

CHAPTER ONE

Organizing for Development

The history of California in the twentieth century is the story of a state inventing itself with water. The principal centers of urban settlement and industrial and agricultural production in California today were in large part arid wastelands and malarial bogs in their natural condition. The modern prosperity of the state has consequently been founded upon a massive rearrangement of the natural environment through public water development. The largest of these artificial water systems operate today principally for the benefit of agriculture in California's interior valleys. The impetus for water development on this scale, however, originated not on the farms but in the cities and the particular problems they faced as a consequence of growing up in a state that developed backward and in the wrong direction.

The early settlement of California followed traditional lines of civilization. People lived where there was sufficient water to sustain them, and towns and villages grew up along the river courses which provided the means of life and commerce. But the new Californians who began to arrive with the discovery of gold in 1849 did not bring families to open up the land. Their skills were in trade and merchant shipping, and when the mines played out they returned to the port cities along the coast. At the same time as the great wheat empires were flourishing in the Sacra-

mento and San Joaquin valleys during the last decades of the nineteenth century, the proportionate size of California's rural population was steadily shrinking.¹ For the nation as a whole, the central event distinguishing the nineteenth and twentieth centuries was the gradual transition from a predominantly rural to an urban society. But in California, this transformation began almost simultaneously with the first major influx of population and ran backward in many areas of the state where urban settlement rapidly outstripped the pace of agricultural development.

Although Northern California had developed first, the opening of the transcontinental railroads shifted the flow of immigration away from these areas of natural water abundance. The Southern Pacific had millions of acres to sell, and it turned its mighty promotional engines to touting the Mediterranean qualities of life in the semi-arid South Coast. Within a year after the golden spike was driven at Promontory Point, the rate of population growth in Southern California for the first time surpassed that of the north. By 1885, developers in Los Angeles were already building ahead of demand, relying upon long-term exclusive franchises from government or the railroad companies to minimize their risks. And so Los Angeles expanded, despite the absence of adequate schools or a host of other municipal services, a coastal city without a port, its growth fed by advertising, its development founded on the prospects for the future. And in 1890, the rate of growth in San Francisco for the first time fell behind the average for the state as a whole.

From the first complete California census in 1860 to the turn of the century, the population of the state increased by 290 percent from 379,994 to 1,485,053. During this period, the population of the San Francisco metropolitan area increased 540 percent, while that of Los Angeles grew to nearly seventeen times its size in 1860. As a result, by 1900 fully 40 percent of the state's people were concentrated in these two urban areas.² And at this point, both cities began to bump up against the limits of their indigenous water resources. Continued prosperity and development could not be assured without additional sources of supply. Thus confronting a common problem but acting independently and exclusively in their own interests, San Francisco and Los

Angeles set out simultaneously to develop distant watersheds in a race that would ultimately go a long way toward determining which city enjoyed supremacy among the commercial centers of the Pacific Coast.

There was little in contemporary law or practice to guide the cities in this endeavor. State and federal water development programs at this time were concerned primarily with flood control, drainage, the improvement of navigation, and the reclamation of swamps and marshlands—problems which have more to do with the abundance of water than its scarcity. Still more troubling, the practice of water law in California at this time rested upon riparian principles derived from English Common Law, which had little practical application to the problems of water development in the arid southwestern United States. Under the riparian doctrine, the primary right to the use of water in a stream belongs to those who own land touched by the stream. This right is not appurtenant to the land, but is part and parcel of it and cannot be transferred separately. By denying the transferability of water rights, the riparian doctrine vested the owners of lands adjoining the natural stream courses of California with a nearly eternal advantage over all other potential users of the state's limited water resources. A person owning lands not so well favored was permitted under California law to appropriate water from a stream for use elsewhere. But although these appropriative rights were exercised extensively by hydraulic mining companies in the northern part of the state, they remained at all times subsidiary to the riparian doctrine. Anyone who relied upon an appropriative right consequently ran the risk of seeing all his works and investments invalidated at some future time by an assertion of the superior rights of a riparian owner. Moreover, the riparian owner's right remained superior and inviolate regardless of whether he made no use of it at all.

