

In the Privy Council

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. 2

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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;

20

Appellant-Respondent in the Court of
King's Bench, Appeal Side,

APELLANT,

— 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. II — COMPLAINANT'S EVIDENCE (Continued) & EVIDENCE
OF THE CITY OF MONTREAL. (Page 198 to 465).**

A. SURVEYER (for Complainant) Examination in chief.

Q.—And it is the 1939 figure for the Dominion Square Building that you give at forty-four cents? It is the 1939 figures?

A.—Yes, sir.

10 And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

(End of Testimony for the 29th March)

DEPOSITION OF ARTHUR SURVEYER

20 On this Thirtieth day of March in the year of Our Lord One thousand nine hundred and forty-three personally came and appeared: Arthur Surveyer, of the City of Montreal, and there residing at Number 1321 Sherbrooke Street West, Consulting Engineer, a witness called by the Complainant, who having been duly sworn doth depose and say:—

Examined by Mr. Hazen Hansard, Attorney for the Complainant:—

30 Q.—Mr. Surveyer, have you prepared a report in connection with the Sun Life Building assessment in question?

A.—Yes, sir.

Q.—Will you please produce the original of your report as Exhibit P-21?

A.—Yes, sir.

Q.—Well, now, Mr. Surveyer, perhaps you will explain how you proceeded with your report and what conclusion you arrived at.

40 A.—Well, first, I think as regards my qualifications. . .

Q.—We are putting on the record that you have noted on the last page of your report a list of your more important qualifications.

A.—Yes. I am a consulting engineer, graduated in 1902, and I started in private practice in 1911.

But from 1911 until last June my time was divided up between private practice and the administration of the funds of a large investment trust. So in preparing this report I have taken

A. *SURVEYER (for Complainant) Examination in chief.*

the approach of an investor, the approach that an investor would take towards this building.

10 An investor would first look as to the safety of his principal. He would want to know if he is sure to get his money back, and whether he will not have to take a loss on the money he invested in this property.

He would also want to know about the marketability. That is to say, if he needs the money can he liquidate his investment quickly, or if he feels the events are not going as he thought how can he cut his losses short and get into another investment.

20 The third would be as to the return. How safe would be the return. Is he sure that the particular investment will always bring some return? And what would be the rate of the return? Would it be high, or would it be low?

30 With this in view I have examined whether a purchaser if he was told this property was offered for the price the City assess it at, Fourteen million two hundred and seventy-six thousand dollars (\$14,276,000), would he consider it a good buy? Well, he would immediately begin to figure out the probable return on his investment, and he would find out, assuming an operating income of Seven hundred thousand dollars (\$700,000), which is the figure given by Mr. Simpson, that he would only get sixty-eight of one percent (0.68%) on his money. He would immediately come to the conclusion that this is high because he can buy bonds of the Dominion of Canada which are easily marketable and are sure, on a basis of three percent (3%). He can even buy the permanent bonds at Three point two percent (3.2%).

40 He can also buy Province of Quebec bonds at Three point sixty-five percent (3.65%) or thereabouts.

So he would come to the conclusion that this price was high.

Then he would start to make an analysis himself in an attempt to determine what price he could afford to pay based on the return this building is likely to give.

A. *SURVEYER (for Complainant) Examination in chief.*

He would do two things: Either supply the whole of the purchase money, or only a part of it and hope to raise sixty per cent (60%) on a first mortgage on which he would expect to pay about four and a half percent (4½%); and twenty percent
10 (20%) of the balance on a second mortgage on which he would expect to pay six percent (6%); and he would supply himself the balance of the money, or twenty percent (20%) of the purchase price.

In that case he would expect to get a higher return than the second mortgagee because he would be assuming all the risks, and he would realize that in some years he might have to forego the return on his investment.

20. So I would figure that on the whole he would need to get five and a half to six percent (5½% to 6%) on the money paid to be of interest to him.

Now, in order to determine what price he would pay I have taken three operating incomes — Six hundred thousand dollars (\$600,000), Six hundred and fifty-thousand dollars (\$650,000), and Seven hundred thousand dollars (\$700,000). This corresponds to Sixty-five percent (65%), Seventy-percent
30 (70%) or seventy-seven percent (77%) for nearly full occupancy. This last figure is slightly higher than that given by Mr. Lobley, but practically equal to that given by Mr. Simpson.

Is Eight million dollars (\$8,000,000) a fair price and is Seven million dollars (\$7,000,000) a fair price? Which is the better? Which is the fairer price?

On page four of my report you will see the calculation
40 for Eight million dollars (\$8,000,000) purchase price. You will note that the total return on the capital varies between three point six percent (3.6%) and four point six percent (4.6%). Now, the investor would probably again come to the conclusion that that is not enough. I can buy the City of Montreal bonds at the present time at Four and a quarter percent (4¼%), and that takes into account the refinancing project which has not yet been passed. So in reality the bonds at the present time are slightly more than four and a quarter (4¼%) percent.

A. SURVEYER (for Complainant) Examination in chief.

Then he would go back and try and figure what Seven million dollars (\$7,000,000) would do. Whether that was a good enough purchase price and would give a chance for a fair return on his money. So on page five of my report I went through the
10 same calculations again and it shows there would be available return on the total money invested in the case of a Six hundred thousand dollars (\$600,000) operating income — four point four percent (4.4%); Six hundred and fifty thousand dollars (\$650,000) operating income — Five point one percent (5.1%), and in the case of a Seven hundred thousand dollars (\$700,000) operating income — Five point nine percent (5.9%).

So I think our purchaser might come to the conclusion
20 “If I can get it at that price, in view of the fact that I am keen — am desirous of going into real estate — I think I can perhaps take a risk and buy it at that price”.

So in my opinion Seven million dollars (\$7,000,000) is the value of this property based on its earning power.

Q.—I notice in the list of your qualifications that you are described as “Commissioner-Censor of the Credit Foncier Franco-Canadien”. Would you just explain what that means?
30

A.—The Credit Foncier is a large mortgage company with about Thirty-eight million dollars (\$38,000,000) of assets and the role of Commissioner-Censor, according to the charter, has to be present at all meetings of the directors so that the requirements of the charter are fulfilled in the making of loans.

Q.—Do you have to do anything in connection with the making of loans on mortgage or hypothec?

A.—The General Manager brings the loans to the Board of Directors, and the charter provides that we cannot lend more than Fifty percent (50%) of the value of the properties, and
40 that each property must have some earning power either real or potential. One of my functions would be, if we are giving out sixty percent (60%), I would say this is not according to the charter.

Q.—Do you have knowledge of the prevailing rates of return in the hypothec or mortgage market?

A.—Yes.

Q.—And can you tell us what first mortgage money brings?

A.—From five percent (5%) to Five and a half percent (5½%) on the ordinary loans, and we lend only on fifty percent (50%) of the value.

A. SURVEYER (for Complainant) Cross-examination.

We not only lend on the value but there is always an enquiry as to what is the earning power of that particular property, whether potential or real. If it is a residence we ask what could it rent for, and what could it earn, and unless it
10 earns two or three times the interest rate it is not taken up.

Q.—Do you consider, Mr. Surveyer, that the method described by Mr. Vernot in his evidence, which I believe you heard, is a proper method of valuing property for taxation purposes?

Mr. Seguin:

20 Same objection.

The Witness:—

A.—I did not hear Mr. Vernot.

By Mr. Hansard:—

Q.—Have you read his evidence?

A.—I have read the evidence, and I must say fairly quickly.
30 Two things struck me, and that was the capitalizing of the gross earnings at fifteen percent (15%) and his allowing in his original calculation of six percent (6%) for the rate of return on the money; and the second was the adoption in his final calculation of ninety percent (90%) for the replacement cost and ten percent (10%) for the commercial value in making his final decision. I cannot agree on that because I think the commercial value is the dominating factor in making a valuation.

40 Cross-examined by Mr. Seguin, Attorney for the City of Montreal:—

Q.—I see that on the last page of your report you give your qualifications as civil engineer and consulting engineer, and mostly as engineering?

A.—Yes. But I think that you must remember that I have thirteen years of exacting work with the International Bond and Share Corporation, plus four years now with Credit Foncier, and ten years on the board of directors of Holland-Canada Mortgage Company.

A. SURVEYER (for Complainant) Cross-examination.

Q.—What I was coming at — that the Exhibit P-21 was not based on your experience as a civil engineer? It is mostly a financial report?

10 A.—As I said, I started by adopting the operating income brought forward by Mr. Lobley and Mr. Simpson.

Q.—You did not consider at all the replacement value of the building, or the hypothetical value?

A.—I did not examine the replacement.

Q.—You did not consider the rental value, I suppose?

A.—I beg your pardon?

Q.—You did not consider the rental value, — you adopted the figure of other witnesses in this case?

A.—Yes.

20 Q.—And on this you have made. . .

A.—I have analyzed from the investment point of view.

Q.—You mentioned three companies dealing with mortgages.

A.—No. Two dealing with mortgages. Holland-Canada Mortgage Co. and Credit Foncier.

Q.—And one dealing in. . .?

A.—Investments in a general way.

Bonds, common stock, and everything.

30 Q.—In your approach did you take the approach of a lender of money to make your figures?

A.—I took the approach of a lender of money, for instance, in arriving at the rate of interest which I would charge on the first mortgage and the second mortgage. And I also took the point of view of the investor assuming he would buy the whole property and pay for it himself without borrowing any money.

40 Q.—As an engineer, did you consider the approach of the Sun Life Company coming to you and asking you to build them a building along the lines of the building they have, to provide them for their actual accommodation and the actual amenities they have, and to provide them their future accommodation?

Did you consider that approach?

A.—From what point of view? As a job I would take it.

Q.—Did you consider how much money it would take to provide the same amenities, the same accommodation that the Sun Life already have in the building?

A. SURVEYER (for Complainant) Cross-examination.

A.—Well, it would not take that much money if they wanted to purchase some of the present office buildings in town. They have spent a lot of money in this particular building. That, I know.

10 Q.—But is there any Montreal building large enough to accomodate the Sun Life staff in view of the space they occupy now?

A.—I think if they wanted to leave the gymnasium and the cafeteria and the assembly hall, that they could buy the Dominion Square building and that would about fill the requirements. I am not sure.

Q.—And it will perhaps accomodate only their actual staff; but five years from now. . .

20 A.—I do not know whether they intend to expand or consider to decentralize further and send their staff to various places.

There is a general movement of decentralization in various companies.

Q.—And in the Dominion Square Building they would not have a vault for them in their actual building?

30 A.—Not unless they turned some of the garages downstairs into vaults.

Q.—And to obtain the vaults, it would cost a lot?

A.—They would have to spend a lot of money.

At the present this building is not giving them a big return. Particularly if the taxes are maintained. It gives them less than one percent (1%) return.

40 Q.—Did you consider what an owner can afford to pay or spend for his head office, or his residence, or his dwelling. Did you consider that he can spend one-tenth of one percent (1/10th of 1%) of his assets? Do you think he can afford that?

A.—I don't know. It is too vague a question. It would depend on what business he is in. And so on.

Q.—In other words, if a man can afford buying and running a Rolls Royce he is not obliged to take a Ford?

A.—If he wants to be impressive he can do so, and that is what the Sun Life did.

Q.—If he wants to run a Rolls Royce he does not mean to say that the Rolls Royce will pay exactly the same value as the Ford?

A. *SURVEYER (for Complainant) Cross-examination.*

Mr. Geoffrion, K.C.:—

No, but he can sell it.

10 The Witness:—

A.—They are two different cars altogether. It is a question of earnings we are dealing in.

By Mr. Seguin:—

Q.—If you consider only earnings for purposes of assessment, a cheap cottage is worth as much as an expensive one?

20 A.—Not if you can't rent it. The rent which you will get either from a nice office building or a poor cottage is based, I think, from that. You may get a higher rent in the Sun Life building on account of its appearance. You would mention a low rent on a cottage on account of its low price. But how long will this last? Will this be for three years, or twenty-five years or ten years? The same thing applies to the building. That is why you examine it from a process of replacement. That is all right now, but what will it correspond to in two years or three years or fifty years?

30 Q.—But if a building is not designed in view of being rented chiefly to the public, do you consider it is fair for the purpose of assessment, as applying the main factor to commercial value?

A.—If the owner has made a mistake in designing his building. The value of the building is given.

The requirements of the Sun Life as owners are the same as the requirements of an ordinary tenant.

40 Q.—In the reports submitted to this Board by Mr. Simpson and Mr. Loble, they have assumed that the space occupied by the Sun Life is rented to the public on the market. Is that the approach?

A.—No. They have charged to the Sun Life what they consider is fair rentable price. It is the same as if the whole building was rented complete to the Sun Life.

Q.—Taking as a basis the same rental as upstairs?

A.—Either that, or the rent current in Montreal. It is a good yardstick. You have similar space rented to different com-

A. SURVEYER (for Complainant) Cross-examination.

panies, each willing to pay the price they are now paying. If you adopt the same price that they have been paying, that would be a very good job of estimating what would be the fair price for the Sun Life.

10 Q.—You remember that they did not put any value on the vaults.

A.—Rent on the vaults?

Q.—Yes. And they did not put any value on the extra elevator that they are using for themselves.

A.—The Sun Life is a tenant for all practical purposes. That elevator was to use themselves as a tenant.

Q.—But in other words you did not include anything for the value of using that space by the Sun Life?

20 A.—There is no special value on that. The question of part owner or full owner does not make any difference.

Here is a case. The Architects' Building at the corner of Beaver Hall Hill and Dorchester. It used to be occupied by Architects. It was purchased by the Canadian Industries Limited and is occupied by them with the exception of a few stories. That did not damage its replacement value nor its potential earning power.

30 The fact that they occupy it completely does not give it a commercial value higher than before.

Q.—Do you know the price paid for the Architects' Building.

A.—No I don't.

I know that all the buildings which were built at that time, the private buildings, have had to be reorganized, some two or three times, and their market value now is a good deal lower
40 than the consideration which was paid for them.

The Dominion Square Building I think had something like nine million dollars (\$9,000,000) of Bonds and preferred stock outstanding and it is now down to three million four hundred thousand dollars (\$3,400,000) I think.

Q.—We were on the Architects' Building. I asked you a question on that.

A.—I don't know the Architects' Building.

A. SURVEYER (for Complainant) Cross-examination.

Q.—You don't know the price paid by Canadian Industries Limited or anything like the replacement value?

A.—No.

10 Q.—You mentioned that you can buy securities on the Dominion Square Building?

A.—They are selling at 66, and if you could buy that whole of them, which you cannot, at that price, the Dominion Square Building will cost you about two and a half million dollars (\$2,500,000), and it would be a good purchase.

A.—But you realize that if we adopt the figure of Mr. Archambault, forty-four cents a cubic foot, for the Dominion Square Building, that there were bonds issued for one and a half times the right value.

20 A.—The loan was very high. As a rule the promotion money is on the common stock and I did not figure out the common stock in this building.

Q.—When you have to deal with a loan for the Credit Foncier, the main approach for you is the income which will be derived from the profit?

A.—Both. We lend on the city valuation less our own valuation, and that is the income. And we don't lend more than fifty percent of our own valuation, and we insist that the interest should be earned two or three times.

30 Q.—Do you sometimes consider the permanency of the tenants?

A.—In judging the income? Yes. If you have an office building and you have long term leases it is more valuable. If there is a doubt, that lowers the value of the security.

Q.—And you also consider the solidity of the owner?

A.—Yes.

Q.—Which is not reflected in an assessment?

A.—It should not be reflected in an assessment.

40 Q.—For assessment purposes. But which is considered by a man who lends money?

A.—Yes.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

H. J. KNUBLEY (for Complainant) Examination in chief.

DEPOSITION OF H. J. KNUBLEY

On this 30th day of March, in the year of Our Lord one thousand nine hundred and forty-three, personally came and
10 appeared; H. J. Knuble, of the Town of Hampstead, and there residing at number 5569 Queen Mary Road, Assistant General Manager, a witness called by the complainant who having been duly sworn doth depose and say as follows:—

Examined by Mr. Hazen Hansard, Attorney for the Complainant:—

Q.—You define yourself as an Assistant General Manager.
20 Of what Company is that?

A.—Montreal Trust Company.

