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In the Privy Council

20, 1951

No. 31 of 1950.

ON APPEAL
FROM THE SUPREME COURT OF CANADA.

BETWEEN

THE CITY OF MONTREAL - - - - - *Appellant*

AND

SUN LIFE ASSURANCE CO. OF CANADA - - - - - *Respondent.*

RECORD OF PROCEEDINGS—Vol. 3

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12 NOV 1956

INSTITUTE OF ADVANCED
LEGAL STUDIES

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DOMINION OF CANADA

In the Supreme Court of Canada

(OTTAWA)

On Appeal from a judgment of the Court of King's Bench.

10 BETWEEN:—

SUN LIFE ASSURANCE CO. OF CANADA,

Petitioner before the Board of Revision;
Plaintiff-Appellant in the Superior
Court;
Appellant-Respondent in the Court of
King's Bench, Appeal Side,

20

APPELLANT,

— and —

30

THE CITY OF MONTREAL,

Respondent before the Board of
Revision;
Respondent in the Superior Court;
Appellant-Respondent in the Court of
King's Bench, Appeal Side,

40

RESPONDENT.

JOINT CASE

VOL. III — EVIDENCE OF THE CITY OF MONTREAL (Continued) AND
COMPLAINANT'S EVIDENCE IN REBUTTAL. (Page 466 to 676).

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

The square foot rentals used by Mr. Desaulniers and myself in connection with the Sun Life space are: on the Ground Floor, Two dollars and fifty cents (\$2.50) per square foot; and all space above the Ground Floor — outside space Two dollars
10 (\$2.00) per square foot; Inside space One dollar (\$1.00) per square foot; storage space on the Twenty-fourth floor Seventy-five cents (75¢) per square foot; Basement Number One Two dollars and twenty-five cents per square foot; and Basement Number Two, One dollar per square foot.

I would like to qualify outside space and inside space.

By outside space I mean space which is window lighted,
20 and by inside space we mean space where there is no window.

And in the Sun Life Building there is a considerable amount of inside space used effectively by the Sun Life Company in the areas in which it is located, and used equally effectively by numerous tenants throughout the building.

In estimating the rental value of the Sun Life occupied space above the value of the tenanted occupied space we considered three factors which I will mention very briefly.

30 By Mr. Seguin:—

Q.—Before continuing your evidence on this point, on page 34 of your report you say that the amount of money received by the Company from the tenants is Four hundred thousand four hundred dollars and twelve cents (\$400,402.12).

This total does not appear on the list of admissions. Will
40 you explain how you arrived at that total?

A.—Yes. And I should have referred to that in one of the exhibits which I have just filed.

This is Exhibit D-32 that I am referring to, which shows a total rental paid for Two hundred and fifty-four thousand nine hundred and five (254,905) square feet of rented space is Four hundred thousand four hundred and two dollars (\$400,402.12). The average per square foot, One dollar and fifty-seven cents (\$1.57).

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

The major factor is the fact that the company was enabled as a result of building its own building to design all of the space in the building exactly in accordance with the requirements of the company.

10

And most of the space that is presently occupied by the Company reflects that condition of design.

The space which is occupied by tenants on the floors from the Eleventh up is first class commercial office space.

20

The space from the Tenth Floor down to the Ground and including the basement is, in my opinion, ideally suited to the requirements of the Sun Life Company and very effectively used.

There are units of space in that area which are rented at the present time. I think it likely that in time all of the space in the lower floors will be used by the Sun Life Company. And certainly whether or not they use all of the space, that space which is used or which may later be used in the lower areas is, I think, One hundred percent (100%) suitable for their requirements.

30

The next factor is the fact that the company as owner of the building is privileged in the future to make provision for the company's needs for additional space by removing tenants that now occupy that space.

I don't think that factor can be over emphasised.

40

It is a know fact that on two occasions the company underestimated its requirements with regard to the future, and if the immediate needs of the company do not indicate the necessity for additional space there is the possibility that time will ultimately bring about that need; and we have considered that as an important factor.

The President:—

You are more optimistic that the company itself. I don't wish to criticize. . . .

The Witness:—

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

It is merely an opinion based on such information as we were able to obtain and we did try to obtain as much information as we could.

- 10 The third factor is: the Company benefits from the exclusive use of certain features and equipment in the building which are not available to tenants.

20 The kitchen freight elevator and electric push button private elevator and one passenger elevator in Bank "A" used for distributing inter-departmental mail. That is a high-speed elevator that is exclusively used by the Sun Life Company for distributing mail to the various floors and to the various departments. And, so far as I know, that is for the exclusive use of the company.

It has been said, and I think we mention it in the report, that in cases of emergency that elevator can be brought into service for passengers; actually in practice it is there for the use of the company.

30 Having estimated the rentable area in the building under the heading of "Occupied by Tenants", we found Two hundred and seventy-nine thousand two hundred and fifty-two square feet (279,252); "Occupied by the Sun Life " Four hundred and twenty-four thousand six hundred and thirty-five (424,635) square feet; vacant space, Thirty-two thousand and seventy-six (32,076) square feet; vacant unfinished Eight-seven thousand three hundred and eighty-eight (87,388) square feet.

Total Eight hundred and twenty-three thousand three hundred and fifty-one (823,351) square feet.

- 40 The estimated annual income for the tenant occupied space, Four hundred and seventy-four thousand and seventy-three dollars and twenty cents (\$474,073.20).

Owner occupied space, Eight hundred and thirty thousand three hundred and sixteen dollars (\$830,316.).

Vacant space, One hundred and ninety-two thousand and fifty-five dollars and twenty-five cents (\$192,055.25).

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

Total—One million four hundred and ninety-six thousand four hundred and forty-four dollars and forty-five cents (\$1,496,444.45).

- 10 The estimated rental on a square foot basis amounts to —for the tenant occupied space, One dollar and seventy cents (\$1.70). — owner-occupied, One dollar and ninety-six cents (\$1.96) . . . Vacant space, One dollar and sixty-one cents (1.61). Average for all space, One dollar and eighty-two cents (\$1.82).

On page 38 of our report we refer to the economic value of the property, meaning the value that would be reflected in a yield or return for use of the property.

- 20 It is a fact that properties may normally be treated in two classes, and I think that the line of departure is pretty clearly defined.

One type of property is erected solely for the purpose of bringing income to the owner, and in that category we find some correctial, stricly commercial, office buildings apartment buildings, duplexes, flats.

- 30 The other type of building is a building for the purpose of providing a home for the owner-occupant. That may be in the nature of a private home occupied as a residence, a business and home occupied for business purposes, an industrial home.

The Sun Life Company erected a head office building which was intended to provide a future home for that large organization. And in doing that they have selected a type of architecture which has withstood the test of time for some two thousand (2,000) years.

- 40 They selected materials which are less likely to deteriorate over a long period, and they produced a home which is really in a class by itself and cannot be compared by ordinary standards with any other building in this city.

In doing that, the company did not, obviously, give consideration to money income as the prime factor motivating its action. The prime factor had to do with the use of the building, the advertising value of the building, the prestige which that building would bring to the Company.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

Because of that, while Mr. Desaulniers and I gave very careful consideration to the income from the property, we considered it on the basis of a recuperation of expense. Or a yield to the company from that part of the building which is presently
10 rented or which might in the future be rented.

I mentioned this because it is customary in valuing strictly commercial buildings to consider income and the capitalized income. To do that in connection with a non-investment institutional type of property would produce a false report. I don't think that income for such a type of building can reasonably be capitalized in anything like the same manner as one would do for a strictly commercial type.

20 In considering the money income which would reflect a yield to the company, we valued the rentable space in the manner which I have already explained.

Not only the space that is presently rented, but the vacant space and the owner occupied space.

30 And as a result of that we arrived at an estimated rental value for Eight hundred and twenty-three thousand three hundred and fifty-one square feet (823,351) of rentable area, One million four hundred and ninety-six thousand four hundred and forty-four dollars and forty-five cents (\$1,496,444.45).

That figure and the manner in which it is arrived at is shown on page 9 of the Book of Exhibits which is by far the most important page in the book.

40 On this page is summarized all of the statements which appear from page 10 of the exhibits, starting with the third basement, to page 65, referring to the rentable area on the Twenty-fourth floor.

I think that the points I wanted to refer to in connection with this statement on page 9 have already been dealt with in the course of my testimony, Mr. Chairman.

The figure of One million four hundred and ninety-six thousand four hundred and forty-four dollars and forty-five cents (\$1,496,444.45) being the estimated total income, is the figure which is shown on page 40 of the report.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

From that amount we made an allowance for vacancies of five percent (5%) of the estimated income from tenant occupied and vacant space, amounting to Thirty-three thousand three hundred and six dollars and forty-two cents (\$33,306.42).

10

The allowance of Five percent (5%) for vacancies requires some explanation.

In strictly commercial buildings it is the practice to estimate vacancies at ten percent (10%). In the Sun Life Building there are factors which do not exist in any commercial building. Particularly with regard to vacancies.

20

First, the Sun Life Company occupies fifty-one percent (51%) of its building and if the company continues to grow, as it has constantly over a period of seventy-one (71) years, it will through time require additional space.

That being so, the company is in a favourable position to absorb vacant space, more favourable than would apply in a commercial building.

30

The areas in the building which are rented are mostly rented, at least a good portion of the rented space is, to tenants occupying quite large areas, and in our opinion are more likely to be permanent in the building that would apply in the case of smaller tenants.

I have a statement indicating the relationship between the large tenants in the building.

40

This statement, which I will file as Exhibit D—37, is a list of the tenants occupying the largest areas in the Sun Life Building—the Sixth to the Twenty-first floors inclusive.

The Aluminum Company occupy three (3) complete floors the Seventeenth, the Eighteenth and Twenty-first; and Fifteen thousand seven hundred and thirty-four (15,734) square feet on the Sixth Floor; Three thousand two hundred and eighty (3,280) square feet on the Eight floor—a total of Seventy-five thousand nine hundred and sixty-six (75,966) square feet, for which they pay an annual rental of One hundred and twenty-seven thousand two hundred and twenty-five dollars and nine-

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

six cents (\$127,225.96), equal to One dollar and sixty-seven cents (\$1.67) a square foot.

10 Military District Number Four occupies Thirty-six thousand seven hundred and seventy-seven (36,777) square feet at a rental of Forty-eight thousand three hundred and forty-eight dollars and seventy-six cents (\$48,348.76), equal to One dollar and thirty-one cents (\$1.31) per square foot.

These two figures are significant in connection with the reference I made before to the fact that some rentals in the building are sub-standard.

20 M.D. 4 is paying less for space than its actual value, and that applies to some other tenants.

And under the formula which we used the sub-standard rentals as estimated are brought up to the normal rental and the then standard rentals are reduced to the normal level.

30 The statement shows a group of other tenants I don't think it is necessary to refer to them individually, but the total area rented to tenants occupying more than eighteen hundred (1800) feet of space amounts to Two hundred and nineteen thousand three hundred and forty-seven thousand (219,347) square feet; the total rental Three hundred and forty-two thousand nine hundred and eighty-eight dollars and fifty-six cents (\$342,988.56); average, One dollar and fifty-six cents (\$1.56) per square foot.

40 Having observed the manner in which these large companies have equipped themselves in the space which they occupy we came to the conclusion that there would be less likelihood of most of the large companies moving out of the space than there would be in the case of smaller tenants.

It is fair to say that that would not necessarily apply to M. D. 4, although even in connection with M.D. 4 it is possible that the requirements of our Government may be such at the conclusion of the war that space now occupied for military purposes will be in demand for at least some little time after the cessation of hostilities.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

In the meantime no office buildings are being erected, and the normal demand for office space as for other kinds of space in growing cities develops with the growth of the city. There have been no office buildings erected in the uptown area for some
10 time and there will not be until the conclusion of the war.

So I think it fair to suggest that the space that may be made vacant by reason of Military Departments, Government Departments, moving out at the conclusion of the war will be absorbed in part or possibly in full by reason of the growing demand that normally comes in a city, for which there is no corresponding supply.

20 Primarily, however, in allowing five percent (5%) for vacancies, we considered the possibility of the Sun Life Company moving into or growing into or extending into space which may from time to time become vacant.

To estimate the operating expenses there are two courses open to us. One was to accept the figures supplied by the Sun Life Company, which are intended to reflect the average expenditures of the company over a period of years.

30 To do that I think would almost be a breach of the trust was given to us, because we are expected to approach a valuation from an entirely unbiased viewpoint and to apply factors of value based upon general experience rather than the expenditures of the owner of the property.

And in order to do that we considered the figures, the index costs, supplied by the National Association of Building Owners and Manager.

40 Although that Association is primarily American in character with headquarters in Chicago, there are in Montreal quite a number of members, and at various times buildings in Montreal have supplied the Association with estimates of operating costs.

That also applies to building owners in what is known as the New England District, which takes in Boston and the intervening section between here and Boston where operating expenditures would be considered to be somewhat similar.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

On page 37 of our report we show estimated cost of services rendered in office buildings derived from Experience Exchange reports for the years 1938 to 1941 prepared by the Accounting Committee of the Association.

10

The President:—

Q.—Did you completely disregard the actual Sun Life figures?

20

A.—No. We considered these figures very carefully and will show how they have compared. I have not the Sun Life figures here, but Mr. Desaulniers will cover that point. He had more to do with the operating statement than I did. He will show that the figures arrived at under the Experience Exchange are comparable in most cases with the Sun Life figures.

In considering this report we were guided by reports for the New England region in 1938 and the report or reports for five buildings in Montreal in 1938, and we find that there was a certain difference in the operating expenses of buildings in Montreal as compared with New England in the 1938 period.

30

In the 1941 period there were only three buildings from Montreal included.

We do not know what those buildings were. It is private information which the Association does not divulge.

By Mr. Geoffrion, K.C.:—

I object to all this again. It is all hearsay.

40

The Witness:—

The difference which was reflected in the Experience Exchange assessment in 1938 as between the New England region and the Montreal region was applied to the 1941 index costs.

The President:—

I am a little disturbed by the admission that you don't know what buildings were taken as models to support this.

The Witness:—

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

As I mentioned, Mr. Desaulniers had more to do with the operating statement than I did and he will show how we considered not only the figures supplied by the Sun Life, but the experience of other buildings as reflected in the Experience Exchange, and our own personal experience in connection with the operating of buildings.

I would only say this: that our principal reason for considering experience outside of Montreal, as we did with regard to the Sun Life Building, had to do with the fact that there is nothing in Montreal which can be readily compared.

By the President:—

20 Q.—Is there nothing in some other nearby city comparable to the Sun Life Building?

A.—There is New York, although we did not consider operating expenses in New York.

By Mr. Hansard:—

Q.—It is only one of three approaches?

30 A.—This requires some explanation, and we have endeavored to explain it exactly as we used these tables. The report covers that.

By Mr. Seguin:—

Q.—You have qualified some of these figures, Mr. Mills?

A.—Yes.

40 Q.—And you had to qualify some, or change some, Mr. Mills?

A.—Under our inventory notes on page 37.

The President:—

If Mr. Desaulniers is going to talk on this, you had better pass it off.

The Witness:—

We have listed then the estimated expenses, estimated in accordance with the Experience Exchange Reports, and it shows at page 40 of our report.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

Under the heading of Insurance — and these estimates were obtained from actual amounts spent by the Sun Life Company — Fire Insurance: this building is insured for One million dollars (\$1,000,000) for which the premium for three years is
10 Three thousand six hundred dollars (\$3,600), one year Twelve hundred dollars (\$1,200.)

Power house and garage is insured for Eight thousand dollars (\$8,000) — premium three years One hundred and sixteen dollars (\$116), one year Thirty-eight dollars and sixty-seven cents (\$38.67).

Public Liability insurance: the company carries public
20 liability insurance for damages of Fifty thousand dollars (\$50,000) and One hundred thousand dollars (\$100,000), for which the actual premium is Six hundred and forty-seven dollars and thirty cents (\$647.30) for three years.

By the President:—

Q.—Do you see any useful purpose in repeating these? It
is all there.

30 Unless you have some remarks to make.

The Witness:—

I find it difficult to know where to stop reading, because it is a lengthy report. There are a lot of features in it and it is not easy to drop a part and pick up the threads.

Perhaps I might refer briefly to depreciation.

40 We applied a considered rate of depreciation of One percent (1%) per annum, to the office building, power house, and equipment. We considered the remaining economic life of each building based upon their age.

By the President:—

Q.—Did you make any distinction between the power house?

A.—No. And in that connection we would like to say the reason we did not.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

The power house is so constructed that it has an economic life equal to that of the office building. The equipment which is contained in the Power House building had it not been placed in a separate building, would have been in the office building.

10

The table of depreciation which appears in the City of Montreal manual sets up the standard of depreciation for "A" class buildings.

That Manual, on it there is a qualifying note at the bottom to the effect that that table of depreciation is intended as a guide. Perhaps I should read the note:—

20

"The above represents the estimated structural depreciation for a building kept in an ordinary state of repair. Buildings in use are not depreciated more than seventy-five percent (75%) of the cost of present day construction. Allowance for obsolescence is not included in the above Schedule".

By Mr. Geoffrion, K.C.:—

Q.—That is all it says, is it?

30

A.—The table under the heading "Building of Reinforced concrete or steel, frame and solid construction," giving an estimated maximum life of one hundred (100) years, and at the expiration of thirteen years the building, under this table, would be depreciated Sixteen, point four percent (16.4%).

Under our estimate the two buildings and equipment would be depreciated at the end of thirteen (13) years, Thirteen percent (13%).

40

And that, Mr. Chairman, I do not think is inconsistent with the quality of the building.

The best example of that, I think, has to do with two features: granite on the outside, which is a non-weathering stone which at the end of fifty (50) or one hundred (100) years so far as exterior service is concerned would not have deteriorated anything like the extent of limestone or sandstone.

And the other factor has to do with the bronze windows and window frames.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

The windows and frames of the Sun Life Building are of bronze. I do not know of any other building in Montreal that that can be said of.

The Royal Bank Building windows by comparison are of
10 steel and deterioration is much more rapid.

And so we concluded that to apply the table of depreciation in the City of Montreal Manual to the Sun Life Building based on the same base as other good office buildings would not be correct. We considered one percent (1%) would be correct.

We have depreciated the office building and the power house on the basis of one percent (1%) amounting to One hundred and seventy-one thousand eight hundred and fourteen dollars and
20 ninety-seven cents (\$171,814.97).

The net income from the property Four hundred and thirty thousand five hundred and eighty-three dollars (\$430,583).

I referred to certain features about the building which we classed as amenity features. Features that are non-existent in other office buildings in Montreal, or if they are existent to an extent in certain buildings they are not to the same extent as in the Sun Life Building, and I will endeavour to explain that.
30

The height factor:

Mr. Perry has estimated the excess cost of steel due entirely to the additional height of the building at Six hundred and seventy thousand dollars (\$670,000).

The excess cost of Stanstead granite used on the exterior walls as compared with limestone, Eight hundred and forty thousand dollars (\$840,000).
40

The ornamental features which are associated with the classic style of architecture, which again is not found in any other office building in Montreal of anything like that size, Nine hundred and fifty-two thousand dollars (\$952,000).

By the President:—

Q.—This is all in Mr. Perry's report?

A.—Yes.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

Q.—The total excess cost war Four million six hundred and eighteen thousand five hundred dollars (\$4,618,500)?

A.—That's correct.

Q.—You have nothing to add?

10 A.—No. Mr. Perry is our authority for that amount.

Q.—And the same thing applies to the extra cost of finishing certain units of owner occupied space?

A.—That's right.

Q.—That brings us to the middle of page 44 of your report?

A.—The extra cost of finishing certain units of owner-occupied space, we considered in a different category than the amenity features.

20 It was due to the extra cost of finishing that space that we estimated the rental for the owner occupied space at a higher rate than for the tenant occupied space. There were features about the finishing of that space that were peculiar to it.

By Mr. Seguin:—

Q.—There are two classes of things on your report at pages 41 and 42. Is the first class included only rental value?

A.—No.

30 Q.—The second is?

A.—Yes.

Q.—And as to the first class as amenities, you will refer to that later?

A.—That's right.

Q.—On page 44 will you tell this Board which way you make the correlation of the several factors, amenities, rental value, and replacement cost for the value of the building on the property?

A.—That is dealt with on page 45 of the report in which we recite factors "A" to "I".

40 Q.—Have you any remark to make concerning the Three million nine hundred and ninety-five thousand one hundred and two dollars and fifty cents (\$3,995,102.50) on page 44?

You have present capital values of amenities. Why do you put that figure? What do you intend to show with this amount?

A.—We are intending to show features in connection with the Sun Life Building that are different from this point than

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

in any other office building, which were included for the express
purpos of producing a monumental and large type of structure
which would bring prestige and advertising value to the com-
pany, and which in round figures we have estimated at Four
10 million dollars (\$4,000,000).

Q.—On page 46 of the report—see that you are going over
on page 45 and 46. You are giving many factors, the most im-
portant of which I think is paragraph (k) in which you sub-
tract fifteen percent (15%) out of your figure for certain
reasons.

Will you tell the Board why you take fifteen percent
(15%) from the figure you arrived at as representing the real
20 value of the property?

A.—If the Sun Life Company, as was originally contem-
plated, had occupied all of the space in its building, it would be
obtaining value and use equal to the actual money spent.

The records show that the company ultimately intended
to use all of the space, but as at December 1st 1941 it had not
done so, and there was no indication that they would do so within
a short time.

30 As a result of that it was necessary for the company to
dispose of certain space in the building which they have done
at rentals below the intrinsic value of the space, based upon the
cost of producing the space, and inasmuch as they are not en-
joying the full benefit that was anticipated when the building
was erected, we considered it fair to make some allowance
for that, and the amount we decided upon was fifteen percent
(15%).

40 That, Mr. Chairman, is intended to compensate not only
for the loss of income but for all of the factors which would
tend to produce that loss of income.

Reference has been made to functional operating of the
building.

The lower floors of the building which are occupied by
the company or are reserved for the company, are in my opi-
nion one hundred percent (100%) functional for that purpose.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

The upper floors, from the Elevent up, are One hundred percent (100%) functional as commercial office space with the single exception—and now I am considering it from the point of view of income — a building with granite exterior and bronze
10 trimmings and with the ameliorations incidental to the classic style of architecture would not necessarily tend to increase the income from the upper floors.

If that part of the building had been built as other buildings, the income would have been primarily the same.

By Mr. Seguin:—

20 Q.—In other words you have found the real value of the property, and after that you took fifteen percent (15%) out owing to the fact that there is some part of the building not occupied for the purpose for which it was built?

A.—And for all the factors. We refer in our report that they have provided for more elevator shafts than exist at present and will exist, and they have certain space designed for utility elevators which is more than adequate for the present population.

30 And taking these factors into consideration we arrived at fifteen percent (15%) reduction from the reproduction cost of the building.

Q.—And after the fifteen percent (15%), will you state your final conclusion for both properties.

A.—Our final conclusion is that the land on which the office building is erected is worth Eight hundred and forty-four thousand dollars (\$844,000).

40 The office building and equipment, Fourteen million four hundred dollars (\$14,400,000).

The land on which the power house is erected, Eight-six thousand dollars (\$86,000).

The power house building and equipment, Four hundred and seventy thousand dollars (\$470,000).

Total value, land and buildings, Fifteen million eight hundred thousand dollars (\$15,800,000).

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

By the President:—

Q.—Had you any other exhibits to file showing the ratio of rentable area between the Sun Life Building and some other office buildings in Montreal?

A.—Yes, I have.

By Mr. Hansard:—

Q.—Where is the information on which these are based, drawn from?

A.—We have in the statement which I will file figures taken from the reports of Mr. J. J. Perrault and Mr. Brian F. Perry, to show the gross floor areas estimated by those gentlemen in the Sun Life Building.

And we have also the net rentable area per square foot estimated by Mr. Desaulniers and myself.

The conclusion arrived at is, using Mr. Perrault's estimate of gross floor area, which is slightly above Mr. Perry's, the net rentable area in the Sun Life Building is equal to Sixty point sixty-eight percent (60.68%) of the gross.

Using Mr. Perry's estimate of the gross floor area to net rentable area is equal to Sixty-one point three percent (61.3%) of the gross.

By Mr. Seguin:—

Q.—Only Mr. Perrault's and Mr. Perry's are of record, will you produce as your conclusion the Exhibit D-38?

A.—Yes.

Q.—Have you some comparison with other buildings Mr. Mills?

A.—I have a statement in connection with The Royal Bank Building prepared to indicate the same comparative figures as we mentioned in the case of the Sun Life Building.

By Mr. Hansard:—

Q.—By whom? Where did the information come from?

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

By Mr. Seguin:—

10 Q.—As to the Royal Bank. Which is the proof made by Mr. Cartier.

Mr. Hansard:—

Is it in the record already?

Mr. Seguin:—

Yes. The proof made by Mr. Cartier, and Mr. Tasse and Mr. Houle was to establish the basis of this document.

20 Mr. Hansard:—

Subject to the same objection as to the other evidence.

The Witness:—

30 The gross floor area in the Royal Bank Building estimated by the Technical Service Department of the City, Three hundred and thirty-five thousand four hundred and Sixty-three (335,463) square feet.

The net rentable area as declared by Mr. William Reid, Manager of the Building (Royal Bank) before this Board, is Two hundred and twenty-nine thousand eight hundred and eleven (229,811) square feet. The net rentable area is equal to Sixty-eight point five percent (68.5%) of the gross area.

By Mr. Seguin:—

40 Q.—Will you produce that as Exhibit D-39?

A.—Yes.

Q.—Was there some other statement or exhibit that you had in mind to produce in explanation of your report?

A.— The Dominion Square Building, the comparison of gross floor areas and net rentable areas. The gross floor area was again supplied by the Technical Service Department of the City of Montreal, as Four hundred and five thousand nine hundred and thirty-six (405,936) square feet.

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

The net rentable areas as declared by Mr. B. C. Empey, manager of the Dominion Square Building is Two hundred and seventy-six thousand and fifty-one (276,951) square feet.

10 The net rentable area is equal to Sixty-eight point two percent (68.2%) of the gross area.

Mr. Hansard:—

I submit that that is an irregular way of bringing proof.

The President:—

20 Under reserve.

By Mr. Seguin:—

Q.—Will you produce this as Exhibit D-40?

A.—Yes.

I file a plan in connection with the space in the Dominion Square Building. This one (another) is the Royal Bank Building.

30 Q.—Will you produce that as Exhibit D-41?

A.—Yes.

Mr. Hansard:—

I object to the production of these plans.

The Witness:—

40 Here is a comparison of the actual and equivalent areas of seven typical floors of the Sun Life Building and one typical floor, being the Seventh, of the Dominion Square Building, and the conclusions arrived at from this statement are as follows:

Mr. Hansard:—

Same objection.

The Witness:—

H. MILLS — (Recalled for the City of Montreal) Exam. in chief

The total actual area in seven typical floors of the Sun Life Building, One hundred and sixty-six thousand three hundred and eighty-nine (166,389) square feet.

10 In referring to actual area I should qualify that by saying “actual rentable area”, and the total equivalent area One hundred and forty-three thousand five hundred and thirteen (143,513) square feet.

The equivalent area is Eighty-six percent (86%) of actual area.

20 By comparison, on the Seventh floor of the Dominion Square Building the total actual area is Twenty-six thousand nine hundred and twenty-three (26,923) square feet, and the total equivalent area Twenty-two thousand four hundred and eighty-seven (22,487) square feet. The equivalent area in the Dominion Square Building is Eighty-three percent (83%) of the actual area.

30 This statement also shows the actual rentable and equivalent areas of floors Sixth to Tenth in the Sun Life Building, where the equivalent area is Eighty-three percent (83%) of the actual area.

The functionalism of a building is clearly indicated by the relationship between actual rentable area and equivalent area because in order to arrive at equivalent area it is necessary to consider all of the factors which will tend to either enhance or detract from the value of the standard unit.

40 And if a comparison is to be made as to functionalism there is no more thorough or accurate manner in making the comparison than the actual and equivalent areas as estimated under Sheridan-Karkow...

By Mr. Seguin:—

Q.—Will you produce this please as Exhibit D-42?

A.—Yes.

Q.—The figure you arrived at in your measurements corresponds to the figure by Mr. Reid under oath yesterday?

A.—Yes. Not One hundred percent (100%). Maybe One or Two percent (1% or 2%) different.

H. MILLS (for the City of Montreal) Examination in chief.

By Mr. Hansard:—

Q.—And there is more material on that plan than Mr. Reid testified to?

10 A.—Yes. He had nothing to do with the dimensions.

Mr. Hansard:—

I object to the production of that plan.

By Mr. Seguin:—

Q.—All of the remarks (measurements) on the plan were made by you and Mr. Desaulniers?

20 A.—Yes, and checked.

By Mr. Hansard:—

Q.—Checked with the Royal Bank of Canada?

A.—No, on the Plan.

And further for the present deponent saith not.

30

J. G. Harrington,
Official Court Reporter.

(End of Testimony for 9th April 1943)

DEPOSITION OF HAROLD MILLS

40 On this Twelfth day of April in the year of Our Lord One thousand nine hundred and forty-three, personally came and re-appeared: Harold Mills, a witness already having testified for the City of Montreal, continues his testimony as follows:—

Examined by Mr. Seguin, attorney for the City of Montreal:

Q.—In view of the evidence given by Mr. Empey concerning the rents paid on certain floors of the Dominion Square Building, did you prepare a statement which modified the figure in your report?

A.—I did.

H. MILLS (for the City of Montreal) Examination in chief.

On page 34 of our report, the total annual rental for the Seventh Floor of the Dominion Square Building is given as Thirty-nine thousand seven hundred and ninety-one dollars and sixty-three cents (\$39,791.63).

10

The statement which I have prepared is based on the rentals declared by Mr. Empey in his testimony before the Board in which he stated that as at December 1st 1941 the total areas rented on the Seventh Floor was Twenty-two thousand Two hundred and twenty-seven (22,227) square feet, and the total rental paid, Thirty four thousand four hundred and sixty-six dollars and fifty cents (\$34,466.50).

20

He also stated that the total area vacant on December 1st 1941 was Four thousand six hundred and seventy-three feet (4,673), and the value at One dollar and thirty cents a foot (\$1.30) — total Six thousand and seventy-four dollars and ninety cents (\$6,074.90).

30

From these two statements of Mr. Empey I concluded that the rental of the Seventh Floor, including the rented and vacant space, amounted to Forty thousand five hundred and forty-one dollars and forty cents (\$40,541.40), and the amount mentioned on page 41 of our report should be corrected accordingly.

The rental per square foot of actual area would amount to One dollar and fifty cents (\$1.50) instead of One dollar and forty-eight cents (\$1.48) as shown in the report, and the rental per square foot of equivalent area, One dollar and eighty cents (\$1.80) instead of One dollar and seventy-cents (\$1.77).

By Mr. Seguin:—

40

Q.—Have you supplied these figures on a statement which you will produce?

A.—Yes.

Q.—Will you produce that as Exhibit D-43?

A.—Yes. That correction should also be made to page 69 of our book of exhibits where the total annual rental is said to Thirty-nine thousand seven hundred and ninety-one dollars and sixty-three cents (\$39,791.63) and which should be corrected to read Forty thousand five hundred and forty-one dollars and forty cents (\$40,541.40).

H. MILLS (for the City of Montreal) Cross-examination.

Cross-examination by Mr. Hansard, attorney for the Complainant:—

Q.—We have a lot of territory to cover, Mr. Mills, and
10 first of all on your experience.

I believe you said you personally had organized Westmount Realty Company in 1909? Correct?

A.—Yes.

Q.—And you have been continuously with the Westmount Realty Company since that time?

A.—Yes.

20 Q.—And still are?

A.—Still am, yes.

Q.—The principal business of the Westmount Company is real estate agents?

A.—Real estate agents, which embraces selling, renting and managing properties of various types.

Q.—Where is the office of the company — on Greene Avenue in Westmount?

A.—1367 Greene Avenue.

Q.—Westmount?

30 A.—Yes.

Q.—Westmount is a residential section of Montreal?

A.—A separate municipality.

Q.—It is a residential municipality?

A.—Correct.

Q.—You are engaged in selling and managing and. . .

A.—Selling, renting and managing properties.

Q.—What type of properties, speaking generally?

40 Is it not true that the majority of properties you sell and rent are residences?

A.—Yes, I would say the majority of properties that we sell and rent are residences.

Q.—So far as managing properties, what properties are you talking about?

A.—I would refer to residential properties including duplex dwellings and apartment houses, commercial properties, involving stores, a theatre in one case, an apartment house, and office buildings including the Gatehouse Building which we manage, Canada Cement Building for which we have been rental

H. MILLS (for the City of Montreal) Cross-examination.

agents since 1936, and the Drummond Building for which we have been managers since 1939.

Q.—You make a distinction between the Canada Cement Building and the Drummond Building. You are rental agents
10 for the Canada Cement Building?

A.—Yes.

Q.—And the Drummond Building you are building managers?

A.—Yes.

Q.—And operate for the owner, in other words?

A.—We do.

Q.—Are there any other office buildings that you manage?

A.—No other large office building. There are one or two
20 smaller ones. One on St. Paul Street.

At one time we were rental managers for the Insurance Exchange Building.

Q.—How long ago?

A.—Several years ago.

Q.—That is very vague. You must remember it.

A.—I would say it would be about '24 or '25.

Q.—That was when you ceased to be manager, or you
30 were manager for one year?

A.—I should have said around '35.

Q.—Just for the one year?

A.—Yes. About one year.

Q.—You yourself are not an architect, are you Mr. Mills?

A.—No, I am not.

Q.—You are not a building contractor?

A.—No. Although I have built some properties.

Q.—Yourself?

A.—For myself. I have supervised the construction.

40 Q.—What kind of properties?

A.—Residential.

Q.—I understand that in your report where you have used figures, as for instance pages 21 to 26 inclusive where you have used figures, relating to cost and replacement costs, you have relied on information offered by Mr. Perry and Mr. Fournier and the Sun Life Company itself?

A.—That is correct.

Q.—You don't profess to be an expert yourself on building
costs?

A.—No, I cannot claim that distinction.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—Now, you stated that you had been interested in appraisal for twenty years and you mentioned, I think, you had done work for the City of Montreal on the Decarie and Girouard Avenue expropriations?

10 A.—Correct.

Q.—Decarie and Girouard Avenues are streets in the residential part of the City?

A.—Yes, Notre Dame de Grace.

Q.—And run generally through residential sections?

A.—Yes.

Q.—You also stated that you had done appraisals for Westmount and Hampstead?

A.—Yes.

20 Q.—Hampstead is also a residential district?

A.—Yes.

Q.—What appraisals on office buildings have you done?

A.—Insurance Exchange Building.

Q.—That is the only one?

A.—Yes, outside of the Sun Life Building. That is, in the way of a large building.

Q.—What is the next largest?

A.—I have not made any appraisals of strictly office buildings outside of the Insurance Exchange Building and the Sun Life Building.

30 Q.—And you did that in 1936, you told us?

A.—Yes.

Q.—And as a matter of information, were you acting for the City or the owner?

A.—For the owner.

Q.—Did you use the Sheridan-Karkow formula in this case?

A.—No, I did not use the Sheridan-Karkow formula. But I used a formula that was somewhat similar. I did not know of the Sheridan-Karkow formula at that time.

40 Q.—Did you proceed in the same manner in that case to determine the value of the building, as you professed to have in this case?

A.—I considered the value in that case on the basis of reproduction cost, less depreciation, less obsolescence, and I also considered the income from the property actual and potential, which income was capitalized at six percent (6%), and correlating the two factors I arrived at a valuation.

Q.—So that I may understand you, you used the term “co-relating”. What do you mean by co-relating the two factors?

H. MILLS (for the City of Montreal) Cross-examination.

A.—Well, having determined an indicated value based on reproduction cost and a certain indicated value based upon income, it is customary to consider these two factors and determine to what extent it reflects the real value of the property.

10 Q.—And in the Insurance Exchange Building cost, did you take into account the commercial value, or the value based on income?

A.—Yes.

Q.—In arriving at your valuation?

A.—Definitely.

Q.—You cannot give me any other large office buildings that you may have appraised apart from the Insurance Exchange.

A.—No.

20 Q.—In the Insurance Exchange Building you say you considered the replacement cost, plus depreciation, less obsolescence factor. Did you work in that case as in this — on cost figures supplied to you by someone else?

A.—Yes.

Q.—Did you use a table for depreciation in that case — the Insurance Exchange case?

A.—Yes, I used a rate of One and a half percent ($1\frac{1}{2}\%$).

Q.—That is for physical depreciation?

A.—Correct.

30 Q.—Was that the table in the Parent Manual?

A.—No, not exactly.

Q.—Was it a straight line or a curve?

A.—A straight line, One and a half percent ($1\frac{1}{2}\%$).

Q.—The Sheridan-Karkow formula is designed only for use in office buildings?

A.—Yes, commercial office buildings primarily.

40 Q.—Now, to turn for a moment to your report, commencing on page 5, you speak of character and trend in the neighborhood in which the Sun Life Building was erected and you enumerate some buildings there which were built in the period immediately preceding the depression.

A.—The period 1920 to 1920.

Q.—That is the entire period?

A.—Yes, that is mentioned there.

Q.—You make a distinction between uptown and downtown in your report in this connection.

Where do you say “Uptown” ends and “Downtown” begins?

II. MILLS (for the City of Montreal) Cross-examination.

A.—I think downtown is bounded on the North by Craig Street and uptown is bounded on the South by Dorchester Street, and the section in between is midway.

10 Q.—Just roughly looking at the place you enumerated on page 5 of your report, it lists the Bell Telephone and the C.I.L., might be said to be in the midway section?

A.—Yes.

Q.—As far as “downtown” is concerned, it is your opinion that the trend was started from downtown and towards the uptown section?

A.—In respect of office buildings, I would say that, yes.

20 Q.—In respect of office buildings during the period in question, on page 5 of your report, were any buildings completed in your downtown section?

A.—Yes, The Royal Bank Building, the Aldred Building.

Q.—When was the Insurance Exchange Building built?

A.—1924.

Q.—Was that during the same period — it was, was it not?

A.—Yes.

Q.—Any others?

A.—Montreal Tramways Building, 1929.

Q.—What about the Montreal Light Heat & Power?

30 A.—I have the Montreal Tramways. I am only referring to a list I have.

The Star Building in 1929 and 1930.

There may be others. These are the only ones I have noted.

Q.—So far as the trend is concerned, do you know the land value — the land on which the Royal Bank Building is built for instance, at the present time?

40 A.—I know what was paid for it and I know what it is assessed at.

Q.—Is it assessed at somewhere in the neighborhood of Thirty-five dollars (\$35.00) a square foot?

A.—Thirty-one dollars and ninety cents (\$31.90).

I think that is correct.

Q.—As compared with the value you have placed on the land for the Sun Life Building you have something in the neighborhood of Ten dollars (\$10.00).

A.—Nine dollars and twenty cents (\$9.20).

H. MILLS (for the City of Montreal) Cross-examination.

Q.—Will you tell me this, Mr. Mills, do the uptown office buildings and the downtown office buildings compete for business?

A.—Yes.

10 Q.—Quite definitely they do?

A.—Yes.

Q.—I think you said there had been over expansion uptown so far as office space was concerned.

A.—Yes. I pointed out that these twelve buildings mentioned on page 5 of our report, all erected in the period 1920 to 1930, tended to bring into the uptown area a great over-supply of rentable office space, with the result that competition developed at the same time to reduce prices.

20 Q.—And that competition was composed not only in the uptown, but in the downtown buildings as well?

A.—Yes, to a lesser extent.

I should say this. In mentioning there is competition between downtown and uptown, I had in mind the fact that tenants from the downtown area have moved to the uptown area.

Q.—Do you know of any occasion where the reverse is the case?

30 A.—No, I don't.

Q.—But you would not be prepared to say it was not?

A.—No. I would not say it was not. But I think it is more from downtown to uptown.

Q.—You stated that so far as you are aware most of the uptown office space was full?

A.—As at December 1941.

Q.—It was not entirely full because we have had some evidence as to the contrary.

40 A.—I think the rate of vacancy at that time was about nine percent (9%) according to the Montreal Building Owners and Managers Association.

Q.—And that was not only for uptown, but included downtown as well?

A.—Yes, I think it did.

Q.—In addition to that, in the same building we are considering there is a substantial amount of vacant space unfinished that may be finished for tenants if tenants were offering to rent?

A.—Correct. Pardon me, I think that should be qualified.

Q.—Are we not offering enough?

H. MILLS (for the City of Montreal) Cross-examination.

A.—Tenants are very much in evidence at the present time for rentable space in office buildings, but I think the obstacle in the way of providing that space has to do with the restrictions in building and finishing space.

10 Q.—You don't think that if a tenant offered for one of the vacancies in the Sun Life Building that can be rented, that they would be able to finish the space?

A.—I think they could, particularly if it was a tenant having to do with the war industry.

Q.—But without that?

A.—No, I am not sure.

Q.—You would not be prepared to make a definite statement?

A.—No.

20 Q.—On war tenancies in office space generally in Montreal, a large amount of space is being occupied either by Military units or by Government offices or by companies that have been organized purely for war purposes?

A.—That is correct.

Q.—You stated that there was a possibility according to you that these tenancies might continue for a considerable period after the actual ending of hostilities?

A.—That was my opinion.

30 Q.—If you are wrong in that opinion the fact of the matter is that all that space will be thrown on the market as rentable area?

A.—If I am wrong, yes. The space will be on the market.

Q.—And, naturally, that is only one man's opinion that that will continue indefinitely after the war.

A.—Correct.

Q.—In your evidence you stated, and I think it is in your report as well, that real value for you means utility value?

40 Mr. Seguin:—

Where is it in the report?

Mr. Hansard:—

I have it in a note here. He said it in his evidence.

Q.—Did you say that or not?

A.—Yes, I said that. I think I qualified it, Mr. Hansard.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—And you went on to refer to certain benefits enjoyed by the Sun Life as the permanent occupant of the building?

A.—Yes, I did.

Q.—One of those was permanency of address?

10 A.—Yes.

Q.—How long does an address have to last to become permanent?

A.—Well, in referring to permanency of address I mean that the Sun Life Company as owner-occupant of its building was not subject to removal from that building in the same way as a tenant in the building would be subject to removal.

Q.—So that any owner occupant has that same advantage?

A.—Definitely.

20 Q.—Another thing you referred to as a benefit in the Sun Life Building to them, that according to you they were receiving income from thirty-three point nine percent (33.9%) of the rentable area of the building, which you said was temporarily leased to tenants?

A.—Correct.

Q.—What do you mean by “temporarily”?

A.—I mean that it is rented to tenants at the present time.

Q.—Everything in that sense is temporary, is it?