Two essential aspects of the riparian doctrine held special consequences for the prospects of future development of Los Angeles and San Francisco. First, by tying the use of a water supply to the lands immediately adjacent to that supply, the doctrine went a long way toward assuring that development of the state would follow the natural distribution of water resources.

In other words, the communities of the North Coast and those cities situated on the great rivers of the interior possessed a legal and natural advantage for continued development which San Francisco and Los Angeles could not match. Ways around this restriction therefore had to be found, either by obtaining a federal grant to the use of a water supply lying within the public domain (the route chosen by San Francisco), or by buying out the interests of all the riparian owners along a stream (as Los Angeles was ultimately forced to do).

The second restrictive aspect of the riparian doctrine, however, had a more immediate and far-reaching impact on the operations and organization of the cities involved. For by making the law of waters a part of the rights of private property ownership, the riparian doctrine denied any role for the concept of a common public interest in the overall development of the state's water resources. Water, under the laws of California in the nineteenth century, was a private resource for private exploitation. An effort by the state legislature in 1880 to protect the flood-ravaged residents of the Sacramento Valley had been struck down by the state supreme court as an unconstitutional assumption by the state of an essentially private concern. Although the legislature was subsequently somewhat more successful in encouraging the formation of public irrigation districts for the enhancement of agricultural development, state law was virtually silent on the question of domestic water supplies to meet the needs of the cities. Even the federal Reclamation Act of 1902, which has done more than any other governmental program to remake the western waterscape, made no provision in its original form for the supply of domestic water needs. In confronting the problem of securing additional water resources to support their continued growth, San Francisco and Los Angeles consequently found themselves alone, left to their own devices, and forced to proceed in a legal and practical void.

It was the meeting of this challenge which separates the development of the water supplies of San Francisco and Los Angeles altogether from the traditions and practices of the nineteenth century. The construction of the Hetch Hetchy and Los Angeles aqueducts marks the true beginning of the modern water system of

California. This distinction does not lie simply in the scale of these municipal projects. Private capital had achieved great water projects in the nineteenth century, ranging from the successful irrigation colonies which produced thriving communities and abundant produce out of the arid wastes at Anaheim, Ontario, and San Bernardino to the gigantic water works of hydraulic mining, which were capable of breaking down whole mountainsides or shifting stretches of entire rivers from their streambeds in order to reveal the rich deposits of ore. But these projects did not require the movement of large quantities of water over great distances from one hydrologic basin to another; instead, they simply made systematic use of the water already available.

More important, although the development of the irrigation colonies and hydraulic mines required the concentration of large amounts of capital, the investments were made not for the development of the water itself but for the larger profits to be gained from the extraction of gold or the enhancement of land values which water development made possible. In the case of developing a water supply for domestic use, however, the water itself would be the principal object of the enterprise. And while private companies had successfully peddled water as a commodity for profit in numerous areas of the state where a water resource could be developed with a relatively small investment, no private water company could conceivably raise the capital required for the development of delivery systems of the size and complexity needed to sustain the long-term growth of San Francisco and Los Angeles. Thus, public officials in both cities realized that municipalization of the urban water supply, as the means to securing access to the far greater amounts of capital which government can raise through taxation and bond sales, was the essential first step toward securing the water they needed for the future.

This perception of the necessity for resorting to public finance was hardly a revolutionary insight. On a federal level, the need to assist in the improvement of harbors and inland navigation had been a recognized government responsibility since the adoption of the Constitution. The idea of municipalities controlling their own water systems and constructing works to tap distant sources of supply was a commonplace in other parts of the country. New

York City, in fact, was already launching an even more extensive delivery system than anything contemplated for San Francisco and Los Angeles at the same time that the movement toward municipalization was gaining momentum in California. And even in California, public assistance in the form of government grants of funding or rights-of-way had been crucial to the success of such grandiose schemes of nineteenth-century private enterprise as the building of the transcontinental railroad, the development of the harbor facilities at Oakland and San Pedro, and the construction of the Sutro Tunnel for the Comstock Lode.