Q.—In your capacity as such with the Montreal Trust Company, do you have anything to do with real estate and loans on mortgages?

A.—Yes.

Q.—Could you just explain what you mean in that respect?

A.—I am supervisor of the mortgage Department and a consultant in real estate matters.

Q.—How long have you been with the Montreal Trust
30 Company.

A.—About twenty-one years, twenty-two.

Q.—Have you had to do with real estate matters throughout that period?

A.—Yes.

Q.—Are you familiar with the prevailing rates either now or in 1941, of returns on first mortgage money in this market?

A.—Yes.

Q.—What would you say would be the prevailing rate?

40 A.—The prevailing rate is five percent on first-class mortgage loans.

Q.—Is that a loan on one hundred percent of the value of the property?

A.—No.

Q.—So far as your Company is concerned, on what percentage do you loan at that rate?

A.—We lend on fifty percent of our appraisers valuation.

H. J. KNUBLEY (for Complainant) Cross-examination.

Q.—Are you able to say anything with respect to the yield that a purchaser of real estate ought to expect assuming a first-class real estate proposition?

A.—Yes. I would say an investor would expect a return
10 of at least six percent net on an investment in real estate.

Q.—To return to mortgage money, you say you lend on five percent on the first fifty percent of your valuation. If a second mortgage were negotiated on the remainder would the rate on that mortgage be higher or lower?

A.—Positively higher I would say.

Q.—Can you give me exact figures in that connection?

A.—No. I should imagine however that the rate on a second mortgage would be at least two percent higher. It depends on the
20 balance of the equity in the property.

Cross-examined by Mr. Seguin:—

Q.—If you were called upon to grant a mortgage on the Windsor Station or the Notre Dame Church, or the mills of the Dominion Textile, what approach would you take?

By Mr. Hansard:—

30 Q.—Did you say you made these valuations yourself, Mr. Knubley?

A.—No.

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

A. J. PAINE (for Complainant) Examination in chief.

DEPOSITION OF ARTHUR J. PAINE

On this 30th day of March, in the year of Our Lord one thousand nine hundred and forty-three, personally came and
10 appeared: Arthr J. Paine, of the City of Montreal, and there residing at number 3856 Draper Avenue, a witness called by the complainant who having been duly sworn doth depose and say as follows:—

Examined by Mr. Hazen Hansard, Attorney for the Complainant:—

20 Q.—Mr. Paine, are you familiar with the reports which have been filed by Mr. Perrault and Mr. Archambault in this case?

A.—Yes I am.

Q.—They each testified that you had furnished them with certain measurements of the Sun Life Building incorporated in the reports.

Would you state for the Board whether these figures are accurate?

30 A.—Yes, I furnished them with the measurements so far as areas go, and cubic contents in one or two instances, and these to the best of my knowledge are accurate. I have figured them myself from the original plans.

No Cross-examination.

And further deponent saith not.

40

J. T. Harrington,
Official Court Reporter.

D. L. MACAULAY (for Complainant) Examination in chief.

DEPOSITION OF DOUGLAS L. MACAULAY

On this 30th day of March, in the year of Our Lord one thousand nine hundred and forty-three, personally came and
10 appeared: Douglas L. Macaulay, Hudson Heights, Que., Assistant Secretary, a witness called by the Complainant who having been duly sworn doth depose and say as follows:—

Examined by Mr. Hazen Hansard, Attorney for the Complainant:—

Q.—What is your occupation with the Sun Life Company at the present time?

20 A.—I have been for approximately twenty years Assistant Secretary, and particularly responsible for the real estate properties of the Company.

Q.—Were you with the Company then in 1931?

A.—I was.

Q.—And did you have anything to do with the assessment of the property by the City of Montreal — of the Company's property — in that year?

A.—I had nothing to do with the assessment, thank God. But I did have to do a lot with the appeal from the tax.

30 Q.—At what figure was the property assessed?

A.—Twelve million four hundred thousand dollars (\$12,400,000).

Q.—You show me a photostatic copy of a document dated November 18, 1931, which indicates that the valuation was reduced from twelve million four hundred thousand dollars (\$12,400,000) to eight million dollars (\$8,000,000) in that year, by the Board of Assessors?

A.—Which was a Board comparable to this Board at that time.

40 Q.—Will you produce that as exhibit P-22?

A.—Yes.

Q.—Are you familiar with the assessment by the City of the Sun Life property during the intervening years to the present time.

A.—I am, sir.

Q.—Can you tell us in general way what has been done up to the assessment presently in dispute?

A.—During the period commencing with our appeal in 1931, when the Board of Assessors reduced our assessment to

D. L. MACAULAY (for Complainant) Examination in chief.

eight million dollars (\$8,000,000), up to the time of this assessment now complained of, our assessment had been increased only in definite proportion to the amount of new space in the building that was completed in the year under assessment.

10

The increase were in proportion to the amount of increased space completed.

Q.—Was there any allowance made during that period for depreciation or obsolescence?

A.—No allowance whatsoever.

Q.—Will you tell the Board whether during the entire period from the time of the eight million dollars (\$8,000,000) fixed in 1931 to date, there has been any change or increase in the Building or its surroundings, apart from changes involved in adding finished space floor by floor?

20

A.—In answer to that question I would say that in carrying out the duties I have had for the last twenty years I am not without a good knowledge of the Building, and I know of absolutely nothing with the exception of what you have already stated that would bring about any principal change in the assessed value of the property other than a downward one owing to depreciation.

30

Q.—Now, we have heard about the Sun Life Building being designed as an office building to house the head office staff of the Company. Have you anything to say about that?

A.—Well, at the time that the design of the Building was being undertaken the Company was growing at a very high rate. The staff was increasing very rapidly. The actual figures will be given by another witness, and consequently it was anticipated that eventually the Company's Head Office would require a building of the approximate proportions of the present Building.

40

Consequently the building was designed with the object in view of its being used for offices for the Head Office staff and rented to tenants, with the idea always in the back of the designer's mind that eventually it would probably become one hundred percent occupied by the Sun Life.

It is not necessary for me to tell you that that situation has not developed. The trend in the last eleven years has been continually downward in numbers of Company staff; so that at the time the designs were made the population curve was of a

D. L. MACAULAY (for Complainant) Cross-examination.

very steep upward trend, and which was offset and the population curve is now going downward. The occupancy has more or less followed that curve.

10 Q.—Are you able to say whether this is a temporary situation at the present time, or what are the prospects?

A.—Well, the trend shows no indication of being advanced. There are various causes, with which I won't worry the Court by attempting to discuss them. Actually I can see no prospects in my lifetime or the lifetime of that Building, of that Building being wholly used by the Sun Life Company for the housing of the Sun Life Staff.

20 Cross-examined by Mr. Seguin, Attorney for the City of Montreal:—

Q.—You have produced as exhibit P-22 a document showing that on November 18, 1931 a reduction of the assessment was granted?

A.—Yes.

Q.—The entry on that roll in that special year of 1931 had been made a few months previous to that because the roll had been deposited on September 1?

30 A.—I think Mr. Hulse can tell you the reduction adopted by the City better than I can.

Q.—Did you know at that time the law concerning buildings partly complete and partly unfinished?

A.—According to my recollection there was no provision in the law for partially complete and partially not.

Mr. Geoffrion, K.C.:—

If it was not then it is not now.

40 By Mr. Seguin:—

Q.—You will realize that the Sun Life Company was in a period of transition, because that year you spent three million two hundred and seven thousand dollars (\$3,207,000) — in 1931?

A.—Which presumably was in the assessment.

Q.—A building which is under some construction deserves some depreciation for purposes of assessment?

A.—I think I should find out the total money spent on the building since that time is some of the like of One million

D. L. MACAULAY (for Complainant) Cross-examination.

six hundred thousand dollars (\$1,600,000) — The amount of money to bring the building from the state in which it was then to the present state of completion was One million six hundred thousand dollars (\$1,600,000).

10

By the Board:—

Q.—From 1931?

A.—Yes.

By Mr. Seguin:—

20 Q.—In the same year of 1931 you spent Three million two hundred and seven thousand dollars (\$3,207,000)?

A.—And the year before.

Q.—Not the year before. The year you made the complaint for the assessment.

A.—Quite. You have the figures. Presumably that's correct.

Q.—And at that time, how many storeys?

30 A.—The assessment of the year before, the assessment of the building the year before was Seven million five hundred thousand dollars (\$7,500,000), and three million dollars (\$3,000,000), according to your assessment, was expended and the assessment was increased to Twelve million four hundred thousand dollars (\$12,400,000), which we protested successfully. And the Board heard us and that was the award of the Board. And the same situation has developed again.

Q.—At that time how many storeys of the building were not even divided, not finished inside?

A.—I could not answer that question.

Q.—At least twelve or thirteen?

A.—How many were incomplete?

40

Q.—Yes.

A.—At least, unfinished?

Q.—Yes.

A.—Without looking at the record I could not tell you.

Q.—There was a very considerable part of the building not finished and on which there were no partitions at all?

A.—There were several floors completely unfinished naturally, otherwise the One million six hundred thousand dollars (\$1,600,000) would not have been spent.

Q.—Undivided and obviously not rented?

A.—Unfinished.

D. L. MACAULAY (for Complainant) Cross-examination.

Q.—Don't you think that that is an element which at that time had to be considered?

Mr. Hansard:—

10

Should it be now then? Because there is some that way now.

By Mr. Seguin:—

Q.—Don't you consider that that was one of the elements to be considered?

A.—The question of some floors being unfinished?

20

Q.—Yes, and unoccupied?

A.—Quite so.

Q.—You are aware that since 1937 all the rolls of the City were pegged?

A.—I learned that the other day. Ours apparently was not.

Q.—And that a completely new roll was deposited December 1st 1941?

A.—I was not aware of it.

Q.—Now, what do you mean about the trend of the population?

30 A.—The Sun Life population was decreased. Not the total population.

Q.—You mean to say the staff?

A.—The number of office staff and employees in the building.

By the Board:—

Q.—You were not centralizing anymore?

40 A.—There were several reasons. Change of policy, and such like.

By Mr. Seguin:—

Q.—Mr. Macaulay, the cross-examination would be very long on that, but you have some very interesting data and the figures of the Sun Life of Canada reports for the year 1941, which gives figures, the increase in the number of policies, increase in number of assets from so and so to so and so; will you produce to the Board one of these statements as Exhibit D-3?

H. McAUSLANE (for Complainant) Examination in chief.

Mr. Geoffrion, K.C.:—

I object to the filing of such a statement as being irrelevant.

10 The President:—

Under reserve.

By Mr. Seguin:—

Q.—You realize that on this statement produced as Exhibit D-3, that it is said on behalf of the President, I presume, that there is a considerable shortage of employees due to war conditions and so forth?

20 A.—I think the next witness will cover that.

The President:—

He has stated that the population has decreased for many reasons, and this is one of the reasons.

And further deponent saith not.

30

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF HARRY McAUSLANE

On this Thirtieth day of March, in the year of Our Lord One thousand nine hundred and forty-three, personally came and appeared: Harry McAuslane, of the City of Montreal, and there
40 residing at Number 4505 Wilson Avenue, Superintendant of real estate for the Complainant, who having been duly called doth depose and say, as follows:—

Examined by Mr. Hazen Hansard, Attorney for the Complainant:—

Q.—Mr. McAuslane, as superintendent of real estate for the Sun Life Assurance Company do you have anything to do with the Sun Life Building and boiler house?

A.—I do.

H. McAUSLANE (for Complainant) Examination in chief.

Q.—You are familiar with these properties?

A.—Yes.

Q.—Now, before we get into the detailed figures, mention
was made by, I think, Mr. Vernot in connection with the boiler
10 house of the fact that you supplied some steam to Loew's Theatre.
Would you explain the nature of that transaction and how it
arose?

A.—When our building was first built and for a short time
after, there was a problem of smoke due to Loew's.

We made a contract with Loew's, an annual contract, of
a purely non-profit nature, to fulfill their steam requirements.
There is no profit, and the money we got last year was Two thou-
20 sand six hundred dollars (\$2,600) for the whole year.

Q.—In return for that I take it that Loew's stopped using
their furnace and making the smoke?

A.—That's right, yes.

Q.—Can you give us, Mr. McAuslane, the operating costs
of the Sun Life Building for the year 1941?

A.—Those figures are the figures supplied by Mr. Simp-
son, — The figures supplied to Mr. Simpson.

30 The figure through our books was adjusted to take away
the municipal taxes since they were based on the then assessment,
and he was basing his taxes on the value the building should be.

We further adjusted it to provide for supervision salaries
that were not charged into accounts of the real estate depart-
ment. It is our custom in the Sun Life that all officers are charged
into general expense without reference to the functions they may
have in the various departments. However, in the real estate
department, since we are trying to establish the costs of running
40 the particular building, we adjusted our expenses by fifty per-
cent (50%) of the officers and the clerical staff involved. We
did not take the full amount.

Q.—How many officers does this involve?

A.—Mr. Paine, Mr. Macaulay, myself, and three staff.

Q.—Who work for you?

A.—Merely with us.

Q.—You show me a sheet listing operating expenses for
the Sun Life, 1941, and I shall ask you to produce that as Exhibit
P-23?

H. McAUSLANE (for Complainant) Examination in chief.

A.—Yes. I add to this: we also had in this figure a certain few people who were then known as office servants, who worked exclusively for the Sun Life, and the, due to our accounting, their expense was also charged into general expense of the company.
10 In 1942 they were charged directly into real estate.

Q.—From Exhibit P-23 the total operating expense is Four hundred and thirty-six thousand nine hundred and ninety-two dollars and sixty-four cents (\$436,992.64).

A.—Yes.

Q.—Have you had prepared curves showing the employment of staff at the Sun Life head office, and the Sun Life occupancy of the Sun Life Building?

A.—I have a graph showing the staff and figures showing the occupancy in space.
20

Q.—Also what the staff is. You show me a graph which runs from December 31st 1920 up to date?

A.—That's right.

Q.—That graph indicates the numerical size of the head office staff of the Sun Life Company during the period indicated?

A.—Yes.

Q.—I observe that from sometime in 1930 the trend has been continually downward?

A.—Yes.

Q.—That is to say, the downward trend was considerably prior to the outbreak of the present war?
30

A.—Oh yes.

Q.—So that will be clear. When you use the expression "head office staff" that covered everyone who works in the Sun Life Building with the exception of the maintenance staff of the building?

A.—For the building itself; it covers everyone else.

40 By Mr. Geoffrion, K.C.:—

Q.—That work for the tenants also indirectly?

A.—Yes, as building employees.

By Mr. Hansard:—

Q.—Let us take the question of the company of space in the building by the Sun Life Company.

Will you produce this graph as Exhibit P-24?

H. McAUSLANE (for Complainant) Examination in chief.

A.—Yes sir. According to my opinion, and the opinion of the various people in the Sun Life who should know, there is no likelihood of the Sun Life staff increasing. That condition is not peculiar to our company, it applies to all large insurance companies at the present time. It is a condition that has been apparent for a number of years.

On the question of expansion, it just won't be as far as anyone can see for some years to come.

Q.—On the question of occupancy by the Sun Life of its own building. You show me a statement which I would ask you to produce as Exhibit P-25, giving percentage from the year 1938 to date. Would you explain that, please?

A.—You will notice that as in the case of the staff that our occupancy has been decreasing. In 1941 it was approximately half the entire space of the building — the entire rentable space. Since then it has gone down. In March of this year it was Forty-eight point twenty-five percent (48.25%).

By Mr. Seguin:—

I am objecting to all reference after December 1st 1941. That was when the assessment was made.

Mr. Geoffrion, K.C.:—

My point is, if this is incidental, temporary, the conditions of the trend is material.

The Witness:—

At the present time considerable of our people have gone. They have been replaced to a large extent by people who are not permanent employees and will not remain. Basically, what we are interested in is the number of people we got and the amount of space required to do the business. If we don't need the space we don't use it.

By Mr. Hansard:—

Q.—Do your remarks with respect to the trend of the number of employees of head office for the future apply as well to the occupancy of the building by the company?

A.—Yes, they do.

H. McAUSLANE (for Complainant) Examination in chief.

Q.—Would you just explain to the Board what the original intentions as to the occupancy of this building by the company were, and what are the present prospects in that regard?