30 A.—Yes, it is. But the situation there is different from the ordinary commercial building in that the Sun Life Company is known to have expanded and moved into space in its building previously occupied by tenants on a number of occasions, and I anticipate that that condition will continue and as and when the Sun Life Company required the additional space that it would be available to them to move into it.

Q.—That is all you said?

40 Is it not a fact that the trend recently has been the other way, and that the Sun Life Company has been giving up space to tenants?

A.—Subsequent to 1941 I would answer in one way, and if you mean prior to 1941 I would answer in another way.

Q.—Why do you take 1941?

A.—Because December 1941 is a peg date on which our valuation was supposed to apply.

Q.—Let us have roughly what refers to that date?

A.—That refers to December 1, 1941. It is not to my knowledge that the Sun Life had intended in any particular amount to turn over the business. I don't know if they have. I did not think they had.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—And subsequent to 1941?

A.—Subsequent to 1941 I know there have been cases where the owners have given up space that they occupied to give accommodation to other tenants.

10 Q.—There is an example of that for instance on the fourth floor is there not?

A.—Yes. On page 25 (Book of Exhibits) there is quite a large area colored in green and which was vacant as at December 1, 1941, which is presently rented to the Aluminum Company.

Q.—The area referred to on page 25 of your Book of Exhibits, the area colored in green on the top left hand corner of the plan is the area you speak of?

20 A.—Yes. Taken by identifying the letters M N O P and L which are shown on the plan.

Q.—That area has since been leased to the Aluminum Company?

A.—It has.

Q.—You have charged it in your estimate of rental on your standard as a two dollars (\$2.00) for the Sun Life Building?

A.—We have.

Q.—Do you know whether that rental applies for what is being obtained from the Aluminum Company?

30 A.—I do not.

Q.—You have seen the lease?

A.—No.

Q.—How do you know it has been leased?

A.—We have gone through the Building a good many times and within the last two months we made another investigation, as we had repeatedly in going back and making certain check dates, and we came across this space which was occupied. I am speaking from memory when I say Aluminum Company. I have not a record.

40 Q.—That is rented by someone?

A.—Yes. I think it is the Aluminum Company.

Q.—Would you be surprised if I told you it was one dollar and sixty-five cents (\$1.65) that it was rented for?

A.—No. I would not be surprised.

By Mr. St. Pierre, K.C., Counsel for the City of Montreal:

Q.—That was after 1941?

A.—Yes.

H. MILLS (for the City of Montreal) Cross-examination.

By Mr. Hansard:—

10 Q.—To return to your report, on page 13 you referred at the very bottom of the page to the occupancy of the Sun Life Company as at December 1, 1941, being slightly over fifty-one per cent (51%) of the rentable area in the building.

A.—Yes.

Q.—Included in the fifty-one percent (51%) you have I believe these imaginary double floors you have spoken of in the Banking Hall, Gymnasium and Auditorium?

A.—Yes.

Q.—On page 13 again of your report you speak of the Sun Life Company as being a fast-growing organization?

A.—Yes.

20 Q.—You are speaking of its growth in the past, thought?

A.—No. Of its growth in the past, and when I say “fast”, I am referring prior to 1927.

Q.—You say it was a fast growing company before or after 1927?

A.—Before and after.

30 I think the report qualifies that by stating that the growth was less rapid after 1927, than prior to. But it was still rapid growth.

Q.—Do you mean growth of insurances in force?

A.—I mean growth of insurances in force and in the assets of the Company, and in the number of employees of the Company.

Q.—Do you mean that since 1937 the number of employees in the Sun Life Building, in the Head Office staff, has been increased?

A.—Do you mean since 1927 or 1937?

Q.—1937.

40 A.—I refer to 1927 as a basic date.

Q.—You say that there has been a greater number since then??

A.—Yes.

Q.—You personally have no knowledge of that other than what you have been told?

A.—Correct. And what I have read in the published record of the Company.

Q.—The “President’s book” and records of that?

A.—The President’s book and financial report of the Company for 1941.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—Did you see anything in the financial report of the Company for 1941 which indicated that the number of people in the Head Office building was growing?

10 A.—No. The reference there insofar as staff was concerned merely states that as a result of many of the staff being Overseas or engaged in war work that there had been a reduction of some twenty-percent (20%).

Q.—Did you say anything indicated that apart from the people going Overseas that there was any growth in the size of that staff?

A.—No. Not in 1941.

Q.—And Overseas in 1940?

A.—No. I did not have a 1940 statement.

20 Q.—Do you know anything about 1939, 1938, 1937?

A.—I know that in 1927 the staff totalled one thousand four hundred and fifty-six (1456), and we were told, at least I was told, that as at 1942 the number of employees was approximately two thousand (2000).

It was on that statement that I based my suggestion that the Company had grown insofar as staff is concerned.

30 Q.—You don't know? It may have been higher than two thousand (2000) in the intervening period?

A.—No.

Q.—You are not in a position to contradict the evidence given by Mr. McAuslane and the graph which has been produced as exhibit P-24?

A.—I am in no position to contradict a graph.

Q.—That graph illustrates roughly that from some time in 1930 up to the present there has been a continuous drop in the number of staff.

A.—That is what the graph shows.

40 Q.—So that when you talk about the fast-growing organization you are not talking about the fast-growing of the staff or people using the Sun Life Building from 1930 on?

A.—I am talking about those things that are clearly defined in our report. A graph was not available at the time the report was made.

Q.—If your report implies that since 1930 the population of the building provided by the Sun Life is wrong, your report is wrong — is that right?

A.—May I consult the graph? I have no reason to say the graph was not right. The graph shown had declared from 1930 to 1941.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—You are not an insurance man, are you?

A.—No. I have been engaged in insurance business.

Q.—As a salesman?

A.—Yes.

10 Q.—You have no knowledge of what effect the volume of “new business” or new policies written may have on the size of a head office staff?

A.—No definite knowledge, but an opinion which suggests to me the staff will derive some relationship to volume of assurance in force.

Q.—Some relationship, obviously.

But you cannot tell whether because more insurance is written that requires more staff?

20 A.—I think it would.

Q.—You think that it would?

A.—Yes.

Q.—Do you know anything about changes in the inter-provincial requirements of insurance companies for the last few years?

A.—No. I am not an authority on that.

30 Q.—On page 35 of your report you say at the top of the page, in speaking of rental values, and your estimate in connection with the building:

“We did not apply the Sheridan-Karkow formula to the owner-occupied space, most of which is strictly institutional in character”.

I would like you to tell me what according to you suggests an institutional character in the Sun Life Building and what constitutes something else?

40 A.—The space which is institutional in character in my opinion is that space which was specially designed to meet specific and particular requirements of the Sun Life Company.

Q.—That is what you said before Mr. Mills. I would like to know if you would please indicate it on your plan. You have produced some completed plans of the building. Please indicate the space which you say is institutional in character.

Mr. Seguin:—

Do you say that the witness should go over each square foot of space?

H. MILLS (for the City of Montreal) Cross-examination.

Mr. Hansard:—

Please do not interfere with my cross-examination. This is very important.

10

The Witness:—

Starting with the Second basement. I would say that all of this space is institutional in character.

It is shown on our plan as space that is reserved for inactive files, presently used as inactive files, and there is a large section of space there that is marked "Commissariat Department", locker rooms and so on.

20

And so have to do with the space of the cafeterias, and all that space I would say is institutional in character.

There is a smaller unit of space in that floor which is under lease and which was valued below rental that is paid by the tenant. I think that space also is institutional in character, but at the present time is not used by the institution.

30

Q.—Let us get a little finer.

Do you mean by that the use to which it is being put.

A.—I mean the design of the space and its relationship to other space with which it is associated and the use that it is being put to.

Q.—So far as the Second basement is concerned, that is just cellar space?

A.—It is very good basement space. It is good enough that the Company's records are kept there — and they are very important records.

40

Q.—That is why it is institutional?

A.—That is my opinion.

Q.—What next is institutional?

A.—All Basement Number One.

Q.—The first basement?

A.—Yes.

Q.—That is institutional?

A.—Basement Number One is presently used for printing supplies, kitchen services, cash surrender value filing, policies forms, claims filing, and the security vault.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—The security vault. Can you give us the area of that in this Basement Number One?

A.—Eighty-six feet (86'). . .

Q.—By Twenty-two feet (22')?

10 A.—Yes. Plus sixteen by ten (16 x 10), a total of Two thousand and fifty-two (2,052) square feet.

Q.—That gives a total rentable area according to you of how much?

A.—Two thousand and fifty-two feet (2,052). You mean on the whole floor?

Q.—Yes.

A.—Total rentable area on that floor owner occupied, Thirty-eight thousand two hundred and thirty-two (38,232) square feet. Tenant occupied Three hundred and seventeen (317) square
20 feet.

Q.—You say this space is being used for a print shop principally?

A.—And security vault.

Q.—Apart from that security vault.

A.—Yes, and kitchen services.

Q.—And that is why you say that is institutional space?

A.—Institutional.

Q.—And therefore you say it is institutional space?

A.—Yes.

30 Q.—Regardless of what use to which it may be put?

A.—Yes.

Q.—What other space in this building do you say is institutional?

A.—On the ground floor, the banking hall which has a very large area; the Montreal loan office, and the St. James agency.

40 That space is used institutionally. Part of it is designed for the particular requirements of the institution.

Q.—Which part?

A.—The banking hall.

Q.—Anything else on that floor?

A.—Two vaults, size twenty-four by thirteen (24 x 13) and twenty-five by thirteen (25 x 13).

Q.—There are vaults on most of these lower floors, are there not?

A.—Yes. It is my understanding that these two vaults are for the use of the Sun Life Company.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—Or at least, that they are being used by the Sun Life Company?

A.—Yes.

10 Q.—There is nothing peculiar about the vaults as vaults?
A.—Not to my knowledge.

There is a private elevator which services the security vault.

Q.—That is in the first section of the building?

A.—Yes.

Q.—And that elevator, speaking generally, runs through that section?

20 A.—Yes. I think from the Third floor to the basement.
Q.—Does it not run higher than that?

A.—First basement to the Fifth floor.

Q.—So far as the space being used by the Sun Life Company, either by Head Office or the Montreal St. James Agency on the first floor is concerned, you say that is institutional because it is being used by the Sun Life Company?

A.—Yes. It is being used by the Sun Life Company and part of it is very definitely planned for the specific requirements of the Sun Life Company.

30 Q.—Have you any other institutional space in the building you would like to point out?

A.—The first floor is valued entirely as institutional space.

Q.—Is that because it is all being used by the Sun Life Company?

A.—It is all a part of the building which I think was planned especially for the requirements of the Sun Life Company.

Q.—In what respect would you say it is specially planned for the Sun Life Company?

40 Do you refer to the banking hall again?

A.—I refer to the fact that this is part of the total area that the Sun Life Company occupies.

I think I can save perhaps a number of questions by qualifying all of the remaining space as space which is in a building designed with numerous institutional features and which is being used by the institution.

H. MILLS (for the City of Montreal) Cross-examination.

In referring to institutional space I did not want to qualify any part of that space as being such it could not be used for other purposes. It could.

10 Q.—And it is institutional because it is being used by the Sun Life Company, which you call an institution?

A.—It is in a building which is institutional in character that was built by a large institution and that space is occupied by the institution.

I cannot say anything more than that.

20 Q.—You cannot differentiate between any of the space above the basement and ground floor that you have called institutional space because it is occupied by the Sun Life Company?

A.—I could qualify the Assembly Hall on the Seventh and Seven-A, the Gymnasium on floors Eight and Nine, and the hospital on the Sixth floor; and the billiard rooms and lunch rooms, all of which I think tend to be institutional in character and use.

Q.—Tell me this: do you know whether you can run an Insurance Company without a lunchroom?

A.—I would think so.

Q.—And without a gymnasium and auditorium?

30 A.—Yes, indeed.

Q.—Apart from that, can you point out anything else of an institutional nature in respect of specific space, because I want to be sure about that.

A.—I think I have covered the ground insofar as the space in the building is concerned.

If you want me to go farther I would refer to the institutional character of the building relating to its design and quality of construction and finish.

40 Q.—Quality and finish can attribute to make a building an institutional building?

A.—I would say that it is characteristic of the finer institutional buildings that they reflect a quality of construction and finish that is superior to and more expensive than the finish that will be found in the ordinary or average high class commercial office building.

Q.—So far as design is concerned — I am concerned more with that — so far as design is concerned I ask you to tell me in

H. MILLS (for the City of Montreal) Cross-examination.

general or specifically what you consider to be specially institutional space in that building.

A.—Are you still referring to the inside of the building?

10 Q.—I am referring to the inside. The same thing as your self.

A.—I have nothing more to say. I have covered it as completely as I can.

Q.—And to get back to your report, that is why you did not use the Sheridan-Karkow formula for the space occupied by the Sun Life? Is that correct?

20 A.—The Sheridan-Karkow formula is for the purpose of measuring relative value. It is not intended to determine value; merely that when value has been determined for a standard unit you can relate that value to other units of space in the building.

Q.—I am asking you why you did not use it. Is that why?

A.—In the case of the space occupied by the Company, I consider that that space is all equally desirable for the purpose for which it is used, although it is not of the same value.

Perhaps I can sum it up in this way:

30 The total rental paid for all of the tenant occupied space is equal to One dollar and fifty-seven cents (\$1.57) per square foot, actual rental paid.

The value that we have put on that space is One dollar and seventy cents (\$1.70) per square foot, which is about an eight percent (8%) increase. That increase in my opinion is justified as a basis of indicating value by reason of the low rentals that has prevailed in offices in Montreal.

40 With regard to owner-occupied space, the value taking it as a whole comes to One dollar and ninety-six cents (\$1.96) per square foot.

Our report clearly states the features in the Sun Life Building which the Sun Life Company enjoys and which tenants do not enjoy, and because of these features and because also of the fact that the company had the privilege of designing this space for its own requirements, we considered that that space was worth more to the Company than it could be sold for in the open market for tenants for whom it was not designed and who could not derive the same benefits as the Sun Life would enjoy.

II. MILLS (for the City of Montreal) Cross-examination.

Q.—Do I understand, if you have finished, that the rental value you have estimated for the space occupied by the Company — Two dollars (\$2.00) a foot for outside space except for the basement and ground floor — is based upon value of use to the
10 Sun Life Company?

A.—Yes.

Q.—You tell me, which I already knew, that the Sheridan-Karkow formula is designed to get relative value?

A.—That is correct.

Q.—There are floors in this building such as for example the Sixth, Seventh, Eighth, Ninth, and Tenth floors, where space is occupied both by the Sun Life Company and tenants?

A.—Yes.

Q.—And you could have applied the Sheridan-Karkow
20 formula to the space occupied by the Sun Life Company on these floors?

A.—Yes, we could have.

Q.—You could have applied the Sheridan-Karkow formula equally to the space occupied by the Sun Life Company on lower floors, such for example as the First floor — could you not?

A.—We could have, but with certain qualifications or modifications I would say. The space on the lower floors is designed somewhat different from the space on the upper floors.
30 There is more deep space, and the Company are in a very favourable position to make use of that deep space, and in fact the records show the Company desired deep space and they got it.

Q.—The records show that they required deep space? Why do you say that?

A.—I am quoting now from the Engineering Journal.

Q.—At the time the building was built, or before?

A.—At the time it was completed.

Q.—Do you know what they desire now?

40 A.—Only through observation of what they use.

Q.—Some people have publicity thrust upon them.

Will you tell me, Mr. Mills, comparing the Second floor with the Sixth floor — the Second floor is wholly occupied by the Sun Life Company?

A.—Yes.

Q.—The Sixth floor is partly occupied by tenants and partly by the Sun Life Company?

A.—Yes.

II. MILLS (for the City of Montreal) Cross-examination.

Q.—Did you apply the Sheridan-Karkow formula to the part occupied by tenants on the Sixth floor?

A.—Yes.

10 Q.—And the area occupied on each floor is substantially the same?

A.—Yes.

Q.—One can see that on the plan?

A.—Yes.

Q.—The service areas and the inside and outside space are substantially the same on the two floors?

A.—Yes.

Q.—Would you say the Second was one of the lower floors?

A.—Yes.

20 Q.—On page 46 of your report, under paragraph (n), you take the figure estimated by Mr. Fournier at Three hundred and fifty-five thousand seven hundred and fifty-five thousand dollars and sixty-eight cents \$355,755.68, which you reduce to a round figure of Three hundred and fifty thousand dollars (\$350,000)?

A.—Yes.

Q.—As being the cost of completing the unfinished space in the building?

A.—That's correct.

30 Q.—You add that as I understand it to a valuation figure that is mentioned there?

A.—Yes.

Q.—That money has not yet been spent?

A.—No.

Q.—And the Company would have to find it?

A.—That's right.

40 Q.—On page 45 of your report, under paragraph (f) you refer to a figure of One million five hundred and nineteen thousand four hundred and ninety-eight dollars and thirty-six cents (\$1,519,498.36), and I would ask you if it is not correct that you only deduct that amount once in your calculations.

A.—As far as I know. I don't see any reason why it should be more.

Q.—Does that figure have any reason why it should be more.

Q.—Does that figure have any reference to an adjusted figure in construction index?

A.—No.

Q.—Or to that figure for the excess cost of erecting the building in three stages?

H. MILLS (for the City of Montreal) Cross-examination.

A.—Yes. Plus an amount that was declared to represent the cost of removing certain temporary partitions.

Q.—As mentioned in Mr. McAuslane's letter?

A.—Yes.

10 Q.—You don't deduct that amount to adjust the figure by reason of a change in the Index?

A.—Of course we do.

Q.—Twice or once?

A.—Once.

Q.—It covers both those things?

A.—Yes, both indeed.

Q.—The base rate you selected for use with your modified Sheridan-Karkow formula — modified in the way you mentioned — was based upon rental figures you had taken for the Sixth,
20 Ninth and Sixteenth floors, is that correct?

A.—Eighth, Ninth and Sixteenth.

Q.—Eighth, Ninth and Sixteenth?

A.—Yes.

Q.—To return again to your book of exhibits, in the First Basement you have made a division between inside and outside space, did you not?

A.—Yes.

Q.—You told us in your evidence in chief that the distinction that you made, was space in the first instance is space lighted
30 by windows, and the second was not?

A.—Yes. That's correct.

Q.—There are no windows in the first basement?

A.—That's right. The first basement is in a category by itself.

Q.—To the extent that you have charged the Sun Life Company Two dollars and twenty-five cents (\$2.25) a square foot for outside space which is more than you have charged for anything except on the ground floor: is that not so?

40 A.—I want to answer that.

Q.—Will you answer first and make your explanations later.

A.—Yes, to just that extent.

Q.—Let us look at that ground floor.

In your calculation on page 16, which faces the plan of the ground floor. Under the heading of annual rental in tenant occupied space, that represents the rentals actually received under the leases according to you?

A.—Correct.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—I think there is an error there. You have shown Four hundred and twenty-one dollars and twenty-one cents (\$421.21), whereas you show in the last column that as being free.

A.—I qualify that. Not only on this floor, but also in
10 connection with this floor.

Q.—Will you answer the question first. Is that an error or is it intentional?

A.—It is intentional.

Q.—There is no rental received for that?

A.—No.

Q.—But the first columns mentioning rentals is the one place to indicate rentals received?

A.—Unless there is some explanation.

Q.—The estimated rental is the column intended to re-
20 flect what you say the space is worth?

A.—Yes.

The explanation is this: There are certain units of space on certain floors which are listed as courtesy space or free space. For the purpose of estimating the relative and comparative values on the various floors we have shown these units as vacant space under the column of annual rental on the basis of the estimated annual rental.

30 Q.—There is nothing in the column?

A.—No. I am glad that Mr. Hansard has brought that up. It is one of the changes I wanted to make. It does not change the results on the floors and involves only a fraction of one percent in the area of the building.

Q.—In the First floor again, I observe you have not given a per square foot average figure for the total tenant occupied area as you did for the other floors. Whether estimated or actual?

A.—That's correct.

40 Q.—You did not?

A.—No.

Q.—For the purposes of the record, if I told you the estimated per square foot figure average for the tenant area space for the ground floor is Two dollars and thirty-four cents (\$2.34), would you accept it?

A.—The overall finish?

Q.—For the tenant occupied space?

A.—I have not got that calculation.

II. MILLS (for the City of Montreal) Cross-examination.

Q.—Will you check me? It is Two dollars and thirty-four cents (\$2.34) for the estimated column and Two dollars and thirteen cents (\$2.13) for the actual column.

A.—I won't doubt your calculations.

10 Q.—I just wanted to know if you would figure the per square foot rental of space occupied by tenants as being Two dollars and thirty-four cents (\$2.34).

A.—I can only imagine that it is correct.

Q.—You did not apply the Sheridan-Karkow or your modification of it to this floor?

A.—It is not intended to apply to the ground floor space.

Q.—You did not do that?

A.—No.

20 Q.—It is a fact, is it not, that the space occupied by La Patrie Publishing Company, CHLP, is dark on three sides — on the two long sides?

A.—Yes.

Q.—Now on the first floor, there are two spaces in green indicating they were vacant at the time you made your report?

A.—Correct.

Q.—The space to the left, that is the North side of the building, you have charged at Two dollars (\$2.00) a foot?

30 A.—Yes. We charged all of the space; that is, all of the outside space.

Q.—Did you consider that there is any window giving light on that particular space?

A.—No, there is not.

Q.—The Third floor. There is a green part on your plan there, which again I take it is vacant?

A.—Yes.

Q.—And that you charged at Two dollars (\$2.00)?

A.—Yes.

Q.—And there are no windows?

40 A.—No. I think I am entitled to qualify. . .

Q.—You are always entitled to qualify.

A.—That space is the same space exactly. I am referring to the third floor — as the space on the Second floor except that a corridor has been erected.

Corridors can be removed in that building at any time and at comparatively small expense, and I will have to go back to my general qualifying statement with regard to the Sun Life Building, that the space that either has light or can readily be given light we consider it as outside space.

II. MILLS (for the City of Montreal) Cross-examination.

The unit of space that Mr. Hansard asked me about before on the First Floor measures thirty-two feet (32') by fifty-three feet (32' x 53').

- 10 Q.—And it is directly behind a stair well of some kind?
A.—It is behind an area that is particularly useful and important for the Sun Life Company.
Q.—But not for illumination purposes?
A.—No. But that small area is associated with space on either side which is used by the Sun Life Company and I think we were correct in considering it in the same way.
Q.—The space is vacant?
A.—It was at the time.
- 20 Q.—And is partitioned off?
A.—Yes, it is.
Q.—And that is the same for the space we were talking of on the Third floor?
A.—That's right.
Q.—And, similarly, there is a bit of the same space on the Fourth floor?
A.—Yes. A similar area.
Q.—All charged at Two dollars (\$2.00).
A.—Correct.
- 30 Q.—Now, on the Fifth floor, again there in the same general area there is a serving pantry and a dish washing room and a store room, all of which are enclosed and have no windows?
A.—All of which are part of the cafeteria service.
Q.—And they are charged at Two dollars (\$2.00)?
A.—Correct.
Q.—Now, let us look at the Sixth floor. This is quite an important floor, Mr. Mills.

40 There is a large amount of space along the front of the Metcalfe side of the building leased to the Aluminum Company?

- A.—Yes.
Q.—And on the Mansfield Street side, substantially identical space is occupied by the Sun Life Company?
A.—Yes.
Q.—What rental have you estimated for the space occupied by the Aluminum Company??
A.—One dollar and forty-eight cents (\$1.48).

II. MILLS (for the City of Montreal) Cross-examination.

Three thousand seven hundred and five square feet (3,705) occupied by the Aluminum Company — estimated One dollar and thirty-three cents (\$1.33); Three thousand three hundred and forty-one square feet (3,341) occupied by the Aluminum Company, estimated One dollar and forty-four cents (1.44); and Four thousand nine hundred and eighty-six (4,986) square feet occupied by the Aluminum Company, at One dollar and sixty-nine cents (\$1.69).

Q.—And that space is all contiguous, is it not?

A.—Yes.

Q.—Now what rate has been applied to the Sun Life space on the opposite side?

20 A.—Two dollars (\$2.00).

The space on the opposite side consists of the Sun Life cafeteria, which is very expensively finished, as is shown in our report.

Q.—The finish you refer to is the kitchen equipment?

A.—Yes.

Q.—It could be removed?

30 A.—Yes. But I cannot imagine that it would be because a great deal of money has been spent.

Q.—I am not asking you to imagine.

As a matter of fact on this plan you have shown here, it says on the Aluminum side there is also indication of units for cafeteria service?

A.—Which I believe were never installed.

Q.—They could have been installed?

A.—Yes.

Q.—The space on each side was designed to take cafeteria units?

40 A.—Yes.

Q.—And so far as the space on the Metcalfe Street side is concerned that was not done and the space was rented to the Aluminum Company?

A.—Correct.

Q.—For offices, which you have valued at rates running from One dollar and thirty-three cents (\$1.33) to One dollar and sixty-nine cents (\$1.69)?

A.—That's right.

II. MILLS (for the City of Montreal) Cross-examination.

Q.—On the Sixth floor again, I call your attention to the fact that there are a number of small leased spaces around the southern outside end.

A.—Yes.

10 Q.—And they carry considerably higher rentals?

A.—Yes.

Q.—Do you normally when valuing rental space make any allowance for space rented in bulk?

A.—I think there are occasions when space rented in bulk might run at a little lower than space in smaller units.

Q.—Again, we have an area on this Sixth floor marked by the letter “G” coloured red, to indicate Sun Life occupancy, that is space you have charged them at Two dollars (\$2.00)?

A.—Yes, which is also part of the cafeteria.

20 Q.—But it has no windows in it?

A.—No. It is associated with space that has windows in it.

Q.—By two passages which I should judge are in the neighbourhood of not more than twelve feet (12') wide.

A.—It is associated with the whole cafeteria.

Q.—But there are no windows and no possibility of getting light in there?

A.—Not directly, no.

Q.—The Seventh floor. . .

30 Mr. St. Pierre, K.C.:—

I don't know why we are going every floor over. They are in the plan.

Mr. Hansard:—

40 This witness has occupied the stand for two (2) full days, and I am entitled to some latitude. I have not wasted any time and I am taking things only that I have thought important. I could cross-examine him for three (3) weeks, but I am not proposing to do so. I should think, roughly, I am two-thirds of the way through.

On the Seventh floor, Mr. Mills, I would like to ask you this: there is a space occupied on the Southwest, not quite to the corner, but on the Southwest part of the building by the Belgian Legation?

A.—Yes.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—And the space varies between eighteen feet six inches (18'6") and fourteen feet six inches (14'6") in depth?

A.—Fourteen feet six inches (14.6) and Seventeen feet (17') in depth. The eighteen feet (18') is the other way.

10 Q.—Between fourteen feet six inches (14'6") and Seventeen feet (17').

All of that space is within the top twenty-five feet (25') next to the light?

A.—Yes.

Q.—And you have, by applying your Sheridan-Karkow formula, valued that space at how much per square foot?

20 A.—One unit Two dollars and two cents (\$2.02), and the other unit, One dollar and ninety-eight cents (\$1.98).

Q.—On the Mansfield Street side of the building there are two contiguous areas, one occupied by the Sun Life Company and the other occupied by M.D. 4?

A.—Yes.

Q.—These two areas are similar space?

A.—Yes.

Q.—And to correlate, what are the rental values estimated for the two spaces?

30 A.—M.D. 4 at One dollar and thirty-four cents (\$1.34) for Three thousand four hundred and fifty-one (3,451) square feet; and One dollar and forty-six cents (\$1.46) for Three thousand two hundred and ninety-seven (3,297) square feet.

Q.—Can you tell me the space on the Mansfield Street side only, not on the well?

A.—Yes.

Q.—The space originally marked, one, the billiard room; and the other Men's lunch?

A.—Those are together.

40 Q.—Can you give me the average figure for the Sun Life?

A.—Yes.

Q.—I believe that is Two dollars (\$2.00). What is M.D. 4?

A.—I gave the two figures there.

Q.—Those are the only two?

A.—Yes. There is another M.D. 4, One thousand four hundred and thirty-three (1,433) feet at One dollar and eighty cents (\$1.80).

Q.—That is somewhere else? On the outside?

A.—Yes.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—That is the strip of space on the southern outside exposure?

A.—Yes. Dorchester street.

10 Q.—These plans you have used in the book, you have had photographs taken of some plans furnished by the Company?

A.—The original drawings.

Q.—Therefore, where we see indications like “billiard room” as at the Seventh floor, that was the architect’s original idea at the time the building was designed?

A.—Yes.

Q.—M.D. 4 is not using that as a billiard room?

A.—No.

20 Q.—And that is the same generally throughout? We do not necessarily have to have a billard room because it shows on the original plan?

A.—Yes. In that the statement shows that very clearly. When it is rented we give the name of the tenant.

Q.—Someone looking at the page might be confused. I am not saying there is anything wrong with the plan. You could not draw these plans even in seven months?

A.—No.

30 Q.—On that question of seven (7) months, you and Mr. Desaulniers worked together all the time?

A.—Yes.

40 Q.—If you convert that into man months, it is fourteen months?

A.—That’s right.

Q.—On Floor Seven and Floor Seven-A we have this Assembly hall we have been hearing about; and you show on Floor Seven the area of that Assembly hall. And as being occupied by the Sun Life at Two dollars (\$2.00)?

A.—Yes.

40 Q.—And on Seven-A the red space on the north end of the building is the upper part of the assembly hall?

A.—Yes.

Q.—And there is no floor there?

A.—No.

Q.—And you have charged Two dollars (\$2.00) a foot for that?

A.—Yes.

Q.—So you have, in fact, charged Four dollars (\$4.00) a foot for the actual floor of the Assembly hall?

A.—That’s right.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—And the same applies, I take it, to the gymnasium on the Eighth and Ninth?

A.—Yes.

10 Q.—There is one floor there and you have charged for two floors at Two dollars (\$2.00) a square foot?

A.—Yes.

Q.—So applying it to the actual floor you are charging Four dollars (\$4.00) a foot for the gymnasium?

A.—Yes.

Q.—So far as the upper part of the Assembly hall is concerned, on Seven-A, it is structurally so, is it not, that space is inside and has no windows if you made a floor there?

A.—Structurally, yes.

20 Q.—For this imaginary floor that you have used, it would be dark space because there is no possibility for windows?

A.—If a floor was built there the structure outside should be changed to provide windows.

Q.—You would have to break windows through those walls?

A.—Yes.

30 Q.—So far as, for instance, the cost of breaking the windows and the cost of building these floors in the Assembly hall, the gymnasium and the Banking hall, these imaginary floors, have you allowed anything in your valuation for the cost of building these floors or making the windows?

A.—We have not even contemplated building the floors or making the windows,

We have considered it exactly as it is for the purpose for which it is used.

Q.—So you have valued imaginary floors at Two dollars (\$2.00) a foot?

A.—Yes. That is one way of putting it.

40 Q.—And at Two dollars and fifty cents (\$2.50) so far as the banking hall is concerned?

A.—No. The upper, we valued it at Two dollars (\$2.00).

Q.—So your rate is Four dollars and fifty cents (\$4.50) if you assess it merely to the actual floor?

A.—Yes. Two dollars and fifty cents (\$2.50) for the lower and Two dollars (\$2.00) for the upper.

Q.—And Four dollars (\$4.00) for the gymnasium and assembly hall?

A.—That's right.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—To go to the Eighth floor and the gymnasium. Included in the space you have charged to the Sun Life Company there at Two dollars (\$2.00) a foot, there are showers, toilets and so on, in connection with gymnasium and storage space — all at
10 Two dollars (\$2.00) a foot as well?

A.—That's right. It is a part of the gymnasium and the equipment and accomodation that is associated with it.

Q.—I may be wrong, but I think this is the case. On the Eighth floor there is some space, southwest corner space, leased to Kenyon Eckhardt, which you by application of your formula have valued at Two dollars and fifty cents (\$2.50)?

A.—Yes.

Q.—And that is the highest figure above the ground floor
20 in the building?

A.—I think so.

Q.—And similarly space rented to the Crown Duchy of Luxembourg adjoining it on the Metcalfe side is at the figure you have estimated, of Two dollars and fourteen cents (\$2.14)?

A.—Yes.

Q.—And the actual rentals received are Two dollars and forty-one cents (\$2.41) and One dollar and seventy-six (\$1.76) cents, I believe?

A.—Yes.

Q.—The space occupied is all within the twenty-five feet
30 (25') maximum optimum area?

A.—Yes, all less than twenty-five feet (25') in depth.

Q.—There is some tenant occupied space on the Ninth floor which you have estimated at Seventy-eight cents (78¢) and Eighty-nine cents (89¢) per square foot?

A.—That's right.

Q.—The last two items?

A.—Yes.

Q.—Your charge for inside unlighted space for the Sun
40 Life Company is One dollar (\$1.00)?

A.—Yes.

Q.—I may be confused about the Tenth floor. Is that actually the original plan there, or is it another plan?

A.—I think it is the original plan.

Q.—Am I right in my reading of the plan that there are no windows on the outside of the space coloured red indicating occupation by the Sun Life, at the North end?

A.—There are no windows shown there.

II. MILLS (for the City of Montreal) Cross-examination.

That is the space that is used as the men's bowling alleys and the women's bowling alleys.

- 10 Q.—There are no windows there?
A.—There are none shown on the plan.
Q.—You saw that space, did you?
A.—Yes.
Q.—Are there windows?
A.—Yes.
Q.—Are there windows?
A.—There are spaces on the North wall where from the outside you see windows and from the inside you see blank wall; the idea being that the window space is there.
- 20 Q.—From purposes of the design and to make the design of the building look right, they have window space there?
A.—I think it is on the outside, but not on the inside. It is plaster.
- Q.—This is the original plan, and no windows show?
A.—Yes.
Q.—And no light gets in there?
A.—No.
Q.—And it is charged at Two dollars (\$2.00) a foot?
A.—Yes.
- 30 Q.—You have charged throughout, I think, rental for space such as the Eleventh floor which is unfinished and unoccupied — you have charged rental for that on the Sheridan-Karkow formula?
A.—True.
Q.—Above the Sun Life space down on the lower floors?
A.—Yes.
Q.—Everything from the Eleventh floor up you have applied the Sheridan-Karkow formula?
A.—With the exception of the Twenty-fourth. We considered that as suitable for the Sun Life Company as storage space.
- 40 Q.—In doing that and thus estimating rental value for such space, did you allow anything off the rental value for the cost of finishing?
A.—We have made an allowance. First of all, I think I should say our valuation was based upon the reproduction cost, less depreciation.
Q.—That is what your valuation is based on?
A.—Yes. Reproduction cost, less depreciation; and reproduction cost of the building as at present finished.

II. MILLS (for the City of Montreal) Cross-examination.

On the other hand, when we refer to a yield, which we do at the end of the report, we considered that on the basis of the building completed and ninety percent (90%) occupied, and then we add to our reproduction cost value an amount to take care of the cost of finishing before relating the yield to the value.

10

Q.—You add that on to the building?

A.—Yes.

Q.—Do you deduct anything from the rental value for the value of the money it will be necessary to finish the space?

A.—Do you mean to take the time.

Q.—Not only the time, but the capital.

20

A.—No. In putting the rental value we have to assume that the space will have to be finished, and in the income consideration we have made allowance for the finishing of the space on all four floors.

Q.—You make your allowance for finishing based on Mr. Fournier's figure, not a bulk sum, but so far as fixing the rental of this particular Eleventh floor or the other vacant unfinished floors, the per square foot rental figure does not reflect that?

A.—Yes it does.

Q.—Where? I may be wrong.

A.—The per foot value we put on the floor contemplates the finishing of the space.

30

Q.—It contemplates the finished space?

A.—Yes. The best answer I can give is to refer you to page 46 of our report in paragraph (n).

Q.—I would like to ask this: The One dollar and seventy-four cents (\$1.74) average rate per square foot for the Eleventh floor vacant unfinished outside space, according to you, is arrived at by your modification of the Sheridan-Karkow formula?

A.—Yes.

Q.—And that involves an application of the base rate you allocated to the space on that floor?

40

A.—Correct.

Q.—And it involves nothing more nor less than that?

A.—It involves the finishing of the space.

Q.—In that way. It presupposes it is finished?

A.—Yes. And at a later date we make allowance for the figure.

Q.—And the dollar seventy-four (\$1.74) is arrived at before you make your allowance?

A.—Well, the two things go hand in hand.

Q.—Is that so?

A.—The dollar seventy-four (\$1.74) contemplates the finishing of the space.

H. MILLS (for the City of Montreal) Cross-examination.

Q.—But does not reflect the allowance you made in bulk at the end?

A.—I want to be frank and honest. I must say I do not follow your analysis.

10 Q.—Have you allowed anything in your calculations arriving at one dollar and seventy-four cents (\$1.74) for outside space on the Eleventh floor — have you allowed anything plus or minus for the finishing of the space?

A.—The statement for the Eleventh floor shows the value we have put on that space, and that statement makes no mention of the finishing of the space, but our report gives the answer.

Q.—That is your contention but not mine.

A.—That is my answer.

20 Q.—The fact of the matter is, is it not, that for the floors from the Twelfth up which are occupied, speaking generally, there is a good deal of difference between the actual rentals being received and the rentals estimated by you under the Sheridan-Karkow formula?

A.—From the Twelfth?

Q.—Yes?

A.—The Twelfth — M.D. 4 is One dollar and thirty-eight cents (\$1.38); estimated One sixty-eight (\$1.68).

30 The Fourteenth — Canadian International Paper occupy the entire floor for One dollar and fifty-three cents (\$1.53), estimated One dollar and sixty-six cents (\$1.66).

The Fifteenth — One dollar and sixty-six cents (\$1.66) actual and One dollar and sixty-six (\$1.66) estimated.

Q.—Have you anywhere totalled the amount of increase in your estimated rental over the actual rental for the Twelfth floor up?

40 A.—I cannot give it to you off hand.

Q.—Can you make that calculation?

A.—I think I have done it. I will look it up.

And further for the present deponent saith not.

J. T. Harrington,
Official Court Reporter.

(End of hearing for the 12th April 1943).

H. MILLS (recalled for the City of Montreal) Cross-examination

DEPOSITION OF HAROLD MILLS

On this Thirteenth day of April in the year of Our Lord
One thousand nine hundred and forty-three personally came and
10 re-appeared: Harold Mills, testifying on behalf of the City of
Montreal, whose cross-examination continues as follows:—

Continuation of cross-examination by Mr. Hazen Hansard,
Attorney for the Complainant:—

Q.—I asked you at the close of yesterday's sitting if you
had calculated the difference between the rentals you had estim-
ated from the Twelfth floor up, the occupied floors from the
Twelfth up, and the rentals actually paid by the tenants occupy-
20 ing this space.

Have you done that?

A.—I have.

Q.—What does it come to?

A.—The actual rental for floors Twelve to Twenty-one —
Two hundred and eighty-eight thousand four hundred and twelve
dollars and sixty-nine cents (\$288,412.69).

30 Estimated rental — Three hundred and six thousand six
hundred and ninety-four dollars and five cents (\$306,694.05).

Q.—So there is a difference of...

A.—The estimated rental is One hundred and six point
three percent (106.3%) of the actual.

Q.—And what is that in dollars?

A.—Eighteen thousand two hundred and eighty-one dollars
and thirty-six cents (\$18,281.36).

40 Q.—And it is correct that the difference between the actual
rentals and your estimate of the rentals for all rented space in
the building is Fifteen dollars (\$15.00) off Thirty-three thousand
dollars (\$33,000)?

A.—The actual rental for all of the space in the building?

Q.—The actual rental for all of the space occupied. Not the
vacant space. But for the occupied space presently occupied by
tenants is some Thirty-three thousand dollars (\$33,000) less than
the estimated rental you have shown in your report? For the
same space?

A.—Are you quoting from the report?

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—I don't think that calculation is made, but I made the calculation myself.

A.—I thought I had the calculation. If you will refer me to the page.

10 Q.—I made a calculation from the figures in your book of exhibits.

A.—I am afraid I cannot answer that question.

Q.—Will you check me if I am wrong about that? That it is within a few dollars of Thirty-three thousand?

A.—Perhaps I can answer in this way:

20 Actual rental for all of the space which is rented above the ground floor is: One dollar and fifty-seven cents (\$1.57) per square foot, and the estimated rental for the tenant occupied space including the basements and the ground floor is One dollar and seventy cents (\$1.70) per square foot.

Mr. Chairman, there are certain comparisons that have been made in the report and in our book of exhibits. It is not easy for me to make comparisons in totals without being given an opportunity to calculate.

30 Q.—I am offering you the opportunity to do that. If you think I am wrong about the Thirty-three thousand (\$33,000) dollars check me later.

A.—Yes.

Q.—Otherwise we will take it that is correct.

A.—There is one question you asked me yesterday which I would like to amplify somewhat.

Q.—What is the question?

40 A.—You were referring to the actual rentable area in the banking hall, the assembly hall, and the gymnasium, and you suggested in effect that the area for the upper portion of each of these floors was the same as the area for the lower portion.

Q.—I made no suggestion whatever, Mr. Mills. It appears from areas from your report.

You were putting on the banking hall an imaginary floor above the banking hall?

A.—Yes.

Q.—So far as that particular area, the upper area, is concerned — that portion of the banking hall floor, have you re-

H. MILLS (recalled for the City of Montreal) Cross-examination

garded only the floor you can walk on there as valued at Two dollars and fifty cents (\$2.50) plus Two dollars (\$2.00), or Four dollars and fifty cents (\$4.50) per square foot.

10 A.—Two dollars and fifty cents (\$2.50) for the measure on the ground, the banking hall, and Two dollars (\$2.00) for that portion which is related to the upper floor and which is less than the area on the ground.

Q.—Just to make ourselves clear. The area we are talking about is shown on Exhibit D-18 as Five thousand six hundred and sixty-eight (5,668) square feet?

A.—That is the upper part of the banking hall.

Q.—And that is over the lower part?

A.—Yes.

20 And with regard to the assembly hall, the area on the main floor, which is the Seventh floor, is Ten thousand one hundred and forty-three (10,143) square feet, and the upper part, being Seven-A, Six thousand one hundred and twenty (6,120) square feet.

Q.—And in the case of the gymnasium it is the same in both cases?

A.—Yes.

30 Q.—Now let us turn to the Twenty-fourth floor. The Twentieth, Twenty-second, and Twenty-third floors are all vacant at the present time, are they not?

A.—Yes.

Q.—They are shown in blue in your plans in the book of exhibits to indicate that, and you have considered each of these floors as containing the rentable area shown?

A.—Correct.

Q.—They are also unfinished, these floors?

A.—Yes.

40 Q.—Did you, when making your estimate of rentable area which you claim is on the Twenty-fourth floor, make any enquiries to find out what additional ducts would have to be put into the Twenty-fourth to service the Twentieth, Twenty-second and Twenty-third if and when completed?

A.—We made enquiries in connection with all of the space that we investigated in the Sun Life Building both vacant and occupied.