But in the context of municipal organization and water development in California, the decision to turn to the public sector for the construction of water systems to supply the urban populations of San Francisco and Los Angeles marked a radical break with tradition. The extent of this departure can be measured most readily in how far the two cities had initially to come. For neither Los Angeles nor San Francisco possessed in 1900 an administrative structure capable of undertaking the kind of development project required to tap a distant water resource. In both cities, as in the other urban centers of California, the business of water supply was a private, not a municipal enterprise.

Nearly one hundred fifty years earlier, the first American municipal waterworks system had been installed at Bethlehem, Pennsylvania. The success of the major municipal systems subsequently constructed in Philadelphia and Cincinnati assured that by the middle of the nineteenth century private water systems, with few exceptions, were characteristic only of the smaller American cities. California was the home of one of these exceptions. Of the sixteen largest cities in the United States in 1860, San Francisco was one of only four that still lacked a municipally owned water system.³ City officials steadfastly refused to take over the business of supplying water to San Francisco's residents during the nineteenth century. And even after the city charter was amended in 1900 to require the public development of an additional water supply, San Francisco's leaders persisted in treating their efforts with regard to the Hetch Hetchy project as a supplement but not a replacement for the services provided by the private sector. The city's break with the traditions of the

nineteenth century was consequently halting, uncertain, and ultimately incomplete. In all, it took San Francisco thirty-four years to fulfill its charter mandate. And by the time it was through, Los Angeles had long since won its race for supremacy on the West Coast.

The Triumph of the Public Ethic

In Los Angeles the problems of water development were more acute than in San Francisco and the solutions were consequently more severe and more rapidly achieved. For Los Angeles in 1900 did not even have control of its local water supplies. This fact by itself is a measurement, first, of how poorly equipped the city was by the turn of the century to undertake a program of long-range municipal water development; second, of how deeply entrenched the nineteenth century's confidence in private enterprise had become in Los Angeles' city administration; and third, of how far the city had fallen from those benefits of its Spanish heritage which had enabled it to survive for more than a century. Los Angeles, after all, sits in the midst of a semi-arid coastal plain. The principal indigenous source of its water supply is the 502.5-square-mile basin of the Los Angeles River, whose tributaries in the San Gabriel, Santa Monica, and Santa Susanna mountains pour their often meager flows into the vast groundwater reservoirs of the San Fernando Valley. When the Spanish colonial authorities established the Pueblo de los Angeles in 1781 they located it on a low-lying alluvial terrace adjacent to the one part of the Los Angeles River where water could be expected to be flowing all year round.

Under Spanish colonial policy, the pueblo was invested with an exclusive right to the water of the river, a communal interest altogether different from the riparian principles of English common law. This Spanish notion of a public property in water, ideally suited to an arid area where waterworks had to be publicly managed to ensure their most efficient and equitable use, endured throughout the successive changes from Spanish to Mexican to American rule. And as the early water systems of the

Franciscan missions elsewhere in Southern California were secularized, ill-used, and eventually abandoned, irrigation and the development of water for domestic use continued without interruption within the borders of Los Angeles.