10 A.—As already stated, the intention was that this company would finally occupy the entire building.

However, it was to be occupied as an office building.

By Mr. St. Pierre, K.C.:—

Q.—And was built for that purpose?

A.—Oh yes, as an office building. It was intended to be occupied as an office building.

20 It has now been found that we do not want all that space and we are renting all we can find tenants for.

It is quite apparent that the space we have is worth while to other companies also. There is nothing particularly peculiar about the Sun Life space that does not render it worth while for others. It is a commercial building and is being used as such.

30 We have a number of tenants occupying more than one floor — one floor and more. One is occupying several floors; one two; and others one.

It is the same kind of space as the others, and they are occupying it as office space.

40 We have at present one indication of the trend we expect, and that is at present we have two possibilities of renting, which are restricted on the ground of not getting priorities for certain things. The possibilities are of renting two different floors to different people. The lease is for ten years in one case. We do not anticipate using that space or we would not enter into a lease for that space.

Q.—Would you tell the Board whether there is any difference as office space in the space occupied by the tenants and the space occupied by the Sun Life Company?

A.—A few years ago, included in the figures I already gave, we occupied from the eighth floor downwards — from the ground floor to the eighth inclusive. Since then, we have released the Eighth, a good part of the Seventh, and a good part of the

H. McAUSLANE (for Complainant) Examination in chief.

Sixth, and a good part of the Fourth. I mean particularly the Seventh and Sixth floors. The Sixth was intended as a cafeteria, one-half of which is being used as such. The other half — the west side is exactly like the east — is rented to a tenant and is being
10 used as office space.

Similarly on the Seventh floor we had two places, one to be used as a billiard room and one as a men's lunch room, and presumably might be figured for special purposes. We took out the billiard tables and lunch room and rented all as office space with a minimum of expense. And always with the expense of putting in adequate equipment to take care of adequate modern lighting, which we do not have in the Sun Life space.

20 Q.—There is still some vacant unfinished space in the building?

A.—Yes.

Q.—Will you tell the Board whether, if and when that space is finished, it will be for occupancy by the Sun Life or by tenants?

A.—It will all be for occupancy by tenants.

30 One other thing. At the beginning when the building was built, it was figured out by someone that the population of that building, for the Sun Life I suppose, would be Ten thousand (10,000) people. The population of the building approximately ninety percent (90%) complete is some Forty-four hundred to Forty-five hundred (4400 to 4500) people. If you add the other Ten percent (10%), it would be Five thousand (5,000).

Q.—The population of the building?

A.—When complete will be in the vicinity of Five thousand (5,000).

40 Q.—The population you speak of is both Sun Life and tenants?

A.—Yes. The final population will be in the vicinity of five thousand (5,000).

As I said the services, I refer particularly to elevators and washrooms, were laid out for ten thousand (10,000) people. The merest look at the space will show that we don't need the washrooms we have, and do not use them.

H. McAUSLANE (for Complainant) Examination in chief.

That accounts in part for the wide discrepancy in rentable space as against any other building of good calibre.

By Mr. Geoffrion, K.C.:—

10

Q.—What about space reserved for elevators?

A.—They are not there, the space is there. The shafts are there.

Q.—Doing nothing?

A.—No. Just lying there.

By Mr. Hansard:—

20

Q.—Will you just refer to the Joint Admission and look particularly at Schedule “B”. Would you explain for the benefit of the Board what Schedule “B” is with particular reference to the headings at the top of the columns.

A.—This sheet “B” was the final measurements we arrived at, the various people interested, as against what Mr. Mills and Mr. Desaulniers did in agreement. There was finally a difference of some thirty-eight thousand (38,000) feet that could be considered rentable, and a difference of some four thousand (4,000) odd in measurements.

30

Q.—I see that first of all you have columns showing occupied and unoccupied space, either by the company or tenants, and finished or unfinished?

A.—Yes.

Q.—Then Sun Life total rentable area.

Is that the total area the Sun Life concedes to be rented?

A.—Yes.

40

Q.—In the next column there is the changes in measurement, actual physical measurement.

A.—Yes.

Q.—And in the column headed “Space considered rentable by Mills and Desaulniers, but not conceded by the Sun Life”, would you explain the main items? I see, for instance, at the top of that column for the Twenty-fourth floor there is some Nine thousand three hundred and twenty-eight feet which is mentioned?

A.—Perhaps these figures can say more clearly than anyone what the space is like, and show if it is rentable.

H. McAUSLANE (for Complainant) Examination in chief.

You have these ducts going completely around the walls...

Q.—You show me a series of nine (9) photographs each with blue slips tacked to it identifying it, and I notice these are
10 all of the Twenty-fourth floor.

A.—Yes.

Q.—Would you please produce these nine (9) photographs in one bundle as Exhibit P-26?

A.—Yes.

Mr. Seguin:—

I am objecting to the production of the documents because
20 there is some written explanatory notes at the foot of each, and I have not the time to read them.

Mr. Hansard:—

I understand that the explanatory notes tacked on the foot of each photograph refer to the space shown in the photograph?

A.—Or to another one identifying it by number.

30 Q.—Will you please refer to these photographs and exhibit them to the Board and explain them?

A.—In the case of this photograph, No. 2, there is a six foot rod to indicate the amount by which the ducts are from the floor. In this they are three feet eleven inches above the floor.

Q.—The ducts you mention are ventilation ducts?

A.—Yes.

Q.—Perhaps you might show them to the members of the Board (witness complies).

40 Will you explain to the Board what are these ducts which appear in the photographs?

A.—They are for heating mains and air shafts and the like.

By the President:—

Q.—You are trying to say that the whole of the Twenty-fourth floor cannot be used as rentable space?

A.—That's right.

H. McAUSLANE (for Complainant) Examination in chief.

By Mr. Hansard:—

Q.—You have referred to heating mains, I take it those are the smaller pipes?

10 A.—Yes.

Q.—And the ducts are the large black metal things, which in photograph 2 occupy roughly the top half of the photograph?

A.—Yes.

Q.—And in photograph Number 8 run along the windows, between the windows and the floor space?

A.—Yes.

Q.—And also run along the right hand side of that photograph?

20 A.—Yes.

Q.—What in photograph 8 would be the height of these ducts on each side?

A.—I don't know. They are about four feet.

Q.—The man shown in photograph 7, is that the same size as the rod in photograph 8?

A.—Substantially the same size.

Q.—Does the caption at the bottom of each of the photographs truthfully explain the situation of that floor?

A.—Yes, that is correct.

30 Q.—Have you something to say about photograph No. 1?

A.—Yes. Particular attention should be paid to the blue part at the bottom because due to the lack of doors and stairways, under the laws and regulations of safety in public buildings, chapter 176, this cannot be occupied by the public due to not providing the necessary safety factors.

Q.—Speaking generally with reference to any floor space on that floor, is it accessible to the stairways or elevators of the building?

40 A.—There is only one stairway, and only one freight elevator. The others stop one floor below.

Q.—Can you get by this means of access to the so-called open space on that floor standing erect?

A.—No. You have to crawl. It is not always even three feet. If you crawl and not be too careless about it you might make it.

Q.—In the column we were discussing there are a number of smaller items from the Twenty-third floor to the Eleventh floor. Can you in two or three words explain what they are?

H. McAUSLANE (for Complainant) Examination in chief.

A.—All these without exception, they are basins. In the locker rooms where lockers are kept, not in the toilets. These are the spaces immediately adjacent to and under the basin. We don't feel that you can rent under the basins, and that is practically the same on each floor.

10 Q.—Then the Ninth floor, and there is Eight thousand seven hundred and thirty-eight feet in dispute there. What is that about?

A.—This is the top portion of the gymnasium.

Q.—Is there anything there?

A.—In one little corner, the gallery of the gymnasium, which we have agreed is rentable. The rest is just air.

20 Q.—So the Eight thousand seven hundred and thirty-eight (8,738) feet is an imaginary floor?

A.—That is not there.

Q.—I see on 7A on the next page, Five thousand one hundred and thirty feet (5,130), which apparently is the same situation with respect of the Assembly Hall?

A.—Exactly the same. The gallery is space, the rest is air.

Q.—On the first floor there is Five thousand six hundred and sixty-eight square feet (5,668), is that the same with respect to the banking hall?

30 A.—Yes. That is the top portion of the banking hall where no floor exists.

Q.—And the other figures in that column, can you deal with them in one bite? Your evidence with respect to the other floors except the ones we dealt with specially, covers all the smaller items?

A.—Yes. There is one thing more, something of the same pattern. Messrs Mills and Desaulniers when measuring the vaults included the janitors' quarters and pipe shafts in the area. And obviously it was a mistake.

40 Q.—To conclude your evidence with respect to Schedule "B" of the Joint Admission, I see that at the extreme right hand side of each page there is a total figure given. Is that the total of all the area, either conceded by the Sun Life or contended by Messrs. Desaulniers and Mills?

A.—Yes, that is the total.

Q.—Before leaving the Joint Admission, do you happen to know, Mr. McAuslane, how the figures of book value and market value on Schedule "F" are made up? What they comprise?

A.—Book value and market value have been calculated on cost less two percent (2%). That is only a mathematical calculation.

H. McAUSLANE (for Complainant) Examination in chief.

Q.—We have here something else about the balustrades, I think they are on the Twenty-third and Twentieth floors, is that so?

A.—Yes.

10 Q.—Have you some photographs in respect of that?

A.—Yes.

Q.—You hand me four photographs numbered 1 to 4, taken on the Twentieth Floor, showing a balustrade through the windows, and I shall ask you to produce this as Exhibit P-27.

A.—Yes. The four are taken from the East, North, South and West, and the time and conditions are set out on the print.

Q.—The time and weather conditions?

A.—And the distance from the window, and so on.

20 Q.—Will you produce four similar photographs as Exhibit P-28, of the Twenty-third floor?

A.—Yes.

Q.—I notice in these eight photographs of the balustrades, you see through the window a species of stone obstruction. Is that the balustrade to which a reference has been made?

A.—That is the balustrade, yes.

30 The significance of these two floors is that we have shown these two floors, particularly the twentieth — the Twenty-third only once — we have shown with the perspective evidence why no one, regardless of price, a sensible price, have been interested in renting that space.

The light is very greatly restricted and the entire view is taken away. You can't see anything but a bit of sky, and not much of that.

Q.—Have you tried to rent, yourself, this space?

40 A.—Yes. We offered the Twentieth at a dollar per square foot and people went to another people. They were not interested.

Q.—You are familiar with the Sun Life Building, Mr. McAuslane. Will you tell me whether it is or is not a commercial building?

A.—It is a commercial building.

Q.—I understand that a portion of the building is rented to tenants and a portion occupied by the Sun Life?

A.—Yes.

Q.—Could the portion occupied by the Sun Life Company be rented to tenants, particularly if the Sun Life moved out?

H. McAUSSLANE (for Complainant) Cross-examination.

A.—Yes. The only difference is, you would not get as much money for it. Narrower space. It is further away from the windows.

10 The space referred to before on the Eighth, Seventh, Sixth and Fourth floors, the area involved was Sixty-six thousand (66,000) square feet, and that was rented to a considerable number of tenants at varying prices according to what we were able to get, and the average run there was a dollar forty-eight cents (\$1.48) for that space. That, in turn, is better than the space below because there is a set-back there. The greatest depth is on the Second, Third and Fourth floors.

20 Q.—With the permission of the Court, may we annex to the graph this statement giving the same figures?

The Court:—

Yes.

The Witness:—

These are plotted on the graph.

30 By Mr. Geoffrion, K.C.:—

Q.—Are they on the graph?

A.—Yes.

Mr. Hansard:—

40 We are annexing to P-24 a list giving the actual totals of the head office staff.

Cross-examined by Mr. R. N. Seguin, Attorney for the City of Montreal:—

Q.—A few minutes ago you made reference to a Schedule “F”, I think, of the Admission.

A.—Yes.

Q.—You see that on this Schedule “F” there is two columns referring to values?

A.—Yes.

H. McAUSLANE (for Complainant) Cross-examination.

Q.—On the first column it is marked “Book Value”, and on the second it is “Market Value”?

A.—Yes.

10 Q.—You have told this Board that the policy of the Company was to take two percent less — take the money spent less two percent a year?

A.—Yes.

Q.—And I presume also adding what is spent on capital? Capital improvement every year?

A.—Yes.

Q.—Does this refer to the book value or the market?

A.—Both. They are the same. It refers to both.

20 I can probably save you some time. You will notice here that we have the two running side by side. During these years, and I was not there at the time but I can give the answer, the answer is that the book value remained constant and the market value was reduced by a reserve set aside in the liabilities in respect to the assets. The effect was the same of course. The difference between the two was set up as a liability.

Q.—This has existed like that since 1936?

A.—Yes.

30 Q.—Before 1936 you were carrying a book value of Twenty-one million six hundred and seventy-six thousand dollars (\$21,676,000), while the market value was Seventeen million six hundred and seventy-six thousand and a few odd dollars?

A.—Yes.

Q.—So you made a change in that year between the book value and the market value?

A.—I have already told you what we did.

40 We have a book value and a reserve on the other hand. In the scheme of things it makes no difference whether you have a net asset or a gross asset and liability.

You have Twenty-one million book value, and a liability of Four million on the other side, then the difference between the two, being the market value, is Seventeen million. It is simple arithmetic. What we did instead of seeping a reserve as a vague thing, we applied it specifically against the building and wrote it down on the basis I have outlined.

H. McAUSLANE (for Complainant) Cross-examination.

Q.—So if you took the money you have spent and reduced two percent per year the money so spent, you will come to Sixteen million two hundred and fifty-eight thousand (\$16,258,000) — the same result?

10 A.—Exactly, and positively. That is the way we do it.

Q.—And you have the exact picture of the figure we have but add every year the money spent every year?

A.—Oh yes.

Q.—To have the book value or market value you have to add every year the amount which you show as being spent by the company from year to year in Schedule “A”?

A.—Yes, that’s right. To quote a hypothetical case, if the book value is Ten million dollars (\$10,000) two percent depreciation would be Two hundred thousand dollars (\$200,000).

20 Q.—Will you compare Schedule “A” and Schedule “F” and make your own figure for the year 1938 to see if it checks.

A.—There is one thing which I should mention, which is the customary way of figuring these things — and that is you assume that the money spent this year was all spent on the 30th June. The money spent that year bears one percent depreciation because it is half of one year.

I don’t know if it comes to the exact figure. I see nothing
30 to get excited about. 1937 is your previous year, to which you add your disbursements during that year and you apply one percent to the disbursements of that year and you take off two percent of your balance, and it comes to very nearly the same figure.

Q.—What is it?

A.—Seventeen thousand and eight. I have Seventeen thousand and one, I think.

40 Q.—Overnight, will you check for the last six years and bring it tomorrow?

A.—Yes.

Q.—You have made reference to the Seventh-A floor.

A.—I did not refer to that.

Q.—As being black space?

A.—No.

Q.—All inside space on account of balustrade?

A.—That was the Twentieth and Twenty-third.

Q.—You made no reference to Floor Seven-A?

H. McAUSLANE (for Complainant) Cross-examination.

Mr. Hansard:—

I asked a question in respect of Seven-A in Schedule B,
about the five thousand one hundred and thirty (5,130) feet in
10 dispute.

By Mr. Seguin:—

Q.—Do you consider that storey as containing rental area?
Can that storey be occupied?

A.—As it is now?

Q.—No, if finished.

A.—It is now.

Q.—What are the storeys in the building which you con-
sider as being of no use for tenancy?
20

A.—Seven-A, with the exception of one little bit to the
South; Sixteen-A, which is between the Sixteenth and Seven-
teenth; and the Twenty-fourth floor that I have mentioned,
which is of no value at all.

Q.—Twenty-four and Sixteen-A?

A.—And most of Seven-A. There is a little on Seven-A
— a dentist and the bottom part of our hospital. Hypothetically
the entire floor is a service floor, no windows or anything.

Q.—Can it be rented for an automobile show or something
that takes place at night?
30

A.—No.

Q.—Or Assembly hall?

A.—An Assembly Hall between pipes?

Q.—I mean on the Twenty-fourth.

A.—It is only three feet eleven inches under the pipes.