The source of information in connection with the Twenty-fourth given us may not have been the best source of information,

H. MILLS (recalled for the City of Montreal) Cross-examination

but it was indicated to us that if, as and when that space were used. . .

Q.—What space?

A.—The space on the Twenty-fourth floor.

10

. . . that it would be suitable for storage space. We considered it as such.

Q.—And if, obviously, in order to complete the Twentieth, Twenty-second and Twenty-third floors you had to pull out to a substantial extent the space you have shown on the Twenty-fourth floor — that would seriously affect it as rentable storage space?

A.—It would. And I would add this. That after our report had been filed we had an opportunity of visiting that space with
20 Mr. Payne of the Sun Life Company, who indicated to us that a certain portion of the space adjoining the windows would be made use of for ducts.

He did not say the exact amount of space, but he indicated that it would be similar to space that is occupied by ducts on another part of the floor; and Mr. Desaulniers and I came to the conclusion that the amount of space that would be occupied by ducts and which is shown on our plan as rentable space, would
30 not represent a large percentage of the total area. What the percentage would be, I cannot say.

Q.—You do not know?

A.—I could hazard a guess or an opinion that it might be perhaps a maximum of fifteen percent (15%).

Q.—Additional to what is there now?

A.—That of the rentable area on that floor which we show as Nine thousand three hundred and twenty-eight (9,328) feet, fifteen percent (15%) might be made use of, or might be used
40 by ducts, in connection with mechanical ventilation for the lower floors; and that area should be reduced by something, and my opinion is that it should be reduced by not more than fifteen percent (15%).

Q.—The fifteen percent (15%) that you and Mr. Desaulniers make. The rentable area should be reduced by whatever space should be taken off by ducts?

A.—It definitely should. That space is valued at seventy-five cents (75¢) per square foot as storage space.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—You said that already.

And that space has some outside light, has it not?

10 A.—Yes, it has windows all around that floor.

Q.—And you value it as Seventy-five cents (75¢) per square foot as storage space, and you value inside unlighted space at One dollar (\$1.00).

A.—The approach to it is not as convenient as the approach to inside space on the lower floors and there is only a freight elevator to the Twenty-fourth — there is no passenger elevator, and the approach into the space is not as convenient as space on the lower floors.

20 And for that reason we applied a somewhat lower rate to it.

Q.—So far as the Twenty-fourth floor of the Royal Bank is concerned, you told us that you had been informed that storage space was rented at seventy-five cents to One dollar a foot?

A.—Yes.

Q.—Do you happen to know about the approach to that space?

30 Is there a freight elevator?

A.—There is not even a freight elevator. There is a walk-up staircase. The situation in the Royal Bank is different from any we find in the Sun Life, There is actually a shortage of storage space in the Royal Bank as indicated by the fact that thirteen (13) tenants who rent locker space on the Twenty-fourth (24) floor and willing to pay from seventy-five cents to one dollar a foot, and approach it by elevator to a point and walk up.

40 It is purely a case of supply and demand.

And that I think accounts for the higher rate there than the value we put on the Twenty-fourth floor of the Sun Life.

Q.—You now are telling us you don't want the Board to draw any inference from that rate of seventy-five cents to a dollar because it is special circumstances that sets that rate?

A.—I think that everyone understands that.

Q.—If that is your explanation, all right.

H. MILLS (recalled for the City of Montreal) Cross-examination

Taking Exhibit D-38, the right hand column of net rentable area represents the figures given by you and Mr. Desaulniers rather than the Sun Life figures?

10 A.—Yes.

Q.—It includes, I take it, the upper imaginary floors you have put in the banking hall, auditorium and gymnasium?

A.—It does.

Q.—It includes also the other space, such as washrooms, corridors, and so on, that we mentioned above in Exhibit D-18?

A.—Yes.

Q.—I observe that you have in arriving at the total figures given on Exhibit D-38 excluded floors Seven-A, 16-A and Twenty-Four-A, 24A, really should be Twenty-four, should it not?

20 A.—Correct.

Q.—That “A” is a mistake in the heading?

A.—Yes, it should be Twenty-four.

Q.—On each of the floors Seven-A and Twenty-four you have shown some rentable area in your report, have you Not?

A.—Yes.

Q.—However on these floors the proportion of gross to net rentable is very high?

A.—Yes.

30 Q.—And if you included these floors in your comparison on Exhibit D-38, that would affect the percentage downwards, would it not?

A.—Slightly. Very slightly.

Q.—To a certain extent?

A.—I think that should be answered.

Q.—Answer it.

40 A.—The floors Seven-A, Sixteen-A and Twenty-four — Seven-A and Sixteen-A are almost entirely devoted to mechanical ventilation. Twenty-four is more than half devoted to mechanical ventilation, and in considering the gross rentable area in the Sun Life Building and the net rentable area in that building with similar figures relating to other office buildings it would be an unfair thing to not exclude the part in the Sun Life Building which is used for mechanical ventilation because the other buildings have not got mechanical ventilation.

Q.—Unfair to whom?

A.—An unfair comparison. It would not be a proper comparison.

Q.—Unfair to whom? I would like to know what you mean by that.

H. MILLS (recalled for the City of Montreal) Cross-examination

A.—Well, the statements have been made to the effect that the rentable area. . .

Q.—Is it not possible to answer my question first, and. . .

A.—Unfair to the City.

10 Q.—Now go on. Have you anything more to add?

A.—It had been suggested that the rentable area in the Sun Life as related to the gross area provided a small percentage compared with other buildings.

20 The comparisons which I have made in connection with the Royal Bank and the Dominion Square Building are for the purpose of indicating that the rentable area in these two buildings is about seven percent to eight percent (7% to 8%) higher in relation to gross area than is the case in the Sun Life Building, and in my opinion that difference can be expected and accounted for very largely by reason of the space in the Sun Life which is devoted to mechanical ventilation and which has nothing to do with Floors Seven-A or Sixteen-A, because while it is a fact that these floors are devoted almost entirely to mechanical ventilation there is a certain amount of space which can be made readily adaptable as rentable area.

30 And the relationship between rental area and rentable area in the Sun Life Building is not appreciably different from what exists in the Royal Bank Building and in the Dominion Square Building.

Q.—Let us look at Exhibit D-39. Are you familiar with the Royal Bank Building?

A.—Yes.

Q.—I see you started with each of the three buildings on exhibits D-38 and D-39 with what is called the ground floor.

A.—That's right.

40 Q.—So far as the Royal Bank is concerned, do you know whether or not there is a banking hall on the ground floor?

A.—There is.

Q.—Do you know how much of the ground floor it occupies?

A.—The banking hall occupies most of the ground floor.

Q.—As a matter of fact it is a "U" shape around the entrance and elevators?

A.—Yes.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—And that banking hall in height occupies the equivalent of three storeys?

A.—The ground floor, the mezzanine and two floors above.

Q.—The actual banking hall occupies three floors?

10 A.—Yes.

Q.—You are not suggesting the mezzanine is in the banking hall?

A.—The mezzanine surrounds the banking hall in part. It borders it.

Q.—Which part?

A.—I have a plan here which I obtained from the City which shows the mezzanine as finished in the front, or towards the St. James Street side of the banking hall.

20 Q.—May I see it?

Is that the top third of the banking hall or the middle third?

A.—The top third.

Q.—So that if the banking hall proper, that is to say the part that occupies three floors — can you tell me what percentage is that of the ground floor?

30 A.—The upper part of the banking hall measures forty-eight feet (48') by One hundred and fifty-four (154) feet.

Q.—That is the top third?

A.—That's right.

Q.—In height?

A.—Yes.

Q.—The lower two-thirds in height of the banking hall occupy practically the entire ground floor?

40 A.—The relationship between the lower two-thirds based upon the statement that was given by Mr. Reid, the manager of the Royal Bank Building, the ground floor gross area is Twenty-nine thousand (29,000) square feet and the net rental area Nineteen thousand and thirty-eight (19,038).

Q.—So the Nineteen thousand and thirty-eight (19,038) square feet represents the banking hall?

A.—It represents all of the rentable area on the ground floor, and I would say most if not all of that is a banking hall.

Q.—You have for two-third in height of the banking hall that Nineteen thousand and thirty-eight (19,038) square feet, and for the top you have the dimension you gave me a short while ago?

A.—That's correct.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—In the figures on Exhibit D-39 showing the net rentable areas of the Royal Building is there anything included for an imaginary second floor for the whole of the banking floor and an imaginary third floor for that part which extends higher?

10 A.—No. The figures included are the figures supplied by Mr. Reid and by the Technical Service of the City.

Q.—And they are the figures you have used in making your percentage calculation at the bottom of Exhibit D-39?

A.—That's correct.

Q.—When you make comparisons between these three buildings, D-38, D-39 and D-40, of the ratio between net rentable space, according to you, and gross floor areas, according to you, the figures used for the comparisons are total figures for floors, are they?

20 A.—Yes.

Q.—And in this total figures for floors there is good space and bad space?

A.—Correct.

Q.—And the comparison you make takes no account of whether there may be more bad space in the Sun Life than there is in the Royal Bank Building or the Dominion Square Building?

A.—It deals only with rentable area.

30 Q.—With square feet of rentable area regardless of the quality of the space it represents?

A.—Correct.

Q.—Furthermore, the comparison takes no account of relative floor heights?

A.—No. But I would like to go a little further there. There is another statement which is filed, and which relates or compares the typical floor in the Dominion Square Building. . . .

Q.—That is the next question I had to ask you. These are the statements I take it which appear at the back of your book of exhibits?

40 A.—Yes.

Q.—Dealing with the Dominion Square Seventh floor and the Royal Bank Eighth floor?

A.—Yes.

Q.—And what I understand you have done on these two pages, 69 and 70, of your book is to work out equivalent areas for those two floors in those two buildings by the Sheridan-Karkow formula?

A.—Yes.

Q.—As adjusted by you, or prepared?

A.—Actually as applied to the Sun Life Building.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—You made the same modifications as in the case of the Sun Life Building?

A.—Yes.

10 Q.—There is also in the record the cube of these three buildings?

A.—Yes.

Q.—And that cube in each case naturally includes basement space as well as upper space, does it not?

A.—Yes.

Q.—So far as the Royal Bank Building is concerned, there is a floor under the ground floor we have been talking about that is not completely submerged in darkness?

A.—Not completely, very nearly.

20 Q.—It has windows on all four sides?

A.—Yes, at a height of not less than seven feet.

Q.—And that floor is occupied — I am speaking from my personal recollection — by some four or five broker offices, a barber shop and a cigar stand?

A.—Yes.

Q.—All tenants of the building?

A.—Presumably so, yes.

Q.—And further down below that in the Royal Bank Building is space occupied by the bank itself for vaults and so on?

A.—Yes.

30 Q.—Now, in the case of the Dominion Square Building, we have evidence there is a large garage in the basement?

A.—Yes.

Q.—Occupying over two and a half floors of the same area as the ground floor of the building?

A.—That is my understanding.

Q.—So far as the Dominion Square Building is concerned, the gross floor area shown on Exhibit D-40 are figures that were supplied to you by the Technical Department of the City?

40 A.—That's correct.

Q.—You made no measurements yourself?

A.—I did not.

Q.—And your calculation of Sixty-eight point two percent (68.2%) on that exhibit is based on these floor areas?

A.—That is correct.

Q.—Now, all the gross areas that you have used in making the comparisons in connection with the Sun Life, the Royal Bank and the Dominion Square are gross areas calculated on the outside of the building?

A.—Correct.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—Of course comparisons made through the use of floor areas calculated in that way are not as correct as gross floor areas calculated on the inside walls of the building?

A.—The ratio would be superficially different.

10 Q.—Do you happen to know whether in the Dominion Square Building the net rentable area that you have use in D-40 includes any inside unlighted space?

A.—It does.

Q.—What proportion?

A.—The exact proportion?

Q.—Yes.

A.—I refer you to the plan which is filed.

Q.—You refer to the plan Exhibit D-33?

A.—Yes.

20 Q.—Can you indicate to me the dark inside unlighted space that is rentable area in that?

A.—Two-thirds approximately of office Number 434 which is shown on the plan to contain a total area of One thousand eight hundred and six (1806) square feet.

Q.—Two-thirds of Number 434. Is there a partition there at office 434 between lighted portion and the unlighted portion?

A.—I am not sure.

30 Q.—If there is not, then that two-thirds has access to the windows on the Court?

A.—It is classed as dark inside space in the same way as we have classified dark inside space in the Sun Life Building.

Q.—Do I understand you to say that in the Sun Life Building you have classified dark inside space on the basis of it not being next to windows?

A.—We have classified dark inside space.

Q.—Do I understand you to say that in the Sun Life Building you classified under dark inside space on the basis it had no access to windows?

40 A.—We have classified it.

Q.—On the basis that it had no access to the windows?

A.—That's right.

Q.—And if there is no partition in the area in office Number 434 to which you have referred me in this Exhibit D-33, then all of that space has access to the window? It may be some distance, but it has access?

A.—Indirectly.

Q.—Directly. The light shines in.

A.—No. Indirectly.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—Why?

A.—On an angle. The light shows in practically obliquely.

Q.—Can you show me any other such space on this Exhibit D-33?

10 A.—That is all of the space on that floor that we measured as dark inside space.

Q.—And that is a typical floor?

A.—Yes.

Q.—And in the Dominion Square Building there is an arcade on the ground floor?

A.—Yes.

Q.—And the ground floor, as I understand it, is given up largely to stores on the outside of the building and through the arcade?

20 A.—Yes. There is also an arcade in the Sun Life Building.

Q.—I am now talking of the Dominion Square Building. We will save time if we stick to what we are talking about.

On Exhibit D-39, the Royal Bank Building, taking the figures as they are given there, the Fourth to Ninth floors inclusive show a percentage of net rentable area to gross area of seventy percent (70%), very closely.

30 A.—I have not calculated.

Q.—If I am wrong you will check me on that.

And the Seventeenth Floor shows a net rentable to gross of Seventy-eight percent (78%).

A.—I cannot answer that. I have not checked it.

The President:—

40 It strikes me that the evidence speaks for itself.

Mr. Hansard:—

Q.—I notice that on the Tenth and Eleventh floors the net rentable area is somewhat smaller, can you explain why that is?

A.—I cannot explain why it is. I am using the net rentable areas declared by Mr. Reid.

H. MILLS (recalled for the City of Montreal) Cross-examination

If Mr. Hansard wants an answer I will go and ascertain it.

Q.—You don't know now?

10 A.—No.

Q.—Exhibit D-32. . .

A.—Mr. Chairman, I had something to say about the Dominion Square Building. I understand Mr. Hansard is going to bring me back to that.

Q.—I am cross-examining you. Do you want to explain some answer.

A.—I think that the questions that have been put to me have been for the purpose of bring about a comparison between the rentable area in the Dominion Square Building and the Sun Life Building. I have two exhibits which make comparisons and Mr. Hansard has referred to one and not the other, and the other makes a better and fairer comparison.

20 Q.—Which is the other one? Do you mean 69 and 70? You have another exhibit?

A.—Yes. It is headed "Comparison of actual and equivalent areas on Seven typical floors of the Sun Life Building, and one typical floor, being the Seventh, of the Dominion Square Building."

30 Q.—What do you want to say about that?

A.—I want to say that in comparing rentable areas in buildings there are many factors to be considered. The depth factor is important. The factor relating to corner influence is important. Court exposure is important.

40 Under the Sheridan-Karkow formula all of these are considered for the purpose of arriving at equivalent area, and apply the Sheridan-Karkow formula to the Dominion Square Building one finds that all of the courts produce space which is fully standard value in the same way that exposure depth beyond twenty-five (25') produces space below the standard.

To compare these floors on the basis of their rentable area and the best use it can be put to, or the best use that can be made of it, it is necessary to consider all of these factors, and the conclusion arrived at from the statement which has been referred to is this: the total actual areas of Floors Twelve to Nineteen of the Sun Life Building is One hundred and sixty-six thousand three hundred and eighty-nine (166,389) square feet. The total

H. MILLS (recalled for the City of Montreal) Cross-examination

equivalent area, One hundred and forty-three thousand five hundred and thirteen (143,513) square feet.

10 The equivalent area is eighty-six percent (86%) of the actual area.

Taking the floors Six to Ten in the Sun Life Building, which brings about a better comparison with the Seventh floor of the Dominion Square Building, we find the total actual area is Ninety-three thousand one hundred and seven (93,107) square feet. That is area that is rented. And the total equivalent area, Seventy-seven thousand six hundred and two (77,602) square feet.

20 The equivalent area is Eighty-three percent (83%) of the actual area.

By comparison, in the Dominion Square Building on the Seventh floor the total actual area is Twenty-six thousand nine hundred and twenty-three (26,923) square feet, and the total equivalent area Twenty-two thousand four hundred and eighty-seven (22,987) square feet.

30 The equivalent area is Eighty-three percent (83%) of the actual area.

And it will be seen from that statement that the upper floors of the Sun Life Building, the Twelfth to the Nineteenth, being typical floors, produce a greater of percentage of equivalent to actual area than is found on a typical floor in the Dominion Square Building.

40 The reason is this: that while on these typical floors of the Sun Life one finds space that is deeper than the average, more deep space than is encountered in the Dominion Square Building, the courts do not appear in the upper part of the Sun Life Building and there are eight corners on each floor. The floor plan is so laid out that there are eight instead of four corners. And each produce a plus value of five percent (5%).

That is the fair basis of comparing rentable area in the Dominion Square Building with rentable area in the Sun Life Building.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—You have told us, Mr. Mills, in your evidence and in your report, that you modified the Sheridan-Karkow formula in order to apply it to the Sun Life Building.

10 And I understand in making the calculation on Exhibit D-42 you have used the same modifications in applying the formula to the Dominion Square Building?

A.—Correct.

Q.—Did the same factors which you mentioned with relation to the Sun Life Building in this connection apply to the Dominion Square?

A.—The Dominion Square Building, the changes that we made in the formula had to do primarily with the depth factor.
20 There is a smaller ratio of space in the Dominion Square Building with an extensive depth than in the Sun Life Building. And I don't think the modifications we have made would in any way affect the comparison.

Q.—When you made up your figures for the Dominion Square Building, did you have the plans of that building which are produced here?

A.—Yes.

Q.—Did you make any attempt to measure the areas from these plans?
30

A.—We measured them from the architect's plan.

Q.—The gross areas?

A.—Yes. And we found that gross area on the Seventh floor, a typical floor, is Twenty-six thousand nine hundred and twenty-three (26,923) square feet, as compared with Twenty-six thousand nine hundred (26,900) square feet as indicated by Mr. Empey.

We are out twenty-three feet (23') on the total.

40 Q.—Did you do that with all of the floors?

A.—We only measured one floor in the Dominion Square Building.

Q.—The Seventh?

A.—That's right.

Q.—Perhaps we can go to Exhibit D-32. I may come back to some of these things later, Mr. Mills.

On Exhibit D-32 you state that twenty (20) of the eighty-

H. MILLS (recalled for the City of Montreal) Cross-examination

one (81) leases in the building were above your estimated base rate, fifty-seven (57) were below, and four (4) were on a par.

A.—That's right.

10 Q.—The fifty-seven (57) that were below, can you tell me generally would those leases be leases for large space?

A.—I would have to go through these individually.

Q.—You don't know?

A.—I would not like to answer that.

Q.—Speaking generally, it is the leases for the smaller space that carry the higher per square foot rates?

A.—I would not say that. Frankly, I cannot answer that. The report is clear, because we show the actual rental and the estimated rental for every lease in the building.

20 Q.—Will you agree that the higher per square foot rentals are for smaller space?

A.—It is a fair question. I cannot answer correctly. I will find that out. Speaking off hand I cannot.

Q.—This reference to the leases being above or below the base rate takes no account of the quality of the space they cover?

A.—It takes the actual leases.

Q.—Whether for poor space or for good space?

A.—Exactly.

30 Q.—And if the larger leases have a lower rate because of the bulk and the smaller leases have a higher rate, that is not reflected in your comparison of the number of leases above and below your base rate?

A.—I don't see how it could be.

Q.—Exhibit D-37, which is a list of tenants occupying the largest areas in the Sun Life Building. That exhibit shows as its result for the Sixth to the Twenty-first floors an average rate of One dollar and fifty-six cents (\$1.56)?

A.—Yes.

40 Q.—Again I ask you the same question. If the rentals for smaller blocks of space are at higher rates per square foot, that would affect that average would it not? Because you have left out the smaller spaces in this exhibit.

A.—The smaller spaces generally are renting at higher rates per foot. The reason being that they involve space that is less deep than the larger areas, or the larger units of space.

Q.—And if you included those smaller leases in your calculation it would affect that rate?

A.—That calculation is for the sole purpose of indicating the larger areas occupied by large companies. It is not for the

H. MILLS (recalled for the City of Montreal) Cross-examination

purpose of making a comparison of rentals paid by large tenants and the rentals paid by tenants occupying smaller space.

Q.—This deals with all units from One thousand eight hundred and thirty-six (1,836) square feet, up?

10 A.—Yes. And One thousand eight hundred and thirty-six (1,836) square feet is quite a substantial area.

Q.—Having got through with that: the smaller areas leased to individual tenants that you have not shown in this exhibit, would show a higher average per square foot of rental?

A.—Yes, due to the fact that the space occupied by. . .

Q.—All I want is, yes.

A.—Yes.

20 Q.—You have made your explanation. Don't repeat it again.

There is one question about the Fourth floor, Mr. Mills. We discussed that yesterday you will recall. We spoke yesterday about the area coloured in green at the top left hand corner of your plan on page 25.

A.—Yes.

30 Q.—And it was shown there as vacant, and you told us it was vacant at the time this assessment was supposed to have been made, in 1941?

A.—Right.

Q.—It is now occupied by a tenant, I understand.

A.—Yes, the Aluminum Company.

Q.—And in addition to that the area on the Northwest corner of the building is also occupied by the Aluminum Company, shown as being marked in red?

A.—The Northeast corner.

40 Q.—That is the green. The Northwest corner also is occupied by the Aluminum Company?

At the present time?

A.—Yes.

A.—Not to my knowledge. I won't say it is not.

Q.—You did not see that lease?

A.—I don't recall seeing it.

Mr. Seguin:—

Is that after December 1st 1941?

II. MILLS (recalled for the City of Montreal) Cross-examination

By Mr. Hansard:—

Q.—When did you visit the fourth floor for the first time?

10 A.—The leases are all dealt with and summarized very carefully at the back of our report and deal with all leases that were in effect as at December 1st 1941.

We did not consider any leases in effect after December 1941, but did observe that certain space was occupied which previously had not been rented, and it is on that account I have mentioned the Northeast corner as to my recollection, and I am speaking only from recollection, as being occupied by the Aluminum Company.

20 Q.—And I am asking you about the Northwest.

A.—I have no recollection other than is shown on the plan, which says it is occupied by the Sun Life.

Q.—Do you see certain inked in divisions for offices on this plan?

A.—Yes.

Q.—Just where did you get the plan from which page 25 is copies, from the Sun Life Company?

30 A.—It must have been. Because this is an exact photostatic copy of their plan. That is my recollection. I don't think we marked on anything.

Mr. Chairman, before we go any farther, Mr. Hansard is taxing my memory I think rather unfairly. This book of exhibits which we have filed measures every square foot in the Sun Life.

Q.—What does your evidence. . .

40 A.—But my evidence has nothing to do with things that transpired after December 1st 1941, and any observation I have made subsequent to that date are from memory. I have no record of that and don't want to be quoted on it.

Mr. Hansard asks if certain changes were made on the plan — I don't know. All I know is that that space on December 1st 1941 was occupied by the Sun Life Company and we considered it as such.

Q.—Did you see the space on December 1st 1941?

A.—No.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—When did you first see the Fourth floor?

A.—We started working on July 1942, and when I refer to space that is rented or occupied by the Sun Life as at December 1st 1941 I am referring to the information given to us by the Sun Life.

10

Every plan we have filed has been checked by the Company.

Q.—And are you suggesting that the colouring on the plans was checked by the Company before you filed them?

A.—No.

Q.—In any event, you don't remember about the Northwest corner?

A.—I do not remember.

20

Q.—You remember the Northeast corner?

A.—Yes. It is clearly shown on the plan, and that is the reason why I do remember.

Q.—What is shown?

A.—That a corridor has been put in there and the balance has been subdivided.

Q.—And that the space is rented?

A.—No.

Q.—Then, it is vacant?

30

A.—It is shown there as vacant and divided as at December 1st 1941.

Q.—That is not what you remember?

A.—I have said the reason is because it was on the plan.

Q.—Do you know whether that space that you recalled as now occupied by the Aluminum Company is a war tenancy or not?

A.—I don't know that.

Q.—You don't know?

40

A.—I know that the Aluminum Company occupy a great deal of space and I think they are engaged in war work; what space has to do with war work and their own business, I don't know.

Q.—In this book of exhibits, Mr. Mills, you have included a sheet on page 67-a giving information about a number of New York buildings?

A.—Yes.

Q.—Will you tell me how you got the information on that sheet?

The President:—

As far as we are concerned I don't attach much important to it. He did not say a word about it in the examination in chief.

H. MILLS (recalled for the City of Montreal) Cross-examination

Mr. Hansard:—

He put it in the book of exhibits.

10 The President:—

If he did not say anything about it, you cannot cross-examine him on it.

Mr. Hansard:—

Then the sheet should be taken out of the book.

20 The President:—

You cannot take out a sheet of a report filed by an expert. It is for us to decide.

Mr. Hansard:—

I won't press it, Mr. Chairman.

30 Q.—You said, Mr. Mills, that the power house was ideally situated. For what purposes is it ideally situated?

A.—For several purposes. First of all, it is ideally situated to provide to the Sun Life Building the service of heating which is provided to that building. Secondly, it is ideally situated as a site for a future office building, being about two hundred and seventy-five feet (275') of that part of St. Catherine Street which is known as the one hundred percent (100%) area of the shopping district.

40 Q.—Is that One hundred percent (100%) area of the up-town shopping district the same as the One hundred percent (100%) commercial district you spoke of in your examination in chief?

A.—Yes.

Q.—Is there any other reason why the power house is ideally situated?

A.—Those are the two that come to my mind.

Q.—You stated that the hospital and the cafeteria space in the Sun Life Building was expensively fitted out. These fittings, I take it, could be removed?

A.—They could be removed but they are not considered as moveables. If the building was sold the fittings that are in the

II. MILLS (recalled for the City of Montreal) Cross-examination

cafeteria and hospital in my opinion would constitute permanent equipment as forming part of the building.

Q.—I forgot to ask you that about your qualifications, Mr. Mills. You are not a lawyer?

10 A.—No.

Q.—You said this was a monumental building and could be viewed from three sides and even from the North?

A.—Yes.

Q.—And the reason why it is visible from the North is because it is higher than the building on the North?

A.—Yes.

Q.—If you put the eighteen storey building you spoke of on the power house it would obstruct the view to the East?

20 A.—Somewhat.

Q.—In your evidence and in your report you deal at some length about the purpose for which the building was built and refer to the President's Book and Pamphlet — did this have any influence on your valuation?

A.—Yes.

Q.—Would you tell me if I am right on this: On page 46 of your report, paragraph (m) on that page gives your valuation — yours and Mr. Desaulnier's?

A.—Yes.

30 Q.—And you show how you arrive at that figure by the paragraphs that precede it.

A.—By the whole report, Mr. Chairman.

Q.—In your evidence you state with reference to the figure of Seventeen million five hundred and thirty-one thousand seven hundred and eighty-six dollars and eighty-two cents (\$17,531,786.82) appearing at the bottom of page 25 of your report, that having arrived at that figure you then considered the results reached by Messrs. Perry and Fournier?

A.—Yes.

40 Q.—Is it not rather the case that you used Messrs Perry's and Fournier's work in order to arrive at that figure?

A.—No. We arrived at the figure by process of actual calculation, which is clearly evidence in the report; and arriving at the figure asked ourselves to what extent the estimates of Messrs Perry and Fournier, with whom we were working, would tend to confirm that figure.

We found Mr. Fournier somewhat below and Mr. Perry somewhat higher, and we concluded we were in a right position in using that figure.

H. MILLS (recalled for the City of Montreal) Cross-examination

Q.—That figure you arrived at independently of Messrs. Fournier and Perry?

A.—Quite.

Q.—I think I am right, Mr. Mills, when I say that so far as
10 vacancies are concerned in the building you have allowed five
percent (5%) for vacancies with respect to tenant occupied space
only?

A.—Yes.

Q.—You did not apply it to the space occupied by the Com-
pany?

A.—No. We anticipated that the Sun Life would in time
make use of much more space than it is now using.

Q.—Am I correct in saying that for purposes of measure-
20 ment the Sun Life Company occupies about half of the building?

A.—A little over half. A little over fifty-one percent
(51%).

Q.—And your five percent (5%) rate refers only to the
other half?

A.—Yes.

Q.—I think I made a particular note when you came to
talk about the operating expenses which you calculated in your
report — you stated, I believe, that you considered it would have
been a breach of trust on your part to take the Sun Life figures?

A.—That is what I said. Perhaps this is an opportune time
30 to qualify it.

There were three approaches that we could follow in order
to arrive at a fair estimate of the operating expenses of the build-
ing. One would be to take the declared figures of the Sun Life
Company, which would not have been a satisfactory approach
for several reasons. The Sun Life Company have kept records
relating to operating expenses which do not reflect accurately
the expenses in any one year. There are certain expenses in 1940
40 which would be reflected in 1941 and some maybe in 1942 that
were made in 1941.

In any event, we considered in looking over the declared
statement by the Sun Life Company that it did not provide a
satisfactory basis.

When I said it would be a breach of trust to make use
of that statement, perhaps I was putting it too strongly. I had
no intention of casting any reflection on the Sun Life who in
every way had been most co-operative to provide information to
us.

II. MILLS (recalled for the City of Montreal) Cross-examination

But it is the function of an appraiser in estimating expenses to relate these operating costs to general expenditures rather than to the declared amount of the company.

10 The second approach had to do with a comparison of the operating expenses of the Sun Life Company with expenditures of other buildings. And I explained previously that the National Association of Real Estate Boards publish records annually dealing with the average operating costs in connection with buildings, broken down under such headings as are shown on page 40 of our report. It is not necessary to read them.

Q.—It is all in the report?

20 A.—There are nine headings. Using the experience of many office buildings, the Association endeavours to determine the average cost per square foot of all of the services that apply or exist in office buildings.

The records that are published by the Association are a very useful guide. And we considered these.

30 And we then considered the experience of the one building in Montreal which we were free to investigate and from which we could obtain complete information. We consulted with Mr. Grimstead, the manager of the Drummond Building, and who is associated with our company.

We had many interviews with Mr. Grimstead. I imagine that Mr. Desaulniers and Mr. Grimstead had more to do with actually arriving at the figures in our report than I did. I don't want to delay my evidence unnecessarily.

40 I do want to say this: that the difference between the operating statement as filed by the Sun Life Company and the statements shown on page 40 of our report has to do primarily, I think, with two items. The amount that was estimated by the company under the heading of clerical and superintendent, which means management, is Forty-eight thousand two hundred and four dollars (\$48,204.00). The allowance in our estimating statement is Forty-three thousand three hundred and six dollars and forty-two cents (\$43,306.42).

Q.—Does that show in your report — that figure?

H. MILLS (recalled for the City of Montreal) Cross-examination

A.—Yes. The difference is Four thousand eight hundred and ninety-seven dollars and fifty cents (\$4,897.50).

10 The amount that we estimated, in my opinion, was a very liberal amount. My reason for saying that is this: that as representing a company which acts in management business I can quote from our own book, in which we offer to manage property for five percent (5%) of the first One hundred and fifty thousand dollars (150,000) income, which would be Seven thousand five hundred dollars (\$7,500), and two and a half percent (2½%) for the income in excess of One hundred and fifty thousand dollars (\$150,000).

20 The income as estimated from the Sun Life Building, representing the tenant occupied space and the vacant space, in excess of One hundred and fifty thousand dollars (\$150,000) would be Five hundred and sixteen thousand one hundred and twenty-eight dollars and forty-five cents (\$516,128.45), — total Twelve thousand nine hundred and three dollars and twenty-one cents (\$12,903.21).

30 We estimated arbitrarily an amount of Ten thousand dollars (\$10,000) for managing that part of the space which is occupied by the Sun Life Company.

The reason for not using the normal method to that space has to do with the fact that the manager would have only one tenant to consider, one rental to collect, and his duties relating to the supervision of the Sun Life space would be somewhat less than would apply in the case of a number of tenants.

40 So that I can say, Mr. Chairman, that as a real estate firm, or representing a real estate firm, I think that a total amount of Thirty thousand four hundred and three dollars and twenty-one cents (\$30,403.21) represents the amount that a managing agency would be glad to manage the Sun Life Building for.

The amount we allowed in our estimate is Forty-three thousand three hundred and six dollars and forty-two cents (\$43,306.42), which is very much higher.

I don't want to pursue that discussion further, only Mr. Hansard wants to question me. Mr. Grimstead and Mr. Desaul-

II. MILLS (recalled for the City of Montreal) Cross-examination

niers are here and will testify with regard to the operating statement.

Q.—That is a long answer to my question.

10 What I want to get at is, you did use in arriving at your operating figure of the Experience Exchange reports of which you spoke?

A.—Correct.

Q.—And you told us that in the City of Montreal for 1941 there were three buildings reflected in the figures for this district?

A.—I am not sure. Mr. Grimstead will answer that. It was not less than three, and maybe it was five.

20 Q.—You don't know the buildings?

A.—No. The information is confidential insofar as the names are concerned. These names of the buildings.

Q.—And the identity of each individual manager?

A.—Right.

Q.—To speak about depreciation, you say that you departed from the table in Mr. Parent's Manual for two reasons. Because the building was built of granite, and second, because of the bronze windows and window frames?

30 A.—We departed from the rate in Mr. Parent's Manual because this building represents a standard that is above any other building in Montreal in construction and finish and equipment.

Q.—You are familiar with it?

A.—Yes, I am fairly familiar with it.

Q.—Also the photographs that are in it?

A.—Yes.

40 Q.—And will you notice that in the first page of photographs, the first photograph on page 201 of the Manual is described as the photograph of a commercial building, and that is the Sun Life Building itself — of which we are talking?

A.—That is what the Manual says, Mr. Chairman.

Q.—In your evidence in chief you refer to a book by Mr. Schmutz called "Appraisal Process" and you quoted from that book?

A.—Yes.

Q.—There are one or two passages I would like to refer to in that book. At page. . .

H. MILLS (recalled for the City of Montreal) Cross-examination

The President:—

10 You are referring only to the quotations he made in the book?

A.—No, Mr. Chairman, I propose to refer to a number of other passages in the book.

Mr. Seguin:—

I object.

The President:—

20 If he filed the book and in referring to some parts of it, I will permit you to cross-examine on these parts. Not on all the book.

Mr. Hansard:—

Then I tender the book to the witness and ask him to produce it as an exhibit.

30 He puts this man forward as an authority and I am entitled to get the opinion from him.

Mr. President:—

In virtue of that, when legal authorities are quoted you could examine the party on what is said in the book.

Mr. Hansard:—

40 My first answer to that is that a witness would not be entitled to quote from a legal authority.

Mr. President:—

If it is a lawyer he is an expert.

Mr. Hansard:—

I submit I can go through the whole book.

II. MILLS (recalled for the City of Montreal) Cross-examination

Mr. President:—

I will not let you go through this book.

10 Mr. Hansard:—

Ortherwise one would be able to pick a book, a passage from that book which might happen to favour him, and read that passage in and drop it and let it go at that, and there might be other passages in the book that would be entirely different.

Mr. President:—

20 In your argument you will be free to say all that, and say here is the book, and here is the page.

Mr. Hansard:—

We will file the book. This is a copy of the same book.

Mr. President:—

30 I am not strongly affected by American authorities. Not because they are American.

Mr. Hansard:—

I offer as Exhibit P-37, the Appraisal Process by George F. Schmutz.

The Witness:—

Just one thing. . . .

40 By the President:—

Q.—Are you not satisfied?

A.—. . . in connection with the operating statement.

I stated that the principal differences had to do with management fees. There is something which I wish to mention. It has to do with the cost of electricity.

H. MILLS (recalled for the City of Montreal) Cross-examination

The Sun Life is bringing electricity into this building on a wholesale basis and is retailing it to tenants, and in the amount we charged the Sun Life for the space that it occupies we did not consider the amount they would normally pay for electric
10 light. And that amount as estimated by the company amounts to seven cents (7¢) per square foot. The amount that is declared by the company for electric light and power, I think that includes the cost of lighting its own space too, which on the basis of seven cents (7¢) per square foot would amount to Twenty-nine thousand seven hundred and forty-four dollars and forty-five cents (\$29,744.45).

Re-examined by Mr. Seguin, Attorney for the City of
20 Montreal:—

Q.—Mr. Hansard yesterday asked you if you were valuing the Sun Life space as being on a basis of value in use, and you said yes. Have you anything to say concerning that?

A.—Yes. Value in use exclusive of amenities. The amenities in the Sun Life are in a separate parcel and represent some Four million dollars (\$4,000,000).

30 The value of that space is based upon its actual intrinsic value exclusive of the amenity feature.

Q.—Mr. Mills, reference was made to the Insurance Exchange Building. Can you tell this Board how the two buildings can be compared?

A.—They cannot be. They are different in design and construction and finish. I don't think they can be visioned on ordinary standards.

40 Q.—Reference was also made of a previous case allowing a depreciation of one point five percent (1.5%) a year on the Insurance Exchange Building, and I remark by your report you have only one percent (1%) for the Sun Life. Can you relate these two figures?

A.—The Insurance Exchange is not nearly as well constructed as the Sun Life, and I think the one and a half percent (1½%) there is in keeping with the one percent (1%) of the Sun Life because of the very much better construction.

Q.—Yesterday reference was made to a certain inside space rented to CHLP, or La Patrie, and it rented at about One dollar and twenty-eight cents (\$1.28) a square foot.

II. MILLS (recalled for the City of Montreal) Cross-examination

Will you tell the Board if there is also some inside space which is rented at a far higher rate than that in the Sun Life Building?

10 A.—The space immediately adjoining CHLP is rented to the C.N.R. Telegraph Company at One dollar and seventy-six cents (\$1.76) a square foot; the next office to that is rented to Victor & Son at One dollar and seventy-six cents (\$1.76), and the next again to that is rented to Charles W. Buist at Two dollars and eight cents (\$2.08), that being a percentage lease.

On the opposite side of the passage there is space rented to the United Cigar Store as a cigar stand for which they paid in 1941 a rent of Nine dollars and thirty-three cents (\$9.33) a square foot.

I think those rents are significant in that they are for space that is inside and without windows.

Q.—You have said that the Sun Life rental value was assessed by you as being, to a certain extent, value in use exclusive of amenities?

A.—That's right.

30 Q.—You were asked a question as to the institutional space occupied by the Sun Life.

Have you anything to say concerning the institutional space occupied by the Sun Life?

40 A.—In the first basement which was valued by Mr. Desaulniers and myself at Two dollar and twenty-five cents (\$2.25) a square foot the security vault, which is there for the exclusive use of the Sun Life Company, is one of the largest and most modern in the world. And the safe weighs over four hundred and twenty-five (425) tons, and the door of the safe forty-six (46) tons.

The cost, excess cost, as estimated by Mr. Perry of the vault as compared with ordinary space amounts to Two hundred and twenty-five thousand dollars (\$225,000). That would be sufficient to finish the entire floor space on the Twentieth, Twenty-second and Twenty-third floors.

H. MILLS (recalled for the City of Montreal) Cross-examination

The other feature in Basement Number One is the kitchen services for which Mr. Perry estimated an excess cost of Thirty-five thousand nine hundred dollars (\$35,900).

10 Q.—Without going into all particulars, will you just give the headings of institutional features which you have included or reflected in the rental value. There is a report, it would be simple to file it.

By the President:—

Q.—Are these contained in the exhibit?

20 A.—They are contained at pages 43 and 44 of the report under the heading “extra cost of finishing space occupied by the owner”.

By Mr. Seguin:—

Q.—And is complete on the report?

A.—Yes.

By Mr. Hansard:—

30 Q.—When Mr. Seguin spoke of certain dark space, he said inside space — the space of CHLP is dark space?

A.—Yes.

Q.—It is outside space according to your definition?

A.—Yes.

Q.—Then those three small bits of one side of what you call the passage and the cigar store on the other side, that passage is the arcade?

A.—Yes.

Q.—And those are either stores or concessions?

40 A.—Yes.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

(End of sitting for 13th April).

G. DESAULNIERS (for the City of Montreal) Exam. in chief.

DEPOSITION OF GUY DESAULNIERS

On this Fourteenth day of April in the year of Our Lord
One thousand nine hundred and forty-three personally came and
10 appeared: Guy Desaulniers, of the City of Montreal, and there
residing at Number 3847 Northcliffe Avenue, real estate ap-
praiser, a witness called by the City of Montreal, who having been
duly sworn doth depose and say:—

Examined by Mr. Seguin, Attorney for the City of Mont-
real:—

Q.—Will you tell the Board the experience you have as
20 real estate appraiser.

A.—I have been employed in this quality by the Societe
Nationale de Fiducie and Caisse Nationale d'Economie, for nine
(9) years.

These two companies own Four million five hundred thou-
sand dollars (\$4,500,000) of real estate in Greater Montreal and
are creditors for about Four million dollars (\$4,000,000) of mort-
gage loans.

30 Besides these four and a half millions mentioned the
Societe Nationale de Fiducie manages for account of various
clients properties having a total value of approximately Two
million dollars (\$2,000,000).

I have personally appraised for about Three million dol-
lars (\$3,000,000) of property.

I am a member of the Executive Committee of the Mont-
real Real Estate Board, and am also a member of the American
40 Institute of Real Estate Appraisers.

Besides having followed the case-study lectures sponsored
by the American Institute of Real Estate Appraisers, I have read
many authors on the subject of appraisal. Namely, Mr. Parent's
Manual which has been referred to in evidence; Mr. George
Schmutz, Mr. Bonbright, Zangerle, and many others.

Q.—Can you mention a few of the properties you have
appraised?

G. DESAULNIERS (for the City of Montreal) Exam. in chief.

A.—Yes. Amongst others there is the head office building of Franke Levasseur & Company, 415 Craig Street West. I may not have the right civic number. It is near Victoria Square; the head office property of Casgrain, Charbonneau & Cie on St. Lawrence Boulevard. There is a store and markets belonging to A. Blondin & Company, 109 Cascade, Ste. Hyacinthe. The Rosemount Garage on Masson Street. An apartment house located at numbers 5231 to 5239 Park Avenue. An apartment house located at 1637 Sherbrooke Street West, Montreal.

Q.—You were in Court when Mr. Mills testified on the report concerning the two properties of the Sun Life Assurance Company?