But as the city grew following the American conquest, it faced increasing problems in the management of its water system. In 1854, the city council established the position of water overseer to administer the distribution of irrigation water and enforce the city's ordinances relating to its use. This system worked well for agriculturists within the city limits but did nothing for improving the delivery of water for domestic use by the growing number of homeowners who drew their supplies each day from the common city ditches. And since these ditches were uncovered and had no bridges, the domestic supply was constantly polluted by bathers, teamsters, and animals of all sorts, as well as by use of the ditches for laundry and refuse disposal.⁴ The city, however, rejected a proposal in 1853 by William G. Dryden to meet these problems by constructing a closed-pipe system to service homes directly. The Los Angeles common council regarded as excessive Dryden's request that he receive two square leagues of land and a twenty-one-year franchise for the construction and operation of the system. Instead, water carriers with jugs and horse-drawn wagons were allowed to serve the city's domestic needs by peddling their wares from door to door.

In 1857, the council relented and granted Dryden a franchise to deliver water to homes directly through underground mains beneath the city streets from the artesian springs that arose on his property. Dryden incorporated the Los Angeles Water Works Company, erected a forty-foot water wheel to lift water from the city's main ditch, and set a giant storage tank in the center of the city plaza. But his system served only a small portion of the city, and because he built his mains with wooden pipes it was constantly breaking down and turning the city's thoroughfares into muddy bogs. When heavy rains in December 1861 washed out the system entirely, Dryden withdrew and the city offered contracts to other local entrepreneurs who offered to improve upon his efforts. Jean L. Sainsevain entered into such a contract in 1863 but soon gave up. His works in turn were leased by the city

in 1865 to David W. Alexander. Alexander admitted defeat after only eight months and reconveyed his lease to Sainsevain. With the assistance of former mayor Damien Marchessault, Sainsevain erected a dam, built a new water wheel, and in November 1867 began replacing Dryden's wooden pipes with iron ones. But severe flooding in the winter of 1867-68 again destroyed the system; Sainsevain gave up the job for good; and Marchessault was so embarrassed and discouraged by the whole venture that he committed suicide in the city council chambers.⁵

Against this backdrop of repeated failure and frustration, the council in 1868 decided to give up its precious right to the waters of the Los Angeles River and entrust its future development to the "enlightened selfishness" of private businessmen.⁶ With an eye on the site of Marchessault's demise, the council gave up its waterworks, declaring, "It is well known by past experience that cities and towns can never manage enterprises of that nature as economically as individuals can, and besides, it is a continual source of annoyance."⁷ The beneficiaries of the council's resignation were three of the city's more successful businessmen, John S. Griffen, Solomon Lazard, and Prudent Beaudry. Griffen and his associates had taken over Sainsevain's facilities, and in May 1868 they petitioned the council for a fifty-year lease on the entire water system of Los Angeles. The proposal they actually submitted to the council, however, constituted a quitclaim deed to the city's water rights and a prohibition of any control over water rates by the city in exchange for the payment of \$10,000 in gold coin and the forgiveness of certain claims filed against the city by Griffen and his associates which were worth \$15,000 in the aggregate. In addition, Griffen, Lazard, and Beaudry promised to construct a reservoir for the city, lay twelve miles of iron pipe, install fire hydrants at the major street crossings, provide free water to public buildings, and erect a \$1,000 ornamental fountain in the city plaza.⁸

The council readily agreed to this remarkable proposal, but Mayor Christobal Aguilar, who had grown up in the city while it was under Mexican rule, vetoed the measure, commenting, "It has always been considered by my predecessors, as well as myself at the present time, that the prosperity of the City of Los Angeles

depends entirely upon the proper management and distribution of the waters of the Los Angeles River . . . I cannot conceive the necessity of a Sale of this Water franchise in order to Secure a supply for domestic use.”⁹ Undaunted, Griffen, Lazard, and Beaudry responded with an offer to accept a thirty-year lease in exchange for the payment of \$1,500 a year and performance of all the services enumerated in their original proposal.

