE
METROPOLITAN
WATER DISTRICT.**

The law provides that a City may be annexed to the District, but also provides that the word "City" as used in the act shall also include and mean any "water district incorporated for the service of water".

The following steps must be taken in order to annex the territory of a City to the District.

1. The governing or legislative body of the City must apply to the Controller of the District for a statement showing the amount of the bonded and other indebtedness of the District, the assessed value of the taxable property therein according to the most recent assessment, and the names of all municipalities within the District and the areas thereof. On receipt of this application the Controller will furnish the information applied for.

2. The governing body of the City, after consideration of such statement, must apply to the Board of Directors of the District for consent to annex such City to the District.

3. The Board of Directors of the District may grant or deny such application, and, if it is granted, may fix the terms and conditions upon which such City may be annexed to and become apart of the District, to the end that the burdens, including the bonded debt, shall be equitably distributed over all parts of the District, having due regard to benefits.

4. The action of the Board of Directors of the District, evidenced by order made on motion, shall be promptly transmitted to the governing body of the City.

5. Thereupon, the governing body of the City must submit to the qualified electors of said City, at any general or special election held therein, the proposition of such annexation subject to the terms and conditions fixed by the Board of Directors of the District.

INFORMATION AS TO
PROCEDURE FOR
ANNEXATION OF
TERRITORY TO THE
METROPOLITAN
WATER DISTRICT.
continued--

6. Notice of such election must be given by posting or publication. When given by posting, such notice shall be posted at least ten (10) days before the date fixed for the election. The notice shall contain the substance of the terms and conditions fixed by the Board of Directors of the District.

7. The election shall be held at the time fixed and the returns thereof canvassed in the manner provided by law for municipal elections in such City.

8. If the proposition shall receive the affirmative vote of the majority of the electors of such City voting therein at such election, the governing body of such City shall certify the result of such election to the Board of Directors of the District.

9. A certificate of the foregoing proceedings shall be made by the Secretary of the District and filed with the Secretary of State, and upon the filing thereof such City shall become and be an integral part of the District.

Heretofore when cities have joined the District a cash payment has been required equal to the taxes which would have been collected from the territory to be annexed, if the tax levied by the District since its organization had been applied to the property in that territory at its actual assessed value for the various years, together with interest at 3% on said amounts from the dates on which they would have become delinquent - April 20 for the first half and December 5th for the second half. The tax rates fixed in the past on each \$100 of assessed valuation have been applied as follows:

<u>Year.</u>	<u>Real property and secured Personal Property.</u>	<u>Unsecured Personal Property</u>
1929	4 cents	0 cents
1930	3	4
1931	3	3
1932	4	3
1933	4	4
1934	10	4
1935	20	10

When the amount of the cash payment has been arrived at by applying the tax rates above set forth to the actual assessed values for the years from 1929 to 1935, inclusive, it can be paid in one payment or extended over such period as may be mutually agreed upon, with interest on the deferred payments at the rate paid on bonds of the District.

If you will furnish the figures showing the assessed valuation of your City from 1929 to the present time, segregated into "Real Property and Secured Personal Property" and "Unsecured Personal Property", I shall be pleased to have the actual amount of the cash

INFORMATION AS TO
PROCEDURE FOR
ANNEXATION OF
TERRITORY TO THE
METROPOLITAN
WATER DISTRICT.

payment computed for you. For the current fiscal year 1935-1936, operative property should be included in the first class, but for earlier years, District taxes did not apply to operative property and none should therefore be included in the assessed valuations for present purposes.

The rate that will be charged for water from the aqueduct has not yet been determined since it will depend upon conditions at the time when the system is put into service. It has been estimated, however, that the cost of water, including interest and retirement of bonds, when the full capacity of the aqueduct is being used, will be less than \$25 per acre-foot delivered to the member City.

If any further information is desired I shall be very glad to furnish it.

Very truly yours

(Sgd) JULIAN HINDS,
Assistant Chief Engineer.

Enclosure No. 4666.

* * * * *

LAW OFFICES
COMBS, FRITZ & MURPHINE.
215 W. 6th Street,
Los Angeles.

May 26th, 1936.

Mr. B. Z. McKinney,
City Attorney, San Clemente,
309-312 First National Bank Building,
Santa Ana, California.

Dear Sir,

This will acknowledge receipt of your letter of May 27th inst, in which you make formal demand on me to return \$100 heretofore paid me by the City of San Clemente for expenses and services in re settlement of City of San Clemente vs John O. Forster, et al, No. 26127 Superior Court, Orange County, California.