A.—I was.

Q.—You heard Mr. Mills say that this report was a joint report made by him and yourself?

A.—I did.

Q.—Is that reflecting the true picture of the situation? Is it a joint report by you and Mr. Mills?

A.—Yes. I have prepared with Mr. Harold Mills the report he filed and explained, and I corroborate this report subject to the minor corrections he made at pages 6 and 34 of this report and on page 69 of the book of exhibits.

It is our considered opinion that the value of the Sun Life Head office property was Fifteen million eight hundred thousand dollars (\$15,800,000) as of December 1st 1941. We have arrived at this conclusion after having made a thorough study of the whole property, and after having considered every factor of value which might have, directly or indirectly, affected the value of the property.

Q.—Were you also in Court when Mr. Mills gave his evidence and was cross-examined by the attorneys of the Sun Life Company?

A.—Yes.

Q.—Do you corroborate also the evidence given by Mr. Mills?

A.—I corroborate the evidence given by Mr. Mills in cross-examination subject to the following remarks:

In Schedule B of the list of admission there is an amount of Thirty-eight thousand two hundred and five (38,205) square feet of rentable area not admitted by the Sun Life.

G. DESAULNIERS (for the City of Montreal) Exam. in chief.

In commenting in detail on this Mr. Mills, if I heard him well, stated that a corridor covered an area of Seven hundred and eighty-eight (788) square feet; and this is where I may be wrong — he stated that this was on the Ninth floor and it was deleted
10 from the rentable area.

I would like to state that he may have been confused, or I did not hear him.

The corridor is on the Nineteenth floor and not on the Ninth.

And we have not allowed for it because on this floor this
20 North end of the building is serviced by three entrances. One from a corridor located on the west side of the building, one by a corridor on the east side, and one corridor from the main elevator hall in Bank D, and having these three entrances we did not consider that this corridor was necessary, and that is why we left it in.

In another point of cross-examination the Tenth floor was discussed. After referring to page 39 of our book of exhibits, Mr. Mills in answering a question of Mr. Hansard stated that this
30 was supplied to us by the Sun Life and that the plan shows no windows on the Northeast, North and Northwest ends of the building. That is correct. The plan does not show this. I would like to state that these windows can be seen from the outside of the building. And that the plan which was supplied to us for the Tenth floor is somewhat different than the other plans for the other floors.

On the other floors we have had what I call structural
40 plans on which the layout was indicated for each floor. On this Tenth floor, and this applies to the above floors not mentioned, that seemed to me to be a plan which was prepared for the finishing of the floor inside, without having on the outside of the plan all of the details, structural details, which would appear on the space and which did exist on this floor but not shown on this particular plan.

Q.—After having seen the Sun Life Buildings can you tell this Board if the property can be compared with some other office buildings in Montreal.

G. DESAULNIERS (for the City of Montreal) Exam. in chief.

A.—The Sun Life Building in my opinion cannot be compared by ordinary standards with any other building in Montreal.

10 Both the site and building are unique in size and location.

The quality of construction and luxury of appointments are of a higher standard than anything else in Montreal.

The building, by its majestic beauty, the perfect harmony of its classic design and general appearance of plain dignity creates undoubtedly an impression on the mind of the passerby.

20 The corinthian order is the dominating feature of the facade, the elements of classic architecture and the general proportions of its mass concur to the monumental character of the building.

This building has already been compared, in the course of the evidence, with the Dominion Square Building and with the Royal Bank Building.

30 We have also investigated the Bank of Montreal building at 119 St. James Street. The original building was erected in 1846, ninety-seven (97) years ago. In 1906, sixty (60) years later, a large extension was built. The front part, of corinthian architecture, was not altered. It still remains and has become a landmark in the financial district of Montreal. The Banking Hall is one of the outstanding features of this building. It is fifty-eight feet (58') by One hundred and sixty feet (160') and attains a height of Fifty-Four feet six inches (54'6"). Thirty-two (32) syenite columns are used to adorn the banking hall and eight (8) additional are used in the entrance corridor.

40 And I have here a picture of this building which I would like to file in the record.

Q.—Will you file this as Exhibit D-44?

A.—Yes.

Another building of corinthian architecture which we have investigated is the Canadian Bank of Commerce, the main office building at 265 St. James Street, West, Montreal. It was erected in 1907.

G. DESAULNIERS (for the City of Montreal) Exam. in chief.

The facade is of granite. In this building is a banking hall sixty-five feet by one hundred and ten feet six inches (65' x 110'6"), and attains a height of sixty-seven feet (67'). It is lighted by an overhead skylight and high windows in the rear.

10

I have a photograph of this property which I would like to file.

By the President:—

Q.—You said that the Sun Life Building cannot be compared with any other building in Montreal.

A.—Cannot readily be compared.

20

Q.—What is the object of filing that photograph?

A.—I am coming to that in the next statement.

I am referring to these two buildings to indicate that it is common practice for institutions to erect office buildings with standards of design and construction substantially above those of the average commercial building and the actual utilitarian requirements of their business.

30

An unprejudiced analysis of the functions to be served, when taken with the public psychology leads to the conclusion that progressive institutions seek to incorporate in their office buildings features which reflect character, refinement, stability and permanency.

We have not made any deduction for obsolescence in this building because we did not find any features of design, construction or finish which appeared to us to be in any way obsolete.

40

The space throughout the entire building was planned for and is ideally suited to the many and varied requirements of the Sun Life Company and until such time as the entire building is required for the use of the company, the floors above the Tenth are advantageously planned to accommodate large companies as indicated by the number of such companies presently occupying this space.

However, the rentals at present obtained for the space on the upper floors are somewhat below the intrinsic worth of this space as indicated by its reproduction cost.

G. DESAULNIERS (for the City of Montreal) Exam. in chief.

10 Because part of the building is rented below its intrinsic value and it is impossible to state how much time will elapse before the growth of the company will necessitate its use of the space, we have considered it on the basis of its commercial value and made what, in our opinion, is an adequate allowance for the difference between the present market value of this space and its intrinsic worth. This allowance is stated and explained on page 46 of our report in paragraphs (k) and (l).

We also considered the fact that the space designed for washrooms and bank B elevators may never be used for this purpose.

20 However, all the surplus space reserved for washrooms and elevators is or may be advantageously used for locker rooms and storage space. After having carefully studied and considered these factors, we came to the conclusion that in all fairness to the Sun Life Company we were justified in making a deduction of not more than fifteen percent (15%) on the value of the main building and of the power house.

30 A point which was not dealt with in Mr. Mills's evidence and which I wish to refer to briefly, is the estimated yield from the property.

On page 46 of our report, paragraph (n), this is shown to be two point sixty-three percent (2.63%) on the total value of the property including the amount of Four million dollars (\$4,000,000) representing the capital value of the special features classed as amenities which are explained on pages 41 and 42 of the report.

Q.—This is net?

A.—Yes. After depreciation and all taxes.

40 Q.—And taxes?

A.—Everything.

The value which accrues to the benefit of the Sun Life Company from the amenities referred to is not in money income, but in prestige and advertising value.

Our estimated value of the property fully completed is Sixteen million three hundred and seventy-five thousand dollars (\$16,375,000), and of amenities Four million dollars (\$4,000,000).

G. DESAULNIERS (for the City of Montreal) Exam. in chief.

The value exclusive of amenities would be Twelve million three hundred and seventy-five thousand dollars (\$12,375,000), on which the net income of Four hundred and thirty-thousand five hundred dollars and eighty-three cents (\$430,500.83) would give a yield of three point forty-eight percent (3.48%).

This is in keeping with a yield which may reasonably be expected from an institutional building such as the Sun Life Company's head office building.

In our opinion this represents a normal yield for this property. To substantiate this opinion I can state the fact that our properties in total, I now mean the properties owned by the Societe Nationale de Fiducie and Caisse Nationale d'Economie, give us a net yield in 1941 of approximately one and three-quarters percent (1¾%) after having deducted depreciation.

In 1942 on the same basis these properties gave us approximately three percent (3%).

By Mr. Hansard:—

Q.—What was the 1941 figure?

A.—One and three-quarters percent (1¾%).

Moreover, I have with me further authority that I would like to file on this very important matter. In an article published in the January issue of The Appraisal Journal, entitled "The appraisal of Bank properties", and signed by Mr. Kenneth Lee Hyder, and Mr. Hyder is the Vice-President of the American Appraisal Company, one of the largest firms in the United States who specialize in real estate appraising. He is also a former President of the American Institute of Real Estate Appraisers.

I have a few quotations I would like to read, with your permission.

Mr. Hansard:—

We make the usual objection.

The Court:—

Under reserve.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

Mr. Seguin:—

You can file this and give us the substance of what you are going to quote.

10

The Witness:—

The pages from which I will quote paragraphs are 39, 40 and 41, and marked in red.

(Witness reads from exhibit)

By Mr. Seguin:—

20

Q.—Will you file that as Exhibit D-46?

A.—Yes.

The Annual Report of the Sun Life Company for 1941 shows total listed assets of Nine hundred and ninety-five million five hundred and eighteen thousand dollars (\$995,518,000.), and the average yield from these assets is three point nine eight percent (3.98%).

30

In summing up, I wish to state that we arrived at our opinion of value as stated in our report, namely Fifteen million eight hundred thousand dollars (\$15,800,000) after having studied and considered all data pertinent to this property, and in the performance of our duties we have also considered our conscience. We have spared no effort in trying to find the truth and it is without any apprehension that we have signed and filed the report which you now have in front of you.

40 Cross-examined by Mr. Hazen Hansard, Attorney for the Complainant:—

Q.—Mr. Desaulniers, you classify yourself under the title of real estate appraiser?

A.—Yes, sir.

Q.—And you told us that you had been employed by these two companies, Societe Nationale de Fiducie and Caisse Nationale d'Economie?

A.—Yes.

Q.—For the past nine years?

A.—Since April 1934.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

Q.—I did not get your age. What is your age?

A.—Thirty-eight.

Q.—I take it that your career as appraiser has been continuously as an employee of these two companies?

10 A.—Yes, sir.

Q.—So far as the companies in question, you have always worked for them? Never for people outside?

A.—You mean on my account?

Q.—Yes.

A.—No. Always for the company.

Q.—I think you said that these companies had approximately four million dollars (\$4,000,000) in mortgage loans?

A.—No.

20 Q.—Is that not what you said.

A.—They have Four and a half million dollars (\$4,500,000) in property and, yes, Four million dollars (\$4,000,000) in mortgage loans.

Q.—So far as that property is concerned, is that property that has been taken over under loans?

A.—Some of it.

Q.—Could you give a rough idea of the proportion?

A.—This would be rather difficult.

Q.—Is it fifty percent (50%), seventy-five percent (75%)?

30 A.—It may be fifty and seventy-five.

Q.—Somewhere between the mark?

A.—(No answer)

Q.—It may be seventy-five percent (75%)?

A.—It may be less.

Q.—It may be more?

A.—It could be up to seventy-five percent (75%).

Q.—What is the type of property involved in that Four and a half million dollars (\$4,500,000)? Is it residential?

A.—Some residential, some commercial.

40 Q.—What do you mean by commercial?

A.—We have the Caron Building on Bleury Street.

Q.—Any other office building?

A.—Outside of our own, no.

Q.—Outside of your own building. Is the Caron Building an office building?

A.—I would qualify it as an industrial building. It is rented to manufacturing concerns which have their factory and offices together in this building.

Q.—What is called a loft building?

A.—Or manufacturing flats.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

Q.—Or a loft building?

A.—It could be called that.

Q.—For the Four million dollars on mortgage loan, is that money loaned by these two companies on mortgage?

10 A.—Yes.

Q.—On what type of property?

A.—Some residence and some commercial.

Q.—The same as the other?

A.—Well, not exactly. No.

Q.—Are there any office buildings?

A.—Would you qualify office building.

Q.—Any building with offices only used for commercial purposes of renting?

20 A.—No. As head office buildings for concerns, yes.

Q.—Will you let us have the head office buildings for a large concern?

A.—Franke Levasseur.

Q.—And that is one on which you made a loan?

A.—Yes.

Q.—That is one of the properties you appraised?

A.—Yes.

Q.—Is that the largest?

A.—One of the largest anyway.

30 Q.—Is there any one you can tell me that is larger?

A.—Off hand, no.

Q.—And that Franke Levasseur is on Craig Street East at Victoria Square?

A.—Yes. On the North side.

Q.—What is the nature of the business of Franke Levasseur?

A.—They are dealers in electrical appliances.

Q.—And the building — the ground floor, which occupies a substantial height, is entirely given over to showrooms?

40 A.—Yes, sir.

Q.—There are no offices in the building apart from incidental offices used by Franke Levasseur in their own business?

A.—Outside tenants?

Q.—Yes?

A.—No, sir.

Q.—You mentioned one other head office building which you had appraised. That was the head office of Casgrain Charbonneau?

A.—Yes.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

Q.—On St. Lawrence Boulevard?

A.—Yes.

Q.—How many storeys is that building in height?

A.—I would have to consult my records. If my recollection
10 is right, it is five. I would not swear.

Q.—And the Franke Levasseur building is four storeys?

A.—If I remember well I am not sure. I would have to
look at the records.

Q.—Have you ever appraised any building higher than
those in number of storeys?

A.—No, sir.

Q.—It is so then, Mr. Desaulniers, that as far as the Sun
Life Building is concerned, that is a new departure for you in
20 size?

A.—The answer I give you to this is, that the principles
for appraising a one storey property or a thirty storey property
are the same.

Q.—Will you answer my question?

A.—In size, yes.

Q.—The principles are the same for every building?

A.—Yes. The general principles, yes.

Q.—I notice you describe yourself on the joint report and
30 book of exhibits with some initials — M.A.I.

A.—Member of Appraisers Institute.

Q.—That is the organization you referred to in your evi-
dence?

A.—Yes, sir.

Q.—I believe you took a course from that institution?

A.—Yes, sir.

Q.—That is the Institution of which Mr. MacRossie spoke?

A.—Mr. MacRossie was the President last year, and re-
elected this year.

Q.—He also lectured to you in the course of your course?

A.—Yes, sir.

Q.—And the book you referred to as having been written
40 by Mr. Schmutz, that is one of the text books of that course?

A.—No, sir.

Q.—Was it referred to you by one of your lecturers in that
course?

A.—It was mentioned.

Q.—And the book was mentioned, and also the subject mat-
ter.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

A.—All of the matter which was in the book is a summary more or less of the course given. The text that is given appraisers. About a thousand pages.

10 Q.—You and I were just differing about the word text book.

You are not an architect, are you?

A.—No, sir.

Q.—Not an engineer?

A.—No.

Q.—Or a builder?

A.—No.

20 Q.—Have you done any building for your own account?

A.—No, sir.

Q.—Have you any experience with regard to materials, personally? Building materials?

A.—(No answer).

Q.—There is no catch to this question.

A.—Not in individual building materials, possibly no.

Q.—Why possibly no?

30 A.—Because that so far as these materials are concerned, whenever it is necessary for me to make an appraisal there are ways and means of obtaining the cost.

Q.—You go to someone else who does know something about it?

A.—Yes, sir.

Q.—I take it that when you gave us examples of buildings you appraised, you gave us the largest and most important buildings?

A.—Yes.

40 Q.—These two apartment houses on Park Avenue and Sherbrooke Street — how many storeys are there in these buildings?

A.—To answer I would have to look at my record.

Q.—Are they over five storeys or under five storeys?

A.—One of them is possibly five, maybe six.

Q.—Which one?

A.—The Park Avenue.

Q.—That is the larger of the two?

A.—Yes.

Q.—These, again, were valued by you in connection with a loan made by your employers?

A.—Yes, sir.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

Q.—Are any of these buildings that you mentioned as being appraised, the six buildings you mentioned, now owned by your Company?

A.—No, sir.

10 Q.—So far as the managing of buildings is concerned, your company manages buildings?

A.—Yes.

Q.—Do you have anything to do with that?

A.—Quite often.

Q.—In what way?

A.—In the general supervision of the management by the employees, some of whom are under my direct authority.

Q.—What ones are under your authority?

20 A.—The whole of the real estate department.

I will explain: together with the real estate appraisal, it is a part of my work to find new clients for our company.

Q.—What sort of clients?

A.—Especially along property administration, and when I do find a new client in the taking over of properties to manage I personally supervise the properties and deal with the employees in the real estate department that have been given these, and it is my duty to see that they perform their work properly and supervise as we go along.

30 Q.—In effect, we might say you are a salesman of your employers' services with respect to property taken over?

A.—As a secondary function, which is somewhat inevitable.

Q.—That is your secondary function.

Apart from these two matters — the corridor of some Seven hundred and eighty-eight (788) square feet on the Nineteenth floor, and the question of windows on the Tenth Floor, you agree entirely with Mr. Mills in this report?

40 A.—Yes.

Q.—And his answers in cross-examination?

A.—Yes.

Q.—When you talk about the Corinthian style of the Royal Bank Building and of the Canadian Bank of Commerce, what do you mean by "Corinthian"?

A.—The style of architecture.

Q.—You mean the columns in front?

A.—Yes, and other design.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

Q.—Do you say that the Sun Life is entirely Corinthian?

A.—This has been stated in the evidence I think.

Q.—Do you say it?

A.—(No answer).

10 Q.—Do you know?

A.—(No answer).

Q.—Do I understand you to say that the architectural style of the Sun Life Building is entirely Corinthian?

A.—You are leading me into a field which I think is not mine.

Q.—That is all I wanted to know.

20 So far as the Tenth Floor is concerned, you mentioned when you made some reference to the plan you produced for that floor, its being different to the other plans because it did not indicate windows?

A.—Not only that.

Q.—And some embellishments.

A.—All the structural details which go with the contour of the building. These can be seen in the book of exhibits.

Q.—It is more or less a straight line?

A.—Yes.

30 Q.—It indicates that there are no window openings?

A.—Yes.

Q.—You say there are windows there?

A.—I quite remember having seen them from outside.

Q.—Did you see them from the inside?

A.—I saw them from the outside.

Q.—Are there any openings for the windows?

A.—Outside?

Q.—Inside?

A.—I am concerned with outside.

40 Q.—Did you see the inside?

A.—Once I did.

Q.—There were window openings or there were not.

A.—From the inside there may not be.

The outside walls may have been filled in and plastered to hide the windows.

Q.—You don't remember?

A.—It is quite a time. And in a particular space, and we

G. DESAULNIERS (for the City of Montreal) Cross-examin.

have seen a lot of space in the Sun Life Building. And there were a lot of details, some of which may leave anyone's mind.

10 But even if the space is filled in and plastered inside, if the windows exist outside the plaster can be taken off.

Q.—You said the floors from the Tenth up were ideal, according to you, to accommodate large companies?

A.—Yes, sure.

Q.—There are a number of smaller blocks of space also accommodated on some of the floors?

A.—Sure.

20 Q.—You said also that the rents of the floors from the Tenth, or all the floors rented, were low in comparison with the reproduction cost?

A.—Yes, sir.

Q.—You produced as Exhibit D-46 an article in an appraisal journal dealing with banking authorities?

A.—Yes.

Q.—That journal is published in the United States?

A.—Yes.

30 Q.—The original refers to banks and banking in the United States?

A.—I would consider it bank and banking institutions, and insurance companies in general.

Q.—It is written by an American in the United States about American companies?

A.—Yes.

Q.—And do you pretend that the banking business in the United States is the same as the banking business in Canada?

A.—From what point of view?

Q.—Any point of view; except, perhaps, lending money?

40 The President:—

That question is very wide. It is not fair.

Mr. Seguin:—

I do not object, because I have confidence in my witness.

The President:—

Let him answer.

G. DESAULNIERS (for the City of Montreal) Cross-examin.

The Witness:—

The banking business taken very generally I would say, as far as you considered the banking business as being a market for
10 money, would be the same substantially there or here.

The laws governing these transactions may differ as to the countries, states or provinces, but I would think the general principle of the business is the same.

By Mr. Hansard:—

Q.—In the United States there are no chartered banks
20 comparable to this country?

Mr. Seguin:—

I think that is too far.

By Mr. Hansard:—

Q.—Do you know that?

A.—(No answer).

30

By Mr. Seguin:—

Q.—You have said that the rental paid by the tenants on the upper floors are below the intrinsic value of the space.

Will you give the reason?

A.—Reproduction cost.

40

The President:—

In the examination in chief you said that, and in the cross-examination he repeated the same, and there was nothing else referred to.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

A. GRIMSTEAD (*for the City of Montreal*) Exam. in chief.

DEPOSITION OF ALBERT GRIMSTEAD

On this Fourteenth day of April in the year of Our Lord
One thousand nine hundred and forty-three personally came and
10 appeared: Albert Grimstead of the City of Montreal, and there
residing at number 2463 West Hill Avenue, Building and Pro-
perty Manager, a witness called by the City of Montreal, having
been duly sworn doth depose and say:—

Examined by Mr. Seguin, Attorney for the City of Mont-
real:—

Q.—Mr. Grimstead, will you give to this Board your quan-
20 tifications as a manager for buildings or office buildings?

A.—Before entering the real estate business I had some
fourteen (14) years of experience in the general contracting busi-
ness with my father, during the course of which time we erected
many buildings, both large and small, in Montreal and vicinity;
including, among others, office buildings, schools, churches, audi-
toriums and gymnasiums, halls, etc. — apart from many residen-
tial properties.

In 1934 I joined the staff of the Crown Trust Company
30 as supervisor of construction, repairs, and maintenance of pro-
perties belonging to the Prudential Insurance Company of
America.

These properties were defined by some eight hundred
definitions. Including various types of commercial and residen-
tial properties, among which I might mention the Amherst Build-
ing on St. Catherine Street East.

At a later date I had the management, or supervision of
40 management, of the Unity Building, the Bank of Toronto and
Asch Buildings on St. Catherine Street West. At that time it
was called the Asch.

By Mr. Hansard:—

Q.—It is a sign company?

A.—Yes.

In 1939 I became associated with the Westmount Realities

A. GRIMSTEAD (for the City of Montreal) Exam. in chief.

Company in the management of the Drummond Building and other commercial properties, including the York Theatre.

10 During the course of my studies of operating conditions and experience, in 1940 I visited the City of Toronto and inspected a number of buildings there, such as the Bank of Commerce, the Victory, and the Metropole Buildings; consulted with the management of some of these and also with Mr. Cyril Demarest, who is a prominent operator.

20 With regard to operating costs and conditions it might be well to point out at this point that the type of occupancy in these buildings compare very favourable with that in the Sun Life Building, and I have endeavoured to apply the results of my investigations and experience to the operation of the properties under my management.

By Mr. Seguin:—

Q.—You are also administering a big office building on St. Catherine Street?

A.—The Drummond Building.

30 Q.—Mr. Mills said he had consulted you many times for the preparation of his operating expense statement in connection with the Sun Life Building?

A.—Yes. On the basis of cost per square foot of rentable area using the data as recorded in the Experience Exchange reports adjusted in accordance with my experience with Montreal conditions and keeping in mind the type of occupancy in the Sun Life Building.

Q.—Were you shown by Mr. Mills before that happened an operating expense report given to him by the Sun Life Company — Mr. McAuslane?

40 A.—Yes.

Q.—And you had that at hand?

A.—Yes.

Q.—Will you tell us the result you have arrived at by comparing the statement and the result of your experience?

By Mr. Hansard:—

Q.—Have you the statement?

A. GRIMSTEAD (for the City of Montreal) Exam. in chief.

Mr. Seguin:—

A.—Yes.

10 By Mr. Hansard:—

Q.—Have you the statement that was submitted to you?

A.—I have a copy of the original. We could produce a signed copy.

This is signed by Mr. McAuslane.

20 In order to arrive at some comparison with the operating statement as prepared by the Sun Life Company, I will file this statement in which the total of the operating expenses contained on page 40 of the report prepared by Mr. Mills and Mr. Desaulniers has been reduced to the equivalent cost of operation of the building as now completed with some Seven hundred and thirty-five thousand nine hundred and sixty-three (735,963) square feet of rentable area.

30 It will be noted that the actual difference between these expenses and that of the Sun Life Company amounts to the sum of Forty thousand four hundred and fifty-six dollars and sixty-six cents (\$40,456.66).

40 This difference is accounted for in part as follows: A difference in management fees of Four thousand nine hundred and eighty-seven dollars and fifty-eight cents (\$4,987.58); and a further cost of Twenty-nine thousand seven hundred and forty-four dollars and forty-five cents (\$29,744.45) being the cost of lighting — Four hundred and twenty-four thousand six hundred and thirty-five (424,635) square feet of owner occupied space at seven cents (7¢) per square foot.

By Mr. Hansard:—

Q.—Lighting, Twenty-nine thousand, and management four thousand nine hundred?

A.—Yes.

The total of these two amount to Thirty-four thousand six hundred and forty-two dollars and forty-three cents (\$34,642.43), leaving a net difference unaccounted for in a com-

A. GRIMSTEAD (for the City of Montreal) Cross-examination.

parison of the two statements for operating expenses of Five thousand eight hundred and fourteen dollars and sixty-three cents (\$5,814.63).

10 I would like to make that clear. I am referring to the building as now completed.

By Mr. Seguin:—

Q.—You have explained the difference between the two operating expense accounts in connection with the lighting and the management?

A.—Yes, sir.

20 Q.—And you would like to produce this document as Exhibit D-47?

A.—Yes.

Q.—Have you anything to add?

A.—I could go into further details.

Q.—I don't think it is necessary.

A.—In view of the small difference I think we can rest.

30 Q.—Will you produce the statement by Mr. McAuslane as Exhibit D-48?

A.—Yes.

30 Cross-examined by Mr. Hansard, Attorney for the Complainant:—

Q.—Just to touch on the lighting cost, Mr. Grimstead, the operating statement which you say you got from Mr. McAuslane, from the Sun Life Company, has an amount of light cost of Nineteen thousand one hundred and seventy dollars and sixty-four cents (\$19,170.64).

A.—I believe so.

40 Q.—Where did you get that figure of Twenty-nine thousand seven hundred and forty-four dollars and forty-five cents (\$29,744.45)?

A.—I think I covered that. That was arrived at by estimating the cost of lighting the space occupied by the Sun Life Company at seven cents (7¢) per square foot.

Mr. Seguin:—

You base that on three different headings for the same thing.

A. GRIMSTEAD (for the City of Montreal) Cross-examination.

By Mr. Hansard:—

Q.—I see in Exhibit D-48 taxes are included at Three hundred and seven thousand four hundred and eighty-four dollars
10 and twenty cents (\$307,484.20).

Mr. Seguin:—

I object. This has to do with light and management. The witness was examined on two points only.

The President:—

20 He related to the statement of operating expenses as given by the Sun Life and filed as Exhibit D-48. Unless you declare you are not going to take advantage of any other item other than the two or three referred to, he can cross-examine on the whole statement because Mr. Grimstead took that into consideration in coming to his conclusion.

The Witness:—

30 I did not mention taxes. When I started to give my evidence I think I said that I merely considered the Sun Life Building with regard to operating expenses only, and I would like to qualify that definitely by saying that I took into consideration nothing other than that. That was not my field.

By Mr. Hansard:—

Q.—Why did you cut down the management salaries and management fees by Four thousand nine hundred and eighty-seven dollars and fifty-eight cents (\$4,987.58)?

40 A.—If you will refer to page 40 of our report, Mr. Hansard, in items given there the managements fees are listed as Forty-three thousand three hundred and six dollars and forty-two cents (\$43,306.42).

If I remember correctly, Mr. Mills said in his testimony that the Westmount Realities would be quite prepared to take the management of the Sun Life Building at a much lower figure than the five percent (5%).

J. A. E. CARTIER (for the City of Mont.) Ex. in ch. and cross-ex.

Q.—That is the basis of your testimony?

A.—Yes.

And further deponent saith not.

10

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF J. A. E. CARTIER

On this Fourteenth day of April in the year of Our Lord
20 One thousand nine hundred and forty-three, personally came
and appeared: J. A. E. Cartier, Architect of the Technical De-
partment, City of Montreal, a witness called by the City, who
having been duly sworn doth depose and say:—

Examined by Mr. Seguin, Attorney for the City of Mont-
real:—

Q.—Mr. Cartier, Did you check some measurements in con-
nection with the Dominion Square Building?

30 A.—Yes, and I find an error which I would like to cor-
rect if Mr. President authorizes me.

I have prepared two exhibits to correct D-24 regarding the
area of floors for the Dominion Square Building and the other
one to correct Exhibit D-25 for the comparision between the nine
buildings that was taken before in my evidence.

The only correction is for the Dominion Square Building,
where I have found a clerical error in our books.

40

Q.—Will you produce these two statements as Exhibits
D-49 and D-50?

A.—Yes.

Cross-examined by Mr. Hazen Hansard, Attorney for Com-
plainant:—

Q.—Mr. Cartier, you say you discovered some errors in
the measurement — the gross floor areas of the Dominion Square.

H. MILLS (for the City of Montreal) Examination in chief.

As a matter of fact it was pointed out to you by Mr. Perrault, was it not?

A.—Yes, sir.

Q.—And it affects what floors?

10 A.—It affects all the floors except the ground floor.

Q.—And that is the only one changed?

A.—The only figure changed is the Dominion Square. I put instead of that what we have on there (statement now filed).

Q.—You have changed the cubes of the building?

A.—Yes, by the fact.

And further deponent saith not.

20

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF HAROLD MILLS

30 On this Fourteenth day of April in the year of our Lord One thousand nine hundred and forty-three came and reappeared: Harold Mills, who has already testified herein on behalf of the City, and further testifies as follows:—

Examined by Mr. St. Pierre, K.C., Counsel for the City of Montreal:—

Q.—Did you prepare a statement after getting the figures from Mr. Cartier?

A.—Yes.

Q.—You have it with you?

A.—Yes, sir.

40 Q.—Will you file it as exhibit D-51?

A.—Yes.

There is another point upon which I wish to speak.

By the President:—

Q.—Do you want to correct the evidence you have given?

A.—I was asked by Mr. Hansard in connection with The Royal Bank Building.

G. E. VERNOT (for the City of Montreal) Exam. in chief.

By Mr. Hansard:—

I think we have enough information.

10 The Witness:—

I have the answer.

Mr. Hansard:—

We don't want it.

The President:—

20 The case will never end.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF GEORGE E. VERNOT

30

On this Fourteenth day of April, in the year of Our Lord One thousand nine hundred and forty-three, personally came and appeared: George E. Vernot, City Assessor, who having been duly sworn doth depose and say, as follows:—

Examined by Mr. Seguin, Attorney for the City of Montreal:—

40 Q.—Mr. Vernot, you are the assessor for St. Joseph's Ward?

A.—Yes.

Q.—And you gave evidence at the request of the Complainant in this case?

A.—Yes, sir.

Q.—Will you tell the Board which way the sidewalk of the Sun Life is connected with the building.

A.—The best way to show the Board would be to show the sketch in the book.

G. E. VERNOT (for the City of Montreal) Exam. in chief.

The President:—

I assume that Exhibit D-1 has not yet been filed?

10 Mr. Hansard:—

What book is that?

The Witness:—

The Engineering Journal.

Mr. Seguin:—

20 The book produced as D-1 on page 61.

Q.—In your assessment, Mr. Vernot, you have taken out an amount of how much for the sidewalk?

A.—\$70,335.

By the President:—

Q.—You have taken that off the assessment?

30 Mr. Séguin:—

No; out of the amount spent by the Sun Life.

Q.—You have also produced as Exhibit D-2, the way you have arrived at your assessment?

A.—Yes, sir.

Q.—I see that you have adjusted to the 1941 figure the amount spent by the Sun Life Assurance Company?

40 A.—I have adjusted it to the Index cost.

Q.—I see in the Index you have 1927, 113.6%?

A.—1928. 115.9; and 1927 113.6.

Q.—Will you tell the Board if these are in the Index figures of the Dominion of Canada or the City of Montreal?

A.—They are of the Minister of Labor, adjusted to the 1936.

Q.—Will you produce as Exhibit D-52 the adjustment of the Dominion of Canada figure to the City Index?

A.—Yes, sir.

G. E. VERNOT (for the City of Montreal) Exam. in chief.

Q.—When you made your assessment were you aware that the interest during construction and taxes were not included in the Sun Life figures?

A.—No, I was not.

10 Q.—And as appears by D-2 you have taken out 5% allowance for presumed extra cost of the building erected in three units?

A.—Yes.

Q.—You have stated I think that this was comprised in the amount of a million and a half already subtracted?

A.—Yes.

Q.—As to depreciation, you have applied a depreciation of the table?

A.—Yes, sir.

20 Q.—You were not examined in connection with the Power House?

A.—No.

Q.—Will you file a letter received from the Sun Life giving the complete breakdown of the expenses concerning the building and equipment of the power house of the Sun Life?

A.—Yes.

Q.—I will ask you to file that as D-53.

30 This is signed by Mr. Payne, the architect of the Company?

A.—Mr. Payne and Mr. McAusland signed the statement.

Mr. Hansard, K.C.:—

Q.—Are you putting them in together as D-53?

The Witness:—

40 A.—They are pinned together.

By Mr. Seguin:—

Q.—You have said that in order to arrive at your definite figure of assessment you have taken 90% of the replacement cost and 10% of the commercial value?

A.—Yes.

Q.—Will you explain?

G. E. VERNOT (for the City of Montreal) Exam. in chief.

Mr. Geoffrion, K.C.:—

I asked him that very clearly, and he answered. He said that it was because the best part of the building was taken by the
10 Sun Life.

The President:—

He is now a witness of the defence.

The Witness:—

I must say that in the mass of data received for the building, the man who handled it, he also made a preliminary assessment on it and he put the figure of 90 and 10. 90 for replacement and 10 for commercial. After studying it, I thought it was a fair value.
20

Q.—It is a question of opinion. That is your opinion?

A.—It was his opinion and my own as assessor.

By Mr. Hansard:—

Q.—You said “the man”, who is that man?
30

A.—Mr. Munn.

The President:—

Q.—Can you give us some more particulars as to the proportion between the 90 and 10? Do you conclude that 90% must be given to replacement cost and 10% to the commercial?
40

A.—Yes.

Q.—Why not 15 and 85, or 20 and 80?

You could give me some explanation?

A.—I think I will have to corroborate what Mr. Hulse said about the principles and methods agreed upon by the assessors, and in commercial buildings, first, we agreed on 50% replacement for strictly commercial buildings, and 50% commercial value. When I say strictly commercial I mean a building designed and built for revenue purposes only.

G. E. VERNOT (for the City of Montreal) Exam. in chief.

When you come into the owner occupied building and renting part of it, we would have to balance the part of the building assessed for commercial purposes and the part assessed as owner occupied. In the case of the Sun Life it was 40% tenant occupied in 1941 and 60% owner occupied. The occupied space.
10 So that would mean that the 50% for commercial would be divided into 20 and 60. There would be another 30% replacement cost added on to the 50, to make it 80 and 20.

But as the revenues in this building were based on revenues of much cheaper buildings — the revenue of this building received no competition — I consider that half of the commercial value of 20%, making it 10%, would pay for the amenities and benefits received by the owner of the building.

20 The Board:—

It is a composite building. That figuring might be given to one section and not to the other. What proportion should be given to each of the figures?

By Mr. Seguin:—

I already made an objection concerning Schedule "H" of
30 the whole admission referring to about forty-five properties. The Complainant Company made no proof whatsoever concerning these properties.

By Mr. Hansard:—

There is the admission.

Mr. Seguin:—

40 There are admissions but subject to the express reserve of the right to the relationship thereof.

I already made objection and it was overruled. Subject to my objection, I have proof to be made by Mr. Vernot.

The question is this: In December 1941 a new roll with new principles was deposited according to the new law. The rolls were pegged for three years and the law ordered the City to make a complete new roll. A new roll was deposited and all the comparisons made are for the assessments previous to 1941.

G. E. VERNOT (for the City of Montreal) Exam. in chief.

The President:—

Why did you sign this admission?

10 Mr. Seguin:—

I signed it subject to the relationship thereof.

The President:—

Your reserve is there.

Mr. Seguin:—

20 And I filed my objection.

The President:—

And you say the Complainant did not make any further evidence, and you want to make some further evidence? You object to the thing, and you want to give evidence on it?

Mr. St. Pierre, K.C.:—

30 We want all that part of the admission concerning roll previous to 1941, concerning certain numbers of properties before 1941 that is mentioned in the admissions, withdrawn from the record.

I heard the reasons. The reasons were given by Mr. Hulse. Before 1941 the assessment was not prepared in the same way as in the roll of 1941. We don't want the company to say in 1932 Dominion Square was assessed at so much, the revenue was so much, and in 1941 or 1942 the property was assessed at so much and gave a revenue of so much.

40

The President:—

Is it indicated in the admissions that the assessments are for previous years?

Mr. Seguin:—

Yes.

G. E. VERNOT (for the City of Montreal) Exam. in chief.

The President:—

And it is in the evidence that the total assessment was made in 1941?

10

Mr. Seguin:—

Yes.

The President:—

Everything is there. It is up to us to draw the conclusions.

20

Mr. Seguin:—

I want this part of the admission rejected. We signed subject to our reserve.

Mr. Hansard:—

You will argue your objection.

The President:—

30

What do you want to put in now?

Mr. Seguin:—

I don't want to put any question to the witness.

The President:—

40 The arguments are in the record. The facts are there. We will argue on them.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

A. E. HULSE (for the City of Montreal) Examination in chief.

DEPOSITION OF A. E. HULSE

On this Fourteenth day of April in the year of Our Lord
One thousand nine hundred and forty-three personally came and
10 re-appeared: A. E. Hulse, Chief Assessor of the City of Mont-
real, who has already testified herein and continues as follows:—

Examined by Mr. Seguin, Attorney for the City of Mont-
real:—

Q.—On Schedule “H” of the Joint Admissions I see that
there is some assessment for land, buildings — for several prop-
erties for 1942/43 roll. This was a roll deposited December 1st,
1941?

20 A.—Yes.

The President:—

Ask him. Don't tell him.

By Mr. Seguin:—

Q.—The roll was pegged for many years?

30 Mr. Hansard:—

The statute is there.

The Witness:—

A.—It has been pegged for three years, and the 1937 roll
makes it four years.

40 Every assessment on this statement previous to 1942 and
1943 are the pegged years and previous years.

By the President:—

Q.—And 1942/43 was deposited in 1941?

A.—Yes.

Q.—And this was the first roll filed after the pegged
years?

A.—After the amendment was made.

A. E. HULSE (for the City of Montreal) Examination in chief.

Mr. Hansard:—

The statute says that.

10 By Mr. Seguin:—

Q.—Before December 1st 1941, when was the first rentable values roll deposited?

A.—On the 1st August 1941.

By the President:—

Q.—You refer to rental value now?

A.—Yes.

20 Q.—What has that got to do with it? Oh yes, there is a complaint against the rental value.

By Mr. Seguin:—

Q.—And when the assessors of the City put the real value for properties on December 1st 1941. . .

Mr. Geoffrion, K.C.:—

30 What is the question?

Mr. Seguin:—

What rental value were they supposed to abide by to fix their assessment in 1941?

Mr. Geoffrion, K.C.:—

40 The statute speaks for itself.

The President:—

There is nothing in the statute as to that. I understand the question is what would be the evidence of the rental assessment once the real assessment was determined.

By Mr. Seguin:—

Q.—The question is, what was the rental value reflected for 1941?

H. McAUSLANE (for the City of Montreal) Exam. in chief.

A.—The only rental that would be reflected would be the last previous rental, which would be the month of August previous to the roll.

10 The President:—

The statement enables us to decide that.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

20

DEPOSITION OF HARRY McAUSLANE

On this Fourteenth day of April in the year of Our Lord One thousand nine hundred and forty-three, personally came and appeared: Harry McAuslane, who has already testified on behalf of the Complainant, and now called by the City of Montreal, upon being duly sworn doth depose and say:—

30 Examined by Mr. Seguin, Attorney for the City of Montreal:—

Q.—You have produced in the record as P-24 a curve showing the head office staff of the Sun Life Assurance Company?

A.—Yes.

Q.—And this curve shows that at December 31st, 1941, on the staff was one thousand six hundred and fifty-six (1656) employees.

A.—Yes.

Q.—You have already said this curve was not comprising the agents for the sales branches?

A.—That's right.

Q.—What was the number of these agents?

40 A.—I think I gave evidence before that I guess one hundred (100). It is ninety-four (94), the agents and the clerical people connected therewith.

H. McAUSLANE (for the City of Montreal) Exam. in chief.

By Mr. Hansard:—

Q.—For the agencies?

A.—Yes. Seventy-eight (78) agents, and clerical people are sixteen (16), making ninety-four (94).

10

By Mr. Seguin:—

Q.—They were not included in the graph?

A.—No.

Q.—They received shelter in the Sun Life head office building?

A.—Yes.

Q.—And they have their headquarters there?

20 on. If the idea would be to reflect in the curve, that would not change the final total. It would be exactly the same track.

Q.—I see that there is also in the head office a Mortgage Loan Department?

A.—Yes.

Q.—How many inspectors or clerks in that?

A.—Seventeen (17).

Q.—These seventeen are receiving shelter in the head office building of the Sun Life?

30 A.—Yes.

Q.—They were not included in the graph produced as P-24?

A.—No.

Q.—What is the number?

A.—Seventeen (17).

Q.—On the graph do you comprise also the building staff, the engineering, elevator and other employees?

A.—No. None of the building employees are on the graph.

Q.—What is the number of them?

40 A.—One hundred and ninety-two (192).

Q.—And none of them sleep or receive their shelter in the Sun Life Building?

A.—They might sleep, but that is during their working hours.

Q.—You have taken only the first part of the question, but not the second.

They receive ordinary quarters in the Sun Life Building?

A.—You mean working quarters?

H. McAUSLANE (for the City of Montreal) Exam. in chief.

Q.—No. To live there.

A.—No. We have no one living there.

Q.—I am also told that there is a printing office in the building.

10 A.—Yes, A printing supplies department with a little printing press.

Q.—You print the prospectuses of the company?

A.—I don't know what they print. I think actually they print the little jobs.

Q.—How many employees?

A.—I don't know. Maybe three or four — not many.

Q.—They have their quarters in the Sun Life Building and they work there?

A.—Oh yes.

20 Q.—This was not included in the graph?

A.—Yes, they are on the graph.

Q.—Mr. McAuslane, I am told that there is some porters in the Sun Life Building — a white staff and a blue staff?

A.—Yes.

Q.—Is there some porters attached to the Sun Life Company alone? And some attached to the tenants' staff?

A.—What do you mean? Do you mean messengers? Yes, there is a distinction. There are messengers for the Sun Life Company.

30 Q.—Are they included in the head office staff?

A.—Yes.

Q.—All of them?

A.—Yes.

Q.—For both classes?

A.—No. The Sun Life messenger are in white, they are on the graph. And the other two are not.

The people who work for the tenants are in the building staff.