By this time, the issue had become an emotionally political problem. Numerous other would-be water entrepreneurs offered proposals that were far more advantageous to the city. And while Griffen’s latest proposal was under study, two new members were elected to the city council on campaign pledges to oppose the lease he had requested. The lease came before the council on July 20, 1868. All counter-proposals were rejected without a hearing, and the council president refused even to hear testimony from taxpayers, who had packed the hall to voice their concerns. Instead, the lease was summarily approved by a vote of four to two, and Mayor Aguilar reluctantly agreed to its adoption after insisting that the contract be amended to allow the city to continue to regulate water rates so long as they were not set below the levels in effect in 1868.¹⁰

Griffen, Lazard, and Beaudry incorporated as the Los Angeles City Water Company and promptly set about consolidating their control of the local domestic water supply by eliminating all potential competitors. Although the company eventually bought out virtually all the private sources of supply within the city, as well as the various private companies which serviced areas immediately outside the city limits, the operation which ranked first on their list for acquisition was that of Juan Bernard and P. McFadden.¹¹ Bernard and McFadden had taken over the original Dryden system and had irritated Griffen and his associates by offering to perform essentially the same services in exchange for only a twenty-year lease on which they promised to pay the city \$2,000 a year. Once the new company had driven Bernard and McFadden out of business by forcing them to vacate their reservoir in the center of the city plaza, however, it delayed carrying through on its promise to replace Dryden’s original tank with an ornamental fountain. After nearly two years of argument and

threats of litigation, the company finally achieved a compromise under which it agreed to beautify the plaza in exchange for a reduction in the cost of its lease from \$1,500 to \$400 a year.¹² But this victory for the company did not result in any corresponding reduction in its customers' rates for water service.

The battle over the fountain was only the first of many conflicts between the city and the company. When the city first granted the lease, it believed that the company intended to develop its own water supply in the swampy area of Crystal Springs, just above the Narrows of the Los Angeles River. The lease, therefore, granted the company the right to take no more than ten miner's inches from the river.¹³ But the company secretly drove a tunnel into the river itself and by the 1890s was taking as much as fifteen hundred miner's inches from it in a violation of the lease which the city felt powerless to prevent.¹⁴

When it came to appropriations of water by the city, in contrast, the company proved itself a stickler for strict adherence to the terms of the lease. Because the lease authorized the company to take water only for domestic purposes, the city made use of the water in the company's pipes for street sprinkling. The company sued for \$2,500, which it estimated was the value of the water taken, and carried its complaint all the way to the state supreme court. But the court ruled that the company could not collect fees for water used for other than domestic purposes and therefore had no claim to any surplus water in its pipes.¹⁵

These were only minor skirmishes in comparison to the challenges the city faced to its precious pueblo rights. As soon as it was in operation, the Los Angeles City Water Company transferred its interest in the headworks of the water system to a new subsidiary corporation, the Crystal Springs Land and Water Company. This company then asserted its claim to the waters of the Los Angeles River on the grounds that it was a separate corporate entity and therefore not bound by the terms of the city's lease.¹⁶ The company was not alone. After 1870, the city found itself in court repeatedly defending itself against similar claims by irrigators who tapped the river for use on their riparian lands. The city responded by securing from the legislature a statutory declaration of its pueblo rights.¹⁷ Then, in 1881, the Cali-

fornia Supreme Court issued the first in a succession of decisions affirming the city's historic claim to the river's flow.¹⁸

These problems combined with increasing demands for expansion of the community's irrigation works to force the city to assume a more active role in water affairs during the latter decades of the nineteenth century. In 1873, the common council directed the city engineer to begin surveying new reservoir sites that could be used to store the winter streamflows for agriculture. In 1877 a panel of engineers was formed to advise the city on ways to extend its irrigation system. But even as Los Angeles pressed forward with the construction of these new ditches and reservoirs, the agricultural lands they were built to serve were being subdivided and converted to homesites. The rapid growth of Los Angeles' population after 1880 made it increasingly clear to community leaders that domestic water use, rather than agriculture, would be the key to the city's future growth and development.