Q.—One of the main discrepancies between Messrs Desaul-
niers and Mills and yours as to the areas is from the assembly
hall, the banking hall, the gymnasium and the Twenty-fourth
40 floor.

A.—That is most of it.

Q.—As far as I can see this discrepancy amounts to about
Twenty-one thousand (21,000) feet for all of these four items?

A.—I think it is more than that. Twenty-eight thousand
(28,000) I make it.

Q.—As far as I can see, Mr. Mills has adopted a different
way of measuring than you did.

They considered that this space occupying a height of
twenty-five or twenty-six feet should be considered as being the
equivalent of two floors.

A.—I consider they did.

H. McAUSLANE (for Complainant) Cross-examination.

Q.—On your side, the Sun Life has considered that as one floor, and if there was a balcony they have added to it the measurement of the balcony.

A.—We have considered it exactly as you see it.

10 Q.—Mr. Chairman, there were so many figures and documents that I have not had time to digest them and read them over yet, and I should like to do so before continuing my cross-examination of the witness.

(The Chairman ordered the hearing adjourned until tomorrow, 31st March 1943, at 2.15 P.M.)

J. T. Harrington,
Official Court Reporter.

20

31st March 1943.

Cross-examination of Mr. McAuslane continued:

By Mr. Seguin:—

30 Q.—The office of the Sun Life Company on Metcalfe Street is the head office for the company?

A.—Yes.

Q.—It is the head office for all the branches in Canada and the branches in the United States, and the head office for all the branches elsewhere in the British Empire and other countries?

A.—That's correct.

Q.—And all the business from the branches comes to the head office?

A.—What do you mean by "all the business"?

40 A.—All the operations of the company are transacted through the head office?

A.—Oh no.

Q.—The branches are not independent?

A.—In Canadian and American branches, basically the branches act as writers of new business; with cheques being issued in Montreal. In the foreign field they handle their own cases, with merely duplicate records in Montreal.

Q.—In round figures would you tell us the amount of insurance in force in 1927 and the same figure for 1941?

A.—I cannot tell you. I don't know.

H. McAUSLANE (for Complainant) Cross-examination.

Q.—Roughly, between 1927 and 1942, the amount of policies are about doubled?

A.—It might be so. If our statements show it.

10 Q.—And the same thing applies to the assets of the company?

A.—That might be so, I don't know.

Q.—I asked you yesterday to produce the Annual General Statements of the Company, the report from the President to the Directors of the Company for 1941.

A.—You did not ask me to produce that.

Mr. Hansard:—

20 Do you refer to the advertising pamphlet you referred to yesterday, Mr. Seguin?

Mr. Seguin:—

No, the book I exhibited to the witness entitled "Report to You".

Mr. Hansard:—

30 That is not the Annual General Statement of the Company, or anything like it.

Mr. Seguin:—

I asked for the production of the document as an exhibit.

The Witness:—

40 I did not hear you.

Mr. Hansard:—

Under reserve of our objection. I think it is irrelevant.

By Mr. Seguin:—

Q.—Will you produce this as Exhibit D-3?

A.—Yes.

H. McAUSLANE (for Complainant) Cross-examination.

The Court:—

Under reserve.

10 Q.—Now, Mr. McAuslane. I also asked you to check some figures on the market value and the book value of the building of the Company?

A.—I have that for you here.

Q.—And you told this Board that the market value or book value represented only the cost of the property to the company less two percent.

20 A.—Yes. I should have amplified that a little. We have the power house and the head office building shown together with the land, the whole project. We have elected not to depreciate the land so as to take it out and set it aside. And the head office building we depreciate the cost right through. The total of this depreciation here from this total cost column is the book value and market value.

The power house is depreciated at five percent, I should have mentioned yesterday. The main building is two percent, and the power house is five percent with the land not depreciated at all.

30 Q.—What do you do with the capital expenses every year on the building?

A.—The money that we spend of a capital nature?

Q.—Yes.

A.—It goes into the book value with the depreciation coming off. You might have, supposing our depreciation is Four hundred and forty-nine thousand dollars (\$449,000) . . .

Mr. Hansard:—

40 The witness is referring to a statement. I think it would be clearer if we had that knowledge in the record.

By Mr. Seguin:—

Q.—Would you produce this as Exhibit D-4?

A.—Yes.

Q.—Your figure for every year is the cost of the property to the company plus the only capital expenses, less two percent?

A.—Two and Five percent.

H. McAUSLANE (for Complainant) Cross-examination.

Q.—And there is nothing else to constitute your book value?

A.—No.

10 Q.—You have produced yesterday a graph showing from the year 1920 to the year 1942 the number of employees which the company had as its head office staff?

A.—Yes, exclusive of building staff.

Q.—I see that in 1930 you had Two thousand seven hundred and seventy-four (2,774) constituting the head office staff.

A.—I think that is what it says. I have not a copy of it.

Q.—What categories of employee were you including in that figure?

20 A.—All the clerical staff for the head office of the Sun Life of Canada.

Q.—Were you comprising in that the agents, the field agents?

A.—No. There may have been one or two. Generally speaking the question you are asking is: are agency buyers included? No, they are not.

Q.—Were your field agents in Montreal included in this figure?

A.—No, not at all.

30 Q.—And in 1941 you don't include your field agents, or agents, in the number of one thousand six hundred and seventy-two (1,672) employees?

A.—No. If they are it would be a mistake.

Q.—And are the head office executives — the executive officers of the company, included in what you call the head office staff?

A.—Yes, they are all included.

Q.—What about the number of your agents in Montreal attached or coming to the head office?

40 A.—I don't know. Do you want a guess? I can give a reasonable guess probably. About a hundred, in that vicinity.

Q.—Perhaps more or less?

A.—It would not vary materially from that figure.

Q.—Have you also field agents in the adjoining vicinity of Montreal? Attached to the head office in Montreal and transacting their business through the head office?

A.—They would be included in the hundred.

Q.—And they are bound to come very often?

A.—I don't know. The probability is that they never come in at all.

H. McAUSLANE (for Complainant) Cross-examination.

Q.—There are quarters provided in the building for them to write letters or papers?

A.—I presume they can manage to write a letter.

10 Q.—They are not included as head office staff?

A.—They are not the head office staff.

Q.—I also see by the Telephone Index Book that you have four or five agencies in the district of Montreal.

A.—That may be so. It is either four or five.

Q.—Is that agencies or territories.

A.—Agencies.

Q.—For agencies?

A.—Yes. Branches I think we call them.

Q.—If I remember well it is five.

20 A.—I still think you are wrong.

Q.—These five agencies for your company in charge of certain districts within the jurisdiction of Montreal have their quarters in the head office of the company?

A.—Yes.

Q.—Do you include among the employees of the company in the number of One thousand six hundred and seventy-two (1,672) all the employees or agents attached to these five agencies?

A.—No, we don't include them.

30 Q.—Although they have their quarters there?

A.—You may have missed one thing, and that is the agency of these various branches they did not always be in our head office. There is no advantage to them being there. That is only my opinion. Some of them will tell you that they would rather not be there. We do not consider them as essential. They might as well be in Toronto, as in Montreal. Being in the head office is not essential.

Q.—Call it agency or any way you want it, they are employees of the company?

40 A.—Yes, even though they are in Bombay.

Q.—And instead of renting space somewhere else, they have space in your building?

A.—Yes.

Q.—And you don't include them in your head office staff?

A.—No.

Q.—So you give a restrictive meaning to head office staff?

A.—No. They are not part of the head office staff, any more than agents in Toronto, or Timbucto. They are agents that write business and the only reason they are in Montreal is because they write business in Montreal.

H. McAUSSLANE (for Complainant) Cross-examination.

Q.—People in Toronto have people in Montreal that are also employees.

A.—Yes, but you would not ask us to call Toronto our head office?

10 Q.—No.

A.—Then why ask us to call these people our head office staff?

Q.—The agents working for the five agencies in Montreal located in your head office building are your employees?

A.—Yes.

Q.—How many people working or connected directly or indirectly with your company who receive shelter under the head office of the Sun Life Building?

20 A.—The position of this thing here is to establish a trend of employees. You can add a hundred people onto the end of the curve and the trend is not altered one bit. If instead of two thousand nine hundred (2,900) you have Three thousand (3,000) and instead of Sixteen hundred you have seventeen hundred, it is still the same. These people have nothing to do with it.

Q.—I would like to know the approximate number of your employees receiving salary from your company that receive shelter in the head office building.

30 A.—Our agents are not receiving salary. They are not employees in the sense of the word.

Q.—You know well what I am getting at.

Mr. Geoffrion, K.C.:—

He is entitled to answer that.

The Witness:—

40 If they don't write any business they get no money, and they cease to be agents.

I think that is the custom in all insurance companies.

By Mr. Seguin:—

Q.—How many agents attached to the head office in Montreal have a license to sell insurance policies for your company?

A.—I have no idea.

H. McAUSLANE (for Complainant) Cross-examination.

Q.—You don't know how many agents or employees work for the five agencies of your company in Montreal?

A.—I believe it is somewhere around a hundred. It may be different. It is easy to mind out.

10 Q.—Have you anything to do with the bookkeeping of the company? As to the way market value was fixed and as to the reserve for depreciation?

A.—What do you mean? When?

Q.—Just now. Since 1939, 1940 and 1941?

A.—No, I am not familiar with it.

Q.—You don't know what reserve is put aside on the assets of the company for depreciation of the building?

A.—It would be in the liabilities.

20 Q.—Of two percent a year?

A.—Well, no. Depreciation is not a liability if you write your asset down. We start out with Ten million and to write off two percent, that two percent is Two hundred thousand, giving you Nine million eight hundred thousand dollars (\$9,800,000). You have no reserve set aside. There is your figure.

Q.—On the books of the company you carry the main building and the heating plant at a figure of Sixteen million and a few odd thousand dollars, but can that be made somewhere else on the books of the company a reserve to take care of this amount?

30 Q.—Of the market value of the building?

A.—We have never had any particular need to think of it, because in the scheme of things real estate in our company forms a very small part of our company. I think it is probably Two percent (2%), or thereabouts. And we are tremendously aware of the need annually to fix the head office value of the building. Therefore, as I told you yesterday, we arbitrarily start off with cost and write that down, so that over a period of years it will be completely written off; at two percent it will take fifty

40

years to write it off. That figure is decreasing as we go along, and I do know that we have contingency reserve set aside for unknown things. The contingency reserve, I believe, is Sixteen million dollars (\$16,000,000) or thereabouts.

Q.—You have no specific amount in your reserve column in regard of this Sixteen million dollars (\$16,000,000).

A.—Why do you need it? You have a contingency sum.

H. McAUSLANE (for Complainant) Cross-examination.

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

Q.—It is paid?

10 A.—We have a contingency reserve of dollars to take care of anything.

Q.—You have nothing specifically for the building?

A.—No. On that question of contingency reserve, I am saying Sixteen million dollars (\$16,000,000) and I am not certain that is the figure.

Q.—You have produced as Exhibit P-23 a sheet showing operating expenses for 1941 as to the building?

A.—Yes.

20 Q.—What is the amount you carry as operating expenses for electricity?

How much do you put on operating expenses for electricity and light and current?

A.—We put in what it cost us. Fifty-eight thousand dollars (\$58,000).

30 Q.—If my information is right, Mr. McAuslane, you buy the current from the Montreal Light Heat & Power at a peak load rate?

A.—Yes.

Q.—And after that you sell this current piece meal to your tenants?

A.—Yes.

Q.—In other words, when you make a lease with a tenant he pays you Two hundred dollars or Three hundred dollars a month plus so much for the light?

A.—Yes. That is generally so. Mostly it is so.

40 Q.—With the exception of perhaps two or three tenants?

A.—Yes, that is correct.

Q.—Now when you come to the space occupied by the Sun Life Company itself, you charge the balance of the current I presume as being operating expenses against the building?

A.—Yes, that's right.

Q.—And this is the difference between the money received from the tenant and the money paid to the Montreal Light Heat & Power?

A.—Yes.

G. E. VERNOT (Recalled for Complainant) Exam. in chief.

Q.—To arrive at your total, do you subtract the money you receive from the tenants, or do you take the figure of your cost price?

A.—We subtract the amount they have paid. We credit
10 to our electricity account all the tenants paid to us.

Q.—So if you charge the balance of the bill against the operating expenses of the company, your space occupied by the Sun Life Company itself is considered as not being lighted at all for bookkeeping purposes?

A.—I suppose that is so.

And further deponent saith not.

20

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF GEORGE E. VERNOT

On this Thirty-first day of March in the year of Our Lord One thousand nine hundred and forty-three personally came and appeared: George E. Vernot, City Assessor, who has
30 ready testified in this cause, upon being recalled testifies as follows:—

Examined by Mr. Aimé Geoffrion, K.C., Counsel for the Complainant:—

Q.—The City Solicitors gave me these valuation sheets for the six buildings I asked for.

Will you please identify them. If they are correct give the
40 names in the record, and an Exhibit number for each one.

A.—Globe Realty (or The Royal Bank), Exhibit P-29;

University Tower, Exhibit P-30;

Godfrey Realty Corporation (or the Confederation Building), Exhibit P-31;

Canada Cement, Exhibit P-32;

G. E. VERNOT (Recalled for Complainant) Exam. in chief.

Dominion Square, Exhibit P-33;

C.I.L. House, or the Architect's Building, Exhibit P-34.

10 Q.—I think you said that in the Fifteen percent which you took to calculate the commercial value, you set up three percent for taxes?

A.—Yes.

Q.—Did you estimate three percent on the commercial value? The amount would be more on the commercial value?

A.—In the rate of Fifteen percent we allowed three percent for taxes.

Q.—Out of the Fifteen percent?

20 A.—Yes.

Q.—And that is three percent on the commercial value?

A.—It would work out that way.

Q.—If you replaced it by the taxes on the assessed value it would be more than three percent on the commercial value, but nearly five percent?

A.—It maybe five percent.

30 In a building in which the commercial value and the replacement value come to about the same, we would consider exactly the same thing.

Q.—I will figure it out. In your six buildings we are unlucky. In three the commercial value is higher, in two it is a little lower, and in one it is not mentioned. And, secondly, the cubicing is a little over half in the six buildings than in ours.

A.—I did not make any comparison.

And further deponent saith not.

40

J. T. Harrington,
Official Court Reporter.

(End of Complainant's Enquête in Chief)

A. E. HULSE (for the City of Montreal) Examination in chief.

Evidence on behalf of the City of Montreal

10 DEPOSITION OF A. E. HULSE

On this Thirty-first day of March, in the year of Our Lord One thousand nine hundred and forty-three, personally came and appeared: A. E. Hulse, of the City of Montreal, Chief Assessor for the City, residing at Number 900 Sherbrooke Street West, Sixty-three years of age, a witness called by the City, having been duly sworn doth depose and say:—

20 Examined by Mr. R. N. Seguin, Attorney for the City of Montreal:—

Q.—What is your occupation with the City, Mr. Hulse?

A.—I am the Chief Assessor and Director of the Assessor's Department.

Q.—Since how many years?

A.—1934.

Q.—Will you tell this Board the experience you have as an assessor in assessing properties?

30 A.—I entered the services of the City in December 1913 and from that time to the month of June 1934 I was a member of the Board of Assessors of the City of Montreal.

Q.—And before that had you any experience in valuations?

A.—I was with the assessors department of the Canadian Pacific Railway valuing and contesting valuations of property between Saint John, N.B., and Winnipeg, Manitoba.

Q.—Have you also previous experience in values or assessing values?

40 A.—Yes. Previous to that I was in assessment offices for a period of ten years.

Q.—During this trial, Mr. Hulse, reference was made several times to the Manual prepared by Mr. Parent, of the City of Montreal. Will you tell this Court if you had something to do with the practical end of this Manual?

A.—In a great measure I am responsible for the practical part of the Manual.

Q.—When you had something to do with this Manual, did you have occasion to travel in Canada and the United States to

A. E. HULSE (for the City of Montreal) Examination in chief.

secure opinions and examine different systems to see what was done in other countries and other cities as to assessments?

A.—Yes. My experience in Canada took me to three or four Provinces and am well acquainted with the systems in force
10 in those provinces.