40 By Mr. Hansard:—

Q.—In the building staff of one hundred and ninety-two (192)?

A.—Yes.

By Mr. Seguin:—

Q.—Call them white or call them blue, they all receive pay by the Sun Life?

A.—Yes.

H. McAUSLANE (for the City of Montreal) Cross-examination.

Q.—And both classes are included in the amount of one hundred and ninety-two?

A.—No.

Q.—What is the amount of the messengers which is attached to the tenants?

10 A.—I am not clear what you mean. I will try to answer it. There are four hall porters. That is the only thing I can see that can possibly be construed as you mean. Four hall porters. One at the centre desk and one at various doors.

Q.—All in blue?

A.—Yes, all blue.

Q.—Is there any others?

A.—No, I don't think so. You mean elevator men having the same kind of uniforms? Explain what you mean.

20 Q.—You have different classes of employee. A clerk in the department may be included in that exhibit, but a man who is working as a porter will he be included?

A.—No.

Q.—If he works in the kitchen?

A.—Yes.

Q.—In the elevator, will he be included?

A.—No.

Q.—You have a different class of employee, some are included in the curve and some are not.

30 Could you give us a list of those who are paid by the company and who are not included.

A.—I can give you a list of those who are not included, I have done so. Everyone else is included. It is easy to check the included with the excluded. They are all included except the building staff of One hundred and ninety-two (192), and the sales people and clerical people appurtenant thereto Ninety-four (94), and the mortgage loans are seventeen (17). And no one has been
40 left out after that.

Cross-examined by Mr. Hansard, Attorney for the Complainant:—

Q.—Mr. McAuslane, you have mentioned some Two hundred and ninety individuals (290). You said that so far as ninety-four (94) were concerned that if you applied them to the graph they would be reflected at each point on the graph all along the line?

A.—No. It would go back for a number of years.

J. A. E. CARTIER (recalled for the City of Mont.) Exam. in chief

Q.—How far back?

A.—I am not certain whether it is 1932 or 1933. It would be one or the other when these people were not in the building at all.

10 Q.—That is the ninety-four (94).

A.—Ninety-four for the agents.

Q.—So far as the Seventeen (17) and One hundred and ninety-two (192) are concerned, does the same situation exist?

A.—No. The One hundred and ninety-two (192), while the number would vary, have of course been always in the head office building. And the seventeen (17) in that too.

Q.—Prior to 1932 the agency people were not in the building?

20 A.—No. They were in various buildings throughout the City. They took space where it suited them best. By location.

Q.—How did it happen that they came into the building?

A.—We had a big empty building. We put pressure to bear to bring them in. They did not like it any, and still don't.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

30

DEPOSITION OF J. A. E. CARTIER

On this Fifteenth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and reappeared: J. A. E. Cartier, who has already testified herein, and continues as follows:—

40 Examined by Mr. Seguin, Attorney for the City of Montreal:—

Q.—Have you something to say to the Board, Mr. Cartier?

A.—I would like to correct my evidence. I said in my first evidence that we did not take care of the financial part for the construction. I have found in my records that the percentage we put as construction in height, we have fifty percent (50%) of that amount which is included for financial part.

J. A. E. CARTIER (recalled for the City of Mont.) Exam. in chief

By Mr. Hansard:—

Q.—For financing during construction?

10 A.—Yes. The other fifty percent (50%) is divided under the percentage I have given as one-quarter ($\frac{1}{4}$) for the fixing of the height; one-quarter ($\frac{1}{4}$) to bring up the materials; one-quarter ($\frac{1}{4}$) for machinery; and approximately one-eighth ($\frac{1}{8}$) for insurance and one-eighth ($\frac{1}{8}$) for scaffolding.

Q.—Nine and a half percent ($9\frac{1}{2}\%$) is for financing during construction?

A.—Yes. If we applied on the building after five storeys. We did not take care for financing expenses for building less than five (5).

20 Q.—That is one-quarter for building materials; and one-quarter for bringing up materials; one-quarter for machinery and permit; one-eighth for insurance and one-eighth for scaffolding?

A.—Yes.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

30

N O T I C E

The City wishes it to be noted that of the buildings mentioned in Schedule "H" of the Joint Admission, the following buildings have been the subject of appeals before this Board which have been heard but which have not been decided, namely — the Bank of Toronto; Canadian Pacific Express Building; 40 Confederation Building, and Drummond Building. The following buildings are the subject of pending appeals from the assessment against the roll deposited December 1st 1941: Transportation Building; Castle Building; Dominion Square Building; Montreal Light Heat & Power Building; and the Reid Building.

J. T. Harrington,
Official Court Reporter.

(End of City's Case in Chief)

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

Evidence on behalf of the Complainant in Rebuttal

10 DEPOSITION OF JEAN JULIEN PERRAULT

On this Fifteenth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and re-appeared: Jean Julien Perrault, of the City of Montreal, who has already testified in chief for the Complainant, testifies in rebuttal as follows:—

Examined by Mr. Hansard, Attorney for the Complainant:

20 Q.—Mr. Perrault, have you made a study of the evidence given by Mr. Cartier and the document filed by him?

A.—Yes, sir.

Q.—Now, in those documents reference was made to nineteen percent (19%) for construction en hauteur.

What have you to say about that?

30 A.—The item of nineteen percent (19%) is clearly indicated in Mr. Cartier's estimate under the term "construction en hauteur". It is clearly stipulated in the Manual, "construction en hauteur".

Q.—That is the Parent Manual?

A.—Yes. I have just heard Mr. Cartier revise details of that figure. I will start by the first part and come on the second part. It is a little embarrassing to combine the two, and I want to be as clear as possible.

40 His interpretation was clearly that this was an additional charge to the items arrived at because the building reached a certain height.

The factor from which the nineteen percent (19%) is derived clearly indicates five percent (5%) of the height of the building less ten feet (10'). I think that that is a clear indication that that factor is expressed by the height of the building. It is bound to be a charge which increases as the building is higher insofar as my interpretation of the intention of the formula.

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

If that is the case it can only mean the additional cost of the building because we are building higher up, because we probably have to put a stronger sub-structure to carry it higher up, which increases the cost per cubic foot; the additional cost of putting the necessary hoisting apparatus to move the materials and the men upstairs instead of on the ground floor level.

I have had occasion to erect buildings four and five storeys in height under instructions from the owner to provide everything so that the building could be extended to ten or eleven floors.

That means providing for necessary higher columns, heavier foundation, additional size of piping for heating, water and gas supply; elevators of such capacity that could be used for the higher building. The cab is the same. Providing for all features that would have been there at a higher elevation. And I had occasion to know what that additional cost meant.

As far as hoisting material and men, we must not fool ourselves to much with that. The moment the material has to go above the ground floor level, it takes the same time to load the material in the hoist; the same time to unload the material on the floor. It takes the same time to cart the material from the hoist to where it is going to be utilized.

The additional factor is a higher hoist, a stronger hoist, and the additional moments involved in time in hoisting the additional height.

I am satisfied that for all these features a liberal allowance would be three percent (3%).

I say "liberal" because I have had cases where working it out it represented as low as one and a quarter percent ($1\frac{1}{4}\%$). I have had cases at One and three-quarters percent ($1\frac{3}{4}\%$).

I will admit that some of these cases were not as high as the Sun Life, but the relation does not increase very much.

I would like to deposit, so as not to go into too much detail, figures in which I show the same relation of Thirteen million odd dollars in his report dated 2nd November 1942, in the first column that deals with figures, coming to a final figure of Eighteen

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

million seven hundred and six thousand dollars (\$18,706,000); and in the second column I start from the same Thirteen million and I allow Three percent (3%) instead of Nineteen percent (19%), and on the materials above the ground floor only — I
10 cannot conceive that it is going to cost more because I am putting a high building per cubic foot in any employment or work done on the level of the ground. I have taken three percent (3%) of Twelve million dollars (\$12,000,000) instead of Thirteen million one hundred and ten thousand dollars (\$13,110,000), which is a very small deduction of the work underground. I arrive at a replacement value of Sixteen million one hundred and fifty thousand dollars (\$16,150,000) — that is for the main building.

Q.—What value do you mean?

A.—Replacement value. It compares with Fifteen million
20 five hundred and sixty-six thousand dollars (\$15,566,000) mentioned in my report.

Q.—Will you please file this memorandum as Exhibit P-38?

A.—Yes.

Q.—Mr. Perrault, when you say you have studied the documents filed by Mr. Cartier, did you study the Exhibit P-36 which is a bundle of work sheets?

A.—Yes. And although I do not agree with the annual
30 prices mentioned therein, particularly to averages which apply outside the Manual, I have not made a report or analysis of the items individually.

Q.—Will you please refer to Exhibit P-36 and tell me if you find any reference in that to another figure, another percentage data in respect of height?

A.—Yes. This whole report is really a combination of several reports and my reaction; it is in the last report that the nineteen percent (19%) figure is used. In the previous reports it is thirteen and one-half percent (13½%).

40 Q.—Then, how is it given?

A.—Thirteen and a half percent (13½%) en hauteur. I think en hauteur is used throughout.

Q.—Do we find that in more than one place?

A.—Yes, in every one of the summaries there is an amount for en hauteur, which is thirteen and one-half percent (13½%).

Q.—Yes?

A.—Except in the final analysis of November 1942 which is Nineteen percent (19%).

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

Q.—And when we come to the Nineteen percent, how is that given?

A.—That is given as nineteen percent (19%) hauteur per three hundred and ninety (390) feet.

10 Q.—Is there any relationship in the Parent table between Three hundred and ninety feet (390') and the nineteen percent (19%)?

A.—I will check it.

Yes. Three hundred and ninety less ten and five-hundredths of that figure, which gives nineteen percent (19%).

Q.—The Nineteen percent (19%) figure is dated?

20 A.—The Nineteen percent (19%) is dated under the signature of George Paquette, the 12th January 1942.

The President:—

Q.—And the thirteen and a half?

A.—There is one thirteen and a half under G. Paquette the 19th December 1941; and another thirteen and a half “construction en hauteur” dated — I don't know the date.

Q.—There are three reports for the same object?

30 A.—Yes.

Q.—But it shows they were made on different dates?

A.—Yes. This report started with and arrived at a certain amount around Ten million; and then another report; and then another, and came up to fifteen or sixteen, and another higher. Each report increased.

40 In one case the increase is due to additional work done by the owner. They are not all increased due to changes of type of estimate or figures. There is one increase due to work which the Sun Life did.

The other items — or, I should say the other cases are for items that may have been forgotten for units of price that was increased. In one case they take the elevators. In the report of the 12th January 1942 they come to a revised estimate of the elevators of somewhere around 631 (thousand?), and they deduct the amount of 337 (thousand?) already included in the report of the 4th July 1938.

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

That applies in quite a few cases. In fixtures, there the unit is increase except for one case where it is clearly additional work of the Sun Life.

10 By the President:—

Q.—As far as the percentage dated for “construction en hauteur”, is it your contention that after having thought previously to use thirteen and a half percent ($13\frac{1}{2}\%$) they changed their mind and have adopted nineteen percent (19%)?

A.—Legally, I do not know. I am quite convinced it is not that. It is apparent that they made a mistake in the building.

20 The Manual is quite clear. It is the height less ten feet multiplied by five hundred.

By Mr. Hansard:—

Q.—At all events at four places throughout P-36 these percentages are dated at different dates, all for increase in height as indicated in the exhibit?

A.—That is my interpretation.

30 Q.—On this breakdown of the Nineteen percent (19%) given by Mr. Cartier this afternoon, what have you to say about nine and a half percent ($9\frac{1}{2}\%$) on the entire cost of the building for financing during construction?

A.—I have to tie that in with the Manual and I have to tie that in with Mr. Cartier’s report.

40 If the Nineteen percent (19%) includes a break-up and Nine and a half percent ($9\frac{1}{2}\%$) is for financing, I do not see how I can take that except for additional cost for financing. If that is his interpretation I cannot see where it can cost more to finance three million because it is high, than because it is not long.

I would look at it as the largest interest on the money involved, and that is where the cost takes place. When you are building a building, it is the money concerned that counts, whether the building is high, low or normal.

I heard Mr. Cartier, and that is the conclusion I drew. If that is so I don’t see any charge for financing because of the height.

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

Q.—Would you comment on the breakdown given by Mr. Cartier of the last nine and a half?

A.—Mr. Cartier is breaking up nineteen percent (19%) and nine and a half percent ($9\frac{1}{2}\%$). The balance is as follows:
10 one-quarter for building materials; one-quarter for machinery and permit; one-eighth for insurance; one eighth for scaffolding; one-quarter for bringing up materials.

It is important to follow. One-quarter represents Twenty-four percent (24%) of the nineteen, and I understand that is for materials. Does it mean the different cost of materials because I have to raise them up? Probably.

20 What is the next two point four (2.4), which is to bring up material? To use Culbertson, is there not a duplication of values?

The next two point four (2.4) is for machinery and permit. Is that for the permit for the height of the building, or the permit in size. I have the same cost whether I am putting up high or low. It is the total amount that counts.

30 And the machinery, I presume that is machinery caused by height and machinery to hoist the material.

We have two point four (2.4) and two point four (2.4) all for bringing that material up, which is seven point two (7.2), which is a way out of line.

I imagine that three percent (3%) is a very big figure to cover not only bringing up the materials but to cover the additional strength of the building in the lower floors due to height.

40 The next is one point 2 (1.2) for insurance.

Again, is that insurance en hauteur because I am going up? If it is public liability insurance there might be a little increase for height, but it is a small fraction of one percent (1%). It is a decimal fraction which can hardly come to 1.2.

Q.—That is on the whole building?

A.—Yes. For the difference in one item of insurance leaving alone the fire and other precautions. Just on the public

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

liability and insurance on money, and I don't think insurance on money comes in. You can imagine what the total insurance would cost.

10 There is also one point two (1.2) for scaffolding.

I presume that is because I am going up.

As a matter of fact in a building of a certain height the scaffolding costs less than a lower building. When we can suspend scaffolding from the upper floors the cost is lower than building from the ground. I am at a loss to understand this break-up.

20 Q.—Mr. Perrault, would you turn to Mr. Fournier's report. I understand you studied that?

A.—I have.

Q.—Have you prepared a memorandum in that connection?

A.—Yes. Mr. Fournier has accepted this principle — “I am taking a normal office building which would cost forty cents (40¢) a cubic foot.”

Says he “I find that the Sun Life has trades which are more expensive than in that type of building”.

30 He is right in that.

Therefore he says “Above the amount of the prices which are included in forty cents (40¢) I am adding so much”, and he gives a detail of the various prices.

40 I have two objections to Mr. Fournier's report. His forty cents (40¢). On Twenty-two million (22,000,000) feet it goes Eight million eight hundred thousand dollars (\$8,800,000). That is based on a normal foot of forty cents.

I have built some of those. I know what they comprise. I know the prices. It is for ten and a half and eleven feet floor height. In the Sun Life we have fourteen feet. If I am using forty cents for every cubic foot I am building it is fair as far as the outside wall is concerned when I go to fourteen. I have pro rataed the additional amount of wall from eleven to fourteen, but I still have one floor slab, one finish, one window, one door, and so forth. One ceiling outlet.

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

So I feel the forty cents (40¢) figure which cost Eight million eight hundred thousand dollars (\$8,800,000) should be revised to at least Eight million dollars (\$8,000,000). That is only ten percent (10%).

10 The difference between eleven to fourteen is three off eleven, which is about thirty percent (30%). I have to discount something for the wall. I am taking ten percent (10%) off only.

In the trades, I have made a list showing the surplus claimed by Mr. Fournier. In the second column we have the cost of that particular trade to the Sun Life adjusted to the 1939 figure.

20 In the third column we have got the amount already included in the forty cent amount.

In other words, if the total electrical system in the Sun Life cost so much, we have in my unit of forty cents (40¢) already got an electrical system. Not as complete, but I have something.

30 Based on my experience of buildings that I have built, and which conform pretty well for trade, I estimate the amount that is included in the forty cents. The difference between the two is all that Mr. Fournier can claim to add to the forty cents.

The President:—

Q.—That is not what he did?

A.—He added amounts which he called surpluses. I am showing that these are out of line.

40 Take on one trade — elevators. Mr. Fournier claims an excess for elevators over the forty cents of One million two hundred thousand dollars odd. The Sun Life cost of the elevators is Eight hundred thousand dollars (\$800,000). He is claiming more as surplus than the actual cost.

In the forty cents there is four hundred and forty thousand dollars. The only surplus is the difference, which is Three hundred and sixty thousand odd.

I don't want to burden the Board with the figures. The principle is the same.

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

By Mr. Seguin:—

Q.—I would not like to interfere. I remember Mr. Fournier says “my forty cent standard building included no elevator
10 and no hardware. I am positive of it.

The Witness:—

I have Mr. Fournier’s report here. If that is so, I am wrong.

By Mr. Hansard:—

Q.—Check his report while my friend is there. I understand
20 he says elevators and hardware were not included. Deal with the other items.

A.—They are not included in the estimate or in the forty cents (40¢).

I do not remember of that having been said. If he did not, I am wrong.

Q.—And the argument applies to all the other trades?

A.—If the hardware and elevators are not included in the
30 forty cents per cubic foot, then the amount of Fifty thousand dollars (\$50,000) for hardware should be increased to Fifty-four thousand dollars (\$54,000), because that is my estimate of what the total hardware in the Sun Life represents.

And it happens that the amount of hardware per rata included in the forty cents is also Fifty-four thousand dollars (\$54,000).

40 As to the elevators, Mr. Fournier is claiming One million two hundred and thirty-nine thousand dollars (\$1,239,000). He is only entitled to Three hundred and sixty thousand dollars (\$360,000) if it is included in the forty cents, and he is entitled to Eight hundred thousand dollars (\$800,000) if it is not included.

Then there is the item of concrete which is significant. In his explanation the figure of One hundred and ninety-six thousand odd is made up of two items. Under the words “baton sur épaisseur,” Ninety-five thousand.

J. J. PERRAULT (for the Comp. in Rebut.) Exam. in chief.

That, I presume is for the addition cost due to fill on top of the floors to run additional conduits and in which in most of the forty do not exist. It is fair to charge an amount for it. That is charged at seven dollars (\$7.00) a cubic yard, which by the way is an excessive price. But I am leaving it in as Ninety-five thousand dollars (\$95,000).

But the second item is called what would in English be assembly floor tile — One hundred and one thousand dollars (\$101,000). Just to assemble forms which are used as forms in pouring a concrete floor. They can be assembled or can be fixed. In a low building they are fixed or permanent floor tiles. We leave them. It is easier to leave than assemble because we cannot have the upper floors ready and the lower floors dry. In four and up buildings it is cheaper to use assembly floor tile. The same is used in the forty cent price. There tiles are used the same. So there is no reason for any additional charge for floor tile in the Sun Life. The amount of One hundred and ninety-six thousand dollars (\$196,000) reads as a surplus of Ninety-five thousand dollars (\$95,000) only.

Adding up these figures, taking off equivalent amounts for unfinished space, putting the charge for financing, adding the cost of architect's fees on each site, as Mr. Fauteux did, we come to the result, subject to corrections made before on the two items, of Fourteen million nine hundred and sixty-one thousand dollars (\$14,961,000) as being the replacement cost of these, compared with Fifteen million five hundred and sixty-six thousand dollars (\$15,566,000) in my report.

Q.—Will you file that as Exhibit P-39?

A.—Yes.

Q.—Have you made a study of Mr. Perry's report?

A.—Yes. Mr. Perry places an estimate of Twenty million seven hundred and fifty-eight thousand dollars (\$20,758,000) as the replacement value of the main building only.

It is interesting to work from this figure back to what would have been the financial out lay of the Sun Life, if that were the cost.

Q.—On what date was that?

A.—1939. If I went back from the figure of Twenty million, if you increased that to the date of construction, if you

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add the items which Mr. Perry has put aside — the cost of sidewalks, temporary partitions, parts demolished, which represent One million five hundred and nineteen thousand dollars (\$1,519,000), which was discussed, and if you add Eight hundred and
10 eighty-one thousand dollars (\$881,000) as mentioned in D-2 for allowance for the building being built in several units, we come to a total of Twenty-five million two hundred and thirty-five thousand dollars odd.

The actual cost of the Sun Life on that part of the work was Twenty million six hundred thousand dollars (\$20,600,000).

Mr. Perry's valuation exceeds by Twenty-two point three percent (22.3%) the actual cash disbursements that the Sun Life
20 made.

If we reverse the proceeding and to come back to normal and reduce Mr. Perry's figure by the same percentage of Twenty-two point three percent (22.3%), Mr. Perry's estimate of Twenty million would become Sixteen million three hundred and sixty thousand dollars (\$16,360,000).

This compares with Fifteen million five hundred and sixty-six thousand dollars (\$15,566,000) in my report. I have
30 added I think on my report a few of the items of Mr. Perry, what he allows for those items would have cost the Sun Life, and they exceed from Seventeen percent (17%) to One hundred and twenty-five percent (125%).

I have not gone into more because he overlaps quite a few of the trades, and it would be unfair.

The ones that are clear cut I have mentioned in my report.

40 Q.—Will you please file as Exhibit P-40 a copy of your memorandum in connection with Mr. Perry's report?

A.—Yes.

Q.—Have you any comments to make on the report of Messrs. Desaulniers and Mills?

A.—Yes sir. Mr. Mills and Mr. Desaulniers at pages 22 and 23 establish the total amount on the main building as being spent, adjusted to 1939, at Twenty million three hundred and sixty-four thousand dollars (\$20,364,000) odd, less deductions of.

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One million five hundred and nineteen thousand dollars, (\$1,519,000), leaving Eighteen million eight hundred and forty-five thousand dollars (\$18,845,000), which they determine as the cost of replacement 1939, exclusive of financing and taxes during
10 construction.

This he based on reports of the Sun Life less certain deductions.

In my opinion the deductions are inadequate. I have gone over all the trades in the Sun Life based on records of what these trades cost. This information was supplied to me by Mr. Paine of the Sun Life.

20 I did not see the contracts from which the figures were derived, but these people showed the amounts of each of the three buildings and showed the amounts which were spent at various periods to make place for the new buildings or stuff that was taken out or was removed, and I included a list of all the items on which there was a deduction from the original monetary outlay, which comes to a total of Two million seven hundred and thirty-five thousand dollars (\$2,735,000), and this leaves Seven-
30 teen million nine hundred and fifty thousand eight hundred and seventy-one dollars (\$17,950,871) less ten percent (10%) adjusted to 1939, leaving Sixteen million one hundred and fifty-five thousand dollars (\$16,155,000) which compares with my estimate of Fifteen million five hundred and sixty-six thousand dollars (\$15,566,000).

Q.—Will you please file that as Exhibit P-41?

A.—Yes.

40 Q.—There are one or two points on which I would like you to speak. In your exhibit P-40 concerning Mr. Perry's report, have you anything to say about the item "0" — main vault?

A.—The item "0" main vault, Mr. Perry has Two hundred and twenty-five thousand dollars (\$225,000). The main vault cost, adjusted, about Eighty-five thousand dollars (\$85,000). I feel that Mr. Perry stretched the main vault and included secondary vaults, which consist only of fireproof wall with vault door.

I have made an estimate of the various other vault conditions and have added that to the amount and come to Ninety

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

thousand dollars (\$90,000) odd. I have allowed One hundred thousand. Compared with that, Two hundred and twenty-five thousand dollars (\$225,000) is One hundred and twenty-five percent (125%) above what it cost and what it is worth.

10

Cross-examined by Mr. Seguin, Attorney for the City of Montreal:—

Q.—At the beginning of your evidence you spoke of properties of five or six storeys, or four or five storeys. You yourself have not built twenty-nine or thirty in Montreal?

A.—No. The highest I have built is ten and eleven, exclusive of basements.

20 Q.—As a matter of fact, buildings exceeding ten and reaching twenty-eight or twenty-nine, there are only four in Montreal?

A.—I would have to count them.

Mr. Hansard:—

Is this cross-examination?

By Mr. Seguin:—

30 Q.—In the four, there would be the Aldred Building. . .

A.—I have designed a building for nineteen storeys, made plans and specifications for it, awarded the contract, and at the last minute the arrangements fell through.

Q.—You never built a twenty-six storey?

A.—No, but I designed one.

Q.—On the new reports you filed today you do not include financing cost?

A.—No. And I mentioned it in some of my reports.

40 Q.—You heard the evidence of Mr. Cartier when he was giving the breakdown of his figure and said some was overlapping of others, that one heading was comprising several trades or several kinds of items.

A.—Do you mean the evidence today?

Q.—No, the first evidence of Mr. Cartier. You said one heading of his breakdown was covering many items.

A.—I don't remember that. It is possible.

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

The President:—

I think if you go direct he will answer you. Do you want
to hear if he heard Mr. Cartier say that he included other items?
10

Mr. Hansard:—

Mr. Cartier is the one to say that.

By Mr. Seguin:—

Q.—Do you remember when Mr. Cartier said under the
heading of columns he was including steel, plaster, concrete, and
his assessment was a composite assessment?
20

A.—The old evidence, yes.

Q.—Do you think it is possible after that to assume that
he has taken only such and such and made a breakdown on his
figure?

A.—I think there is a misunderstanding.

I have not made any breakdown of Mr. Cartier. I only
said that there were items with which I did not agree. I only
meant nineteen percent (19%) is wrong. I have not discussed
anything of Mr. Cartier's report except en hauteur.
30

Mr. Hansard:—

This is not cross-examination.

Mr. Seguin:—

The evidence of the witness was very wide and brings new
angles.
40

The President:—

I think Mr. Perrault was precise and he filed four reports.
Cross-examine on each of them, but do not go back to the first
examination in chief. Either of Mr. Cartier or Mr. Perrault.

By Mr. Seguin:—

Q.—As for Mr. Fournier's report you have that extra

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

height between floors was giving space which cost practically nothing?

A.—I don't think I went that far. I am willing to repeat. I will say the same thing.

10

I said that the building standard unit which Mr. Fournier uses, which is what he calls a forty cent per cubic foot office building, that is standard, like the Themis Building, and buildings of that type.

They cost about thirty-eight cents to forty-three cents. These have floor heights of ten feet six inches to eleven feet. In the Themis Building it is ten feet six inches. In the Crescent, I have eleven feet. Many of the others are ten feet six inches.

20

Taking eleven feet, if I allow forty cents per cubic foot I am allowing forty cents for every foot in height. If I have fourteen feet in height I need only one sidewalk, one ceiling, one series of doors, one electrical apparatus and I am allowing more by counting forty cents than I would in the eleven foot floor height building. It is only the outside walls that are proportional. I still have fourteen to eleven. The height is the same.

30

Q.—Is it not true that in the Sun Life Building there is the ceiling and after that some cork insulation and then the ducts for the ventilating system and then a floor? It is not vacant space. It is floor space.

A.—If I allowed it as vacant space I would have taken more.

Q.—And we allow it as construction.

A.—The only difference in the Sun Life, they run the ducts suspended on the ceiling. If I built the ceiling actually below the floor structure or lower down, I would have a little additional cost. In proportion I could have taken thirty percent (30%) off; I only deducted ten percent (10%) to allow for the partitions and such things as suspended ceiling.

40

Q.—You have taken into account the false ceiling, the insulation and the ducts passing between the two?

A.—Insulation. It is a suspended ceiling and it is about four feet below. When I am four feet down I have no plastering on my outside wall and on my interior partition for four feet in height.

Q.—When you said that Mr. Fournier's figures were out of line, is it out of line in your opinion or the money spent?

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

A.—Of the money spent by the Sun Life Company adjusted to 1939.

Q.—This is in connection with the hardware and elevator?

A.—On all the items.

10 Q.—As to Mr. Perry's report, you have taken his replacement figure and brought that out to the year of construction, I presume?

A.—Yes.

Q.—Have you seen on Mr. Perry's report he is not accepting the amount of One million two hundred thousand dollars (\$1,200,000) on which the company claims as not being reflected?

A.—I don't think I have said in my analysis of Mr. Perry's report, or if I did I should not have said it, that Mr. Perry deducts such an amount.

20

Mr. Perry made an estimate not based on the cost figures given by the Sun Life, but prepared his own estimate by trade on which he arrives at Twenty million two hundred and forty-eight thousand dollars (\$20,248,000). He deducts for typical floors not completed Two hundred and forty thousand dollars (\$240,000), and he adds Seven hundred and fifty thousand dollars (\$750,000) for financing, which comes to Twenty million seven hundred and fifty-eight thousand dollars odd. That is what Mr. Perry gives as the replacement cost of the property before taking deductions.

30

Q.—On your extension of Mr. Perry's figure, what do you do with the amounts the Sun Life claim having spent which are not reflected?

A.—I have added to it. He places twenty million as the replacement cost in 1939. That cannot include things which have disappeared. They cannot include things which have been changed or modified.

40

Q.—Do you use the amount given by the Sun Life at par, while Mr. Perry discusses them?

A.—Mr. Perry discusses them and I wont say he does not accept them, but he discounts them. I maintain that these figures show, say, Seventy thousand dollars (\$70,000) for cost of sidewalk Two hundred and thirty three thousand for partitions One million two hundred thousand for space — automatically, are items which cannot be included in Mr. Perry's estimated cost of the building, but it is included in the moneys spent by the Sun Life originally.

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

By the President:—

Q.—Did Mr. Perry include them?

A.—No.

10 Q.—Then, if he did not include them. . .

A.—Mr. President, we are not quite clear.

Mr. Perry said, my steel will cost so much, my this will cost so much — and so forth. The replacement value is Twenty million dollars (\$20,000,000). That is Mr. Perry's opinion of the replacement value of the building as it is there.

20 Surely the Sun Life must have spent money on things which are no longer there but which are certainly part of the total actual disbursements made by the Sun Life and reported to the City. If we add them together — what is there, and what the Sun Life spent and is not there, and if that exceeds the total amount that the Sun Life spent, there is something wrong in the picture.

By Mr. St. Pierre, K.C., Counsel for the City:—

30 Q.—If he proceeded on the actual cost and deducted, what should have been deducted?

A.—Mr. Perry does not deduct for that. He takes the replacement cost as at the present time. That is what I say.

By Mr. Seguin:—

Q.—Mr. Perrault, you said you had access to all the figures of the Sun Life concerning the cost?

40 A.—No. I do not think, with all due respect, I had access to all figures. I said I had access to all trades which Mr. Paine gave to me.

Q.—So you were given figures by Mr. Paine?

A.—Yes.

Q.—On how many items?

A.—Shall I count the same item in each building as one or three. There are three buildings.

Q.—Only one.

A.—There are thirty-eight (38) items multiplied by three (3) and again by two (2) when it comprises the original cost and the part demolished.

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

Q.—It covers the main trades, the figure you were given by Mr. Paine.

A.—Architectural fees — trades in the broadest sense of the term; linoleum floor, excavation; demolishing is included.

10

By Mr. Geoffrion, K.C.:—

Q.—Have you finished the answer. He asked about trades.

A.—They gave all the trades; except the item for architectural fees which we think a little above a trade.

By Mr. Seguin:—

Q.—Having those figures supplied to you, I presume you found some item on which the expert, of the City were pretty low?

A.—No, I did not find any such case. The experts of the City? Which ones?

We have Mr. Fournier, he did not make an estimate by outside trade. He made forty cents plus an excess.

Q.—Mr. Perry made an estimate by trade, but it would be unfair for me to compare too many of the trades because Mr. Perry admitted in some of the cases it included other trades.

30

And Mr. Mills, he has not made an estimate by trade, but on cost supplied by the Sun Life.

The other expert, Mr. Cartier, it is from an entirely different point of view he approaches. And when he takes a column he takes everything. I did not check. I am not in a position to tell you that the City has put too little on certain trades.

40

Q.—What I am after is this: You contradict Mr. Fournier's, Mr. Perry's and Mr. Cartier's report by some figure. Do you contradict these three reports by assessment of your own, or estimate, or by figures supplied to you by the Sun Life or someone else?

A.—I did not contradict any of these reports. I draw attention to certain differences, and they vary.

In the case of Mr. Cartier I have merely discussed my

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

personal opinion due to my experience of what the nineteen per cent (19%) should be for building en hauteur.

Q.—Your figure was received from the Sun Life?

A.—Yes.

10 Q.—What about your remarks on Mr. Fournier's report?

A.—That is based on my experience of having built forty cent buildings and combining with costs of these trades to the Sun Life, which figures were given to me by Mr. Paine.

Q.—And you did not check the figures in the books of the Sun Life?

A.—No.

By the President:—

20 Q.—Is it standard that building of forty cents? The value?

A.—I see no objection if one is in a position to judge between the two.

Q.—Is it a safe method?

A.—If one knows the difference. In my report on the forty cent building hardware is included. Mr. Fournier may not have in this particular assessment.

30 Supposing it was there, I found out by working out the figures that there is no more hardware in the Sun Life Building, which is worth eighty cents a cubic foot, and there is for the building which cost forty cents.

Mr. Fournier had a surplus of Fifty thousand dollars. The cost of the hardware is Fifty-four thousand. And in the Sun Life you have much larger space and much less hardware per cubic foot. There is much less of it.

40 If I have a number of offices in the forty cent building sixteen by twenty (16 x 20) and in the Sun Life I have space one hundred to two hundred (100 to 200), my hardware is not proportionate. You have to be able to judge properly what the excess cost is in each of the buildings.

By the President:—

Q.—I am asking myself: the price of forty cents for normal office buildings, ten storeys, remains forty cents a cubic foot for a much bigger building?

A.—No. Do you mean higher or bigger.

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

Q.—Higher. For a building with the same dimension as to height of floors, I mean.

A.—No. That changes. It may be higher or lower.

Q.—The larger the space the lower the rate?

10 A.—No. The rate would be lower if the floor heights are higher. The rate would be lower if my cube compared to outside wall is lower. My rate will be higher if I have more outside wall than the cube compared to my standard building. There are factors which you have to carefully view and adjust the price.

Q.—There is no analogy? How can you take a building of forty cents to start your figures on?

A.—You cannot unless you are in a position to discount factors that you mention. Otherwise. . .

20 By Mr. Geoffrion, K.C.:—

Q.—You must make over the whole valuation on each?

A.—To a certain extent.

By the President:—

Q.—It is a dangerous method?

A.—Yes. It can be used.

30 Q.—Is it a current method?

A.—I have never seen it before. It is a method that can be used, but it is dynamite.

Q.—Would you make a submission on it?

A.—No. Unless there was one trade. If I built at forty-three, and had occasion again to build the same but instead of elevators of this type I will have this type, and if I know the difference represents forty I do not include the elevators, but I will add the forty.

40 Q.—The method of appraising at your figure, the arriving at a certain figure per cubic foot for the whole building, is it fairer than this method?

A.—I approve it.

Q.—Would you say that it is as safe as the quantity survey?

A.—I think there is the same chance to err in the unit prices in one case as the other. As long as you have knowledge of building construction. Otherwise it is dangerous.

Q.—The layman cannot help thinking a survey is better,

A.—For a layman it is far clearer.

J. J. PERRAULT (for Comp. in Rebut.) Cross-examination.

Q.—Would you have to consider the price of every material which enters the building and the price of putting them together?

A.—A person today may not hesitate very much in putting in brick at thirty dollars a thousand or thirty-three thousand
10 dollars a thousand. It is only three dollars. But it is ten percent (10%). And is the difference between eighty and eighty-eight.

By Mr. Seguin:—

Q.—As to the vaults, you arrived at a figure of Eighty-five thousand dollars (\$85,000).

A.—For the main vault.

Q.—What does it include and what does it not include?

A.—It includes the vault, Eighty-five thousand dollars.
20

Q.—The main doors?

A.—Yes.

Q.—Do you include the twelve spaces inside the vaults?

A.—No. Those are cabinets. Assembled cabinets inside.

Q.—They are not fixed to the walls or to the floors?

A.—I consider them as furniture.

Q.—Did you visit them?

A.—Yes. I was taken by the Vice-President and I went
through the other, and I handled the big door.

Q.—Do you include the steel lining inside?
30

A.—The only thing I did not include was the cabinets.

Q.—Did you include the special lighting?

A.—No. You mean inside the vaults or inside the room in
which the vault is?

Q.—The room and the vault. There is lighting everywhere.

A.—In the vault, yes sir. In the room, no. The vault is
like furniture placed in a room. It has its own floor and you can
walk all around it. It is different than an ordinary vault, the
main vault. The light in the room and in the corridor in which
40 I travelled was part of the main building.

Q.—Do you include the exterior and mantle steel grills?

A.—Yes. I have not taken the plaster or marble flooring
in which the grills are. I took the vault and its appurtenances.

Q.—You said you received the figure of eighty-five thousand from the Company. The Company said to you that it cost
Eighty-five thousand dollars?

A.—Yes, adjusted to 1939 figures.

Q.—Can you give us the figure for the weight of the doors
of the vaults?

A. J. PAINE (for the Comp. in Rebut.) Examination in chief.

A.—I was told. I cannot remember. It was fabulous. It was a very heavy door.

Q.—Is it made of bronze?

A.—It is a steel alloy. I would not swear to that. I did not
10 analyse the material.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF A. J. PAINE

20

On this Fifteenth day of April, in the year of Our Lord One thousand nine hundred and forty-three, personally came and re-appeared: A. J. Paine, of the City of Montreal, who has already testified herein on behalf of the Complainant, and who testifies in rebuttal for the Plaintiff as follows:—

Examined by Mr. Hansard, Attorney for the Complainant:

30 Q.—Mr. Paine, I understand you are the Sun Life architect?

A.—Yes, the staff architect.

Q.—And you are familiar with the Sun Life Building?

A.—Yes, quite.

Q.—Have you in your records figures as to the cost of various components in the building?

A.—Yes, I have the contractors' costs which were submitted to us time and again; monthly, I think.

40 Mr. Seguin:—

Objection. We have the admission.

The Court:—

Under reserve.

By Mr. Hansard:—

Q.—Mr. Perrault has produced an exhibit, P-41, in which

A. J. PAINE (for the Comp. in Rebut.) Examination in chief.

he gives a number of figures representing the cost of various trades.

A.—Yes.

10 Q.—And he said that you had furnished him with those figures.

A.—I furnished Mr. Perrault with a breakdown of the costs as I had them from the contractor dealing with the various parts of the building, Mr. Perrault used these, he tells me, in the preparation of this statement, which by the way I have not read.

Q.—Were the figures you furnished Mr. Perrault correct?

A.—They are the only ones I have. They make up, more or less, the total paid to the contractors.

20 Q.—They are the actual amounts that were paid?

A.—Yes.

Q.—Does that cover the vault?

A.—Yes.

Q.—And all the other items?

A.—Yes, all the items that are there.

Q.—Mr. Paine, how long have you been an architect?

A.—I graduated in 1910.

Q.—Before you became staff architect for the Sun Life Company, did you have any particular big jobs in hand?

30 A.—Before I became staff architect for the Sun Life I worked as Clerk of Works on the Sun Life Building. That was in 1914, I think. And on completion of the first part of the building Mr. Pearson, who was one of the architects, and I went to the Parliament Buildings, and while there I had charge of the business end of the operations along with the representative of the Public Works, Mr. Sutherland.

40 We prepared all our forms for materials, got prices, made reports, and took it to the Joint Parliamentary Committee to get their consent to see if the work was to go ahead. Mr. Sutherland more or less acted for the architect in preparing that work.

All of the accounts, payments to the contractors, everything that went on there, had to be approved by us.

Q.—That was in connection with the Parliament Buildings in Ottawa?

A.—Yes.

Q.—When was that?

A.—1918 to 1922.

A. J. PAINE (for the Comp. in Rebut.) Examination in chief.

Q.—Subsequent to that?

A.—I came back to the Sun Life Company for the first extension. And from then on, I forget when, I was staff architect. For the second and third extension I was associate architect. I
10 was informed on every-thing that went ahead, particularly in the way of costs.

Q.—Let us turn to Mr. Perry's report.

Have you made a study of that report with respect to estimated cost figures therein in comparison with the actual costs of various component parts in the building?

A.—Yes.

Q.—Will you please give us your conclusions in that
20 respect?

A.—Because of Mr. Perry's rather unusual method of grouping the various trades it has been impossible to make a comparison between the arrangement of many of the items and their actual cost.

For example, item "G" in Mr. Perry's estimate he classifies under the same heading such trades as roofs, panelling and extensive details of minor offices.

30 Again, item D in Mr. Perry's list covers typical floor construction, including finish.

With not much time at our disposal a detailed statement of the costs of the many types of finish, floor finish, used and of the ceilings, which Mr. Perry may have included in his classification, would have been impossible.

I have made, however, a list, a partial list of the items given
40 in Mr. Perry's estimate and have compared them with the actual cost.

The cost index summary on page 17 of Mr. Perry's valuation, table 3, which was based on his own assumption of twenty-five percent (25%) labor and seventy-five percent (75%) material cost, shows higher cost in 1922 when the first extension was built and in 1927 to 1929 when the bulk of the work was contracted for in the main building — the second and third extension that is — than those prevailing in 1939 to 1940. No attempt was made to bring the actual cost to the 1939 to 1940 period.

A. J. PAINE (for the Comp. in Rebut.) Examination in chief.

Q.—I understand you have taken eight major items from Mr. Perry's estimate and compared the actual costs. Would you check these items?

10 A.—Item A, excavation. Mr. Perry's estimate Two hundred and sixty-seven thousand dollars (\$267,000) — actual cost, Two hundred and twenty-four thousand dollars (\$224,000).

Q.—Of excavation?

20 A.—Yes. Item C, Mr. Perry, structural steel Three million four hundred thousand dollars (\$3,400,000). Exclusive of the steel work demolished in the original building and extension number one, and also exclusive of additional work that was done in reinforcing the columns in these two parts to carry extensions numbers two and three, the cost of the steelwork throughout was Two million four hundred and sixty-two thousand dollars (\$2,462,000). That compares with Mr. Perry's Three million four hundred thousand dollars (\$3,400,000).

Q.—You have a note about the labor cost of reinforcing the columns?

A.—When it was decided to extend the first building some of the columns had to be reinforced in places with extra steel to carry the higher weight to go on top. That meant work on the job and not in the plant.

30 The labor cost was Fifty-seven thousand dollars (\$57,000), and the steel that we used has gone into the total cost here at the same rate had it been manufactured in Lachine.

Q.—The first time?

A.—Yes.

Q.—The next item, bronze doors.

40 A.—Mr. Perry estimated Two hundred and twenty-five thousand dollars (\$225,000). The actual cost of the bronze doors in the building including the elevator doors was One hundred and sixty-eight thousand five hundred dollars (\$168,500).

Item "O", main vault. Mr. Perry has Two-hundred and twenty-five thousand dollars (\$225,000). The actual cost was Eighty-four thousand three hundred dollars (\$84,300). That is complete with grills, etc., but it does not include the safe vault cabinets in the vault which rest on the floor and are not attached. That cost Nine thousand dollars (\$9,000).