Consequently, as the expiration date of the Los Angeles City Water Company's lease drew near, popular support began to build for a return to complete municipal control of the local water supply. Amendments to the city charter in 1889 affirmed the city's authority to operate its own system and prohibited it from entering into any new leases that could not be canceled on six months' notice. In the local elections of 1896, both political parties endorsed the termination of the lease and a takeover of the waterworks by the city. Although the Democratic candidate for mayor, Meredith P. Snyder, won that year by outdoing his opponent in denunciations of the water company, the most ardent spokesman for municipalization was the chairman of the Republican City Central Committee, Fred Eaton, who proposed that the city provide free water service to its residents and pay for the operation and upkeep of the system from municipal tax revenues.

Eaton's opinion carried special weight because he was a former superintending engineer of the water company, as well as the brilliant scion of a family prominent in South Coast water development. His father, Benjamin, had taken his law degree at Harvard in one year and had arrived in Los Angeles with the first wave of immigration after the discovery of gold. Benjamin became

one of the city's first district attorneys, but his greater interest lay in water engineering. After joining briefly in the struggle to develop a domestic waterworks system for Los Angeles in 1862, he moved to the San Pasqual rancho where he became founder and president of the Pasadena Colony. Although Benjamin experimented extensively with the development of nonirrigated vines, the financial success of the colony's orange groves was based on his demonstration of the value of iron pipes for irrigation. Following the success of the Pasadena Colony, Benjamin went on to build similar works for the Hermosa and Iowa colonies at Cucamonga, Jacinto, Marengo, Glendale, and North Pasadena.¹⁹

Fred Eaton, born in Los Angeles in 1856, shared his father's intelligence; but, in the words of one biographer, "Fred never attended school but little, preferring to shape his educational course himself and pursue in private such studies as were congenial to his taste." Under his father's tutelage, young Fred developed an abiding fascination with water and a determination to carry forward his father's achievements in water development. At the age of fifteen he went to work with the Los Angeles City Water Company, and by the time he was twenty he had taken over as its superintending engineer. During the nine years he held that position, Eaton supervised a dramatic expansion of the company's operations. In 1886, he was elected to the office of city engineer and devoted the next four years to designing the city's sewer system. He then returned to the private sector, working as chief engineer for the Los Angeles Consolidated Electric Company and directing the construction of the Los Angeles Railway Company.²⁰

Eaton's expertise in water and his demonstrated devotion to the building up of Los Angeles propelled him easily to leadership in the drive to put an end to the Los Angeles City Water Company. More important, because his distinguished record of achievement had been rendered in both the private and public sectors, he was the perfect bridge to draw together the business and political communities behind a campaign for municipal takeover of the city's water supply. The movement for municipalization did not spring from some early impulse toward progressive reform. It originated in those historic principles of a com-

munity interest in water which had been a part of Los Angeles' heritage from its earliest founding, and as such it rapidly assumed a position above partisan political debate. The campaign, moreover, was not driven by assertions that government possessed some special expertise in the area of water development. On the contrary, the city government at that time possessed virtually no staff skilled in the management of such an enterprise, and the key question for the advocates of municipalization was how best to insulate the management of a public water system from political influence so that "good business principles" would still predominate.

Above all, the success of the effort to put the water company out of business did not represent in Los Angeles a wholesale rejection of free enterprise. Instead, the essential support for the movement came from the business community itself. The movement for municipalization emerged in the context of a greater effort by Los Angeles' business leaders to assert their independence in the stewardship of the city's social, political, and economic future. By the end of the nineteenth century they had succeeded, through puffery, advertising, and sheer force of will, in laying the foundation for a modern city in a spot where God clearly never intended large numbers of people to live. In addition, by the time the movement for municipalization began to gain momentum in the mid-1890s, the more forward-looking members of the business community had already united behind a drive by the Chamber of Commerce to build a harbor for the city that would be free of domination by the Southern Pacific Railroad and its allies in the gas, light, and telephone companies. They succeeded in their efforts to establish the harbor at San Pedro rather than at Santa Monica, where Southern Pacific's extensive landholdings would have given it a stranglehold on the city's commercial development as vicious as any the railroads held on the port of San Francisco and the trading centers of the interior valleys. Their victory over what came to be called "the associated villainies" was in part a hollow one in view of the fact that the Southern Pacific, Los Angeles, and Salt Lake railroad companies wound up controlling most of the harbor frontage at San Pedro.²¹ But the fact that the battle had been fought at all,