Mr. Geoffrion, K.C., Counsel for Complainant:—

We object to any evidence of systems in one or other towns as law, as we have not the statutes.

The Court:—

20 Under reserve.

The Witness:—

When we commenced to install the system in Montreal the Executive Committee sent the Director of Departments, the Engineer of the Technical Services and myself to New York, Boston, Cleveland, Chicago and Detroit to compare the system we were installing with what they already had in force in those cities to see if our system could be improved upon.

30 When we came back we did not make any changes to our system.

Mr. President, in commencing I think I might be permitted to say that it is generally understood that every element which might influence the value of a property must be taken into consideration in arriving at the value of that property. However, in dealing with the question in the Manual we condensed those elements to arrive at four principal points. The first one
40 Purchase Price; the second — Market Price; the third — The Revenue of the Property; and the fourth — the Replacement Value.

By Mr. Geoffrion, K.C.:—

Q.—That is in the Manual?

A.—Yes.

Also noted on page forty-seven (47) of the Manual is the following:—

A. E. HULSE (for the City of Montreal) Examination in chief.

“If in a particular case certain of those elements are not utilizable, the others are used; if but one is available everything possible is drawn from it.”

10 Now, before I proceed further I would like to deduce as to the value of our system by an independent outside service.

Mr. Geoffrion, K.C.:—

Objection to any outside service.

The Witness:—

20 By an independent outside service which is in a position to appreciate such a system. What I refer to now is the Dow Real Estate Valuation Calculator, a quarterly service supplied to the large cities in the United States and Canada, and which is a copy-right service. They supply the information in many cases for municipalities on which the replacements costs are based.

Mr. Geoffrion, K.C., renews his objection and the Board took it under reserve.

30 The Witness:—

In the Dow Service Real Estate Valuation Calculator for the period October to December 1940, we have the following:—

“Mr. Parent, who, with his associates, has recently installed in the City of Montreal one of the most modern of municipal valuation systems following a study of how it is done in the United States in various cities such as New York, Chicago, Boston, etc. . . .”

40 That goes all over the States, and is an outside appreciation of our Manual.

Mr. Geoffrion, K.C.:—

If it is only that, I am not very strenuous in my objection.

The Witness:—

A. E. HULSE (for the City of Montreal) Examination in chief.

I was asked by Mr. Seguin what really were the functions of my office as regards assessors and regarding property valuations.

10 Since the time I was placed in charge of the Department in 1934, I have carried out such reforms in the department as I found necessary, and as far as property valuations are concerned such reforms as would ensure that valuations were made according to well-defined principles as to ensure a uniform basis of valuation for all property in general, and thus achieve as a final result, as near as is humanly possible, uniformity of valuations.

20 These rules and principles are fully explained in the Montreal Real Estate Manual.

By Mr. Geoffrion, K.C.:—

Q.—You mean this (holding up book) ?

A.—Yes.

30 It is true, and that is where our system differs from those in many other cities, that the assessor is free to make and is responsible for the valuation figures which are entered on the Roll. But the assessor himself realizes that he is better equipped and more qualified to do his work if he is in possession of the rules, principles and methods which apply to his type of work and which are the result of long use and experience and consideration and considered good assessment practice.

40 He has something behind him which would take him years of experience to find out and something on which to solve the problems he meets with and on which to arrive at decisions in his work without relying entirely on his own opinions and ideas.

Therefore, in view of the long experience which I have had in this class of work I shall endeavour to explain the particular functions which attach to the position of an assessor in the exercise of his duties insofar as they differ from the work of an individual appraiser.

Mr. Geoffrion, K.C., objects to the testimony of the witness, as being a question of law.

A. E. HULSE (for the City of Montreal) Examination in chief.

The Court:—

Under reserve.

10 The Witness:—

First and foremost, he is not a real estate agent nor real estate appraiser as commonly implied by those designations. He does not work on a commission. He is a permanent municipal official on an annual salary and has no personal monetary interest resulting from reduced or increased valuations.

20 The real estate agent in fixing his price is not subject to any jurisprudence in that respect.

What then, are the functions of the municipal assessor and what does he do? He is determining the value of each and every immovable according to a well defined basis to ensure complete equality of valuation and thereby ensure complete equality for all before the impost. But always subject to the stipulation in the law that he must determine the real value for each and every immovable.

30 His work is subject to much jurisprudence, and some of which may reasonably be interpreted as protecting the assessor in the uniform work he is endeavouring to accomplish.

Now in contrast, the work of an individual appraiser generally is limited to individual appraisals. He may adopt a line of appraisal which he decides, and another appraiser appraising the same property may adopt a different line as he chooses, as the work of the appraiser may be said to be done solely for a client and his responsibility rests as to the client only.

40 A valuation roll covering One hundred and seventy thousand (170,000) valuations, made by a number of persons each following his own ideas could not possibly lead to uniformity or equality in valuations, as to attain such an end it is necessary that certain recognized standards and methods be adopted and used.

It follows then that in Montreal, where a number of assessors must be employed, it is necessary that certain methods and systems be formulated which will aid the assessors in establishing

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that valuations made in parts of the City by different assessors will illustrate the same standards of valuation and that valuations of similar properties in similar localities will give the same result.

10

Besides his duty as an arbitrator between the individual proprietor and the municipal corporation, he has a duty to perform to the community at large in that the result of each assessor's work forms part of a general plan to secure a basis which will ensure that the burden of taxation is imposed equitable and uniformly throughout the whole of the City.

20 Such then is the result, that the assessor must always be conscious that in performing his duty his work is always subject to comparison with any work done by another assessor in any other section of the City.

In addition to the rules and tables given in the Manual and to solve some of the problems in the application of the various principles involved, the Assessors work out and decide the details to put these principles in force, and have done so as regards:—

30 10. Fixing the rates of capitalization for the greatest bulk of the properties, which are of residential class;

20. The variance to be given to rates according to the age of the building;

30. Fixing the percentage of the revenue to be allowed in the case of service building such as for heating, janitor service, refrigerators, stoves, and where water tax is included in the rental paid by the tenant;

40 40. Fixing the weight to be given the different factors as regards residential properties;

50. Fixing the weight to be given the different factors as regards large properties such as office buildings, large apartment houses, departmental stores, and hotels and other properties.

Now, it is the last rule which I think now very opportune to explain.

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As regards the weight which should be given to different factors in the case of residential properties, very little difficulties are experienced in that class of property for the reason that they are easily comparable.

10

It was, however, necessary to make a more detailed study of the matter as regards large properties such as office buildings, apartment houses, departmental stores, and so forth, as the style and special design of the building seemed to differ in almost every case.

20

It was about the month of August 1940, about fifteen months before we had to deposit the new Roll, that after having fixed certain rules and tables for residential properties, the question of the weight to be given the different factors in the case of large buildings came under discussion, and eventually the following decision was arrived at:

So that the quality and class of the building itself would find some reflection in the final valuation it was decided by the assessors that the minimum weight to be given the net replacement value factor would in no case be less than fifty percent (50%).

30

Commencing with this, the principle adopted by the assessors is as follows, and covered by the memorandum which I now quote:—

“Memorandum on the assessment of large properties such as office buildings, apartment houses, departmental stores, hotels, etc.

40

“These properties seem to fall into four main categories which. . .

By Mr. Hansard, Attorney for the Complainant:—

Q.—What are you quoting from?

The Witness:—

A.—A memorandum prepared by the assessors themselves.

A. E. HULSE (for the City of Montreal) Examination in chief.

Mr. Seguin:—

Which will be produced at the end of the evidence.

10 The Witness:—

“These properties seem to fall into four main categories which determine to a large extent the relative importance of the different factors to be used in arriving at their valuation:—

20 10. Properties that are developed and operated solely on a commercial basis as investment propositions, such as the Insurance Exchange Building, the University Tower Building, the Dominion Square Building, the Drummond Court Apartments, etc.

30 The return on these investments varies from time to time according to the demand for and the supply of office and apartment space in the city and more particularly in the district in which they are situated. When the demand exceeds the supply rents are pushed up and a high return is shown on the investment, encouraging new construction. When the demand is satisfied and there is an oversupply of space, rents fall and with them the return on the investment.

By Mr. Geoffrion, K.C.:—

Q.—Are you reading from your notes?

A.—Yes. I am in the first category yet.

Q.—I do not know whether you are speaking yourself.

40 A.—I am reading from the memorandum. And I am in the first category.

. . . . When the demand is satisfied and there is an oversupply of space, rents fall and with them the return on the investment.

In fact, the situation becomes extreme in a period of low rents, as the operating charges do not decrease proportionately. It would seem that the proper way to provide for this fluctuation in net revenue is to combine the factors

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10 of replacement cost and commercial value so as to allow for the more violent changes that occur in abnormal times, without departing too far from the normal values prevailing in a period of balanced supply and demand. It is recommended that these two factors, viz., replacement cost and commercial value, be given equal weight in valuing these properties for a three-year period. A revaluation at the end of that time would, of course, take into consideration the conditions then prevailing.”

Now, category 2:—

20 “These are properties that are completely occupied by their owners, whether constructed for that purpose or acquired with that object in view, such as the Canadian Bank of Commerce, the C.I.L. Building, Eaton’s etc., etc. It would seem that properties in this category are always worth to their owners the current cost of replacement less depreciation, since if the owner had not already acquired such a property but wished to provide himself with suitable premises at the present time, he would have to pay current prices to secure suitable accommodation. In this theory of value being based solely on current cost of replacement less depreciation, it is assumed that the building is of a type suitable to the location. Otherwise, consideration will have to be given to the factor of obsolescence.

30

Now, the third category:—

3. Properties that are partly occupied by the owners and partly rented, such as the Royal Bank, the Canada Life, the Bank of Toronto, the Sun Life, etc., etc.

40

It must be remembered that properties of this class have been constructed or acquired as a permanent home for the enterprise in question and that frequently the building is laid out for future development, the tenant situation being considered only temporary or incidental. In other cases, the space rented is provided to help carry the cost of the land or to increase the size of the building thereby adding prestige to the owner and giving what might be called advertising value to the project. In these cases

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10 the owner is enjoying the full utility only of the space occupied by himself and is dependent on current rental conditions for the carrying charges on the balance of the building.

It would seem that some consideration should be given to rental value in these cases, as that the replacement factor should be weighted somewhere between fifty to one hundred percent (50% to 100%) and the commercial value factor make up the difference between fifty percent (50%) and zero.

20 No hard and fast rule can be given for the division of weight in these factors, as it will depend on the proportion owner-occupied, the extent to which the commercial features of the building have been sacrificed to the main design with a view to the future complete use of the building by the owner, or the enhanced prestige of an elaborate and expensive-construction. Each property will have to be considered on its merits within the limits outlined 'above.'

Now, as to the fourth category:—

30 Mr. Geoffrion, K.C.:—

We are not interested in the fourth category.

The Witness:—

“In a separate category should be put buildings like theatres and hotels. . .

40 Mr. Geoffrion, K.C.:—

We are not interested in the fourth category.

The Witness:—

This basis or rule, or any other rule, is of course to be deviated from by the assessor if, in his judgment, it is necessary to do so to arrive at the real value of the property.

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By Mr. Seguin:—

Q.—Will you produce as Exhibit D-5 a copy of the rules or principles?

10 A.—Yes.

Mr. Hansard:—

By whom was this laid down?

Mr. Seguin:—

I am coming to that.

20 The Witness:—

I would like to file a separate copy of the memorandum and also a statement covering the class of buildings referred to in item number five.

Mr. Hansard:—

There is no five (5) here.

30 The Witness:—

It is four (4), but which is referred to previously as five (5).

Mr. Hansard:—

I would suggest you file one at a time.

40 The Witness:—

In the class of buildings referred to in the item three (3).

By Mr. Hansard:—

Q.—Could you give also those in number two (2)?

A.—Yes.

Q.—And one (1)?

A.—I also file a statement covering the class of buildings in items numbers one (1), two (2), and three (3) of the memo-

A. E. HULSE (for the City of Montreal) Examination in chief.

randum, giving a list of many buildings in Montreal of the different categories, and also showing on that same statement the percentages of the factors uses in these buildings in the actual valuation on the Valuation Roll.

10

By Mr. Geoffrion, K.C.:—

Q.—About the statement here. What is D-5? A memorandum prepared by you?

A.—By the assessors.

By Mr. Hansard:—

20

Q.—Individually or collectively?

A.—Collectively.

By Mr. Geoffrion, K.C.:—

Q.—By the Board of Assessors?

The Witness:—

30

I have detailed the rules as briefly as possible, and in conclusion I say this: that the Valuation Roll deposited on the 1st December 1941 is the first valuation roll prepared under this new system and in this way is incomparable to any previous roll of the City of Montreal.

By Mr. Seguin:—

Q.—Exhibit D-6 is a list of the property classed as items one, two and three?

A.—Yes.

40

Q.—And giving the percentage of factors which are started from to make the assessment?

A.—Yes.

Q.—Mr. Hulse, at the beginning of your evidence, if I remember well, you have said that all the factors must be considered in every assessment.

A.—Yes.

Q.—You have also stated, I think, that the Exhibit D-5 was prepared many, many months before the deposit of the Roll on December 1st 1941?

A.—That's right.

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

Q.—And it was prepared by the assessors?

A.—Yes.

Q.—Now, if I understood well your evidence, the assessor is not bound to the limit by these rules?

10

The President:—

I think Mr. Hulse said that.

The Witness:—

He is free. He is responsible for the final figures.

20 Cross-examined by Mr. Geoffrion, K.C., Attorney for the Complainant:—

Q.—What you told us is that certain rules were laid down by the board of assessors and those are the rules?

A.—By assessors dealing with that particular class of property.

Q.—The fourth class here, the assessors of the City got together and laid down those rules?

A.—Yes.

30 Q.—And the reason is laid down in a memorandum?

A.—Yes.

Q.—What you give us in Exhibit D-6 is a very long list of a great variety of buildings?

A.—Yes.

Q.—And you give the proportion of replacement and commercial cost, but how in those costs do replacement and commercial compare?

40 A.—I could not give you those figures. I can tell you that these figures are also prepared by the assessors reporting to me how the valuation was established.

Q.—You cannot tell us what was the relative proportion in comparison between replacement and commercial?

A.—No.

Q.—We have in Exhibit D-6 the means where we can make that comparison?

A.—Yes.

Q.—In that exhibit just filed?

A.—Yes.

Q.—To save a little time, if we had a glance down this list there are a few buildings we might want to add to the list.

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

The President:—

You are not going to ask for too particular details?

10 Mr. Geoffrion, K.C.:—

They are for comparison purposes. In some cases there they say one hundred percent (100%) replacement, and the replacement is lower than the commercial, where one will complain.

The Witness:—

20 Except, Mr. President, where it is one hundred per cent (100%) replacement value it is practically all for owner occupied properties.

By Mr. Geoffrion, K.C.:—

Q.—In the One hundred percent (100%) commercial would not enter into it?

A.—If you will pick a few out. . .

Q.—In all those buildings, if there is a market you take it?

30 A.—A market value?

Q.—Yes?

A.—Yes, certainly. We will consider the market value as an element of value.

Q.—In the case of market value you consider it only as an element. To what extent? To what percentage?

A.—The property has a market value as a class but we do not consider it as a factor having a definite weight. It is used only to check our work to see we are within a reasonable scope of the market value.

40 Q.—Therefore I take it that you use the market value only as a check, and not the basis?

A.—Yes. To see that the value is in reasonable distance of the market there.

By Mr. Seguin:—

To what class of building?

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

Mr. Geoffrion, K.C.:—

To any class of building that happens to have a market.

10 Q.—If there is no market value under the ruling of the assessors, even if the whole property is rented you take the renting value of the property only for fifty percent (50%)?

A.—Yes.

Q.—Even if the rents are normal?

A.—If it is absolutely commercial proposition, fifty percent (50%).

Q.—Even if the rentals are normal?

A.—Yes.

20 Q.—When the rental market is normal you will take in a commercial building rentals for fifty percent (50%)?

A.—Yes.

Q.—And replacement for another fifty percent (50%)?

A.—Yes.

Q.—Regardless of how the replacement value differs from the rental value?

A.—That is correct.

Q.—Do you apply the same rules when the City expropriates property?

30 A.—We have nothing to do with the expropriation of property by the City. In New York they apply the same rule.

Our Charter says that the expropriation value is only one value.