Q.—Elevators?

A. J. PAINE (for the Comp. in Rebut.) Examination in chief.

A.—Mr. Perry estimated, Item "S", One million five hundred and eighty-eight thousand dollars (\$1,588,000). The actual cost of the elevators complete with doors, not including the bronze slide doors which Mr. Perry included in item "N", was
10 Nine hundred and eighty-nine thousand dollars (\$989,000).

Item "T", Mr. Perry has estimated One million and eighty-six thousand dollars. The actual cost including the entrance, was Nine hundred and fifty thousand dollars (\$950,000).

Item "U", heating equipment, Mr. Perry has Six hundred and fifteen thousand dollars (\$615,000). The actual cost of the equipment, heating equipment, existing in the building is Four
20 hundred and three thousand dollars (\$403,000).

I may say in that item I have not included the heating equipment in the boiler house. In Mr. Perry's valuation of the boiler house he puts in an item for mechanical equipment, mechanical trades, of Three hundred and twenty-five thousand dollars (\$325,000), and I assume that he puts the cost of the boilers and other equipment in that sum because they are in the boiler house and not the main building.

Ventilation, item "V", Mr. Perry estimates Seven hundred
30 and eighty thousand dollars (\$780,000). The actual cost of that equipment was Six hundred and ninety thousand dollars (\$690,000).

Q.—Will you please file a memorandum covering your remarks on Mr. Perry's report as Exhibit P-42?

A.—Yes.

Q.—Were you present when Mr. Cartier gave his evidence?

A.—Yes.

40 Q.—And have you had an opportunity to examine the documents produced by him?

A.—Yes.

Q.—And in particular P-36, his work sheets and the work sheets of the other individuals who signed it?

A.—Yes. I was present when he gave his evidence, and while it was given in French I have enough French to understand the trend. I went through the document carefully bit by bit to make notes and report on it.

Q.—What comments have you to make?

A.—They are pretty long.

F. W. WALKER (for the Comp. in Rebut.) Exam. in chief.

Q.—Will you file it as Exhibit P-43, your memorandum in this connection?

A.—Yes.

10 Mr. Geoffrion, K.C.:—

I suggest that only questions needing an explanation be put to the witness.

Mr. Seguin:—

I suggest that is not right. I object to that procedure.

20 The Court:—

Objection maintained.

(At this point the hearing for this day adjourned).

And further for the present deponent saith not.

J. T. Harrington,
Official Court Reporter.

30

DEPOSITION OF F. W. WALKER

On this Nineteen day of April in the year of Our Lord One thousand nine hundred and forty-three, personally came and appeared: F. W. Walker, of the City of Montreal, Contractor-Manager of the Foundation Company of Canada, residing at Number 70 Dufferin Road, Hampstead, a witness called by the
40 Complainant in rebuttal, who upon being duly sworn doth depose and say:—

Examined by Mr. Hansard, Attorney for the Complainant:

Q.—You say you are the contractor-manager for the Foundation Company of Canada?

A.—Yes, sir.

Q.—How long have you held that position?

A.—Twenty years.

F. W. WALKER (for the Comp. in Rebut.) Exam. in chief.

Q.—And how long have you been in the contracting business?

A.—Forty years.

10 Q.—Did the Foundation Company have anything to do with the erection of the Aldred Building?

A.—We constructed everything above the foundations.

Q.—I take it that the Foundation Company is not only concerned with foundations?

A.—Oh no.

Q.—So far as the construction of that building is concerned, would you tell the Board what percentage of the cost represented the additional height of that building over ten floors, or over eight?

20 A.—I don't get the question. You mean, was there an increase?

Q.—Yes. What percentage is due to height in that building?

A.—The only item is the matter of hoisting the materials, practically.

Q.—And the equipment for doing that?

A.—That would be part of the hoisting equipment.

Q.—And the scaffolding?

30 A.—That is not increased by the height to any great extent, because scaffolding is re-used.

Q.—Would you give me a percentage in that regard?

A.—In that particular building I could give you about the cost.

Practically three-quarters of one percent ($\frac{3}{4}$ of 1%), excluding structural steel, which does not enter into contractor's expenses.

40 Q.—The higher the building goes the more weight you have to put in the steel at the base?

A.—Structural, yes.

Q.—And that will be reflected in the quantity of steel?

A.—Yes.

Q.—Would you enumerate for the Board what is included in that three-quarters of one percent?

A.—In the towers required for hoisting, the construction in the tower, cables, and so forth. These are electrically driven hoists of over six hundred feet a minute lift. And the electric power and the man who operates the hoist. That would constitute

F. W. WALKER (for the Comp. in Rebut.) Cross-examination.

the hoisting equipment for all the material in that building. In that goes everything that was handled from the inside of the building, floor by floor.

10 Q.—You speak of hoists, and I see you have a photograph. Will you produce that as Exhibit P-44?

A.—Yes.

Q.—Will you state whether that is a picture of the Aldred Building during construction?

A.—Yes, showing the towers.

Q.—And the towers are on the right side?

A.—Yes, on the Notre Dame Street front.

Q.—Is there any increase in the cost for placing the building material higher up, rather than lower down?

20 A.—For distribution on the floors by the hoisting, no.

Q.—Your three-quarters of one percent would include getting them up to the floor, and there is no other expense?

A.—At that point the setters go to work, but it would be just the same. They get the materials at each floor.

Q.—Is there any increase in insurance costs caused by reason of building the building higher?

A.—The labor insurance costs?

Q.—Yes?

30 A.—No. Their various trades have their different rates irrespective of the building.

Q.—Could you tell us the height of the hoist used in the Aldred Building?

A.—Yes. That started at the second basement floor, and that was twenty-seven feet (27') below the surface, and the building itself is Three hundred and nine (309) feet above the ground — that is Three hundred and thirty-six feet (336') of building that hoist covered.

40 Cross-examined by Mr. Seguin, Attorney for the City of Montreal:—

Q.—Do you know what is a composite assessment? Do you know that on that building there is only one hundred (100) or two hundred (200) data, and that an expert must affect a box of his group ten or twelve times? It is what we call a composite assessment.

A.—Yes.

Q.—You have heard no evidence in this case?

A.—No. Except what I read in the papers.

F. W. WALKER (for the Comp. in Rebut.) Cross-examination.

Q.—You do not know what Mr. Cartier grouped in his report?

A.—No. I am merely answering the questions put to me.

Q.—You said for you construction in height would cost
10 three-quarters of one percent?

A.—The hoist portion, yes.

Q.—Can you put as many men at work on the upper storey as on the first and second floors?

You are limited by the spread of the hoist, so you have to wait on your material?

A.—No. By organizing the hoist properly the material is waiting for the men; otherwise we would not be in the business.

20 Q.—If you have only one hoist the men will have to wait, or if you have more you have to wait?

A.—You put in the hoisting equipment to suit the conditions. We had four on that.

Q.—Do you know how many were employed on the Sun Life Building?

A.—No. In the Aldred Building we had to hoist all the stone, but the Sun Life did not have to hoist their stone because there outside wall was left supporting. It was handled by derricks
30 from the upper levels.

Q.—The time at your disposal to build such a building can influence the cost of the upper floors?

If you have a building to do within nine (9) months, and another in one year or seven months, that can be reflected in the cost of the upper floors?

A.—No. In laying out the plan for the building it is important to keep that building moving at a certain speed. While the
40 upper floors are being completed the lower floors are already underway and perhaps shielded in. As the floors go up the material for these floors will be torn up and the men will be tearing the material from the lower floors.

Q.—You do not know what speed the employees had to keep in the Sun Life Building?

A.—No.

Q.—You only know the speed you had to keep in the Aldred Building?

A.—No; that and many others we built from Coast to Coast.

F. W. WALKER (for the Comp. in Rebut.) Cross-examination.

Q.—Is the insurance on the employees higher on the upper floors?

A.—No. The insurance rates on the different classes differ. Steelworkers are a high rate; carpenters are another; 10 masons; and that carries through the operations on the job.

Q.—You say your three-quarters of one percent includes all supplementary frames of scaffolding of hoisting?

A.—The cost of the hoisting operation in that job.

The Court:—

Q.—Would this apply to any height? Whether twenty or forty storeys?

A.—The additional storeys are simply the extension of 20 the towers and the cable, and that is a small item in the erection of the tower, and with a fast hoist it is a small matter.

The hoist in the building (Aldred) went six hundred feet per minute. The hoist could run up three hundred feet in half a minute.

When you start a high building the more storeys are just a duplication of the small matter of the piping of the tower 30 frame.

By Mr. Seguin:—

Q.—Do I deduce from your evidence that if you build a building up twenty-seven storeys and were called upon to do three other storeys, that you would charge the same cost plus three-quarters of one percent?

Mr. Hansard:—

40 During the building, not after.

The Witness:—

It would be hard to appraise that. Just three storeys. It is not a straight proportion. The power house and switches and controls are just the same; all there is is three more storeys of tower and three more of cable.

F. W. WALKER (for the Comp. in Rebut.) Cross-examination.

Q.—Do I assume from your evidence that if you had one building of only one storey and another to build to thirty storeys on the adjoining side that you will figure your price on the low one and add three-quarters of one percent for the other?

10 A.—No. We do not figure our plan that way. We figure it for our cost; what is required and the cost of what is going in. That is the way we arrive at the cost for an estimate. We have to have that information to start with.

Mr. Hansard:—

The sum cubic contents.

By Mr. Seguin:—

20

Q.—Is there some building that could cost more than three-quarters of one percent?

A.—I was using that because the Aldred is the nearest to the Sun Life that we have in Montreal. It is the only job of that height. We put in the foundations for the Bell Telephone, but we did not build the superstructure, so I could not give you another case with similar conditions.

30 Q.—This three-quarters of one percent does not take care of the extra weight of steel you have to put nor the extra thickness of the walls, the extra strength you have to put in your columns, and those items?

A.—That is all taken care of in the costs.

Q.—You put three-quarters of one percent because all your other extra costs are included in the proper trade in the building?

40 A.—No. This takes care of the hoisting for all of the trades, including our own. That three-quarters of one percent is arrived at after the job is finished. When the estimate is made everything is put in. The motors, the power so much, for a certain length of time which we take for the development of the structure — all these are developed on sheets. As they are assembled and classified we arrive at the point of adding on three-quarters of one percent of what it cost us on the building.

Q.—Would you make a tender for twenty or thirty storeys using that figure of three quarters of one percent?

A.—No. We don't work by classification. We arrive at absolute figures in our costs.

A. J. PAINE (recalled for the Comp. in Rebut.) Exam. in chief.

Q.—When you risk your money you are taking no chances?

A.—No. We figure it accurately.

And further deponent saith not.

10

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF A. J. PAINE

On this Nineteenth day of April in the year of our Lord
20 One thousand nine hundred and forty-three, personally came and
re-appeared: A. J. Payne, who continues his evidence for the
Complainant in rebuttal as follows:—

Examined by Mr. Hansard, Attorney for the Complainant:

Q.—In your evidence at the last sitting you filed as Exhibit
P-42 a memorandum with a comparative statement of Mr. Perry's
estimates and the actual costs of the building. Have you an
addition to make to that Exhibit 42?

30

A.—Yes, sir.

I have one addition there of an item which was not noticed
at the time we were making up the cost of the electrical contract,
and I find that there were three lots of equipment, transformers,
turbines, generators, that were not supplied through the electrical
contract. They were bought separately, and I ignored them in
making the total cost, and I wish to put in another cost of Thirty-
eight thousand four hundred dollars (\$38,400).

40 Q.—That should be added to the item “electrical work”
Nine hundred and fifty thousand dollars (\$950,000) on page 2
of the Exhibit P-42?

A.—Yes, sir.

Q.—So the figure should be Nine hundred and eighty-eight
thousand four hundred dollars (\$988,400).

A.—Yes.

Q.—I have not yet examined you in respect of the memo-
randum filed at the last sitting as P-43, which consists of your
notes on the material produced by Mr. Cartier.

A. J. PAINE (*recalled for the Comp. in Rebut.*) Exam. in chief.

In order to shorten this, Mr. Chairman, I will only take the points requiring further elucidation.

10 On the first page you refer to the fact that instead of bronze elevator doors throughout, a large number of them are steel. Just tell the Board is bronze more expensive than steel.

A.—Bronze is more expensive; considerably more expensive.

Q.—On page two of your notes under the heading K and L in speaking of floor number you refer in brackets to “old numbering”.

20 A.—The architect’s plans ran from eleven to fourteen, and when prospective tenants were looking at the thirteenth on the plans they wished to have than changed to fourteen and leave out thirteen.

Q.—On the old numbering the twenty-third floor would be what we have been referring to as the twenty-fourth?

A.—That is correct.

Q.—On page two of your notes, have you a correction to make?

30 A.—There is a typographical error; an addition is made there of cubic feet and unfortunately it became six hundred and forty-one (641) instead of Six hundred and forty-one thousand (641,000) cubic feet. The zeros were omitted.

Q.—Would you turn to page three of your notes and would you refer to P-36 and point out where the figures that you set forth on page three of your notes occur?

A.—They occur on sheets 26, 27 and 28, the number being in the right hand corner of some of them and in the left corner of others.

Q.—Do I understand that the figures appearing on this part of your notes are taken directly from the work sheets?

40 A.—Yes, directly from the work sheets.

Q.—Have you a correction to make at the bottom of page three?

A.—In the last paragraph at the bottom of page three the wording is a little strange. I would like to change this last sentence to read “the 0.26 rate is the departmental store rate; the 0.09 rate is higher than either the commercial building rate or the public building rate, which is 0.075 in the Manual”.

Q.—On page 4 you deal with the question of exterior walls and the cost of terra cotta. Have you anything further to add to that?

A. J. PAINE (recalled for the Comp. in Rebut.) Exam. in chief.

A.—In case that paragraph is not quite clear, I wanted to point out I found what is apparently a duplication of the terra cotta on the outside walls. In the change that was made from the valuation of June 1938 there is an item in the cost of the outside
10 wall of terra cotta at twenty-two cents per square foot.

I find that on sheet 24 of the Exhibit P-36 there is an item for terra cotta on exterior walls with plaster one side, which I took to be the same terra cotta as in the exterior walls in the new calculation. Here it is Two hundred and seventeen thousand four hundred and eighty 217,480 square feet at 0.29, equalling Sixty-three thousand two hundred and eighty-six dollars and sixty-eight cents (\$63,286.68; so that apparently it comes in twice in the
20 valuation given; in the correction it would be Eighty-four thousand, and in the original valuation, the sixty-three thousand which I just mentioned.

Q.—Turning to page 5 of your memorandum, I notice you refer at the top of the page to the valuation roll being completed in December 1941. For the purposes of the record could you tell me when the roll was published?

A.—No, I could not.

30 Mr. Seguin:—

It is admitted that the roll was deposited and made public the 1st December 1941.

By Mr. Hansard:—

Q.—Again on page 5, in dealing with excavation costs, can you tell me whether excavation costs in 1939 or 1941 were higher or lower than at the time the excavation was done for the Sun
40 Life Building?

A.—Generally the cost of excavation have been inclined to go down since, let us say, the middle of 1925 on. Improvement in the machinery have decreased the labor cost.

Q.—Improvements in excavating machinery?

A.—Yes; have decreased the labor cost.

Q.—There is a column number 5 on page 5 dealing with ventilation and fire protection. Would you explain that? There is a reference to air conditioned heating.

A. J. PAINE (recalled for the Comp. in Rebut.) Exam. in chief.

A.—From my reading of the calculations made by the City Technical Department, they have taken a unit for the heating work the cost of ordinary steam heating or hot water heating, they are both the same, added to it the cost for air-conditioning heating, which is double the hot water heating, and in addition they have put on a unit for ventilating. They have heated the building, air-conditioned it, meaning running air over ducts, and in addition they have put on an extra system from somewhere to ventilate it again.

They ventilated it twice.

Q.—In the last paragraph you refer to an item of Thirty-five thousand dollars (\$35,000) for supplementary horsepower. Is there anything in the Parent Manual for that?

A.—I cannot find anything. I see nothing like that for extra elevators. The extra rate is provided for elevators of one ton capacity and there is thirty-three and a third percent for anything over that, which I would say would take care of the extra horsepower required to take care of that.

Mr. Seguin:—

Mr. Cartier says that the tables of the Manual were not applied to the Sun Life, but to a standard building. There remains ten pages of comparing the Manual.

Mr. Hansard:—

No. This is not comparing the Manual with anything. It deals with it in part and when it was not detailed.

Q.—On page six, dealing with the pneumatic tubes, have you made any further enquiry about this?

A.—Yes. Pneumatic tube is reported dismantled. This can be checked. I find that it is not dismantled, but has been out of use for years.

Q.—In referring to the figure of Five hundred thousand on page 6, you say that there is no justification for this at this time. Are you restricting your comment in that regard to the present time?

A.—No. I was meaning at the time they were making up the new estimate. The estimate as of that date.

A. J. PAINE (recalled for the Comp. in Rebut.) Exam. in chief.

Q.—Have you a correction at the bottom of page 6 in the second to last paragraph?

A.—Yes. It should read:

10 “Depreciated in steps as before this becomes Sixteen million and sixty-four thousand nine hundred and sixty dollars and seventy-four cents (\$16,064,960.74), which is the figure that appears in the valuation sheet”.

Q.—Have you any explanation in regard to the paragraph under the Roman numeral IV?

20 A.—I said exception is taken to the terra quantities. That referred to the outside walls as mentioned before. There is another apparent mistake in paragraph III. “A little over eighty-two cents per square foot “should read” A little over twenty-eight cents per square foot”.

Q.—In paragraph number 1 under ventilation and heating, reference is made to square feet. Should that be changed?

A.—Yes. The paragraph starts there mentioning the number of cubic feet and in ventilation it says the unit is built to square feet. It should be cubic feet.

30 Q.—On page 11, in dealing with cooled drinking water, your notes say that cooled drinking water is only supplied up to the seventh floor, and in the new building to the second and third extensions only. What to you mean by the new building?

A.—The new building is that built in 1927 and 1928, and it is the northerly two-thirds of the whole building.

Q.—Am I correct in saying that the cooled drinking water is supplied only in that portion of the building and only up to the seventh floor?

A.—Yes.

Q.—And not in the original building at all?

A.—Yes. That is, the cooled drinking water.

40 Q.—In the third paragraph from the top of page 12 the phrase occurs, five percent (5%) of the total height of the building. Should that be ten percent?

A.—It should be ten feet (10'). The total height of the building minus ten feet.

Q.—As a matter of fact, these notes of yours are your work notes?

A.—Yes.

Q.—And we put them in to save time at the last sitting.

A. J. PAINE (recalled for the Comp. in Rebut.) Exam. in chief.

Just generally, will you say whether or not the statements of fact made by you in these notes are correct?

10 A.—Yes, to the best of my knowledge the facts are correct and taken from the plans and reports.

Q.—Have you any figures regarding the cost of structural steel in the lower and higher portions? The actual costs in the Sun Life Building?

A.—Yes, I have some here.

20 In the lower part of the building, in the lower section of that part of the building erected from 1927 on, the Dominion Bridge Company had a contract for the steel which in accordance with their factory was rated at six point seventeen cents per pound (6.17¢). That is the 1927/28.

Q.—That is referred to as the first extension?

A.—No, the second extension.

Q.—Have you got the cost of structural steel for the steel above that?

30 A.—Yes. For the third extension, the main building, from the eighth floor up, the unit price for the steel was for one lot six point ought seven cents (6.07¢) a pound, and for the other lot six point ought two cents (6.02¢) a pound. That compares with six point one seven cents (6.17¢) for the lower. All of these costs are erected costs.

Q.—In this connection have you prepared a memorandum regarding steel columns and beams and concrete slab construction?

A.—Yes.

Q.—You were referring to this memorandum which I now show you which refers to your notes at page 7?

A.—Yes.

40 Q.—Will you produce this memorandum as Exhibit P-45?

A.—Yes.

Q.—Let us deal for a moment with the evidence given by Mr. Perry.

Mr. Perry in referring to mechanical ventilation stated that it was installed directly for the Sun Life, and that it placed the building in an exclusive category.

Have you any comments to make, first of all on the type of ventilation in the building?

A. J. PAINE (*recalled for the Comp. in Rebut.*) Exam. in chief.

A.—The ventilation in the building has been referred to by one of the others as an air-conditioning system. I don't think an engineer would do so, because it is purely a system for circulating fresh air; bringing new air into the building. Before it is
10 sent in it is washed and heated.

But an air-conditioning system is one in which the temperature of the room is kept constant throughout the year, cool or hot; this is not.

Q.—The temperature and the humidity is kept constant by the air-conditioning system?

A.—Yes.

20 Q.—And this is not?

A.—No.

Q.—Would you comment on Mr. Perry's remarks that it is principally for the staff of the Sun Life Company?

A.—He seemed to think it was put in primarily for the Sun Life staff. I cannot see that this is borne out by reference to other buildings and by reference to the usual health laws that one finds in the Province and in other countries.

30 I have looked at several photographs of other buildings and I find that in office buildings in which there is deep or big space, where a number of people congregate, you will find ventilation.

Q.—Mechanical ventilation?

A.—Mechanical ventilation.

40 The figures of the Royal Bank Building show this in their lunch or rest rooms. You will not find it always in the small private offices because you don't get a number of people gathering.

The Province of Quebec health regulations demand that this be done in every school. I think from November 15th to May 15th you must have artificial ventilation. That is Article 69H of the requirements of the by-laws of the superior board of health of the Province of Quebec.

In this room I see a number of people and there is a ventilation outlet above you. It is not exclusive for the Sun Life.

A. J. PAINE (*recalled for the Comp. in Rebut.*) Exam. in chief.

Q.—In his report Mr. Perry stated that the plumbing piping throughout was of copper or brass, and he referred to the ease of repair because it was in duct space.

10 A.—Yes. He said the interior piping, all the main work would last a very long time because all of the piping was of brass or copper.

That is not correct. All your cold water piping is steel; all of the heating piping is steel; in the drain work, the drains are steel above ground, cast iron below because of the City by-law. Above ground everything is steel.

20 That leaves one item in copper, which is the hot water piping. The piping leading to the basins and the slop sinks that brings the hot water is copper.

Q.—Is copper more expensive than steel?

A.—Yes. sir. Copper piping is much more expansive than steel.

Q.—What about the ease of repair?

30 A.—Mr. Perry said that it would be easy to repair any of the piping work in the building on account of the duct space. I think that is not right, because while there is a good deal of piping throughout the horizontal duct space, there is a great deal buried in the outside walls between the main wall and the terra cotta furring, and to get there you would have to take down the plaster and terra cotta. And that refers to the heating piping and the drain water piping and a great number of the drains.

Q.—Mr. Perry in his report referred to bronze window sashes and glazing. Have you any comment to make on the estimate he made in that connection?

40 A.—Yes. On page 9 of Mr. Perry's report, item No. 3, he mentions that the building could have been reduced in cost if steel sashing instead of bronze had been used.

Item E, bronze sash glazed costs Seven hundred and eighty-five thousand dollars (\$785,000). The actual cost of the bronze is hardly over Four hundred thousand dollars (\$400,000).

By Mr. Seguin:—

Q.—Including glazing?

A.—Yes. Glazed.

A. J. PAINE (recalled for the Comp. in Rebut.) Exam. in chief.

By Mr. Hansard:—

Q.—Returning to our discussion of the Twenty-fourth floor, where it was debated as to its being rentable space or not.
10 Have you anything to say regarding the structural strength of the floor?

A.—Yes. Mr. Mills stated that the twenty-fourth floor is suitable for storage space if not for offices; he shows in his book, his report, space that can be used for storage.

On checking all the steel used to carry the floors in that building I find that the total safe live load carried by the steel would be sixty-seven point five pounds (67.5 pds.) per square foot. This is not in accordance with the Montreal City By-laws in
20 relation to storage space. By-law Number 914 states that a minimum for storage space must be one hundred and fifty (150) pounds live load.

Q.—It has been suggested in previous evidence that there would be some additional duct work needed if the Twentieth, Twenty-second and Twenty-third floors were completed. Have you a plan showing that additional duct work?

A.—Yes, I have.

Q.—You show me a plan with a quantity of piping marked
30 in yellow. Is this a blueprint of the Twenty-fourth floor plan?

A.—This is a blueprint of drawing 3EHB23. It is the engineers drawing showing the vent. The twenty-third is now the twenty-fourth.

Q.—By reason of the change in the numbering of the floors?

A.—Yes. And the duct work shown here in orange pencil has not been installed.

Q.—And if the three floors mentioned were completed,
40 would that have to be installed?

A.—Yes. Virtually as shown here. And each of this duct work would be resting on the floor and not slung to the ceiling.

Mr. Seguin:—

I object. That was the condition at December 1941.

Mr. Hansard:—

We are dealing with vacant space.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

Q.—Will you produce that blueprint as Exhibit P-46?

A.—Yes.

10 Q.—The question of windows on the Tenth floor of the building where there are bowling alleys. Are there any windows there?

A.—There are no windows on the Tenth floor in the section occupied by the bowling alleys.

Cross-examined by Mr. Seguin:—

Q.—I understood from your evidence the other day that you were the architect to the Sun Life practically from the first day of the construction of the first building up to now?

20 A.—No sir. I did not say that. I said I was present during the building of the first building and was clerk of the works on it supervising construction. I did not have any position of architect.

Q.—You were graduated as an architect then?

A.—Yes. But I was not officially the architect.

Q.—You were not acting as an architect?

A.—Yes. But I was not officially the architect.

Q.—Before coming to the Sun Life you were associated with Darling & Pearson?

A.—I was with them after my first period.

30 Q.—Not when the building started?

A.—No.

Q.—From the first day to the last of construction you were there?

A.—I saw the construction.

Q.—Now, when you are giving your evidence today and the last day, are you representing the Sun Life Company as an official, or are you called upon as an ordinary expert.

40 Have you some power or authority to bind the Sun Life Assurance Company as the representative of the Sun Life Assurance Company?

Mr. Hansard:—

I object to this line of questioning.

The Court:—

Maintained.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

By Mr. Seguin:—

Q.—The last day you said to this Board that you had supplied to Mr. Perrault certain figures and Mr. Perrault produced
10 before this Board two exhibits, and you produced exhibit P-42?

A.—Yes.

Q.—But Mr. Perrault used some of the figures which were given by you on Exhibit P-42 for the purpose of some other exhibit he has already produced?

A.—He possibly has, yes.

Q.—And Mr. Perrault has already produced an exhibit as being P-41, on which he gives thirty-six items representing a total of Two million seven hundred and thirty-five thousand seven hundred and sixteen dollars (\$2,735,716) which he claims should
20 be deducted from the total amount of Twenty million dollars?

A.—Yes.

Q.—You heard Mr. Perrault saying that these figures were supplied by you?

A.—Yes. I have not looked over the figures to see if they were the same.

Q.—Will you look at Exhibit P-41 and tell us if the figures making up these thirty-six items were supplied by you to Mr. Perrault?

A.—I would have to check those and compare them with
30 the detailed figures given to Mr. Perrault.

Q.—Mr. Perrault said they were coming from you.

A.—They were given to Mr. Perrault in a group.

Q.—I would like to be clear and definite on this. I want to know if the thirty-six items and figures contained in Exhibit P-41 were given to Mr. Perrault as they are on that exhibit, or if he modified them or qualified them, because he said they were coming from you. We have to be absolutely clear on this.

A.—I would not attempt to give you those off-hand. I can
40 do the thing in time. I don't know how he used the items I gave him.

Q.—Was that the list given to Mr. Perrault? Have you that list with you?

A.—No. That was items taken out of the contractors' statement of costs, of the costs of the various trades with a deduction of items that were made some years ago for parts of the building demolished at the time of the building of the new sections.

In the original building there was a considerable amount of the old building demolished when the first extension went up.

A. J. PAINE (for Comp. in Rebut.) Cross-examination..

When the second extension went up there was a lot of the first and second building demolished to allow for the second extension to be built and adapted to it. There were some items in the list that were not part of the normal building costs.

10 Q.—Mr. Perrault said that he used your figures.

A.—Maybe he did. I have not it here.

Q.—Have you a copy at home?

A.—I have a list that I can get.

Q.—Showing that?

A.—Yes.

Q.—Would it be possible to bring those figures and produce them in the record?

A.—I think so, yes.

20 Q.—Do you remember the total of the items?

A.—No, I could not possibly give you that off-hand. This was done years ago. Two or more years ago.

Q.—And now, Mr. Paine, according to Mr. Perrault's reliance on figures supplied by you the total amount of deductions would be Two million seven hundred and thirty-five thousand and a few odd dollars.

Mr. Hansard:—

30 Where is that?

Mr. Seguin:—

On Exhibit P-41.

40 Q.—During the month of June 1941 we had received a letter from the Sun Life stating that the total amount of deductions to be made was in rough figures. One and a half million dollars, and this was signed by Mr. McAuslane. Mr. McAuslane is not an architect or an engineer?

A.—No.

Q.—Did you work on these figures yourself?

A.—I expect I did, yes. But I do not have any copy of that amount in my file.

Q.—But on the letter sent to the City on June 10th 1941 produced in the record and showing One and a half million dollars to be deducted, you worked on that yourself?

A.—I cannot say I worked it myself. I may have worked on a part of it. I did not supply that sum to Mr. McAuslane.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

Q.—Was it not your work, your appraisal?

A.—I answered that before, that part of it. Part of the contents making up the One and a half million dollars I gave to Mr. Auslane or Mr. Macaulay. But the whole figure, I was not
10 responsible for it. They can make up from figures derived from other sources that total. I did not do the making up of the total.

Q.—Maybe a part of it?

A.—A part of it, sure.

Q.—When you supplied Mr. Perrault with the figures, and did Mr. Perrault consult you when he filed P-41?

A.—No. I have not read it yet.

Q.—He did not ask you under what circumstances these improvements were made or demolishments made, or construction was made, and did not consult you at all in connection with
20 these items?

A.—I don't think he did. He 'phoned me once or twice asking me if a certain sum represented a certain item. And I answered yes or no. But they were minor items.

Q.—You never furnished Mr. Perrault with the total of Two million seven hundred and thirty-five thousand seven hundred and sixteen dollars (\$2,735,716) as reproduced by him in Exhibit P-41?

A.—I have not given Mr. Perrault a statement giving that total. Mr. Perrault made that total from other figures I have
30 given him.

Q.—So it is impossible for you to answer any questions which I can give you concerning the thirty-six items put by Mr. Perrault on Exhibit P-41?

A.—Out of my head, no.

Q.—You don't know if the total in regard to the thirty-six entries correspond to the figures supplied to him?

A.—No. Mr. Perrault made the totals.

Q.—He said he relied on you.

A.—For the information given. But he made up his own
40 totals. There maybe thirty-six or forty-eight items that I gave him that are not there.

Q.—You have given evidence on the report filed as Exhibit P-43. I remember having read it over the weekend and as far as I can see there is a part making errors of the man who made the field inspection or the man who figured the same. In round figures, suppose you relied on those minor errors, or those errors, will that upset the total amount of Mr. Cartier by more than One hundred thousand or One hundred and fifty thousand dollars?

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

A.—I cannot give you an answer without working it out. Is it fair to give an answer on a group of thirty or forty items. It would be impossible.

10 Q.—I could not tell without working it out. Take the elevators alone. It would take two hours to work that out alone.

Q.—You said you were finding Mr. Cartier's figures high and excessive?

A.—Yes, sir.

Q.—And you made reference to the fact that since 1925 and after that means of excavation have improved?

A.—Yes.

20 Q.—When the Sun Life Building was built there was improvement. There were steam shovels?

A.—Yes, but very light in power. I have seen some lift in the boulder clay and go up over end and stay there.

Q.—Is it not a fact that the excavation for the Sun Life was made at a very good time and at a low price?

A.—I don't say they were very low. They were normal prices. One contractor told me the other day he thought they were high.

30 Q.—Your argument is that now there is more competition you can get better prices?

A.—No. I said that the machines were capable of producing more work now than then, and that naturally that would be shown in the cost of excavation.

One example. I had some work at McGill to be done and the excavating cost was fifty cents per cubic yard for the stone taken out of the hole and dumped on the side nearby. In 1929 that would be unknown.

40 By Mr. Hansard:—

Q.—What do you mean by "unknown?"

A.—It would be so low no one would tackle it.

By Mr. Seguin:—

Q.—For excavating. Was there some trucks for taking care of the ground??

A.—For taking it away? Yes. In 1927/28 there were trucks, but in the earlier excavation it was done by horse and wagon.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

Q.—Was it not offsetting the difference in a certain way?

A.—You mean the trucks?

Q.—The fact you had to carry the earth by horses and wagons?

10 A.—Carrying it by horse and wagon would be more expensive.

Q.—The time you are referring to was the depression time when employees were working very low, and a man with a horse and wagon was working very low.

A.—Do you refer to the time of the horse and wagon or to the truck?

Q.—Taking the three periods of your building.

20 A.—In the first period, 1914/1915, I am afraid that with my knowledge of the economics of that period I could not give you an answer whether it was a depression or boom period. 1922 was a boom period.

Mr. Geoffrion, K.C.:—

1927 to 1929 was a boom period.

The Witness:—

30 1927 to 1929 was a boom period at that time. By the expenses it was not as high as 1922, but it was a boom period.

By Mr. Seguin:—

Q.—On part of Exhibit P-41 it seems to say that Mr. Cartier had charged you twice for the ventilation?

40 A.—In regard to the ventilation. In appraisal sheet 23 there is an item “chauffage” — rough 0.03, finished 0.03; the part that is rough, the part not finished is Eighteen million odd cubic feet; and the portion finished is fifteen million odd. If I add them together I get 0.06, which in the Manual is the unit given for air-conditioned space in public buildings.

Look at the Manual table 109. I have two classifications. One is for steam or hot water 0.03, and the other for air-conditioning, 0.06. So that so far as I can see the unit used is not for the steam or hotwater, but is for the air-conditioning unit.

In addition to that on sheet 25 is an additional item (this is in P-36) for ventilation of Eighteen million odd cubic feet, the

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

same number exactly for the one given for the rough heating in the item above: — Eighteen million odd, forty percent ventilation, at a unit of 0.025; so if I added these two, 0.06 for the air-conditioning heating and 0.025 for the ventilation, I get a total unit of
10 0.085, which means eight and a half cents ($8\frac{1}{2}\%$) per cubic foot for the combined heating, air-conditioning and ventilation, which I claim to not exist in the Sun Life Building.

In addition to that, there is a note on Table 109 that industrial and commercial buildings are to be taken at fifty percent of the above, so that the air-conditioning unit in a commercial building instead of being 0.06 would be 0.03 per cubic foot, which was not done.

20 Q.—The last table you mention, Mr. Cartier says that it is for public building at a lower degree than 70° .

A.—I can only read the Manual. It says commercial buildings, fifty percent of the above price.

Q.—I heard you mention the word “rough”.

Do you interpret that word as meaning the rough space in the building?

30 A.—No. According to the figures given here in the City Technical Service report it means this: That the man who was checking the work in the building took two volumes, one of the work completed, which he says is fifteen million odd; he took the other volume on the whole of the building including the floor not finished, and in that case he called roughing in being done, and he checked that with the rates given in the Manual of pipes and furnaces sixty percent (60%), radiators forty percent (40%).

Q.—You apply rough to space?

40 A.—No. To roughing in of the radiators and heating of the buildings. It is two different types. In the space not finished it is only roughed in.

Q.—You have given to the Board figures for the steel at 6.01, 6.07 and 6.029. This is the price to the contractor?

A.—That is the Dominion Bridge unit price in their contract. They had a contract, and it says — the above is to be erected at so much.

Q.—Was there engineers' fees to be paid to the Dominion Bridge on top of that?

A.—No. They were given the plans for the steel by the consulting engineer.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

Q.—You must have had ten percent (10%) or twelve percent (12%) for general conditions to add to the job?

A.—I think if you will look at exhibit P-42 you will see that — real cost in round figures including the contractors over-
10 head and profit and architects fees. Some of the prices I have given include that.

Q.—You have made reference to the air-conditioning system. The discussion was merely on words, because in effect and in reality in the Sun Life Building the air is extracted from the outside and filtered and then it is cooled in summer and heated in winter time, and distributed by ducts all over the building.

A.—That is not correct by any means. It is brought in; it is not filtered. It passes through a spray of water. That is not
20 filtered.

Q.—It is a process.

A.—I am taking your word. I will have to refer to this as you do to the casual man in law. While the layman says it is filtered, it is his worry. In the wintertime it is heated because otherwise you could not stand where the air comes through. In the summertime it is not cooled. We have no process for cooling the air after it passes through the air-washing.

Q.—After it passes through a water spray does it not pass through many layers of water?

A.—No. After the water spray it does not go through water
30 again.

Q.—The mere fact that it goes through water, does it not have the effect of cooling?

A.—It would depend entirely on the humidity outside. That is too much of a question to answer.

Q.—You said that in the Royal Bank there is also a system of air-washing or air-conditioning, but it applied only to the rest rooms?

A.—Oh no. I said the pictures of it showed it was in the
40 rest rooms. But I know they have ventilation in many rooms. And there is part of the floor taken up with the machinery.

Q.—Does this apply to the whole building and every office in the building?

A.—In the upper I don't think so. The ones I have been in I have not seen it.

Q.—You have given your information as an engineer or architect as to the live load that the Twenty-fourth floor can carry?

A.—Yes, sir.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

Q.—That is, some factory in Montreal which is satisfied with the live load of one hundred and fifty pounds per square foot?

10 A.—With one hundred and fifty? The by-law says you can do storage at one hundred and fifty.

Q.—In the by-law is there a definition of storage?

A.—I imagine there is. But you would have to look through the definitions at the beginning. There is a distinction between dwellings, offices, and ground floors and upper floors, and storage space.

Q.—As far as I can see One hundred and fifty is sufficient to store feathers but not sufficient for lead.

20 A.—It would be sufficient for both if you did not go above one hundred and fifty.

I would like to point out to Mr. Seguin that I said that that particular floor was only capable of taking under the steel that is there sixty-seven and a half ($67\frac{1}{2}$) pounds per square foot, and the requirements of the City are one hundred and fifty (150).

Q.—The exhibit P-42 was produced by you giving the cost of some items?

A.—Yes, sir.

30 Q.—You have "A", excavation, Two hundred and twenty-four thousand dollars (\$224,000). Does that price the excavation of the rock as well as the earth?

A.—That is all of the excavation.

Q.—Is that the amount paid to the contractors?

A.—Yes, plus overhead and profit.

Q.—How do you do it?

40 A.—As I told you before, I took the total on the work with the overhead and profit item and put them together and spread them over each item, as otherwise you would have thousands of calculations to make.

Q.—In a general way, does it amount to Ten percent (10%), Five percent (5%), Twelve percent (12%)?

A.—On the bulk of the building, the greater part of the building, to about Eight percent (8%).

Q.—Did you also include the cartage?

A.—Oh yes, the cartage is there. That is part of the excavation cost.

Q.—Does the same work apply to structural steel?

A.—Yes, the same work.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

By Mr. Hansard:—

Q.—It includes cartage?

A.—Yes.

10

By Mr. Seguin:—

Q.—As to the bronze doors, does it include the bronze doors giving access to the elevators?

A.—I think you will read that in the report.

Q.—What does it include?

A.—Actual cost of bronze doors excluding bronze elevator doors.

20

Q.—Does that include general trades?

A.—Yes, as in the top of the column.

Q.—Interest during construction?

A.—I don't think so. This was the contractors figure and they should not pay interest.

Q.—Does it include the architects fees and engineering fees?

A.—Yes, sir.

30

Q.—As to the main vaults, there is something there that it cost Eighty-four thousand three hundred dollars (\$84,300). What does your figure comprise and what is excluded?

A.—I have taken these costs from the amounts paid to the contractors and it was paid for the construction of the main vault, for the electric protection and for the grills in safes adjoining the vaults.

Q.—Have you seen the bills? Who was paid for the concrete outside?

A.—The York Safe & Lock Company built the vault.

Q.—Who made the exterior concrete wall and how much did they receive?

40

A.—The exterior? What do you mean by that?

Q.—Your steel vaults are protected outside by greater walls?

A.—No. The concrete wall is the protection.

Q.—Did you include the concrete walls in the amount of Eighty-four thousand three hundred dollars (\$84,300)?

A.—The company that built the vault was given a sum for the construction of the vault, and it shows eighty-four thousand odd for that.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

Q.—You don't know if the concrete was made by someone else?

A.—There are no other costs except that. They had a contract to build the vault.

10 Q.—You are not sure?

A.—You mean, I cannot tell you what money was given to someone else for concrete put into that vault?

Q.—For the exterior walls?

A.—The vault was built in 1916 and I know of no other sums paid out.

Q.—Because you found no other bill?

A.—No.

20 Q.—You don't know if something was paid for concrete because you have no bill?

A.—The York Safe & Lock Company had a contract to build the vault and they were paid this money. I have no other record.

Q.—You don't know who made the concrete walls for the vaults?

A.—I would say the York Company.

Q.—Are you sure?

A.—I say it is 1916. I have no recollection of anyone else.

Q.—As to the steel part, is that the York Company also?

30 A.—It was all in one specification.

Q.—Inside the vaults there is some other safes?

A.—Yes.

Q.—How many?

A.—I could not tell you the number.

Q.—About two thousand (2,000)?

A.—Of safes?

Q.—Yes?

40 A.—No. There are a few cabinets in one compartment. The most of the others are letter cabinets.

Q.—Is it possible to remove these file cabinets or safes from the vault as they exist? That is, without dismantling these filing cabinets and safes?

Mr. Geoffrion, K.C.:—

They have to take the legs off a piano.

The Witness:—

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

If you have bookcases in your office that go to the ceiling you have to dismantle them. They won't go through the door.

By Mr. Seguin:—

10

Q.—Were the grills or railing made by the same company?

A.—No. By J. J. Taylor.

Q.—And you had the bills for that?

A.—Yes. I have Four thousand four hundred and eighty dollars for grills.

Q.—And the doors were supplied by whom? By your Company or the Safe Company?

A.—Which doors?

20

Q.—The very heavy doors.

A.—They are part of the vault construction.

Q.—Were they comprised in the contract paid to the York Company?

A.—Yes, sir.

Q.—As to the elevators, there are eighteen high speed elevators and six slow speed elevators?

A.—You tell me where you start the high speed. There are eighteen cars of over five hundred feet a minute.

Q.—Some were from Otis-Fensom?

30

A.—Yes, the others were from Canadian Gurney Company.

Q.—How much did they cost?

A.—I could not tell you without looking up the records.

Q.—You have a total amount of Nine hundred and eighty-nine thousand dollars (\$989,000). You have not a breakdown of that figure?

A.—I can get it for you.

Q.—Is it the price of the elevators installed?

40 A.—That is the price of the elevators installed. It is the cost of the existing elevator equipment complete, but not the bronze doors because they are in item (n).