As this demand on the part of the present majority of the City Council of San Clemente is so ridiculous, it merits nothing but a formal refusal, which I now make.

But for your information, as a fellow member of the Bar and as you are no doubt unfamiliar with the various phases of the above named litigation, I will endeavour to enlighten you on some of its features.

FORMAL REFUSAL OF
DEMAND BY CITY
ATTORNEY FOR RETURN
OF \$100 PAID FOR
SERVICES IN CASE
26127 City of San
CLEMENTE vs JOHN O.
FORSTER et al -S.J.C.
WATER SUIT. FROM
THOS. F. MURPHINE.

This litigation was started soon after San Clemente was incorporated and was in pursuance of a prior "gentleman's agreement" between the promoters of San Clemente and the predecessor of the Bank of America, with the attorneys representing farmers and other interests in the Capistrano Valley, to the effect that as soon as San Clemente was incorporated and had the right to eminent domain, the City would start condemnation proceedings for sufficient water in addition to the amount claimed by the promoters as theirs under adverse possession, to satisfy the City's needs.

Soon after incorporation and immediately after notice of threat of injunction proceedings by the attorneys representing the valley interests, the promoters made another "gentleman's agreement" with the City Council of San Clemente to the effect that they, the promoters, would pay all costs of suit and any damages allotted the "valley interests" if the City would start and litigate to a conclusion condemnation and quiet title proceedings.

The promoters further promised and did give to the City by deed and bill of sale, all their right, title and interest to the water and water system purchased and developed by them, including land in the Capistrano river bed, rights-of-way, power plants, pipe lines and reservoirs, which cost them several hundred thousand dollars.

The above entitled action was the result of that agreement and the City of San Clemente employed Charles D. Swanner and Head, Wellington and Jacobs, as attorneys, to assist the City Attorney, and a retainer of \$500 each given them by the promoters and/or the San Clemente Syndicate. The agreed fee was \$1000 each if settled without trial and additional sums for trial and expenses. Thereafter the City paid Mr. Head \$500 additional, and I believe the records will show that Mr. Ole Hanson paid the engineering costs and service of Summons costs in the amount of approximately \$1000. To my knowledge Mr. Swanner never was paid the balance of \$500 due on his fee, and it is justly due him.

Afterwards, through the efforts and finances advanced by Mr. Hanson and/or the San Clemente Syndicate, water was discovered within the city limits of San Clemente and the City spent considerable sums of money in further developing wells, reservoirs, and a complete water system.

During this time the condemnation and quiet title action lay dormant, the "valley interests" being represented by a great many of the best known "water" lawyers in Southern California who were successful in their several demurrers to the complaint of the city.

Mr. Swanner had been making many unsuccessful attempts to settle and dismiss the "condemnation" part of the proceedings but no agreement could be reached on the amount of water to be allotted the city under its "quiet title" part of the action. The City and its predecessors had always claimed title by adverse possession to 20 miners inches. This was disputed by the opposition and various smaller amounts suggested.

Sometime after I had resigned as Mayor of San Clemente and had established a law practice in Los Angeles, I was approached by the Mayor and members of the City Council requesting my assistance in the settlement of this matter without further costs and counsel fees to the many eminent water lawyers representing the opposition. This I agreed to do upon payment of a nominal sum as expenses. A meeting was held in Mr. Swanner's office attended by myself, Mr. Swanner, the City Engineer Mr. Ayers, the mayor and several members of the City Council, including Mr. Fate. Terms of settlement were discussed and one tentative draft of settlement was turned down.

The City Engineer was instructed to make surveys and check on the legal descriptions, and I was instructed to contact certain well known interests in the valley, not connected with the litigation, and urge an amicable settlement on the basis of the city being allotted 12 miners inches and the suit dismissed without costs. I afterwards made several trips and interviewed a number of its influential citizens, not parties to the suit, and I believe it was in no small part due to my efforts that a settlement was finally effected on the basis as outlined above.

As to the reasonableness of my expense account or fee of \$100 if you wish to call it such, I am willing to leave to any court in California. I sincerely hope, in the interests of the City of San Clemente, that your fees under your agreement with the city for services as attorney, will be as reasonable.

I have thus outlined as briefly as possible the facts, which you may verify by interviewing H. H. Cotton, Ole Hanson, A. T. Smith, Den Acres, former City Attorney, William Ayers, City Engineer, or Cornelio Echenique, of San Juan Capistrano.

Yours very truly,

(Sgd) THOS. F. MURPHINE.

* * * * *