Q.—I am asking you if you are prepared to say that these rules would stand before Courts on expropriation?

A.—We are fixing the basis for the imposition of taxes — not to take someone else's property.

40 Q.—You would not suggest that this is a fair rule to take someone else's property?

A.—I do not think it would, because you have the damages.

Q.—Apart from the damages?

A.—Apart, there is only one value. Value means value no matter.

Q.—You think the City would be condemned to pay when the replacement value is twice the revenue, the City would have to pay twice?

A.—I think they would.

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

Q.—I don't want to be too subtle. The paragraphs you read from the Dow Real Estate Valuation Calculator deals with valuation on vacant land?

A.—Yes. But in the course of that article. . .

10 Q.—He used some flattering remarks for Mr. Parent?

A.—And his associates.

Q.—You know the Royal Bank Building on St. James St.?

A.—Yes.

Q.—A very high class building?

A.—It just depends with what you compare it.

Q.—To compare the building with gold, no. With other buildings in Montreal, it is one of the highest class?

A.—To me it is a building that cost about fifty per cent
20 (50%) more than an ordinary office building would cost.

Q.—Do you assess it at what it cost or what it should cost?

A.—For the first year sometimes it is just as well to assess it as near its cost as possible and no injustice is done to anyone until the rental situation is settled.

Q.—And you think it should be corrected by the rental situation?

A.—It would be. Not only in the case of the Royal Bank because the Royal Bank is a property of Seven million cubic feet and approximately fifty percent of the occupied contents is
30 occupied by the Bank. We do not need to bother about commercial value. It is their home.

Q.—We will argue about that. I am asking you something different now.

Extravagantly built or not, it is a high class building?

A.—I would not consider it extravagantly built.

Q.—I don't say extravagantly either. Is it a good class?
Is it a good class of building as good as any in Montreal?

40 A.—It is a solid building.

Q.—As good as any in Montreal?

A.—No.

Q.—Are there many better in Montreal?

A.—There is one.

Q.—You think it is better from the point of view of extravagance in building?

A.—I don't think I could charge the Sun Life with extravagance.

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

Q.—You charge the Royal Bank with extravagance?

A.—No.

Q.—You think the Sun Life is a better building. In what respect?

10 A.—Anyone would say that a building of that architecture and excellence enclosed in granite must be of a higher class.

Q.—You are suggesting that because of granite instead of stone it is of higher class?

A.—Yes.

Q.—Anything else?

A.—And in a building of that type you get all the perquisites. You don't put granite and B.C. fir inside a cheap building.

20 Q.—Do you suggest that the wood in the Royal Bank is worse?

A.—The only thing I suggest is that the inside has to coincide with the structure itself.

Q.—Do you know whether the inside is more expensively built in the Sun Life building or in the Royal Bank building, or do you assume it because one is granite?

A.—No. I would assume the Sun Life is better.

Q.—You assume it?

A.—Yes.

30 Q.—Since when are you an employee of the City of Montreal?

A.—Since December 1913.

Q.—Always in the assessment department?

A.—Yes. I entered the City as a member of the Board.

Q.—When did you become an assessor?

A.—I entered the City as one.

Q.—What ward did you assess?

40 A.—In Cote St. Luc, and St. Gabriel, and then the East end after that, and finally the centre of the City.

Q.—You don't know when you came to the centre of the City?

A.—In 1924, about.

Q.—What do you mean? What Ward?

A.—St. George to me is the centre of the City.

Mr. Geoffrion, K.C.:—

All I ask is to have the time to choose a few buildings out of these to give the ratio.

A. E. HULSE (recalled for the City of Montreal) Exam. in chief.

(The President adjourned the sitting and advised that it would continue tomorrow, April 1st 1943).

10 And further for the present deponent saith not.

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF A. E. HULSE

20 On this first day of April, in the year of Our Lord One thousand nine hundred and forty-three personally came and reappeared: A. E. Hulse, already sworn herein, who continued his testimony as follows:—

Examined by Mr. R. N. Seguin, Attorney for the City of Montreal:—

30 Q.—Mr. Geoffrion asked you for certain figures connected with Schedule “I”, and we have prepared those figures for all the buildings except four, for which you have already the valuation sheet, but you did not produce these valuation sheets.

A.—Yes, we did.

By Mr. Geoffrion, K.C.:—

Q.—There is one of the six which has no commercial value for some reason or other. There is no commercial value for the Royal Trust?

A.—No. Proprietor occupied like the C.I.L.

40 Q.—Would you please produce the statement you have handed me of the figures for which I asked yesterday, as Exhibit P-35?

A.—Yes.

Q.—I take it that this P-35 gives us these buildings, in the first column net replacement value, the percentage of replacement value, the commercial value, the percentage and the valuation or amount, and where you have already the valuation sheet you simply put in “valuation sheet”?

A.—Yes.

J. HOULE (pour la Cité de Montréal) Examen en chef.

Q.—Those are what?

A.—Those are the actual figures from the records of the City. I have signed for it.

10 And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

(End of proceedings for the 1st April 1943)

DEPOSITION DE JOSEPH HOULE

20 L'an mil neuf cent quarante-trois, le premier avril, a comparu: Joseph Houle, architecte, de Montréal, âgé de cinquante-quatre ans, témoin entendu à la requête de la Cité de Montréal, lequel, après serment prêté sur les Saints Evangiles, dépose:—

Interrogé par Me R. N. Séguin, procureur de la Cité de Montréal:—

D.—Vous venez de dire que vous êtes architecte?

30 R.—Oui.

D.—Vous avez gradué à quelle université?

R.—J'ai été étudier aux Etats-Unis d'abord, au Boston Tech. Et à Montréal.

D.—Vous avez gradué à Montréal?

R.—Non, pas à Montréal.

D.—Comme question de fait, vous êtes membre de l'Association des architectes de la province de Québec?

R.—Oui, et de l'Institut Royal des Architectes Canadiens.

40 D.—Vous avez combien d'années d'expérience comme architecte?

R.—Trente ans d'expérience.

D.—Au cours de votre carrière, voulez-vous dire à la Cour quelques-uns des travaux que vous avez faits ou effectués ou surveillés?

R.—J'en ai fait pour certains architectes pour lesquels j'étais engagé, j'ai fait plusieurs églises, une trentaine d'églises.

D.—En particulier?

R.—En particulier l'église de Sabrevoix, Saint-Valérien, Rouses' Point, Notre-Dame de Trois-Rivières, les Sept Allégresses.

J. HOULE (pour la Cité de Montréal) Examen en chef.

- D.—Pour ces églises-là vous avez fait les plans et surveillé les travaux?
- R.—Oui, pour ces églises-là j'ai fait les plans et surveillé les travaux.
- 10 D.—Dans les bâtisses commerciales, est-ce que vous avez travaillé aussi pour la préparation de plans?
- R.—Pas beaucoup pour les bâtisses commerciales, les maisons à appartements.
- D.—Dans les hôtels?
- R.—L'hôtel Ford, surveiller les travaux pour monsieur Turgeon.
- D.—Avez-vous aussi travaillé à la confection des plans?
- R.—Non, les plans étaient venus des Etats-Unis mais les
- 20 détails ont été faits ici, certains détails.
- D.—Vous êtes à l'emploi de la Cité de Montréal, au service technique de la Cité?
- R.—Oui, depuis mil neuf cent trente-six (1936).
- D.—En quoi consistent vos fonctions au Service technique de la cité de Montréal?
- R.—Comme inspecteur de la Cité dans l'évaluation des biens-fonds.
- D.—En quoi consistent les fonctions d'inspecteur?
- D.—A faire l'inspection générale de la bâtisse, prendre
- 30 toutes les mesures et en préparer un rapport détaillé accompagné de diagrammes de toutes natures concernant la construction. Je sou mets ce rapport-là à monsieur Cartier.

Par Me Geoffrion, C.R.:—

D.—Qui est-il?

R.—Il est le chef des architectes pour l'évaluation des biens-fonds.

40 Par Me Séguin:—

D.—Est-ce que c'est dans le département de l'évaluation?

R.—C'est le Service technique pour l'évaluation des biens-fonds.

D.—Dans l'exécution de vos fonctions, avez-vous eu à faire le relevé pour le service technique de plusieurs bâtisses ou gratte-ciel à Montréal?

R.—Presque toutes les grandes bâtisses: le Bell Telephone, la Royal Bank, l'hôtel Ford, la gare Windsor, l'hôtel Windsor, une foule de grosses bâtisses.

J. HOULE (pour la Cité de Montréal) Examen en chef.

Q.—L'hôtel Mont-Royal?

R.—Oui, il a été fait aussi par moi.

D.—Avez-vous fait aussi l'inspection d'une bâtisse bien connue, l'édifice de la Sun Life?

10 R.—Oui.

D.—De façon plus complète, voulez-vous dire quel est le travail d'inspection que vous avez fait à la Sun Life et combien de temps vous avez pris pour faire ce travail-là?

R.—En mil neuf cent trente-huit (1938), au mois de mai, juin et juillet, j'ai passé ces deux mois et demi-là à faire l'inspection.

D.—A l'édifice de la Sun Life?

R.—Oui, par intervalles, ce qui représente deux mois et
10 demi.

D.—Y êtes-vous retourné subséquemment?

R.—J'y suis allé en mil neuf cent quarante-et-un (1941), au mois de décembre.

D.—Avez-vous passé plusieurs jours encore dans l'édifice de la Sun Life?

R.—Une journée.

D.—En mil neuf cent quarante-deux (1942), y êtes-vous retourné?

R.—J'y suis retourné avec monsieur Cartier pour vérifier
30 tout ce qui existait à cette date-là.

D.—Voulez-vous dire de façon générale, en peu de mots, la totalité des relevés que ce travail couvre, tous les relevés que vous avez faits à l'édifice Sun Life?

R.—Pour les relevés c'est le mesurage de la bâtisse étage par étage et en hauteur, tout le détail de chaque matériau employé sur chaque plancher. Vous avez ici le document, tout est donné là-dedans. J'ai un rapport de préparé qui donne tous les détails.

D.—Le rapport que vous avez fait, est-ce que cela couvre
40 la bâtisse de fond en comble avec. . .

Me Geoffrion, C.R.:—Objecté à la question parce que le rapport parle de lui-même.

Par le Président:—

D.—Voulez-vous exhiber ce rapport?

R.—Oui.

(Le document est remis à Me Geoffrion).

J. HOULE (pour la Cité de Montréal) Examen en chef.

D.—Voudrez-vous produire comme pièce D-7 copie du rapport d'inspection préparé par vous et couvrant l'édifice principal de l'immeuble Sun Life de même que la chaufferie?

R.—Oui.

10 D.—Comme architecte, voulez-vous dire, en très peu de mots, de façon générale, quelle est la forme de l'édifice Sun Life et quelles sont les particularités d'architecture qu'il y a relativement à cette bâtisse?

R.—Cette bâtisse est en forme monumentale, son architecture est de style corinthien, c'est un style classique, pour la grande base; un style dorique, ionique et dorique, pour les étages supérieurs. Ce style corinthien est le style que l'on peut considérer le plus riche.

20 Par Me Geoffrion, C.R.:—

D.—Le plus riche au point de vue décoration?

R.—Oui.

Par Me Séguin:—

D.—Est-ce que l'architecture ne s'applique qu'à la devanture de la bâtisse ou à tous les côtés?

30 R.—Aux quatre façades.

D.—Au point de vue de la nature des matériaux employés avez-vous quelque chose à dire au Bureau?

R.—Ce sont des matériaux de première qualité. C'est surtout le granit qui est employé. C'est un beau granit blanc tiré dans les grands bancs, qu'on pourrait dire, vu la grande dimensions des pierres qui ont été employées.

D.—Au point de vue de la durée de ces matériaux, avez-vous quelques remarques à faire?

40 R.—Le granit c'est la pierre que l'on peut considérer la plus durable.

D.—La bâtisse, dans son entier, au point de vue durée, quelles seraient ses caractéristiques?

R.—Je la mettrais pratiquement permanente, à un sens.

D.—Au point de vue de la main-d'oeuvre employée ou de la façon dont les travaux ont été exécutés, avez-vous des remarques spéciales à faire au Bureau?

R.—Cela demande toujours une main-d'oeuvre assez sûre pour entreprendre ces travaux-là; ce sont des travaux plus ou moins délicats qu'un ouvrier ordinaire ne pourrait pas exécuter dans la façon et même dans l'accomplissement.

J. HOULE (pour la Cité de Montréal) Examen en chef.

D.—Vous dites avoir fait l'inspection de l'édifice de la Banque Royale et aussi de l'édifice du Bell Telephone?

R.—Oui.

D.—Si l'on vous demandait de faire une comparaison entre ces trois bâtisses-là qu'est-ce que vous auriez à dire?

10 R.—Je ne pourrais pas les comparer avec la Sun Life.

D.—Pourquoi?

R.—Parce que ce n'est pas le même genre de construction. Ce n'est pas la même forme, d'abord, et ce n'est pas la même architecture.

D.—Au point de vue des matériaux?

R.—Les matériaux sont inférieurs à ceux employés dans la Sun Life, d'après mon opinion.

D.—Lorsque vous dites que ces deux bâtisses-là ne se com-
parent pas, qu'est-ce que vous voulez dire exactement, est-ce que
20 ce serait meilleur que les autres?

Me Geoffrion, C.R.:—Objecté à la forme de la question parce qu'elle est suggestive, surtout alors que le témoin a déjà répondu à cette question.

D.—Si vous étiez appelé à comparer ces trois bâtisses-là, disons au point de vue du coût de la construction ou coût de remplacement, quelles seraient vos conclusions?

30 R.—Dans les prix, je ne suis pas au courant beaucoup, je n'ai pas fait de calcul spécial de ces bâtisses-là; seulement, ce que j'ai appris, cette bâtisse pourrait coûter tant du pied cube, l'autre tant.

Par Me Geoffrion, C.R.:—

D.—D'après ce que vous avez appris?

R.—Oui.

40 Me Geoffrion, C.R.:—Objecté à cette preuve comme illégale.

L'objection est admise.

D.—Vous avez remis votre rapport d'inspection à monsieur Cartier pour qu'il fasse des prix?

R.—Oui.

D.—Subséquemment, à votre connaissance Monsieur Cartier a fixé des prix de remplacement pour les deux bâtisses seulement, pour l'édifice de la Sun Life proprement dit et pour la chaufferie?

R.—Oui.

J. HOULE (pour la Cité de Montréal) Examen en chef.

D.—Lorsque monsieur Cartier a fait ces prix, est-ce que vous avez eu l'occasion de discuter avec lui plusieurs fois?

R.—Il m'a consulté sur différents taux de matériels qui étaient des spécialités, nous sommes venus à établir un prix, c'est-à-dire des cotations assez justes et raisonnables pour la bâtisse Sun Life.

D.—Lorsque monsieur Cartier a émis son chiffre final ou lorsqu'il a été mentionné une valeur de dix-huit millions sept cent six mille cent quinze dollars (\$18,706,115) pour le prix de remplacement ou valeur de remplacement de l'édifice principal de la Sun Life, vous avez été au courant de ces chiffres-là?

R.—Oui. Il me les a montrés d'abord, on les a discutés un peu, on a discuté ensemble si les prix étaient convenables. J'ai soutenu que c'était très convenable pour une bâtisse de cette importance.

Me Geoffrion, C.R.:—Objecté à ce que le témoin donne son opinion, attendu qu'il a dit qu'il n'était pas compétent quant aux prix.

La preuve est prise sous réserve de l'objection.

D.—Vous avez concouru dans les chiffres fixés par monsieur Cartier?

Me Geoffrion, C.R.:—Même objection.

La preuve est prise sous réserve de l'objection.

R.—Certains chiffres, certaines cotations, pas en général.

D.—Dans le chiffre final?

Me Geoffrion, C.R.:—Objecté à la forme de la question parce qu'elle est suggestive, le témoin a déjà répondu qu'il était incompétent quant à cette question.

D.—Lorsque vous avez parlé tout à l'heure de certains prix, qu'est-ce que vous vouliez dire?