Q.—Was the bronze supplied by the Elevator Company?

A.—By another company and they are included in item (n).

Q.—Can you bring the amount of the breakdown of the cost for these bronze doors?

A.—Yes.

Q.—The heating work is in connection with the main building alone?

A.—Yes.

A. J. PAINE (for Comp. in Rebut.) Cross-examination.

Q.—What does the heating comprise?

A.—All of the equipment in the building to provide heat through radiators or steam coils. The heating system.

Q.—With the exception of the boilers?

10 A.—The boilers and whatever equipment goes with them are across the street, such as the feed pumps.

Q.—As to the ventilation, Six hundred and ninety thousand dollars (\$690,000), what does it comprise?

A.—It takes in the cost of the fans and motors, duct work and the washers that I spoke of, the pumps to pump the water around the washers, and it may be some instances include some of the ventilation coils that go next to it. I suppose that may have something to do with the heating. That would be very difficult to find out.

20 Q.—In the power house there is also some apparatus which goes with the ventilation system?

A.—Only for the power house. The power house is across the street.

Q.—In the figure of Exhibit P-42, do you include louvres in the ventilating system?

A.—I am not sure. Some were bought separately and I could not say for sure.

30 Q.—You said that on the North wall of the Tenth floor there is no windows and cannot be?

A.—Yes.

Q.—But on the floor below, on the Ninth, there is some?

A.—Yes, on the Ninth.

Q.—If on the Ninth, why impossible on the Tenth?

40 A.—Would you mind giving me the exhibit of the photograph of the building and I will show you. (Photograph is handed to witness). This is the Tenth floor here. The bowling alley came in this section which is really an attic or a loft. If you take a look across it comes in the granite cornice and to put windows in a granite cornice would mean to cut the cornice to pieces.

There is the women's bowling alley on the Tenth floor and the outside wall shows the top of the column, the entablature and the balustrade. This came opposite to the blank floor or dead floor which is used for a women's bowling alley.

A. C. SIMPSON (for Complainant in Rebuttal) Exam. in chief.

Q.—Could you not put in windows even if the windows were smaller?

A.—You cannot put windows in there at all.

10 And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF A. C. SIMPSON

20 On this Nineteenth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and re-appeared: A. C. Simpson, who has already testified herein on behalf of the Complainant and now testifies in rebuttal for Complainant as follows:—

Examined by Mr. Hansard, Attorney for the Complainant:

30 Q.—You have heard the evidence of Messrs Mills and Desaulniers and have had an opportunity to examine the report and exhibits filed by them?

A.—Yes.

Q.—In valuing the rental space in the Sun Life Building they apply a rate of Two dollars and twenty-five cents (\$2.25) per square foot to the first basement.

40 Would you just briefly tell the Court what you have to say about that, with particular reference to the quality of the space in question and the finish of it and the use to which it is being put?

A.—The space on the first and second basement floors seems practically the same. It finishes about the same. It is used by the company for similar purposes, and to go through one or other of the basements I would not know which basement I was in if I went in (in the door) blindfolded.

The floor heights are substantially the same and the finish all through, mastic floors, and the space is similar.

A. C. SIMPSON (for Complainant in Rebuttal) Cross-exam.
D. L. MACAULAY (for Complainant in Rebuttal) Exam. in chief

I would not see any difference at all for the rental of the first basement and the second basement. I see no reason for any difference in rental.

10

In the first basement you have Two thousand and fifty-two (2,052) feet for the vault. Naturally that is more expensive space. But the rest of the basement, Thirty-eight thousand (38,000) feet altogether is the same practically identically with the space in the second basement.

Cross-examined by Mr. Seguin:—

20 Q.—Mr. Simpson, do you know how much money it cost to finish the first basement and the second basement as compared one with the other?

A.—No.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

30

DEPOSITION OF D. L. MACAULAY

On this Nineteenth day of April in the year of Our Lord One thousand nine hundred and forty-three, personally came and re-appeared: D. L. Macaulay of the City of Montreal, who has already testified herein on behalf of the Complainant, and who testifies in rebuttal for the Complainant as follows:—

40 Examined by Mr. Hansard, Attorney for the Complainant:

Q.—Mr. Macaulay, you were examined before in this case. Have you given consideration to the question of the Sheridan Karkow formula applied to the Sun Life Building?

A.—Yes, sir.

Q.—Are you familiar with the Sheridan-Karkow formula?

A.—Yes. I have had experience with the Sheridan Karkow formula for a period from seven to nine years, from the time when I was in the Montreal Branch of the Building Owners and Management Association, and then subsequently when I was

D. L. MACAULAY (for Complainant in Rebuttal) Exam. in chief

President of that Association we had the Sheridan-Karkow formula under consideration from time to time.

10 The Sheridan-Karkow formula has been produced in evidence by Messrs. Mills and Desaulniers to support their valuation of the Sun Life Building and to compare it with other buildings in Montreal.

Q.—Have you prepared a memorandum in connection therewith, and if so would you please file it as Exhibit P-37 and give a copy of it to my friend.

Attorneys for the City:—

20 We file objection on the ground that this is not proper rebuttal.

The Court:—

Allowed under reserve of the objection.

By Mr. Hansard:—

30 Q.—Have you any explanation to offer. Don't read it through. Is your statement complete and accurate?

A.—To the best of my knowledge and belief.

To assure you whether it is complete or not, I must confess to make a complete report on the Sheridan-Karkow formula and its application to the Sun Life, would take a much longer space than this document.

40 This contains everything, I think, that is pertinent to the Sun Life Building except one point, namely the method whereby Messrs. Mills and Desaulniers arrive at the base rate.

On page 34 of their report they state the total area occupied by tenants in the Sun Life Building above the ground floor is Two hundred and fifty-four thousand nine hundred and five (254,905) square feet, and the total rental to be Four hundred thousand four hundred and two dollars and twelve cents (\$400,402.12), equal to One dollar and fifty-seven cents (\$1.57) per square foot of actual area.

D. L. MACAULAY (for Complainant in Rebuttal) Exam. in chief

In attempting to arrive at the basic rate for the Sheridan-Karkow formula they take three floors which they claim typical, the Eighth, Ninth and Sixteenth. The Sixteenth is nearly typical of a tenant occupied floor. The Ninth and Eighth are not. They
10 include a lot of the shallow space in the old building which is rentable for small tenants, capable of ready subdivisions which is not the case in the large blocks of space like the Sixteenth and Fifteenth and so on.

In addition, they show you the actual rental paid per square foot on these floors: on the Eighth at One dollar sixty-two cents (\$1.62); Ninth, One dollar sixty-seven cents (\$1.67); and
20 on the Sixteenth, One dollar and seventy-one cents (\$1.71). They bring out the equivalent rentals. There is no total of the three or averaging of the three floors. But it may interest the Court to know that the average rental per square foot is One dollar sixty-seven decimal sixty-seven cents as against the average of One dollar and fifty-seven cents as noted up before. There is ten cents difference there. This is to arrive at an average floor rental.

The average on that page in reference to equivalent area is One dollar ninetyone point four cents (\$1.914), that is not carried forward on the document. Then they say:—

30 “Upon consideration of the above statement we came to the conclusion that the present rental market for office space in the Sun Life as indicated by the actual rentals paid in the building would justify One dollar and ninety-five cents (\$1.95) per square foot of equivalent area”.

I am point out that the above rate is One dollar sixty-seven cents (\$1.67) as against One dollar fifty-seven cents (\$1.57), and
40 that brings out a One dollar ninety-one cents (\$1.91), which is really One dollar ninety-five cents (\$1.95). The creep-up carries on two points.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

(End of sitting for the 19th).

A. J. PAINE (Recalled for Complainant in Rebuttal) Cross-Ex.

DEPOSITION OF A. J. PAINE

On this Twentieth day of April in the year of Our Lord One thousand nine hundred and forty-three, personally came and
10 re-appeared: A. J. Paine, of the City of Montreal, who has already testified herein, and continues as follows:—

Continuation of Gross Examination by Mr. Seguin, Attorney for the City of Montreal:—

Q.—Mr. Paine, concerning the discrepancies in measurement found between Mr. Cartier or Mr. Houle and yourself, I ask you if those discrepancies amount to much in money?

20 Mr. Hansard:—

The measurement of what?

Mr. Seguin:—

There was some discrepancies between the field inspection and the exhibit filed by Mr. Payne as Exhibit P-41.

30 Mr. Hansard:—

My learned friend talks of measurements and now of discrepancies.

Mr. Seguin:—

You do not want to put a dollar sign on the discrepancies found?

40 Mr. Hansard:—

The witness has not had a chance to say anything.

The President:—

There is no question before the witness.

A. J. PAINE (Recalled for Complainant in Rebuttal) Cross-Ex.

Mr. Seguin:—

I asked the witness to try to find out if the discrepancy comes to One hundred thousand dollars or One hundred and fifty
10 thousand dollars.

The President:—

There are documents on one side bearing an amount of figures, and documents on the other side bearing an amount of figures?

Mr. Seguin:—

20 Yes.

The President:—

Is there a statement by Mr. Paine?

Mr. Seguin:—

Yes, in which he shows a discrepancy.

30 The President:—

And you want him to put a price in dollars and cents on this difference?

Mr. Seguin:—

Yes.

40 The Witness:—

A.—I could not do that without working them out.

Q.—You have told this Board you supplied Mr. Perrault with certain figures?

A.—Yes.

Q.—And Mr. Perrault used those figures for an exhibit produced to this Board?

A.—Yes.

A. J. PAINE (Recalled for Complainant in Rebuttal) Cross-Ex.

Q.—When you were asked by Mr. Perrault for figures were the figures made by you intended to show the amounts which should be deducted from the total amount spent by the company?

10 A.—Not altogether. The figures that were given by me to Mr. Perrault were contained in a statement that had been made up last year of the costs of the work done by trades: carpenter so much; steel so much; and it was made up for the purpose of showing the percentage of each of these trades in the amount spent in the contractor.

Q.—The figures you gave to Mr. Perrault, but you had nothing to do with the conclusions; but you have made the statement?

20 A.—I show in the figures credits for work demolished and credits for certain of the things done for purely business aids and so on.

Q.—Can I see those figures?

A.—Yes.

Q.—This is a photograph of the figure Mr. Perrault had in hand?

A.—Yes. Of the sheets given to Mr. Perrault from which he worked.

Q.—It is what you supplied to Mr. Perrault?

A.—Yes, sir.

30 Q.—When you deduct these figures from the total expenditure made by the Sun Life, you had nothing to do with it?

A.—Not in making up the list, no.

Q.—Does this represent total figures by the Sun Life Company?

A.—I don't think so. I said it was the cost of the contractors' statement and was on the contractors' sheets.

By Mr. Hansard:—

40 Q.—When you say the list you exhibited to my friend is all the information you gave to Mr. Perrault — did you give him verbal information from time to time in the course of the preparation of his report?

A.—Mr. Perrault phoned me once or twice to know what certain things in this report meant. Otherwise I gave him nothing more.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

D. L. MACAULAY (Recalled for Comp. in Rebut.) Exam. in ch.

DEPOSITION OF D. L. MACAULAY

On this Twentieth day of April in the year of Our Lord
One thousand nine hundred and forty-three, personally came
10 and re-appeared: D. L. Macaulay who continued his evidence in
rebuttal as follows:—

Examined by Mr. Hansard, Attorney for the Complainant:

Q.—Mr. Macaulay, when you filed your memorandum as
Exhibit P-47, I noticed in your memorandum reference made to
a typical plan of a corner of the Sun Life Building. Would you
please produce that typical plan as Exhibit P-48?

A.—Yes.

20 Q.—Have you any comment to make on it?

A.—I would like to point out that this is an eighth scale
drawing and the dimensions from the Dorchester Street facing,
which is typical of the other corners, which is so long — from
memory it is approximately thirty feet — one window, which
makes it very difficult to separate into private offices. The
corners are not advantageous in the way they are in standard
buildings where you get three windows for four hundred and fifty
(450) as is noted by the Sheridan-Karkow formula.

30 Personally, I can see no reason for rating our corners above
the one hundred percent factor at all.

Q.—Does the Sun Life Building differ in that respect from
the Dominion Square Building?

A.—Yes, to a very great extent. I think that is covered in
my memorandum.

Q.—Can you give us some data about the windows in the
Sun Life Building and the Dominion Square Building?

40 A.—Taking two standard floors, the Seventh in the
Dominion Square and the Fourteenth in the Sun Life. First of
all, the inside perimeter, the measurement completely around
the inside walls, in the Sun Life is Seven hundred and seventy-
eight feet (778').

Q.—Is that inside the outer wall?

A.—Yes. Seven hundred and seventy-eight in the Sun Life.
There are eighteen point five (18.5) linear feet of wall per win-
dow, and the rentable area per window using Mr. Mills rentable
area figures, is six hundred and twenty-two (622) square feet.

D. L. MACAULAY (Recalled for Comp. in Rebut.) Exam. in ch.

In the case of the Dominion Square Building you have One thousand one hundred and seventy-six (1,176) feet of perimeter with one hundred and sixty-eight (168) windows, as
10 against forty-two (42) in the Sun Life Building.

And the linear feet of wall per window is six point ninety-two (6.92) as against eighteen point five (18.5); and the feet of rentable area is one hundred and sixty as against six hundred and twenty-two.

The feet of rentable space per inch of window in the Sun Life is nine point four four (9.44) and in the Dominion Square it is four point 2 (4.2). The window width in the Sun Life is five feet six inches (5.6") as against three point two (3.2).
20

Q.—Have you prepared a statement in connection with the figures you have given?

A.—Yes.

Q.—Will you produce that as Exhibit P-49?

A.—Yes. I think it is necessary for me to point out that the lack of windows makes the subdivision of space into small offices extremely difficult and particularly when the tenants are in the smaller groupings. Consequently the possibilities of renting
30 are very much reduced.

Q.—And this situation, does it apply to the upper floors as well?

A.—That applies to all of the floors in the Sun Life Building with, I think, three exceptions.

Q.—In connection with the comparison made by Mr. Mills between the Dominion Square Building and the Sun Life Building based on reducing certain floors to equivalent area, it is a modification of the Sheridan-Karkow formula?

A.—In the course of Mr. Mills's comparison of the two
40 buildings, the floors he refers to in the Dominion Square Building is the Seventh and in the Sun Life is the Fourteenth. The result being that he gets a height factor for the Dominion square of point ninety-nine (.99).

Q.—What is the standard floor in the Sheridan-Karkow formula?

A.—The standard floor is unity. The Eighth Floor. Mr. Mills took the Seventh floor in the Dominion Square which reads one point below. In the Sun Life his height factor increased because the Fourteenth brings it to one point ought two (1.02).

D. L. MACAULAY (Recalled for Comp. in Rebut.) Cross-exam.

The result is he depreciated the equivalent area of the Dominion Square Building by that factor of point nine nine (.99) and appreciated the equivalent area of the Sun Life by that factor of one point ought two (1.02)).

10

Cross-examined by Mr. Seguin, Attorney for the City of Montreal:—

Q.—I think it is common ground between the parties that in the value of the space, height, depth, corner influence, furnishing of a light-well or court, are all factors which should be reflected in the value of the space?

A.—Are you asking me to check whether the factors check in the Sheridan-Karkow plan?

20 Q.—No. In a general way.

A.—In an ordinary building?

Q.—Yes?

A.—Quite.

Q.—You said in your Exhibit 5 that the Sheridan-Karkow plan provides nowhere for dead space or space without light.

A.—To the best of my knowledge it does not.

Q.—The Sheridan-Karkow formula provides for dead space in inside corner not in line, to be valued at fifty percent.

30 A.—Dead space with reflected light.

Q.—It is equivalent of dead space.

A.—No. It is daylight. It is not capable of being interpreted as being space which has no light whatsoever.

Q.—It can be a waiting room, in conjunction with an office enjoying light.

Mr. Geoffrion, K.C.:—

Space with no light, or indirect light?

40

By Mr. Seguin:—

Q.—Suppose you have an office with a window and you have a waiting room in front to go in the corridor, would you call it dead space?

A.—I think it would take a lot of time to enumerate the various uses. Undoubtedly it could be used as a waiting room, storage, a myriad of things.

D. L. MACAULAY (Recalled for Comp. in Rebut.) Cross-exam.

Mr. Geoffrion, K.C.:—

A photograph developing room.

10 The Witness:—

Yes, a dark room.

By Mr. Seguin:—

Q.—A waiting room to go from the corridor to the office?

A.—I think any room that is clean can be used as a waiting room.

20 Q.—You said the modification of the Sheridan-Karkow formula by Mr. Mills served to increase by Seven percent the equivalent area of the Sun Life. Did you make any figure all over the building?

A.—Not doing the same thing as Mr. Mills. We compared typical floors.

Q.—Which floor?

30 A.—We took the Seventh floor of the Dominion Square Building and the Fourteenth, which is typical of the Eleventh, Twelfth, Thirteenth, Fourteenth, Fifteenth, and Sixteenth, of the Sun Life Building. And we also did the Fourth floor.

By Mr. Geoffrion, K.C.:—

Q.—Of which building?

A.—Of the Sun Life.

By Mr. Seguin:—

40 Q.—The Fourth floor, is that tenanted or occupied? ?

A.—By the Sun Life Company in the majority.

Q.—It is that way that you arrive by making two sets of figures according to the Sheridan-Karkow formula.

A.—Perhaps I can save time by giving the figures. The calculation for the Fourteenth floor of the Sun Life Building on the Mills variation of the Sheridan.Karkow formula allowing two percent for height factor, the figure of 1.02, and putting the dark space in at, first of all, .5 as you will find is general, the calculation becomes eighty-five percent (85%).

D. L. MACAULAY (Recalled for Comp. in Rebut.) Cross-exam.

If they are put in at .33, which is the rating which the Sheridan-Karkow formula provides for space more than fifty feet (50') deep but still have direct light, the calculation is eighty-three percent.

10

In the case of the Dominion Square Building on the Mills formula instead of eighty-three percent (83%) it should be eighty-eight percent (88%).

And if the Sheridan-Karkow formula were used, which I believe was your question, on the Fourteenth floor of the Sun Life the figures would be 79.2 for the dark space at the .5, and with the dark space at the .33 would be seventy-six point four percent (76.4%).

20

The difference between the Sheridan-Karkow formula and the Mills formula in reference to the Fourteenth floor is from 79.2 to 85 on the one hand and from 86.4 to 83 on the other.

Q.—Do you remember Mr. Mills saying he modified the formula owing to the fact that there was ventilation throughout the building, and also due to the extra height of the ceilings?

A.—I think he made some such comment.

30

As to the various reasons which prompted him to change the formula, I can only point out that the Sheridan-Karkow formula is developed for high class office buildings, and if you are going to play with it you must have strong justification for every alteration. Not merely because the ceiling is high or there is mechanical ventilation.

Q.—You have made reference to windows in the Dominion Square Building and in the Sun Life Building?

40

A.—Yes.

Q.—Did you give the height?

A.—No.

Q.—Why?

A.—Because the height does not give you anything to subdivide. If you will look at the Sheridan-Karkow formula you will find the formula which rules the window space. And that is as applied to Mr. Sheridan's own building and that building has two windows per bay of eighteen feet. On the lower floors, three windows. In the Dominion Square Building you have two win-

D. L. MACAULAY (Recalled for Comp. in Rebut.) Cross-exam.

dows which makes the space capable of ready subdivision. Where you have a single window per bay it is difficult.

Q.—Forget that for a moment. Will you give the dimension of the Sun Life windows and the dimensions of the windows
10 in the Dominion Square Building?

A.—I cannot give you that out of my head. I could bring the information.

Q.—Is it a fact that the windows in the Sun Life are Five feet five inches by a height of nine feet (5'5" x 9')? For the single windows?

A.—I cannot give you the window dimensions. Nine feet, I am positive is too high.

Q.—On the Seventeenth floor for example?

A.—I am afraid I cannot give that. I cannot remember
20 this. Perhaps some other witness can.

Q.—Do you know the height of the windows in the Dominion Square Building?

A.—No.

Q.—In a general way, if a window is higher than an other, it will permit more light to enter?

A.—Yes.

Q.—In a general way, do you admit that the windows in the Sun Life are far higher than in the Dominion Square Building?
30

A.—I think they are higher.

Q.—As to the corner influence, you were talking a few minutes ago about the corner of your building. The Sheridan-Karkow formula provides for an increase of fifteen percent (15%) on the standard space for the corner, does it not?

A.—On space having three windows in an area of four hundred and fifty (450) square feet.

Q.—You remember that Messrs Desaulniers and Mills increased the rate by only five percent instead of fifteen?

A.—I said they increased it from unity to 105, which they
40 were entitled to. The formula does not increase your cost unless it is a special case where you have a corner where there are three windows in four hundred and fifty feet capable of being subdivided into three offices.

Mr. Mills in his testimony said that that cannot be done in our building. But he raised it from unity to 105. Why the increase from 1 to 105 he will have to tell you.

D. L. MACAULAY (Recalled for Comp. in Rebut.) Cross-exam.

Q.—Is it not a fact, Mr. Macaulay that the best rentals you receive are on corners of that kind?

Take for instance Canada Packers on the Eighth Floor.
10 How much do they pay per square foot?

A.—The Eighth floor is not a typical floor: I am referring to these typical floors.

Q.—Is there a check of that corner influence?

A.—Take the old building with light on three sides. Do they pay more rent?

Q.—Yes?

A.—Of course they do. That is not the corner that is
20 typical in that field.

Q.—It is not a corner similar to the one existing on the floor below?

A.—If you look at the tower floors from the Eleventh up, you will find the corner referred to.

Q.—As to the Brown Corporation on the Ninth Floor, what is the rent they pay?

A.—I have not the schedule of rents. Mr. Mills has it here. Mr. Mills says they are paying One thousand three hundred and eighty dollars (\$1,380). As to whether that is in accordance
30 with the actual rent or not I cannot say.

Q.—Two dollars and nineteen cents (\$2.19) a square foot.

A.—It is very similar to the one on the floor below. As I said earlier, the Eighth, Ninth floors are not typical floors. They include the portion of the building projected over into the old building with light well and you get these corners in that portion of the old building.

Q.—When you are talking of these corners you always make reference of division into three or four small offices?

A.—When I am speaking of these corners I used the terminology of the formula.
40

Q.—You make reference to a subdivision into three or four offices?

A.—In order to qualify for the corner influence factor. yes.

Q.—If it is a big division including much space, or large offices, this inadequacy does not exist.

A.—I cannot say that the space cannot be used, and a big division would certainly use the space.

I am saying that the space is not easily rented except to very special types of tenants.

D. L. MACAULAY (Recalled for Comp. in Rebut.) Cross-exam.

Q.—You admit that it is ideal for a company needing large space?

A.—I did not say that. I said it can be used by a large company. One corner can be used sometimes with advantages, but it becomes difficult with two, and you always get the two on every floor on every corner of the building.

Q.—And yesterday you made reference to the fact that there was not enough windows in the building, and that the windows were large but not many of them?

A.—I put that in the exhibit this afternoon to show that.

Q.—Is it a fact that it frequently occurs in the building that partitions are coming just in the middle of the window — half on one side and half on the other?

A.—It is not a frequent occurrence.

Q.—There are many instances?

A.—There are a few isolated cases where we had a special window made with a mullion down the centre and putting in steel and glass up to it, with a window in the corner of the one room and a window in the corner of the other room; which is a very unhappy result.

Q.—On the Fourteenth floor there are at least six (6) like that?

A.—I can only find five (5). There may be six (6).

By Mr. Hansard:—

Q.—A reference was made that the mechanical ventilation in this building had some effect on the Sherida-Karkow formula. Do you happen to know whether mechanical ventilation or air-conditioning is found in many office buildings to which that formula applies?

A.—This is an American formula. And the use of air-conditioning in the United States is much more prevalent than it is in this country. And as to whether the original father building, Mr. Sheridan's own building, has mechanical ventilation or air-conditioning, I can not say.

I do know of a great many high class buildings in the United States in a great many instances which are not only mechanically ventilated but airconditioned. I cannot conceive of this formula being applied to non-mechanically ventilated or non-air-conditioned buildings.

H. MCAUSLANE (Recalled for Comp. in Rebut.) Exam. in chief

By Mr. Séguin:—

Q.—Can you name me a few of these buildings?

A.—Air-conditioned buildings?

10 A.—I can bring you a list tomorrow. I cannot do it out of my head.

Q.—On account of you do not know?

A.—No.

And further deponent saith dot.

J. T. Harrington,
Official Court Reporter.

20

DEPOSITION OF HARRY McAUSLANE

On this Twentieth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and re-appeared: Harry McAuslane who has already testified herein, and continues his testimony in rebuttal on behalf of the Complainant as follows:—

30 Examined by Mr. Hansard, Attorney for the Complainant:

Q.—Your letter of June 10th 1941 to Mr. Hulse has been filed as Exhibit B-3. Would you please produce the letter received by you from Mr. Hulse to which that is an answer?

A.—Yes.

Q.—Will you produce that as Exhibit P-50?

A.—Yes.

40 Q.—The letter which Mr. Hulse wrote to you, Exhibit P-50, was that the result of some correspondence or conversations between you, or did it open the hall — so to speak?

Mr. Seguin:—

This is a document. I don't think you can contradict it.

Mr. Hansard:—

I am not contradicting it.

The Witness:—

H. MCAUSLANE (Recalled for Comp. in Rebut.) Exam. in chief

A.—This arrived from Mr. Hulse addressed to the Secretary of our company without preamble of any description.

10 The letter asks if we would give them some information outlined as follows — cost of sidewalk, cost of temporary partition, and other matters, and the value of the whole of the then existing building.

The letter that I wrote on June 10th was in answer to those specific questions. It has been mentioned here that “we had obtained all the things we asked for”. Presumably I had mentioned the things in this letter.

20 We did not check for anything. We merely answered questions that Mr. Hulse asked us.

Q.—To turn to Mr. Mills’s report and the question of the five percent (5%) vacancy allowed in tenanted space. Have you prepared a list of war tenancies in your building?

A.—Yes.

Q.—Will you produce this list, which comprises two sheets, as exhibits P-51 and P-52?

A.—Yes.

30 Mr. Seguin:—

I think this is something which should have been made in the examination in chief.

Mr. Geoffrion, K.C.:—

You said they were long term tenants.

40 Mr. Hansard:—

Mr. Mills in his evidence said that our tenants are long term and that he considered that the war tenants would be in for a great length of time. I am not raising the question. This is a repetition of it. It was raised by Mr. Mills.

The President:—

Is there a reference to the remark that Mr. Mills said that some tenants were in for a long time?

II. MCAUSLANE (Recalled for Comp. in Rebut.) Exam. in chief

Mr. Hansard:—

Yes.

10 Q.—Would you just explain very briefly, the nature of the tenancies covered by Exhibits P-51 and P-52?

A.—There is a list made up quite apart from M.D. 4 and Aluminum Company of Canada, and almost without exception they are tenants (tenancies) which permit of short term cancellation. In the negotiation with various tenants, most of which I contacted myself, they were insistent that they could get out in a short time if, obviously, their work was done.

20 They cannot see any need whatever for the space, I don't mention one, after the war.

The total in space is some ninety-five thousand feet (95,000), something in excess of twelve percent (12%) of our entire rentable space in the building.

Q.—Have you some photographs of the first basement on which there has been some discussion?

A.—I have two photographs of the first basement and two of the second basement.

30 Q.—You show me two photographs of the first basement, which I would ask you to produce as Exhibits P-53A and P-53B, and two of the second basement which I would ask you to produce as Exhibit P-54A and P-54B.

A.—Yes.

Q.—Have you any comment to make on these photographs?

40 A.—Yes. As between the first and second basements, the only thing of any importance is that any active files, which are used only occasionally, occupy most of the second basement, and in the first basement in a storage space for stationery and other such things which occupy it, and a shipping room and a printing room. As far as the space goes, the two basements are almost identical.

One particular thing. There has been mention of space of particular merit occupied by the policy rooms, that is in the extreme south end of the first basement and is over the roof of the old boiler room when the first part of the building existed.

This space is without question the worst space in any part of the building. It was mentioned by Mr. Mills as having particular

H. MCAUSLANE (Recalled for Comp. in Rebut.) Exam. in chief

merit. It is got at by going up an iron stair of five feet above the floor and the ceiling height would be about six and a half feet below exposed piping. What is there is forms to be used as policies.

10 There is certainly nothing to distinguish it from any other space, except that it is not as good. The rest is merely basement space and used as such.

Q.—Would you refer to the Fourth floor of the building which is some space shown either as occupied by the Sun Life Company or as vacant at the North end of the building. Mr. Mills told us that he understood part of it was rented to the Aluminum Company. Have you anything to say about that?

20 A.—Yes. The portion rented to the Aluminum Company in this case, making up almost Sixteen thousand (16,000) feet, was in February of 1942, some months before Mr. Mills came into the building — I am talking in connection with this case. When he came into the building he made a very thorough examination of all space. I accompanied him on at least the first occasion, and maybe the second.

30 He made a detailed inspection. This Aluminum space had been occupied for months, and it was clearly identified as Aluminum space. The importance of this is that the rental is being paid on a short term lease as One dollar and sixty-five cents (\$1.65) — despite which, Mr. Mills assessed that the vacant space due to the fact that it is ready for immediate occupancy by Sun Life would carry Two dollars. This part occupied by the Sun Life is assessed at Two dollars. Despite the fact that space was occupied by someone else for which they were paying different.

40 There are thirty-five hundred feet (3500') odd North of the wall shown in green that is vacant. If I am right he said why he had charged the Sun Life at Two dollars was because it was planned perfectly for their use and they had used it as planned, and he presumably puts the same value to this space for that reason.

 To my knowledge that space has not been occupied by anyone. We have tried at various times to get a department to go in there, but had pressure brought to bear by the heads of the department to forego that and left it empty. No department has been willing to use it. It is obvious that that cannot be considered perfectly planned space.

H. MCAUSLANE (Recalled for Comp. in Rebut.) Exam. in chief

Q.—We have heard about institutional space in the Sun Life Building. Have you any photographs showing typical office plans of the floors occupied by the Company in the building?

A.—Yes. I have four photographs; two for the Fifth, one 10 for the Fourth, one for the Third, of each department. They are indicated by the tag at the bottom.

Q.—Will you produce these photographs together as Exhibit P-55?

Mr. Seguin:—

Do they show them to be in the same condition as they were in 1941?

20 By Mr. Hansard:—

Q.—Would you produce these photographs as Exhibit 55A to D inclusive; and perhaps you would answer my learned friend's question. Was that space similarly occupied in 1941?

A.—Yes. The desks may have been in different places or positions. The space has never been different.

Q.—You have produced in the record an exhibit showing part of the first and second basement?

30 A.—Yes.

Q.—But you have not produced any photograph showing in the first basement the kitchen services, the elevator services?

A.—No.

Q.—You have not produced photographs of the vaults in the first basement?

A.—You mean the 2,000 vault?

Q.—Yes.

A.—No. They probably would not let me in at that time.

40 Q.—You have not produced a photograph of the first basement at the elevator hall?

A.—You mean where the people stand before going into the basement?

Q.—Yes.

A.—No.

The President:—

You did not produce photographs of the nice ladies at work?

H. MCAUSLANE (Recalled for Comp. in Rebut.) Exam. in chief

By Mr. Hansard:—

Q.—As to the other sets of photographs you did not produce, is there any photograph of the banking hall?

10 A.—No.

Mr. Seguin:—

What he has produced is there.

By Mr. Hansard:—

Q.—You did not produce any photographs of the President?

20 A.—No. He had typical office space.

Q.—You have made reference to the Exhibit P-3. This is the letter sent by you in answer to Mr. Hulse?

A.—Yes.

Q.—This is the letter containing figures made by you and Mr. Paine as explained already?

A.—Made by me.

Q.—Mr. Paine was architect for the company, and you were...

30 A.—I was superintendent of real estate.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

DEPOSITION DE GASPARD ARCHAMBAULT

On this Twentieth day of April in the year of Our Lord
10 One thousand nine hundred and forty-three, personally came and
re-appeared: Gaspard Archambault of the City of Montreal, who
has already testified herein on behalf of the Complainant in chief,
and now testifies on behalf of the Complainant in rebuttal:—

Examined by Mr. Hazen Hansard, Attorney for the Com-
plainant:—

Q.—Mr. Archambault, have you made a study of the evi-
dence and material submitted by Mr. Cartier before this Board?

20 A.—Yes, sir.

Q.—Have you prepared a memorandum in connection with
that?

A.—Yes, sir.

Q.—And if so, would you produce that as Exhibit P-56?

Q.—Without going into too much detail, would you explain
that memorandum?

A.—Mr. Cartier has submitted reports on which there are
different valuations. I have skipped the first ones, but there is
one on December 19th 1941, which is signed by Mr. Paquette, and
30 then there is another one on January 12th 1942 which is called a
crossed out sheet, also signed by Mr. Paquette.

The second one, which was made about twenty-three days
after the first one, with the holidays of New Year and Christmas
intervening, jumps the previous valuation by one million five
hundred and thirty-nine thousand odd dollars.

Q.—The valuation was Thirteen million dollars?

A.—Yes. Thirteen million four hundred and ninety-two
40 thousand eight hundred and twenty-three dollars, and the second
is Fourteen million five hundred and forty-three thousand four
hundred and thirty-one dollars and fifty-five cents (\$14,543,-
431.55).

Then on November 2nd 1942, Mr. Cartier has produced
another valuation, signed by himself, where we find the replace-
ment cost for the same building that Mr. Paquette valued at
Thirteen million four hundred and ninety-two thousand eight

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

10 hundred and twenty-three dollars (\$13,492,832) — Mr. Cartier finds that to be now Eighteen million seven hundred and six thousand one hundred and fifteen dollars and fifty-three cents (\$18,706,115.53)). Both the replacement costs are supposed to be figured as at 1941. In other words, the same building completed as at 1941, for the same building Mr. Paquette's valuation has been increased by Mr. Cartier by Five million seven hundred and one thousand one hundred and eighty-seven dollars and thirty cents (\$5,701,187.30).

20 In making these different valuations an estimate has been filed which is based on the real estate valuation manual. The unit prices, some of them in the manual, in my opinion are not correct. In making the valuation and taking the units from the manual the proper units have not been used in some cases. Thirdly, in many cases the unit prices in the manual have been put aside and other prices have been substituted. Or other prices used. And these latter prices which have been used are out of bounds — too high.

30 Then on November 2nd, 1942, in his valuation Mr. Cartier states that after a visit with Mr. Houle — and on that he testified before that he had visited the building for half a day with Mr. Houle to check that Mr. Houle's work had been properly done — as a result of this visit Mr. Cartier adds on to the valuation Eight hundred and eight thousand two hundred and fifty dollars.

Most of these items are marked architects valuation, and one item especially for Five hundred thousand dollars (\$500,000) is classified, or described, as being surplus de charpentier. One lump sum of Five hundred thousand dollars (\$500,000) without any explanation.

40 All, all of this frame had been estimated before by Mr. Paquette and by Mr. Cartier. When there are concentrated loads in a building, and you have them in every building. I cannot see as an afterthought there is any justification for adding an amount like that without describing it in some detail so that it can be checked up.

There is another amount added, ten percent (10%) in addition for supplementaries. Does that mean that the City valuator has forgotten something and is not sure of it? I don't know. What's that ten percent (10%) for?

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

Mr. Seguin:—

Don't say City Valuator. Mr. Cartier is an architect.

10 The Witness:—

He was the one who produced the valuation.

Mr. Geoffrion, K.C.:—

The City expert.

The Witness:—

20 Then there is another item adding nineteen percent (19%) for height of construction. Mr. Paquette had taken care of that item previously. He was a little more modest when he added thirteen and a half (13½).

Then there is another item of ten percent (10%) for sub-contracts. And although these prices were made up as of 1941 on top of all these additions there is another ten percent (10%) added to adjust prices to 1941 prices.

30 This is what that means: The ten percent (10%) for omission. If you take one dollar (\$1.00), the ten percent brings it to a dollar ten (\$1.10). Then your nineteen percent (19%) for height, it brings it to 13.09; add ten percent (10%) for sub-contracts it brings it to 14.39; and if you add ten percent (10%) to bring it up to the 1941 prices, where it is already, it brings it to 15.83.

40 In other words the effect of these additions is to increase the cost of One dollar (\$1.00) to One dollar and fifty-eight cents (\$1.58). Over fifty-eight percent (58%).

In the Nineteen percent (19%) surcharge which is added for the construction in height, Mr. Cartier said it was based on a formula in the City Manual, page 323. This formula reads as follows: "for the construction in height five percent of total height minus ten.

In this case the building being three hundred and ninety-three feet (393') in height, take off ten feet — three hundred and

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

eighty — and multiply that by five percent (5%) gives you nineteen.

10 I have enquired, and I can tell you that in the many years that I have been making valuations or connected with the building trade, as a contractor since 1913, I have never heard of any such formula. I cannot see anything to justify it.

On April 5th Mr. Cartier explained at great pain that this formula was not a guess, but was arrived at after careful consideration, and he gave us a breakdown of the nineteen percent (19%) as follows:

20 One-quarter for hoisting material;
 One-quarter for setting material;
 One-quarter for machinery and permits;
 One-eighth for insurance;
 One-eighth for scaffolding and bridges.

30 Ten days later Mr. Cartier, on April 15th, asked to be allowed to change that breakdown which had not been guesswork but the result of careful study, and gives a new description of the Nineteen percent (19%). The items all remain in — the hoisting material, setting, machinery, and permits, insurance, scaffolding and bridges; but they are all cut in half. In other words what was one-eighth becomes one-sixteenth; and what was one-quarter becomes one-eighth.

That leaves fifty-percent (50%) unaccounted for on the previous calculation. And now Mr. Cartier tells us that will take care of the additional financing due to the fact that it is a high building.

40 I have broken down this amount and the figures are very high. The Nineteen percent from Mr. Cartier's estimate of Eighteen million seven hundred and six thousand one hundred and fifteen dollars and fifty-three cents (\$18,706,115.53) is Three million five hundred and fifty-four thousand one hundred and fifty-three dollars (\$3,554,153), and out of that One million seven hundred and seventy-seven thousand and seventy-six dollars (\$1,777,076) is contributed to financing because the building is high.

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

Whether the building is high or whether the building is low or whether the building is long, if it costs eighteen million dollars to finance it, I cannot see where it will cost any more for three storeys or ten storeys or twenty storeys. I cannot see that.

10

Hoisting material, Four hundred and forty-four thousand two hundred and sixty-nine dollars (\$444,269). Setting material Four hundred and forty-four thousand two hundred and sixty-nine dollars (\$444,269). Machinery and permits, Four hundred and forty-four thousand two hundred and sixty-nine dollars (\$444,269). Insurance Two hundred and twenty-two thousand one hundred and thirty-five dollars (222,135). Scaffolding and bridges, Two hundred and twenty-two thousand one hundred and thirty-five dollars (\$222,135).

20

Your insurance will not cost you a penny more whether the building is three, five, ten, fifteen, or twenty storeys high. Your scaffolding will cost you practically the same because you have two different kinds of scaffolding. The one inside and out. The one inside, whether you are on the fifth floor or on the ground floor, or on the tenth, the scaffolding is the same. The one inside with the exception, the very rare exception of where you have to build up a special scaffold, they charge you so much per week for certain sections of that scaffolding, and the height does not add.

30

Machinery and permits. Your permits will not cost you any more because your permits are based on the cost of the building, on the quantity of material that goes in, the number of cubic yards of masonry, the yards of plaster, and also on the ground that you occupy. I think that should cost less if your building is higher, as far as ground space is concerned, because you will occupy less area and your sidewalk rental and so on will cost you less.

40

Your machinery, you might run into a little more on the hoist, but that is inconsequential in a building of this size.

As for hoisting material, whether you hoist two floors or you hoist twenty floors the only difference is the time spent once the material is in the elevator from one floor to another, and that also is a small matter; because if you go up three storeys you have to take off the material and the same as going up ten; and

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

you have to take it off at the second or third the same as at the fifteenth.

I may add this: if the building was two storeys or one
10 storey and had the same cube or the cost was the same as the
twenty-five or twenty-four storey building, according to the
Mutual this charge would not exist.

But in my opinion. . .

By Mr. Hansard:—

Q.—Before you get to that. I believe you did not get at the
20 charge for setting the material.

A.—The charge for setting material. Four hundred and
forty-four thousand two hundred and sixty-nine dollars (\$444,-
269), should not exist. It may cost a few thousand dollars more for
higher hoisting.

By the President:—

Q.—What does setting mean?

A.—By setting he means this: You have your building and
30 brick walls or terra cotta. It will not cost any more on the upper
than on the lower. You have your stone outside. Your stone is
raised from derricks on the roof. It may take a little longer, but
that is in the hoisting charge.

Q.—Does it cost more to bring them higher up, but not to
set it up?

A.—That's right.

Q.—Owing to construction en hauteur, they include some
items which are not covered by this heading?

40 Mr. Geoffrion, K.C.:—

We cannot meet it except as it is yesterday.

The Witness:—

In my opinion a ten or twelve storey building will cost less
than a one or two storey building built of the same quality and
with the same material.

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

In the two storey building you have the cost of your roof, which is the same over the top of your twenty or two storeys, but that cost is distributed over the number of cubic feet of two storeys, whereas in ten and twelve storeys it costs you one-fifth
10 less per cubic foot because the volume is five times as great.

As far as the foundations, that is almost the same. The cost of the foundation is spread over five times the volume. The foundations may cost slightly more because they have to be heavier, but not in any proportion to the difference in volume.

You start on a stone or brice building, the first storey especially, and then the second, cost you an awful lot of money and labor because your men are not used to the plant; they have
20 not got a thorough knowledge of it; they have to measure all the time. But once up two or three storeys they just repeat the work done below and do the work faster.

All the high buildings are reinforced concrete. If you put up a two storey building, or frame work, you put up one floor and you do not want to stop the construction; your concrete is not stuck — you leave your forms up there and you get new lumber and you put up new forms for your second floor. For every
30 square foot of concrete you have to have one square foot of form.

If you put up a ten storey or a twelve storey building you make your forms a little stronger, but if you pour two floors, you take the ground floor and put them on the third, and take the second and put them on the fourth. You can use them five or six times.

Throughout the building construction you have mechanics working. You have the plumber, the steamfitter. The steamfitter
40 connects his radiators on the first floor and on the second floor and when he gets to the third floor he knows the operation by heart and can work faster than below.

The faster he repeats the cheaper the work will cost because the man is trained to it.

And that is the procedure used by all the large manufacturing companies. They have ten or twelve operations to perform to manufacture a certain product. They do not have one man go

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

through all the operations. They have one man do one operation and then go to another set of products to be manufactured and repeat the same operation; and the same man repeats the same operation throughout because by doing so they become experienced
10 and they do not have to think. It takes less time.