and fought so vigorously, signaled the appearance of a united community of business interests within Los Angeles who were determined to make certain that the course of the city's future development would be decided locally and not in a distant corporate boardroom.

Youthful, aggressive, innovative, startlingly handsome, and possessed of a charm which would win him the respect and even the affection of his adversaries throughout his life, Fred Eaton was the ideal exponent of the independent spirit of this assertive business community. And so he commanded their attention when he described with an insider's authority the limitations of the Los Angeles City Water Company and the potential benefits for the city's future development that would come from municipal management of the water supply. Continued operation of the city's waterworks by private interests constituted an intolerable obstacle to continued settlement, in Eaton's view. The rates the company charged were exorbitant, its services were inadequate, and the low pressure it maintained in its pipes was not sufficient for fighting fires. Rather than turning its profits back into improvement of the system, the company regularly declared 6-percent dividends for its stockholders, and Eaton estimated that it had earned an overall 10- to 35-percent profit on its investment over the full term of the lease.²² A local engineer, Joseph B. Lippincott, declared that each family in Los Angeles paid five dollars a year for water service and ten dollars for the company's profit; and Eaton promised that the city could provide better service for only 10 percent of the company's rates.²³

On January 20, 1897, the city council directed the city engineer to begin drawing up plans for a municipal waterworks system.²⁴ On February 25, the city advised the water company that the lease would not be renewed after its expiration on July 21, 1898. Early in 1898, the city opened negotiations with the company for the acquisition of its water system. And later that year, Eaton was elected mayor, fully intending to devote his term in office to the establishment of the new municipal system.

He was not to enjoy that satisfaction. The company refused to give up its monopoly even after the lease had expired, demanding \$3 million in payment for a system the city estimated was

worth only \$1.3 million. A board of arbitration was established composed of one representative from the city, one from the company, and a third impartial member selected by the other two. When this panel issued its report in May 1899 declaring that the value of the system was even less than the city had originally estimated, the company refused to honor the panel's findings, declaring that it would abide only by a unanimous decision—and its representative to the panel had, of course, voted against these findings.

The major sticking point for the negotiations was the company's principal source of supply at Crystal Springs. The company demanded a million dollars for the springs and two million for the rest of its distribution system and refused to consider selling the system without the springs. Because the springs were fed by underground flows from the adjacent Los Angeles River, however, the city contended that it already owned the rights to all water in the springs and therefore would not pay for what it already possessed.

The controversy over acquisition of the waterworks thus came to turn on a question which has plagued Los Angeles in the courts almost throughout its history. The city's claim that its pueblo rights extend to the groundwater flows of the Los Angeles River Basin was first challenged by the Mission San Fernando in the early 1800s,²⁵ and similar litigation has been pursued by the residents of the San Fernando Valley to the present. In the midst of the controversy with the Los Angeles City Water Company, however, the California Supreme Court issued the first definitive affirmation of Los Angeles' claims to the groundwater of the Los Angeles River in a suit the city had brought against irrigators who had installed infiltration galleries to capture the subterranean flows of the river above the Narrows.²⁶

This decision, rendered only a month after the issuance of the arbitration panel's findings, appeared at last to assure the city's complete authority over the Los Angeles River watershed. Armed on the one hand with the panel's recommendations and on the other with the supreme court's decision invalidating any claim the company might make to Crystal Springs, Eaton immediately called a bond election to provide the funds for purchase of the company's works and installation of extensive improvements to