R.—Les prix que l'on supposait établis au pied cube pour certaines différentes bâtisses, dont on entend parler, dont on est au courant. On dit "une bâtisse a coûté tant du pied cube", on se base là-dessus pour comparer les autres bâtisses.

D.—Sans être suggestif, lorsque vous avez parlé de prix, vous avez parlé du prix coûtant d'autres bâtisses?

R.—Oui, certainement.

J. HOULE (pour la Cité de Montréal) Contre-interrogé.

D.—Mais vous aviez votre expérience comme architecte?

R.—Oui, c'est entendu.

D.—Lorsque vous dites avoir concouru dans le chiffre fixé par monsieur Cartier. . .

10

Me Geoffrion, C.R.:—Objecté à la question, le témoin a dit qu'il avait concouru en partie seulement.

L'objection est admise.

D.—Avez-vous concouru dans le chiffre final de monsieur Cartier?

20 Me Geoffrion, C.R.:—Objecté à la question parce que le témoin y a déjà répondu.

R.—Pas précisément.

Contre-interrogé par Me Aimé Geoffrion, C.R., procureur de la Sun Life Assurance Co.:—

D.—Corinthien, si je comprends bien, c'est qu'au haut de la colonne il y a des parties qui supportent?

30

R.—Oui.

D.—C'est cela pour la richesse?

R.—Oui. Et l'ensemble est compris, l'entablement, tout.

D.—En quoi l'entablement diffère-t-il d'un ionique et d'un dorique?

R.—De beaucoup.

D.—En quoi?

R.—Il y a tous les ornements.

D.—Quels ornements à part cela?

R.—Les modillons.

40

D.—De la même manière que les colonnes?

R.—C'est ce qui le tient.

D.—Vous nous avez dit que les matériaux du Bell Telephone vous paraissaient inférieurs aux matériaux de la Sun Life; lesquels?

R.—Le granit surtout, la pierre, comme ensemble.

D.—La pierre et le granit, on a déjà dit cela mais à part cela?

R.—Ce sont des matériaux plus dispendieux.

D.—En fait c'est de la pierre?

R.—Le granit, c'est du granit.

J. A. E. CARTIER (pour la Cité de Montréal) Examen en chef.

D.—Est-ce tout ce que vous avez à dire là-dessus?

R.—Je ne peux pas en ajouter.

Me Geoffrion, C.R.:—Je me réserve le droit de rappeler
10 le témoin si lorsque j'aurai vu ce document j'ai quelques questions
à lui poser en rapport avec ce document.

Et le témoin ne dit rien de plus.

Paul Cusson,
Sténographe judiciaire.

20 DEPOSITION DE J. A. EMILE CARTIER

L'an mil neuf cent quarante-trois, le premier avril, a comparu: J. A. Emile Cartier, architecte, de Montréal, âgé de quarante-neuf ans, témoin entendu à la requête de la cité de Montréal, lequel, après serment prêté sur les Saints Evangiles, dépose:

Interrogé par Me R. N. Séguin, procureur de la Cité de Montréal:—

30 D.—Vous êtes architecte?

R.—Oui.

D.—Vous avez gradué à quelle université?

R.—A l'Université de Montréal, il y a vingt-six ans.

D.—Depuis que vous avez reçu votre diplôme, vous avez toujours pratiqué?

R.—J'ai pratiqué comme architecte, j'ai l'expérience d'un architecte de vingt-six ans de pratique et en outre de cela j'ai sept ans d'expérience dans les biens-fonds, depuis sept ans je
40 suis au Service technique de la ville de Montréal pour les biens-fonds. J'ai en plus de cela avec monsieur Ste-Marie, ingénieur, eu le plaisir de collaborer à l'élaboration du système complet tel que publié dans le Manuel des biens-fonds, ce qui m'a valu je ne dirai pas une expérience mais ce qui m'a valu de découvrir beaucoup de facteurs spéciaux à l'évaluation.

D.—Actuellement, quelle est votre fonction à la cité de Montréal?

R.—Architecte en charge des inspections des biens-fonds.

D.—En quoi consiste votre travail, le travail de votre département relativement aux estimateurs?

J. A. E. CARTIER (pour la Cité de Montréal) Examen en chef.

R.—Nous devons faire faire une inspection détaillée par nos architectes et inspecteurs des bâtisses quant aux formes, aux plans, aux relevés, un détail assez complet pour que l'on puisse en arriver à un bon coût de remplacement. Nous nous basons sur
10 des formules que nous avons préparées à cet effet pour notre système de calculer le remplacement. En outre de cela, l'architecte-inspecteur doit nous donner toutes les particularités que l'on trouve dans chaque bâtisse quant aux matériaux, quant à la disposition des matériaux. Quand le rapport de l'architecte nous arrive on en fait une première vérification pour se rendre compte que nous avons à peu près tout ce qu'il nous faut pour faire notre travail, Après coup nous avons des ingénieurs qui suivant les données qu'on leur a fournies établissent un coût de remplacement. Ce travail-là nous revient entre les mains pour être vérifié
20 et nous dressons ensuite une carte qui donne un aperçu assez bon de la disposition des lieux avec un croquis de la bâtisse que nous transmettons aux évaluateurs pour leur servir de base à l'évaluation comme renseignements. L'évaluateur de cette carte-là peut à son gré la modifier suivant les besoins de la cause pour faire son évaluation.

D.—Vous avez entendu le témoignage de monsieur Joseph Houle, un de vos employés ?

R.—Oui.

D.—Il se serait rendu à diverses reprises à l'édifice de la
30 Sun Life et aurait fait des relevés complets de la bâtisse principale de même que de la chaufferie et vous aurait transmis son rapport ?

R.—Oui.

D.—Lequel rapport est produit au dossier ou le sera ?

R.—Oui.

D.—Vous êtes-vous contenté de l'inspection de monsieur Houle ou si vous avez vérifié vous-même les travaux faits par monsieur Houle ?

40 R.—Non, je suis allé moi-même faire une visite de vérification, je crois que c'est au mois de novembre mil neuf cent quarante-et-un (1941). Au cours de novembre mil neuf cent quarante-et-un (1941), je suis allé faire moi-même une vérification, pas détaillée mais assez pour me rendre compte que le travail de monsieur Houle était l'exacte vérité. J'y suis allé avec monsieur Houle.

Par Me Geoffrion, C.R.:—

D.—Vous y êtes allé avec monsieur Houle ?

R.—Oui.

J. A. E. CARTIER (pour la Cité de Montréal) Examen en chef.

Par Me R. N. Séguin:—

D.—Avec ce rapport qui vous a été remis par votre inspecteur, voulez-vous dire ce que vous avez fait?

10 R.—Nous avons préparé le coût de remplacement de cette propriété-là en se basant nécessairement sur ce que nous avons d'établi au Manuel.

D.—Pourriez-vous dire combien de temps ou combien d'heures ou combien de jours à peu près vous auriez pris pour en arriver au chiffre final de la valeur de remplacement des édifices de la Sun Life?

20 R.—Je suis persuadé que si l'on mettait bout à bout les heures de chacun des employés qui ont participé à cela et les heures que j'ai apportées moi-même au dossier il y aurait certainement pour un an de travail. Il y a certainement pour un an de travail pour le coût de remplacement, les études et le coût de remplacement de la Sun Life.

D.—Voulez-vous continuer maintenant et dire ce que vous avez fait après avoir eu le rapport de monsieur Houle pour parvenir à fixer la valeur de remplacement?

30 R.—Nous nous sommes basés, comme nous faisons pour tout le monde, sur notre système établi et nous avons à ce système ajouté ce qu'il fallait ajouter pour rencontrer les conditions actuelles de la bâtisse de la Sun Life.

D.—Qu'est-ce que vous entendez par "conditions actuelles"?

R.—L'état des lieux, le genre de construction, des murs et des charpentes, etc. Enfin l'érection de la bâtisse. Nous avons calculé semi-commercialement ce que coûterait à la période prévalant en mil neuf cent trente-neuf (1939) et en mil neuf cent quarante (1940) ou ce qu'aurait coûté la reconstruction de la Sun Life.

40 D.—Avez-vous donné les dates de cette période de mil neuf cent trente-neuf — mil neuf cent quarante (1939-1940)?

R.—Non. Cette période s'étend sur les derniers six mois de mil neuf cent trente-neuf (1939) et les premiers six mois de mil neuf cent quarante (1940).

D.—A ce moment-là, est-ce que les conditions de guerre se faisaient sentir sur les prix?

R.—C'est avant les conditions de guerre. C'est même au moment où la taxe fédérale de huit pour cent (8%) avait été enlevée. C'est avant les conditions anormales de la guerre. Et nous avons pris ce chiffre-là parce qu'il fallait préparer un rôle d'évaluation pour mil neuf cent quarante-et-un (1941), pour le

J. A. E. CARTIER (pour la Cité de Montréal) Examen en chef.

mois de décembre. Comme cela ne pouvait pas se faire dans très peu de temps il fallait donner aux évaluateurs le temps de recalculer toutes leurs cartes, les mettre à date. C'est pour cela que nous avons choisi la période de mil neuf cent trente-neuf—mil
10 neuf cent quarante (1939-1940) comme chiffre indice du rôle de mil neuf cent quarante-et-un (1941).

D.—Vous avez mentionné le mot taxe; quelle était la nature de cette taxe-là, était-ce une taxe fédérale ou provinciale?

R.—La taxe fédérale de huit pour cent (8%).

D.—Sur quoi?

R.—Sur les matériaux de construction.

D.—Elle avait été établie quand, enlevée quand et rétablie de nouveau quand?

R.—Elle avait été établie le deux (2) mai mil neuf cent
20 trente-six (1936); elle a été révoquée le dix-sept (17) juin mil neuf cent trente-huit (1938) et elle a été remise en force tout dernièrement, au cours de l'année mil neuf cent quarante (1940).

D.—En juillet mil neuf cent quarante (1940), je crois?

R.—Oui, je crois que c'est cela.

D.—Quoiqu'il en soit vos chiffres de base en mil neuf cent quarante (1940) n'incluent pas cette taxe?

R.—Non.

D.—Laquelle existait peu de temps avant et a continué
30 d'exister peu de temps après?

R.—Oui.

D.—Voulez-vous continuer votre témoignage en ce qui concerne les travaux que vous avez faits pour parvenir à établir la valeur de remplacement des édifices de la Sun Life?

R.—Pour établir la valeur de remplacement, comme je le disais, nous nous sommes servis des tableaux publiés au Manuel de la page 325 à 390, suivant la méthode indiquée même au Manuel de la page 269 à 325, les moyens de se servir des tables qui sont publiés dans le même Manuel.

40

Nous avons pris nos matériaux groupés suivant notre méthode, nous avons calculé, je pourrais dire, item par item les prix de remplacement de ces différentes choses, nous avons trouvé un coût de remplacement total, final, de dix-huit millions sept cent six mille cent quinze dollars (\$18,706,115). Nous avons préparé le cube de la bâtisse, nous avons trouvé vingt-et-un millions neuf cent trente-et-un mille sept cent soixante-et-un pieds cubes (21,931,761) et à ce moment-là nous avons divisé notre coût de revient par le cubage trouvé et nous avons trouvé un taux unitaire de .833 le pied cube pour la reconstruction de la bâtisse.

J. A. E. CARTIER (pour la Cité de Montréal) Examen en chef.

Par le Président:—

D.—Est-ce que ce sont les prix d'après l'indice mil neuf cent trente-neuf - mil neuf cent quarante (1939-1940)?

10 R.—Oui, pour le rôle de mil neuf cent quarante-et-un (1941).

D.—Ce n'est pas d'après les prix du Manuel, du Manuel vous n'avez pris que les formules?

R.—Oui, mais les chiffres que je donne là sont les chiffres de mil neuf cent trente-neuf (1939) à mil neuf cent quarante (1940), après nous être servis du chiffre indice du Manuel.

Par Me Séguin:—

20 D.—Le chiffre de dix-huit millions de dollars (\$18,000,000) que vous trouvez est basé sur les prix prévalant dans la période que vous avez indiquée tout à l'heure?

R.—Oui, la dernière période de mil neuf cent trente-neuf (1939) et la première de mil neuf cent quarante (1940).

D.—Vous avez préparé une carte donnant le résumé de votre travail pour être envoyé aux estimateurs?

R.—Oui.

30 D.—Voulez-vous prendre connaissance de la carte que je vous exhibe concernant l'édifice principal de la compagnie Sun Life et dire si c'est bien une copie fidèle de l'original préparé par vous?

R.—C'est une copie fidèle préparée par nous, par le Service technique, c'est une copie fidèle de ce que nous avons dans nos dossiers.

D.—Voulez-vous produire cette carte comme pièce D-8 au dossier?

R.—Oui.

40 D.—Vous avez fait, je présume, le même travail pour la chaufferie de la propriété de la Sun Life?

R.—Oui, la chaufferie et le tunnel qui relie les deux bâtisses. Nous avons appliqué exactement le même système excepté que pour la chaufferie nous avons pris en considération seulement la bâtisse et le garage qui se trouve au-dessus, au rez-de-chaussée, nous n'avons tenu compte d'aucune autre chose qui pourrait entrer dans la bâtisse, pas même la prévision que cette bâtisse pourrait être haussée un jour. Notre inspection sur les lieux ne nous permettait pas de prendre assez de détails sur la charpente qui, d'ailleurs, est recouverte, et sur la passerelle des camions,

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c'était trop difficile, il n'y avait pas moyen, alors nous nous sommes contentés de faire la chaufferie comme elle existe actuellement. Si cette bâtisse-là devait être un jour montée à plusieurs étages, comme j'ai vu sur l'Engineering Journal, nous devrions
10 reprendre notre travail de base.

D.—En quoi consisterait votre travail de reprise?

R.—A ce moment-là nous prendrions la partie nouvelle avec la partie ancienne et nos tableaux tels que préparés au Manuel comme l'on voit au tableau de charpentes au Manuel, nous devrions reprendre notre charpente du bas pour la monter jusqu'à sa hauteur, tel que l'on déciderait de la faire.

Nos charpentes n'étant pas strictement commerciales, nous n'avons pas pris les quantités à la livre du fer, c'est un "semi-commercial appraisal"; ce sont des quantités moyennes dans les cas généraux des propriétés dans tout le reste de la ville mais
20 quand on arrive à un cas spécial nous devons faire des ajoutés suivant nos prix de liste, pour rendre notre charpente de la valeur de la construction en cours.

D.—Vous avez fait vos ajoutés en ce qui concerne l'édifice principal?

R.—Oui.

D.—Les avez-vous faits en ce qui concerne la chaufferie?
30

R.—Non, notre carte doit certainement être trop basse parce que nous n'avons pas fait ces ajoutés-là. Nous n'avons pas eu en main assez tôt les renseignements pour pouvoir calculer exactement, se représenter exactement ce qu'est la chaufferie aujourd'hui.

D.—Alors, qu'est-ce que vous avez inclus dans les chiffres de votre carte?

Me Geoffrion, C.R.:—Objecté à cette question parce qu'elle
40 est illégale.

D.—Voulez-vous produire comme pièce D-9 la carte concernant la chaufferie qui est la propriété de la Sun Life?

R.—Oui.

D.—Votre carte de la chaufferie tient-elle compte des bouilloires, de la tuyauterie et des autres appareils qui peuvent se trouver à l'intérieur?

R.—Elle tient compte d'une partie de ces appareils en autant que le chauffage de la Sun Life, de la bâtisse principale et de

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la chaufferie, est concerné, mais tout supplément qu'il pourrait y avoir dans ce système n'est pas inclus dans la carte. Si on devait chauffer trois ou quatre bâtisses voisines, ce n'est pas inclus. N'est inclus dans la carte que la valeur strictement nécessaire au
10 chauffage qu'elle doit donner et que nous avons en main.

D.—Au chauffage de la petite bâtisse?

R.—Oui, et de la Sun Life. Non, voici, je vous demande pardon, elle tient compte du chauffage de la petite bâtisse et de la Sun Life, nous avons l'équivalent. Le chauffage de la Sun Life est calculé avec une partie de la bouilloire, c'est-à-dire que dans le prix du chauffage le prix de la bouilloire est inclus..

D.—Au sujet de votre base de calcul pour la chaufferie je n'ai pas compris votre réponse de façon claire encore, avez-vous fixé la valeur de remplacement de la bâtisse telle qu'elle
20 existe actuellement dans tous ses détails ou si vous avez pris autre chose?