Throughout your eleven storey or twenty storey building it will cost less per unit than on a two storey building.

The cost of your installation and organization does not increase anywhere in proportion to the increase in volume.

It might be interesting to compare Mr. Perry's figures relating to cost on height and financing with Mr. Cartier's figures given in the nineteen percent.
20

Mr. Perry in his report on page 11 item 14, cost for twenty-six storey building says "This height is directly a high cost item. The excess cost above the twelve storey building of full area has been carefully calculated and is Six hundred and seventy-thousand (670,000)".

Mr. Cartier says that it should cost for financing only due to the extra height, One million seven hundred and seventy-seven thousand and seventy-six dollars (\$1,777,076).
30

By the President:—

Q.—Did he really say that it was due to height?

A.—Yes, sir. Fifty percent of the nineteen percent is for financing.

By Mr. Hansard:—

40

Q.—We are speaking of Mr. Cartier now?

A.—Yes.

Q.—What does Mr. Perry say?

A.—Mr. Perry says that the height is a different high cost; the excess cost above twelve storeys has been carefully worked out and is Six hundred and seventy thousand dollars (\$670,000).

The President:—

He does not refer to any surplus of financing?

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

A.—No. That is the point I want to bring up. I think that in a twelve storey building there is no extra cost for financing. Mr. Perry furthermore at the bottom of his calculations on page 15 has added for financing cost for construction, estimated three
10 years construction, Seven hundred and fifty thousand dollars (\$750,000). That is for financing the whole contract.

Then there is the ten percent surcharge for subcontract. I have never seen that, again; except in the Manual.

General contractors make up a tender and if they were to add such profits on the sub-trades they would not stay in business because they would not get any; and especially on large sized
20 jobs like this.

Profits over and above the costs are not figured on a definite percentage. They are figured on lump sum.

You figure that you will do a job for Eighteen million dollars and that will take you two or three years; you say, I should get for that so much per year, and you bid on that. And usually that is a very small percentage. The larger the contract the smaller the percentage of profit is.

30 And on a job of this size I don't think one would ask for more than five per cent (5%), and in that five per cent would be included probably between two and three per cent on the sub-contracts.

But here is another point. The subcontracts are only a proportion of the whole contract, and not only does Mr. Cartier in submitting the valuation add on ten percent (10%), which is too high, but he puts that on the whole property.

40 Some of the prices used in the City valuation are abnormally high. For instance, the earth excavation is figured at Two dollars (\$2.00) per cubic yard. I can say this: that in 1939 I put in a tender to the Canadian National Railways for excavation of thirty-two thousand (32,000) yards of solid rock just alongside of the Sun Life, and twenty-five thousand (25,000) cubic yards of earth. My price for solid rock was One dollar and ninety-five cents (\$1.95) and the price for earth fifty-two cents (52¢) a cubic yard.

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Not very long ago, as a matter of fact just about thirteen months ago in January 1942, I put up a building on St. Lawrence Boulevard just below Notre Dame, where there was five thousand yards of earth to excavate. The ground was frozen, and that was
10 the site of a very old building which had been covered up. The foundations had been covered up with earth and some heavy stone foundations left in. It was a very difficult and costly excavation. The depth was seventeen feet on one corner and about eleven or twelve on the other.

I made that contract for forty cents per cubic yard, excavated and carted away.

In a subsequent report a correction has been made. On Mr.
20 Cartier's last valuation of November 2nd 1942, Mr. Cartier adds Four dollars and fifty cents (\$4.50) per cubic yard for rock, which is already taken in as earth at Two dollars. That gives him Six dollars and fifty cents (\$6.50), and one can't forget that on top of that are those charges of fifty-eight percent (58%), which bring your costs to about Ten dollars and five cents (\$10.05) per cubic yard.

I don't want to make any more comments on that.

30 By Mr. Hansard:—

Q.—So what is the price of rock? You have not said it yet.

A.—The rock as I said, I figured at One dollar and ninety-two cents and my price was too high. I think Two dollars a cubic yard is a very fair price.

In the quantities Mr. Cartier in his correction says twenty-five percent (25%) of One hundred and eighteen thousand eight
40 hundred and seven (118,807) cubic yards, which gives you Twenty-nine thousand seven hundred (29,700). The calculations are wrong.

The rock there is over an area of approximately Sixty thousand square feet, which is about correct.

The concrete in the foundations is figured at seventy-three decimal three cents (73.3¢) per cubic foot. That is approximately Nineteen dollars and seventy cents (\$19.70) per yard. While

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

bidding a very high price and allowing for steel reinforcing, Thirteen dollars is all that one should charge for this class of work.

Q.—Is the Nineteen dollars and seventy cents apart from the fifty-eight percent?

10 A.—No, the Nineteen dollars and seventy cents does not include the fifty-eight percent.

The granite is estimated at Six dollars and thirty cents (\$6.30) a square foot on page five of the estimate here. That is not only too high a price but I think that it includes terra cotta lining inside of the walls, which is shown on the valuation produced by Mr. Cartier at page 24. The exterior wall, four inches terra cotta, Two hundred and seventeen thousand four hundred and eighty (217,480) square feet at Twenty-nine cents per square foot, Sixty-three thousand two hundred and eighty-six dollars (\$63,286.00).

Mr. Paquette has revised in his last figure, which is feuille de correction dated January 12th 1942, he has revised the granite price bring it up to Six dollars and thirty cents instead of Five dollars and twenty-five cents.

30 Five dollars and twenty-five cents was already high. The explanation that Mr. Cartier gave for raising the unit price was that the City Manual did not allow for walls or granite of the thickness which exists in the Sun Life. Well, I have checked carefully on all of the plans and from the Eighth up the walls are 1.1 thick. There is an air space and that is where the piping runs, and then the terra cotta. 1.1 is what we call a twelve inch wall, and I am sure that the City of Montreal would not allow anything less than a twelve inch wall on that building. Therefore,, the Manual which at page 382 had a price in dollars for a granite veneer must certainly have allowed for a wall of what is the
40 minimum thickness.

Granite polishing, backing included. Two dollars and fifty cents (\$2.50) per square foot. And the price jumped to Six dollars and thirty cents, a dollar and a half added for ornamentation.

Q.—To the Six dollars and thirty cents?

A.—No, included.

* An amount of Three hundred and twenty-nine thousand five hundred and thirty-eight dollars and fifteen cents (\$329,-

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538.15) has been included for air-conditioning which does not exist in the building. Air-conditioning is much costlier than ventilation. Air-conditioning is to be able to control the temperature of the room at any time, whereas ventilation is to provide a change of
10 air.

The heating price is also very excessive. The heating unit. There is a charge of three cents for the roughing in and three cents for the finishing of the heat, putting in the radiators. A building like the Sun Life should require about one and a half percent of heating compared to the total. That would be about Three hundred and thirty thousand (330,000) square feet of radiation and that should be worth Two
20 dollars a foot, which would mean Six hundred and sixty-six thousand dollars (\$666,000); but from this amount you must deduct the cost of the heating plant which is on the other side of the street. And Mr. Cartier has for the heating Nine hundred and fifty-three thousand dollars (\$953,000) where it should be around Three hundred and sixty thousand dollars (\$360,000).

The City experts refer very often to the Manual here. But there is one clause that I would like to refer to myself at page 273. On particulars of the estimate. "The influence of the area. Our
30 inspection has shown us that area of a building has a big influence on the cent price by cubic feet or by square feet. An increase in the area or volume of a building has the effect of reducing the cubic foot or square foot cost. This fundamental principle is not generally understood by the public and even by some contractors".

I would say it is not understood by some of the City experts.

The larger your cube is — and by the way the heating and
40 the ventilation is valued out by the City experts per cubic foot also; but the larger your cube is the cheaper your heating should be.

It is to be remembered that on this unit price extended to form the valuation by the City experts, they took advantage of that fifty-eight percent increase over and above the cost plus ten percent (10%).

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The City adjusts by an index the original replacement cost to bring it to the actual replacement cost. I do not think that that gives true results.

10 First of all, the labor costs are distributed as they would be in the proportion of different trades as is shown in the Manual. On page 298 you will see a list, and you will find in this list carpentry and joinery, thirty percent (30%). I don't think that in the Sun Life you have one and a half percent (1½%) for carpentry. You have four point four for painting, where approximately you have one percent in the Sun Life.

20 This proportion appears to have been made to apply to the ordinary ten or twelve thousand dollar residence, but would not apply in any case to the Sun Life Building.

30 Mr. Perry has taken the index and has apportioned it, he has taken the wage index and the building material index, and he has taken the proportion of twenty-five percent (25%) of the wages and seventy-five percent (75%) of the material. I have here a book by Prouty, Collins & Prouty, it is a book dated 1930; it gives comparative construction cost of forty-four cities in the United States, including New York, Pittsburg, Cleveland, and in fifteen of these cities forty percent (40%) of the material cost has been taken and sixty percent (60%) of the wages; in fourteen, forty-five percent of the material has been taken and fifty-five percent of the wages; in fifteen, fifty percent of wages and fifty percent of material. And I think that is the better proportion cost. After all, your material is practically all wages.

40 You take granite, which might sell for three or four dollars a cubic foot. The granite in the ground is not worth much, probably seventy-five cents a foot, but what will raise the price of the granite is the labor you have to put it to incorporate it in the building. The same applies to lumber. It is the labor that costs the rest.

And another reason why the index cost may not be an exact cost is that in certain years you may have a boom in the construction industry and may have to pay men seventy cents an hour, who will not give you a very good job for the money. When you have a boom you get poor efficiency; and a few years later if construction is in a depression and you pay the same class of

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workman seventy cents per hour you will get much more work out of him.

And therefore your costs of construction won't be reflected
10 by the difference in the index that you get.

By Mr. Hansard:—

Q.—Mr. Archambault, you have also prepared some memoranda in connection with the report of Mr. Fournier as well as in connection with Mr. Perry. In order to shorten this I will ask the witness only to refer to the high lights.

Also, I am going to hand this to my learned friend this
20 material so that he will have it available and it should assist him in his cross-examination.

Mr. Archambault, before talking of the reports, will you produce the memorandum in connection with Mr. Fournier as Exhibit P-57?

A.—Yes.

Q.—And your memorandum on Mr. Perry's report as Ex-
30 hibit P-58?

A.—Yes.

Q.—Will you also produce as Exhibit P-59 a statement showing calculation of rentable floor areas to gross based on outside measurements of the Sun Life Building, and annexed to that a comparative statement of certain dimensions in the building shown thereon.

And, finally, will you produce as Exhibit P-60, a comparative statement showing replacement cost figures given by Mr.
40 Perry and Mr. Cartier?

A.—Yes.

Q.—Can you, Mr. Archambault, in dealing first with Mr. Fournier's report, touch on the highlights? I understand he dealt with the valuation by taking a forty cent building?

A.—Mr. Fournier stated that the Sun Life evidently did not intend getting any revenue from their building that would be worth talking about, because they knew when they built the original building what it cost — that it cost them One dollar and

G. ARCHAMBAULT (for Comp. in Rebuttal) Exam. in chief.

six cents a cubic foot — and that nevertheless they carried on with the larger part of the building knowing it would cost as much, and that could not produce an adequate revenue.

- 10 That is not quite correct, because in the original building there are some very special features which increased the cost considerably per cubic foot, which are not found in the additions.

For instance the vault, and the large banking hall, which has been valued by the experts at a high price for rental.

- 20 Mr. Fournier has taken the forty cents a cubic foot building and wishes to approach the value of the Sun Life when he adds to some parts of the forty cent per cubic foot building to corresponding parts of the Sun Life Building which are more expensive. Well, I think that is a very difficult way to proceed and which might lead to many errors.

First of all, you have to know which parts are not alike, and then you have to take out these parts, deduct their value from the forty cent building and add on the new part and estimate again. It would be much simpler to estimate the new building altogether.

- 30 And the other awkward feature in Mr. Fournier's valuation is that he talks of the forty cent building which is a building which exists only in his mind. Nothing concrete. No one else but himself can appreciate it.

He said that the forty cent building was a cheap building. I remember coming before this Board and making a valuation of the Alliance Nationale at forty cents, which has concrete walls and metal sash, which is a very nice building.

- 40 I think that my valuation was corroborated by the contract price that was shown at the time, and I cannot conceive that you would have to spend as much again as the building costs for embellishments to bring it up on the standard of the Sun Life.

Forty cents, is not a bad building.

And then again, Mr. Fournier when he figures on a ten storey building forgets that in his ten storey building his floor heights would be much lower than in the average for the Sun Life.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Ex. in ch.

I have figured out that the average floor height in the ordinary ten storey building that Mr. Fournier talks about, like the Dominion Square Building, the Transportation building, would be about eleven six inches. Whereas in the Sun Life the height is
10 fourteen feet six inches.

This means that you could only put eight storeys of the Sun Life as it exists with the fourteen feet six inches floor height in the ten storey eleven feet six inches floor height building.

• And there is no doubt about this, that your building, your forty cents a cubic foot building, should cost less than that if you have only eight storeys instead of ten.

20 That sort of figuring I don't think leads to a very good appreciation of the value of the Sun Life Building.

(At this point the President adjourned the hearing to the 21st April 1943).

And further for the present deponent saith not.

J. T. Harrington,
Official Court Reporter.

30

(End of 20th April 1943)

DEPOSITION OF GASPARD ARCHAMBAULT

On this Twenty-first day of April in the year of Our Lord One thousand nine hundred and forty three personally came and
40 re-appeared: Gaspard Archambault who continues his evidence in rebuttal as follows:—

Examined by Mr. Hazen Hansard, Attorney for the Complainant:—

Q.—Mr. Archambault, to continue with your evidence. We have dealt with Exhibit P-57 of Mr. Fournier, and I would ask you now to take the memorandum of Mr. Perry, Exhibit P-58, and if there are any points in that that require explanation would you please mention them, but do not go into too much detail.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Ex. in ch.

A.—Mr. Perry states that the mechanical equipment of the Main Building, which he estimates to be Twenty-three and a half percent of the whole cost, would with ordinary maintenance and current repair, have as long a life as the shell of the building.

10

Well, it depends on what you mean by "as long a life". Physically the pipe would probably last as long as the granite if they are both taken care of; but in practice that is not so. And this mechanical equipment even with the best of care, after thirty years, that is the utmost you can hope for useful life. And even before thirty years most would have been replaced on account of obsolescence.

20

Mr. Perry has allowed two and a half percent depreciation on all mechanical equipment in the boiler room. This is too low a depreciation. It should be at least four or five percent.

But the mechanical equipment in the main building will deteriorate as rapidly as the mechanical equipment in the boiler room.

30

Although some of the mechanical equipment in the boiler room seems to be heavier, which it is, it will stand up just as well under the work that it has to do as the more delicate equipment in the main building, such as elevators and pumps and fans and so on.

40

If Mr. Perry had allowed for the depreciation in the main building the same very low rate of depreciation on the mechanical equipment that he gives to the mechanical equipment in the boiler room, two and a half percent, that would give me at the end of thirteen years seven decimal six four percent (7.64%) depreciation on the total amount of the replacement cost of the building.

Mr. Perry has allowed thirteen percent (13%) for the total depreciation cost on the whole building. If you deduct that seven decimal six four percent (7.64%) which would be carried by the mechanical equipment alone, and which is too low, that would leave five decimal three six percent (5.36%) for the rest of the building over a period of thirteen years.

Well, this is obviously too low, and that means that thirteen percent for thirteen years is also much too low.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Ex. in ch.

Mr. Perry stated that the shape of the building and the consequent size were determined by the arrangement of certain rooms on the ground floor and the lower floors. Well, I cannot agree with Mr. Perry.

10

He has made a statement but he has not said anything to prove it, and I do not think that the rooms down below make it absolutely necessary that the shape of the building be what it is. The shape of a building is determined not by a few rooms down below, but by the elevation that has been made for looks and so on.

By Mr. Hansard:—

20 Q.—I think the next part of your memorandum is self-explanatory down to the part on page 2, where you mention the News Building. Would you comment briefly on that?

A.—Well, there is reference also to the fact that the extra depth from the windows in the rooms is compensated in part by extra ceiling height and by mechanical ventilation.

Even if the windows are slightly higher than they are in the ordinary building that would not compensate the lack of light due to extra depth because these rooms are too deep.

30

I think one of the reasons too for the high ceilings is on account of the very deep rooms; if you would have the ordinary ceiling height your room would look very low.

As for the mechanical equipment, well it is some sort of a help but does not make the space very desirable, nevertheless.

Mr. Perry has made a comparison to the News Building in New York. I have a reproduction of the News Building.

40

Mr. Seguin:—

I must object to all evidence concerning this building. If I remember well Mr. Perry mentioned this building only to show that there was no ornamentation at all.

Mr. Hansard:—

This is a building that was mentioned by one of the City's witnesses and I think we should be entitled to take evidence on it.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Ex. in ch.

The Court:—

Under reserve.

10 The Witness:—

I would like to file this exhibit, and on the back of it is the data showing that the building cost sixty-six cents per cubic foot.

Q.—You show me a reproduction from the Architectural Forum of June 1930 of the News Building with research data and measurements, and I would ask you to file that as Exhibit P-61.

20 A.—Yes. This building cost sixty-six cents per cubic foot. Without wanting to make any comparison I think it will be admitted that it would cost much less than that in Montreal, because labor prices in New York are higher. Masons there get two dollars an hour where they get ninety-two cents here.

30 One interesting comparison is this: that according to the data on the back of the picture of the building it gives the number of square feet of rentable area and the cube of the building, and that gives sixteen decimal three (16.3) cubic feet per square foot of rentable floor, as compared with twenty-eight (28) cubic feet in the Sun Life Building.

In other words, the Sun Life Building requires Seventy-five percent more volume than the News Building to furnish one square foot of rentable area.

40 Mr. Perry has stated that the auditorium and gymnasium, that if intermediate floors were put in instead of having a high ceiling, owing to the excessive decoration, tile, etc., this would probably cost less than putting these rooms as they are. I wish to say that I noted especially when I visited these two rooms that the finish inside is just as ordinary as can be, and not expensive at all. The ceilings are complete ceilings with panneys in plaster, no heavy cornice or anything.

Q.—The next part of your memorandum deals with the question of ratio of labor to Montreal; in construction cost index you cover that. Would you turn to page three and make any explanation you have with regard to the Supreme Court Building mentioned there.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Ex. in ch.

A.—Mr. Perry on page 4 states that no other building of any size has been erected in this district using a similar proportion of comparable material.

10 The Supreme Court Building to which I referred previously was erected in Ottawa in 1941, and in my opinion the materials used are even more expensive than those in the Sun Life.

The walls are the same granite, the roof construction is more expensive, it is a sloping roof covered with copper with many levels and breaks in it.

20 The main rooms in the building have the walls panelled from floor to ceiling with very expensive wood. Most of it walnut.

Most of the toilet rooms have marble on the walls from the floor to the ceiling. There is also ventilation, and part of the building is air-conditioned. But, nevertheless, this building only cost fifty cents (50¢) per cubic foot.

Q.—So far as the remaining statements in Exhibit P-58 that you have not mentioned, are they true and correct?

A.—Yes sir, to the best of my knowledge.

30 Q.—Have you prepared a comparison of net rentable area to gross based on outside measurement, the document I referred to as being P-59. Would you explain that briefly?

A.—When I gave you my report on the ratio of rentable floor to gross area, I had taken to measure the gross area what I feel is the common practice, the inside measurements of the building.

40 But the witnesses for the City did make similar comparisons and they used the outside measurements which, of course, would not give the same result on the same basis as the ratio which I figured.

In order to be able to compare my ratio with the ones given by the City witnesses I have gone over my figures using as the gross area the outside measurements, and of course as the outside measurements will give you a larger gross area this will also give you a lower ratio of rentable gross.

This means that instead of stating that seventy-eight percent (78%) is the normal ratio in a well-designed office building,

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) *Ex. in ch.*

when you figure on outside dimensions you have seventy-four percent (74%).

10 But in making these ratios I have found that the ratio of rentable to gross, taking in all the floors in the Sun Life, that rentable area is fifty percent (50%).

In other words, it means that if you have one floor that you can rent completely you need another similar floor complete to service the building. Or, it would mean that on one floor, one half of the floor would be rentable and the other half could not be rented but would have to be used to service the half that is rented.

20 Fifty percent is obviously too much space for service, and fifty percent is obviously also too little a proportion of space for rentable area.

Q.—There is a second sheet to Exhibit P-59 and it compares the Seventeenth and Eighteenth floors of the Sun Life with typical floors of other buildings.

30 A.—In this sheet there are six columns. The first refers to the floor heights in different buildings; that has not been changed. The second column is the gross area. In my report on page 15 that was figured inside walls. I have put that in outside walls this time, and I have used the Dominion Square Building figure that was given by Mr. Cartier.

The rentable area column, I have made two slight changes only. That is in the Sixteenth and Seventeenth — no, the Seventeenth and Eighteenth floors of the Sun Life Building where I have substituted for the figures previously the figures agreed upon in the admission as being the rentable area.

40 The outside gross office areas, the percentage has been changed too on account of changing the gross area, and the number of cubic feet for one square foot of rentable area has also been changed because your volume becomes larger if you figure it with the dimensions outside of the walls.

But that gives you a percentage of rentable gross on the Seventeenth and Eighteenth floors of fifty-five point three percent (55.3%) and fifty-seven point eight percent (57.8%) of ren-

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table to gross. And it gives you thirty-six point four and forty-two point three as the percentage of the area in the offices having outside light as compared to the gross area, and it gives you twenty-five point three cubic feet on one floor and twenty-four
10 point two cubic feet on the other floor as the number of cubic feet per one square foot.

Q.—These are as compared with the other buildings on your statement?

A.—Yes, sir.

Q.—Why did you take the Seventeenth and Eighteenth of the Sun Life Building?

A.—I took those floors because I felt that they would give the most just example, the best example, of what could be done with two floors of the Sun Life Building. These two floors were
20 taken over by the Aluminum Company in 1939, though they were not finished at all. No plaster on the walls or on the ceilings and no finished floor. And they accepted these two floors to provide accomodation for their staff in difference offices. This floor represents more modern and up to date office accomodation.

Q.—In other words, you selected them for the same reason that you selected these two floors in your evidence earlier in this case?

A.—Yes, sir.

30 Q.—Would you explain the comparative statement you filed as Exhibit P-60?

A.—I thought it might be interesting to compare certain items as made by Mr. Perry and by Mr. Cartier.

You have the excavation, accomodation, the stairs, elevators, electrical work, heating, ventilation, plumbing and exterior walls, and I have placed alongside Mr. Perry's figures for these items, and in the next column Mr. Cartier's figures, and the Board can appreciate the difference between the two in the same items.

40 I would like to remark here that I have made one slight change in Mr. Cartier's estimate for the exterior walls. Mr. Cartier for the exterior walls has Two million nine hundred and seventy-one thousand one hundred and seventy-four dollars and thirty-four cents (\$2,971,174.34), and for the decorations Two million four hundred and five thousand three hundred and ninety-eight dollars and seventy-seven cents (\$2,405,398.77). I have added to these figures the next item on Mr. Cartier's list.

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Q.—That is P-36?

A.—Yes. I have added the item, outside openings, One hundred and sixty thousand two hundred and ninety-seven dollars and twenty-two cents (\$160,297.22) because Mr. Perry in his total
10 for the exterior walls says that this is the complete wall, so I took it for granted that he has also the openings as he does not refer to them anywhere else.

If I had not added these exterior openings on Mr. Cartier's figure the comparison would not be correct.

In the list of Mr. Perry's figures I have not added to each item the proportion of Seven hundred and fifty thousand
20 dollars (\$750,000) which he says is the amount that it would cost to finance the building. That is equivalent to about three point seven five percent (3.75%) of all the items. I have put in a footnote stating that it is not included. I did that so as not change Mr. Perry's figures.

Q.—Mr. Archambault, referring to Exhibit P-56, have you a correction to make in respect to that?

A.—Yes, sir.

Q.—Would you please do that.

A.—In my calculations with reference to Mr. Cartier's
30 valuation, in connection with the item of Nineteen percent (19%), I took Mr. Cartier's replacement cost which was Eighteen million seven hundred and six thousand one hundred and fifteen dollars (\$18,706,115), and I took nineteen percent (19%) of that, which gave me Three million five hundred and fifty-four thousand one hundred and fifty-three dollars (\$3,554,153), I think. That is at the bottom of page 3.

I made an error there because instead of being nineteen
40 percent (19%) of the total figure of Eighteen million dollars (\$18,000,000), it was really nineteen and one hundred and nineteen one-hundredths (19-119/100).

In other words, the figure given by Mr. Cartier as Eighteen million and sixty-four thousand nine hundred and seventy dollars (\$18,064,970) represents the replacement cost one hundred percent before you add on the nineteen percent.

So in order to get the exact amount of this nineteen percent I should have divided the total cost by One hundred and

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nineteen instead of by One hundred, and multiplied it by nineteen. This reflected itself in this difference. Then the total amount of the nineteen percent becomes Two million nine hundred and eighty-six thousand six hundred and ninety dollars (\$2,986,690)
10 instead of Three million five hundred and fifty-four thousand one hundred and fifty-three dollars (\$3,554,153).

Q.—The figures you are referring to occur at the bottom of page 3 of Exhibit P-56?

A.—Yes sir. And this also affects the breakdown of this nineteen percent to a certain extent. I have made these corrections on my report and would like to file them. They can be checked, too, by the Court. These are only changes to rectify an error.

20 Q.—You hand me a substitute page three for your Exhibit P-56, and I would ask you to file it as P-56A.

A.—Yes.

Q.—These are pages 3 and 4 which are produced as Exhibit 56A.

Cross-examined by Mr. Seguin, Attorney for the City of Montreal:—

30 Q.—As far as I can see, on Mr. Fournier's, Mr. Perry's and Mr. Cartier's reports you find a lot of items on which they are too high?

A.—Some of them, yes sir.

Q.—Did you find any of them are too low?

A.—There may have been some.

Q.—It is not your idea to show them to the Court?

A.—Well, if we do that, Mr. Seguin, we will run to a lot of figures. If you ask me to do that then I will ask you to submit the total of the low figures and the total of the high figures, which makes good reading also.

40 I did not go into all of the figures. I just picked out the ones that struck me as being different.

That list I have submitted here is not supposed to be a list of items that are too high. The list is submitted to show the difference between the estimate made by Mr. Perry and the estimate made by Mr. Cartier in the same items.

Q.—And the money spent by the company?

A.—No, sir.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Cross-ex.

Mr. Hansard:—

The witness speaks of exhibit P-60.

10 By Mr. Seguin:—

Q.—You have made reference to the Alliance Nationale and you said to the Board that it cost in 1938 forty-two cents a cubic foot?

A.—Yes, sir.

Q.—By the cube we have it forty-five cents (45¢) on the City. Can it be possible that the cube is different.

A.—I have a copy of the evidence here.

20 Q.—Do you remember there was a discrepancy?

A.—If there was a discrepancy that must have been after I was in Court. My evidence was forty cents a cubic foot plus five percent for architect's fees, which made forty-two, but if the cube had been larger that would not have changed the price per cubic foot.

Q.—If it had been smaller?

A.—No. It would not change. The total would have been similar. The valuation of the whole building would have been smaller. I said the building was worth forty cents. If there was one hundred thousand feet more you would multiply by the price.

30 Q.—At the time we had the exact figure which the building had cost. Divide that by the cubic content would give your price per cubic foot.

A.—I know that Mr. Buello was in court and produced his contract. If I remember rightly it read at forty cents. And Mr. Gratton, who was the expert witness for the Alliance Nationale gave his testimony at forty cents a cubic foot.

Q.—You said that the Alliance Nationale had granite walls?

40 A.—Yes, sir.

Q.—You did not say all the walls are granite?

A.—No.

Q.—There were only two?

A.—The two main walls. The mitoyen wall cannot be granite. That is alongside another building.

Q.—And the thickness of the granite cannot be compared with the Sun Life?

A.—I would not say that. I think it can be said the granite in the Sun Life is not thick except where you come to projections

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Cross-ex.

for ornamentation; but the general wall of the granite is not thick. As a matter of fact the walls from the Ninth floor up are one foot one inch thick, and the granite there would be from four to eight inches. Four, six and eight inches. The rest is brick backing.

10 On the floors below it is slightly thicker. In the floors below it is made up in the brick backing, not in the granite. I have looked carefully at the detailed drawings for the cut stone and it says very clearly that the granite is not thicker.

Q.—You said that the Alliance Nationale there is a basement and a sub-basement?

A.—I think so.

Q.—And this building is not very high — only four or three storeys?

A.—I think it must be at least four.

20 Q.—If you have two basements there there is one-third of the cube which is the basement?

A.—No.

Q.—One-fifth?

A.—I would not say that. I would have to measure. I think the second basement is over the full side of the building.

Q.—It would be over the cube of the building.

A.—It would be a good proportion, like the basements in the Sun Life.

30 Q.—If I remember well, the evidence given in this case three years ago, the Alliance Nationale was a building with nice front and nice foyer but as to the balance it was poor and cheap?

A.—With the exception of the foyer and a couple of offices it was very plain. If you refer to that I should also be allowed to say that I pointed out that one of the reasons why the cost was low is that there was large rooms, and that the cost per cubic foot in large rooms is less than where you have small rooms, and the same condition in the Alliance Nationale as far as the cube proportion exists in the Sun Life.

40 Q.—And when you include large rooms, do you include the basement and sub-basement?

A.—In both cases.

Q.—The foyer is small in the Alliance Nationale?

A.—Yes. But another condition is that the floor heights in the Sun Life are much higher. The distance from floor to floor in the Sun Life is much higher than in the Alliance Nationale.

Q.—You have made reference to the Seventeenth and Eighteenth floors in the Sun Life. Did you measure that yourself?

A.—You mean for what?

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Cross-ex.

Q.—The outside dimensions, the inside dimensions and the rentable space?

A.—No. I did to a certain extent. Yes and no. You mean the outside walls?

10 Q.—Yes.

A.—As far as that goes I was given a statement by Mr. Paine on which these dimensions were shown, and I think that Mr. Paine testified in Court that that was correct.

20 As for the inside rentable area there were two ways of doing that. One was to take from the floor plan which the Aluminum Company had prepared, the size of every room and hall, which I did take the first time. But it was rather difficult to come to a set area because some of these halls which I thought should not be considered as rentable area were considered as rentable area by the City experts. Finally, in my last report I took the figures agreed upon by both parties as rentable area.

Q.—You mentioned the News Building and said it cost sixty-six cents in 1930. You are not familiar with the index cost in New York as compared with the index cost in 1939 at Montreal?

30 A.—I cannot say I am familiar with it. I can say this, which makes me feel sure that there is a great difference in cost in New York and in Montreal — as I was saying, bricklayers, masons, stone-cutters, are paid ninety-two cents an hour in Montreal now. They are paid two dollars an hour for seven hours in New York.

Q.—That was in 1943?

A.—Yes. Carpenters paid eighty-one cents in 1941 and eighty-six cents now are paid one dollar and eighty-five cents in New York for seven hours. Plasterers are also paid two dollars as against ninety cents in 1941, and ninety-five cents now.

40 This comparison although it will not allow me to give the exact difference in the cost enables me to see that there is quite a difference in the cost. New York is much higher.

Q.—You have nothing for 1930?

A.—No. But I want to say this: when the Sun Life was erected it was put up on a site where it was easy to work, easy of access. Streets were not too busy, where you could deposit material, plenty of elbowroom. In New York the law says that you can't deposit any material on the street, and when it comes to a high building like this, this is thirty-six storeys high plus the

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Cross-ex.

penthouse, you have to organize the time of arrival of all the material. It does not go on the sidewalk. It must be picked up from the truck and brought into the building right away.

10 That is costlier.

Q.—As to the cost of the elevator, did you check on the trade the values of elevators in 1939?

A.—I consulted Mr. Paine and I was. . .

Q.—On the trade I mean, on the market?

A.—I know that elevators for a building like that should cost about between four and a half and five cents per cubic foot. And that is an item that is difficult to check, and when Mr. Paine said it cost that I was satisfied it was correct.

20 Q.—Did you check with Otis-Fensom the value to duplicate these elevators in 1939?

A.—No.

Q.—You remember Mr. Perry said they checked them on the trade?

A.—Mr. Perry said he checked them with the trade? He checked some figures. He did not say he checked elevators.

The President:—

30 The evidence of Mr. Perry will be there.

By Mr. Seguin:—

Q.—On one of your reports you say the proper ratio between labor and material should be fifty fifty?

A.—Yes, sir.

Q.—In 1941 taking the fifty fifty, the index would be 107.3?

A.—I think so.

40 Q.—And in 1929 it would be 106.9?

A.—Yes, sir.

Q.—You conclude by saying that between 1941 prices and 1929 prices there is only a discrepancy of four tenths of one percent?

A.—In the Index, yes sir. I did not say in the cost. That was in the index.

Q.—You mean to say the index of the Dominion of Canada is not accurate?

A.—It does not represent the cost. It represents the breakdown of the wages that you pay.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Cross-ex.

Q.—And the materials also?

A.—And material also, but that again might be misleading. As I pointed out, in the Manual you have, for instance, the proportion of labor to cost in different trades but you do not include
10 all the trades.

Q.—What was the conclusion you had in mind to draw from that?

A.—My conclusion was to show that the cost of 1941 and 1929 were due to something.

Q.—Was it not to show that Mr. Parent was wrong when he put ten percent.

Your conclusion is there was a discrepancy of fourteenths
20 of one percent?

A.—Yes.

Q.—And Mr. Perrault said that to bring the figure of 1941 to the years at which the building was built you have to take off ten percent. You do not agree on that point?

A.—You mean to say that to compare the cost between 1941 and 1929 you should take off ten percent?

Q.—No. Mr. Perrault is taking ten percent.

30 Mr. Hansard:—

Not for these dates. His was for 1941 and 1939.

The Witness:—

And, again, Mr. Perrault has made his own report and I made mine.

By Mr. Seguin:—

40 Q.—You have made reference to the Supreme Court in 1941?

A.—Yes, sir.

Q.—You said there was a big sloping roof?

A.—Yes.

Q.—That means less walls. How many storeys in the Supreme Court?

A.—You are talking about something I can answer. Outside of my general contracting business I have a roofing business.

G. ARCHAMBAULT (*Recalled for Comp. in Rebut.*) *Cross-ex.*

Roofers Incorporated. And we are now doing the largest roofing job that was ever done in Canada. We are putting on all the roofs at the Aluminum Company at Arvida.

10 When the Supreme Court was out for tender we put in a price on the roof of the Supreme Court, and although the area of the building is nothing to the area of the Sun Life in comparison, if I remember rightly our price was around Seventy thousand dollars (\$70,000) for the roof alone, whereas I don't think the roof over the Sun Life cost Seventy thousand dollars.

 Q.—How many storeys of granite have you in the whole of the Supreme Court?

20 A.—Off hand I could not say. I think I can answer your first question a little farther. When you wanted me to say that because there were sloping roofs there was less cube.

 Q.—Let us come to the walls. How many storeys of granite walls in the Supreme Court?

 A.—I could not say exactly. I would not remember.

 Q.—You have given the cubic content of the Supreme Court?

 A.—Yes, sir.

 Q.—How many cubic feet?

30 A.—Five million six hundred and thirty thousand cubic feet.

 Q.—And the total cost was?

 A.—Approximately Two million eight hundred and fifteen thousand dollars (\$2,815,000). And I am not sure that that cost did not include some very expensive retaining walls around the property which are installed.

 If it did include that cost the cost per cubic foot would be lower than was mentioned.

40 Q.—Does it also include the garage?

 A.—It includes the building.

 Q.—Is there a garage included in the cube?

 A.—Yes.

 Q.—Where is the garage? Is it an extension or under the Court?

 A.—Under the Court and it projects to a slight extension outside.

G. ARCHAMBAULT (*Recalled for Comp. in Rebut.*) *Cross-ex.*

Q.—Have you visited that?

A.—Yes. And I noticed when I was there that it was used for storage and filing space like the basements of the Sun Life.

10 Q.—Can you tell us in which way it is built? What material?

A.—It must be built of concrete. The same as the foundations on any building underneath the ground.

Q.—And you do not know the cubic content of the building?

A.—No.

Q.—The garage is included in your total cubic content?

A.—Yes, sir.

Q.—And the garage is erected outside of the building?

20 A.—Slightly. That is costly construction again. Because instead of having your walls carry your building direct you have got many beams that are cantilevered in order to carry the weight of the whole.

Q.—If I told you the cube weight of the garage was equivalent to one-third of the whole building?

A.—I would be surprised.

30 Q.—I received this information from Ottawa, a letter which says “the principal building if the Supreme Court contains Four million nine hundred and eighty-one thousand five hundred and eighty-six cubic feet (4,981,586). The garage adjoining contains One million three hundred and five thousand (1,305,000) cubic feet. The whole cost Three million and seventy-six thousand two hundred and sixty dollars (\$3,076,260), plus Ten thousand dollars (\$10,000) for certain partitions inside”.

A.—Yes. What conclusion do you want me to draw?

Q.—That fifty cents covered the garage and the building.

40 A.—Well, I don't know where you got the information — written in longhand. It is Government paper, Anyone can get it. I got my information from Mr. Lambert who is in charge of the Building Department for Anglin-Norcross and in charge of the department checking on the price, and he told me that the property was Two million eight hundred and fifteen thousand dollars (\$2,815,000). In the figure you mentioned you probably have roadways, or that wall which is not included in the building figure.

Q.—We can suppose anything.

A.—No. You have given me a cube of how much, without the garage.?

A.—Four million nine hundred and eighty-one thousand five hundred and eighty-six cubic feet.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Cross-ex.

A.—If the building cost Two million eight hundred and fifteen thousand dollars and if it has four million nine hundred and fifty thousand cubic feet, that would be fifty-seven cents only for the building without the garage, and the garage cost
10 something.

That would be fifty-seven cents (57¢) per cubic foot; whereas if you take the cost of the Sun Life Building, taking out the basements, you would get other figures again. But when you compare the cube of the building you take the whole building. You can't take one part of the building and take the cube of it. You could take the banking hall in the Sun Life and say it cost more than eighty cents.

20 Q.—Did you visit the Supreme Court?

A.—I did some work there.

Q.—Is there some large halls in that building?

A.—Yes. I give that as an example to show where you have large halls like that, you have a similar condition in the Sun Life, both using expensive material, your cube price will be low.

Q.—You were saying about Mr. Perry's estimate of Two hundred and eighty thousand dollars entitled miscellaneous.

A.—Yes.

30 Q.—It represents only 1.5 of his total.

A.—Yes. I noted that it was hard to check a skelton estimate. When you mention trades and things like the roof and special work for offices, and then miscellaneous, they do not go together.

Q.—As to the elevators you do not know that Mr. Perry included many things? Elevator shafts, and so on?

A.—If he included anything for shafts he should not call them elevators. When you say staircase you do not mean the brick walls around the staircase. You mean the staircase itself.

40 Q.—If you want to enumerate all the trades, there would be two or three hundred in the Sun Life?

A.—If you want to elect to make an estimate by quantities, unless you do that you are taking an awful chance to be wrong.

Q.—It is better to adopt the cube foot method?

A.—In certain cases, yes sir.

Q.—As to Mr. Cartier's report, you have some adjustment to 1941 by revision to 1939.

A.—Mr. Cartier based his system, or I should say his estimate, on a figure which is given by Mr. Paquette in a previous estimate of his own on 1941 prices.

G. ARCHAMBAULT (Recalled for Comp. in Rebut.) Cross-ex.

Q.—It is common knowledge that when Mr. Cartier is preparing figures for 1941 for the roll deposited December 1st 1941, he is always adopting the standard prevailing from May 1st 1939 to April 1940.

10 A.—That is what he should do. But on the other hand he starts his calculation by taking an estimate made previously and adjusted to 1941. He is not figuring to 1939.

Q.—You took exception to Mr. Cartier's figure of Twenty-nine thousand seven hundred dollars for rock excavation. You say it should be Thirteen thousand seven hundred and fifty dollars?

A.—Yes, sir.

Q.—Where did you get that figure?

20 A.—From Mr. Paine.

Q.—You did not check it?

A.—No. I asked Mr. Paine "will you kindly check up on the excavation figures, especially rock" and Mr. Paine told me, "Mr. Archambault, rock excavation was in the North part of the building;" there was an area of sixty thousand square feet. This was 5.6, 5.9 and I used 6. And if you make the calculation you will see it gives you Thirteen thousand seven hundred and fifty cubic yards.

30 There was a good reason for checking up on Mr. Cartier's figures, because Mr. Cartier states that he has arrived at that number of cubic yards by taking twenty-five percent of the whole excavation. I am sure that is not correct.

I notice that when the first part was built Mr. Quinlan did the excavation and there was no rock there at the corner of Metcalfe and Dorchester.

40 Q.—You heard the evidence of Mr. Cartier when he said the figures he gave were for a standard building.

A.—He made certain changes because he said he did not have in the table at the time a price that would cover the cost of granite of the thickness that was in the Sun Life.

Q.—You have tried to figure by the Manual the granite of the Sun Life?

A.—No. I have looked at the Manual, at some of the figures, and find they are too high.

Q.—You made reference to page 373 of the Manual to find the replacement cost of the granite. Do you know by that table

G. ARCHAMBAULT (*Recalled for Comp. in Rebut.*) *Cross-ex.*

what would be the thickness of the granite, figured by that table, and the backing?

A.—It should give the thickness and does not. When you talk of the veneer and brick backing you know that it cannot be less than thirteen inches, because it would be against the By-laws of the City.

10 Q.—It can be more?

A.—Yes.

Q.—As to the criticism of Mr. Perry's report as to the depreciation of the mechanical part of the Sun Life. You had adopted practically the same way of reasoning in the standard building. Saying walls are good for two hundred years, the one off-setting the other, it comes to one percent.

A.—Just a minute. . .

20 Q.—You had a result of one percent for the heating, plumbing — everything?

A.—That is why I say you cannot use tables because every building is different and every case is different. Here is an incident. In the Manual it says that buildings with structural steel or reinforced concrete and solid construction will have so much a year depreciation. Do you know how many different classes of buildings that includes? In other words, I have put up a building for Ed. Archambault at Berri and St. Catherine, it is described in the Manual as being steel and reinforced concrete, whereas it is all reinforced concrete.

30

That building according to your depreciation table is in the same class as the Sun Life Building, and if I told you the walls in that building will not depreciate quicker than the Sun Life, you would say no, and rightly so. You may have a solid building, cheap brick, common brick, that is solid, but your building will not last as long as stone. And you put them in the same class.

40 That is why you can appreciate the depreciation table by making an investigation on the site, and not taking the table and saying so much.

Q.—For your punishment I will put one question. On the Transportation Building you used your brain and you made the one percent figure over all the building?

A.—That's right. You are not punishing me very much.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.