R.—Nous avons pris la valeur de la bâtisse telle qu'elle paraît être aujourd'hui, c'est-à-dire que nous n'avons pris aucun supplément pour un surhaussement futur. Nous avons pris la bâtisse avec ses deux ou trois cases et son garage par-dessus.

D.—Maintenant, vous nous avez donné tout à l'heure les chiffres auxquels vous étiez arrivé en total pour la bâtisse principale et la chaufferie de la propriété de la Sun Life?

R.—Oui.
30

D.—Voulez-vous dire si vous avez quelque détail concernant ces chiffres-là ou si vous avez fait quelque vérification de ces chiffres-là?

R.—Oui, j'ai fait un résumé des calculs avec tout le travail qu'on y a apporté. Les calculs sont assez difficiles à suivre mais j'ai extrait de nos calculs une liste sous les différents item de charpente, fondation, murs extérieurs, etc., les montants se rapportant à ces différents item. Ces montants-là comprennent les frais d'architecture tel que demandé par l'Association des
40 architectes de la province de Québec et comprennent les profits et les frais généraux des entrepreneurs et des sous-entrepreneurs de dix pour cent (10%). C'est-à-dire que ce dix-pour cent (10%) comprend les profits et les frais généraux seulement ces prix-là sont groupés sous différents item mais ne reflètent pas nécessairement le prix de cet item moyen, vu que notre travail se trouve à être en partie groupé. Par exemple, dans la charpente nous comprenons la charpente proprement dite, le recouvrement de la charpente avec son béton, en incluant le prix des formes pour ce recouvrement-là. Et même, nous avons une certaine partie

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d'enduit qui entre avec cette charpente-là. Alors, le montant que nous avons au bout de chaque item ne représente pas nécessairement, spécialement l'item mentionné mais un groupement autour de cet item-là.

10 D.—Voulez-vous produire cette liste de détails au dossier comme pièce D-10?

R.—Oui. C'est le résumé des calculs, c'est un extrait des calculs suivant certains item.

Par le Président:—

D.—Voulez-vous répéter cela?

20 R.—Cela représente les prix seulement cela ne représente pas strictement l'item qu'il y a au bout de la ligne. Au mot "Charpente", vous avez un certain montant. . .

D.—"Charpente et squelette, quatre millions neuf cent dix-huit mille cent deux dollars (\$4,918,102)?"

R.—Oui. Dans cette charpente-là il y a l'enveloppe de la charpente d'acier, le béton qui la recouvre, y compris les formes, et même une partie d'enduit sur les colonnes, par exemple, dans cette charpente-là, parce que l'autre partie de l'enduit serait comprise avec le mur extérieur et une autre avec les divisions.

30 D.—Si vous n'aviez pas inclus cela avec les différents item qui les mentionnent, nécessairement vous auriez été obligé de mentionner "enduit"?

R.—Oui, j'aurais fait un item pour enduit et un item pour béton.

D.—C'est comme si je disais brique, cela comprend le mortier qui les retiennent?

R.—Oui, avec les petits joints pour les retenir.

Par Me Séguin:—

40 D.—Vous n'avez pas de feuilles similaires pour la chaufferie?

R.—Non, malheureusement je ne l'ai pas préparée.

D.—Je vous ai entendu tout à l'heure mentionner le cubage de la bâtisse et un certain nombre de pieds cubes; voulez-vous dire à la Cour si vous vous êtes servi de la méthode au pied cube pour faire vos chiffres?

R.—Non. D'ailleurs, je l'ai dit tout à l'heure dans mon témoignage, nous avons calculé item par item — nous avons trouvé un coût de remplacement de dix-huit millions sept cent six mille cent quinze dollars (\$18,706,115) — et nous avons divisé ce

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montant trouvé par le cubage pour obtenir le prix unitaire. C'est justement le contraire. Nous avons fini notre travail en obtenant le prix unitaire mais nous avons commencé notre travail en prenant un prix unitaire. C'a été la conclusion de notre travail et
10 non pas le début de notre travail, Le prix unitaire.

D.—Le prix au pied cube est un prix de déduction ?

R.—Oui, est un prix de déduction de notre travail.

D.—Avez-vous employé certains moyens de vérification de vos chiffres ?

R.—Oui, je me suis servi des admissions de la compagnie dans la cédure "A", les montants dépensés année par année pour la construction de la Sun Life, qui est de vingt millions six cent quatre-vingt-dix mille cinq cent quatre-vingt-sept dollars et six cents (\$20,686,587.06), et de ces vingt millions de dollars j'ai
20 déduit proportionnellement aux dépenses de chaque année les montants déboursés pour les divisions temporaires et pour les murs temporaires et un remboursement qui paraît en mil neuf cent vingt-deux (1922) au montant de sept mille neuf cent soixante-trois dollars et quarante-six (\$7,963.46), et le coût des trottoirs. J'ai déduit proportionnellement pour chacune de ces années ces montants-là.

Par Me Geoffrion, C.R.:—

30 D.—Lesquels ?

R.—Les montants de l'admission de la cédure "A". Ceci m'a donné les montants nets, lesquels montants année par année j'ai ramenés à la période de mil neuf cent trente-huit (1938) - mil neuf cent quarante (1940), par les chiffres indices calculés d'après le Ministère du travail à Ottawa et j'ai trouvé par ce moyen que le coût correspond aux déboursés faits par la Sun Life autour de dix-huit millions neuf cent quatre-vingt-quinze mille cinq cent quatre-vingt-cinq dollars (\$18,995,585.92) et qua-
40 tre-vingt-douze cents, soit notre montant de dix-huit millions sept cent six mille cent quinze dollars (\$18,706,115) ou 98.5 de ce montant-là, ce qui semblait approuver le chiffre de remplacement calculé par notre Service.

Par Me Séguin:—

D.—Voulez-vous produire cette feuille contenant dans une colonne les chiffres-indices du Gouvernement fédéral et dans les autres les chiffres des admissions et votre résultat final comme pièce D-11 ?

R.—Oui.

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D.—Ceci ne s'applique qu'à la bâtisse principale?

R.—Oui.

D.—Aux pièces ou cartes que vous avez produites comme pièces D-8 et D-9, je vois que vous avez calculé certaine dépréciation au verso de la page?

R.—Oui.

D.—Voulez-vous dire de quelle façon vous avez procédé pour calculer cette dépréciation-là?

R.—Cette dépréciation-là est une dépréciation physique seulement, une dépréciation physique normale, nous nous sommes servis de la table de dépréciation qui apparaît au Manuel et qui sert pour toutes les autres bâtisses de la Ville, qui apparaît à la page 197 du Manuel. Nous avons fait des recherches aux vieux rôles pour trouver aussi près que possible les années d'occupation de ces bâtisses-là et nous nous sommes servis de ces années comme base de dépréciation.

D.—Vous avez appliqué la table de dépréciation sans vous occuper de la dépréciation observée?

R.—Nous avons appliqué la table tout simplement. Simplement par ses années de service.

D.—Et là, la carte a été envoyée telle qu'elle aux estimateurs?

R.—Oui, montrant le coût de remplacement de base, le coût de remplacement de mil neuf cent trente-neuf-mil neuf cent quarante (1939-1940) — c'est à la date de mil neuf cent quarante-et-un (1941), puisque cela représente le rôle de mil neuf cent quarante-et-un (1941) — et le montant de la dépréciation trouvé d'après la table et le montant net à l'année du rôle.

D.—Vous avez travaillé assez longtemps au sujet de cette bâtisse-là et vous l'avez visitée, pourriez-vous donner votre opinion comme architecte en ce qui concerne la bâtisse en son entier?

R.—C'est une grosse bâtisse, c'est même un monument. On a certainement voulu faire un monument. Les façades de cette bâtisse-là révèlent absolument que l'on a voulu que cette bâtisse-là soit un monument. On a fait une façade classique, laquelle façade subira certainement moins de dépréciation qu'une façade de composition, ce que l'on appelle une façade de composition, une façade de fantaisie, puisque les ordres d'architecture existent depuis les Grecs et que c'est encore de nos jours la plus belle forme pour la décoration extérieure des bâtisses.

Par Me Geoffrion, C.R.:—

D.—Vous êtes contre l'art moderne?

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R.—Oui, mais j'aime mieux ne pas l'avoir dans un édifice comme la Sun Life. Ensuite, à l'intérieur regardez le grand hall. On voit là que c'est une bâtisse réellement faite pour servir de monument, pour servir d'édifice exceptionnel. Le fait est que je
10 ne crois pas me tromper en disant qu'il est unique dans tout l'Empire.

Maintenant, sa forme. On aurait pu employer plusieurs sortes de formes mais l'on n'aurait jamais obtenu l'effet que l'on a obtenu avec la forme actuelle. Cette forme aurait pu peut-être être contestée pour l'effet d'éclairage, l'effet d'aération du centre de la bâtisse, parce que c'était éloignée des baies de lumière, mais tout cela a été prévu par des experts — et il est incontes-
20 table que ce sont des experts: le centre de la bâtisse est occupé par des services, par les ascenseurs, par les corridors, les escaliers d'honneur, les escaliers de service, les cafétérias, gymnases, auditoriums. Ce sont toutes des pièces qui nécessairement ne demandent pas la lumière du jour, la lumière extérieure, le soleil, mais qu'en plusieurs cas même il est préférable d'avoir un peu loin de la lumière. Les corridors sont spacieux. Il ne pourrait pas en être autrement à mon avis, puisque cette bâtisse-là est appelée à loger plusieurs milliers de personnes. On ne pouvait pas faire de petits corridors, il fallait nécessairement faire de beaux corri-
30 dors. Et ils ont eu raison parce que c'est même très bien. Même dans les corridors du haut on sent encore la beauté du monument, elle se reflète jusque là.

Quant à l'aération, le système a tellement été étudié par des experts qu'au centre on n'y trouve aucune différence avec les bords de la bâtisse.

Si on avait voulu faire sous une autre forme il aurait fallu un terrain beaucoup plus grand et en outre avoir un effet plus
40 ou moins néfaste. Si on se fut servi des formes en L et en T, tous les espaces auraient fait un lot de trous dans les façades. En outre de cela, il aurait fallu un espace beaucoup plus grand pour y loger la même superficie de plancher et la bâtisse aurait été encore beaucoup plus dispendieuse tout en étant moins belle parce que les pourtours des murs auraient été augmentés. Et l'on voit même au Manuel — il y a une étude de faite là-dessus, je crois que c'est aux pages 274, 275 et 276, — on voit même à un moment donné, à la page 276, — que la forme en E peut atteindre jusqu'à une augmentation de 112.5% sur le périmètre de la forme la plus éco-

J. A. E. CARTIER (pour la Cité de Montréal) Contre-interrogé.

nomique, la forme du carré. Et nous n'aurions certainement pas eu le monument que nous avons avec la forme actuelle.

10 En outre de cela, les matériaux employés là-dedans sont de toute beauté et je crois que je me résume bien en disant que partout dans cette bâtisse-là, à l'extérieur comme à l'intérieur, on ne peut que voir le monument.

D.—Quant à la permanence des matériaux?

20 R.—Quant à la permanence des matériaux, cette bâtisse-là est certainement faite pour résister très longtemps. Les matériaux sont de toute première qualité, le travail a été fait avec un soin absolu, fait par des experts, des artistes même, je pourrais dire, et pour moi cette bâtisse-là souffrira certainement moins de dépréciation que n'importe quelle autre bâtisse fantaisiste qu'on pourrait venir lui opposer.

Contre-interrogé par Me Aimé Geoffrion, C.R., avocat de la Sun Life:—

D.—Vu votre dernière réponse, je suis obligé de vous interroger un peu sur votre expérience de la construction de monuments. En avez-vous jamais construit?

30 R.—Non, je n'ai jamais construit de monument mais j'ai fait l'étude de beaucoup de monuments. Il nous fallait étudier les monuments.

D.—Comme étudiant en architecture?

R.—Oui.

D.—Vous n'en avez jamais construit?

R.—Non.

D.—Avez-vous jamais construit des bâtisses considérables?

R.—J'en ai surveillé mais pas construit.

D.—Surveillé comment?

40 R.—Comme architecte. J'ai surveillé, par exemple, la construction de l'église St. Michael.

D.—En étiez-vous l'architecte?

R.—Non. C'était monsieur Beaugrand-Champagne.

J'étais à son emploi, j'ai surveillé les travaux.

D.—Avez-vous d'autre expérience sur les bâtisses considérables?

R.—Non, je ne puis pas dire que j'ai une expérience mais j'ai étudié.

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D.—Je ne parle pas de vos cours.

R.—Non, mais le goût du professionnel est pour quelque chose là-dedans.

10 D.—Je ne vous demande pas cela, quels sont vos goûts, mais votre expérience uniquement. Deuxièmement, vous êtes allé visiter la propriété avec monsieur Houle, vous dites, en novembre?

R.—Au cours de mil neuf cent quarante-et-un (1941), à la fin de mil neuf cent quarante-et-un (1941).

D.—Il nous a dit qu'il a passé une journée seulement ou partie d'une journée?

R.—Oui.

D.—Combien de temps avez-vous été là?

20 R.—Même pas la journée.

D.—Qu'est-ce que vous avez vérifié pendant que vous étiez là?

R.—J'ai vérifié les mesures principales, j'ai fait le tour de la bâtisse. J'avais étudié antérieurement le plan et le rapport que j'ai vérifiés. . .

D.—Dites ce que vous avez fait là.

R.—C'est ce que je dis, j'ai vérifié particulièrement tout le rapport de monsieur Houle.

D.—Vous avez été là quelques heures?

30 R.—Oui, quelques heures.

D.—Cela, c'est la seule visite que vous avez faite?

R.—Je connais la Sun Life à part cela.

D.—A part de passer comme curieux, comme tout le monde, c'est la seule visite que vous avez faite?

R.—Est-ce que vous ne me permettriez pas de compter, par exemple, les visites que j'ai faites au cours de la construction?

D.—Moi, je ne connais rien, je pose les questions, c'est tout.

40 R.—J'ai suivi, je crois, la grande partie de la construction, la dernière partie, du moins, de la construction de la Sun Life. Je l'ai suivie pas à pas.

D.—Comment, pas à pas?

R.—Comme architecte, cela m'intéressait.

D.—Vous n'alliez pas là tous les jours?

R.—Peut-être pas tous les jours mais très souvent.

D.—Vous alliez regarder construire?

R.—Oui, et visiter les travaux.

D.—Quelles particularités avez-vous observées?

R.—Un peu de tout.

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D.—C'est vague, quoi?

R.—La charpente, la construction des murs, la construction des finis intérieurs, voir le marbre, le granit sur le trottoir, le voir poser.

10 D.—Vous avez vu la nature des matériaux qui entraient là?

R.—Oui, et la manière qu'ils étaient posés et fixés à la propriété.

D.—En pratique, en fait, vous avez retrouvé les mesures de monsieur Houle correctes?

R.—Celles que j'ai vérifiées, oui.

D.—Alors, ce que vous avez fait vous et vos assistants se réduit à ceci — je veux bien comprendre votre rôle: vous avez pris les mesures de monsieur Houle, vous avez appliqué les tables
20 du Manuel dont vous avez parlé tout à l'heure; est-ce que cela ne représente pas pratiquement tout votre travail, cela, avoir pris les mesurages de monsieur Houle et appliqué les tables du Manuel?

R.—Non, j'ai disséqué le travail de monsieur Houle.

D.—Cela, c'est le prendre, pour appliquer les tables du Manuel il faut disséquer, mais à part cela?

R.—Je ne comprends pas bien.

D.—A part de prendre et disséquer le rapport de monsieur
30 Houle et d'aller passer quelques heures pour en vérifier les mesures principales, vous avez, en outre, appliqué à ce rapport disséqué les tables du Manuel?

R.—C'est déjà pas mal.

D.—Je ne vous demande pas cela, c'est peut-être assez mais je vous demande si c'est là tout ce que vous avez fait. Je veux savoir si c'est tout ce que vous avez fait. C'est probablement tout ce que vous avez fait, je ne le sais pas.

R.—J'ai, en outre d'appliquer les tableaux, dû faire des études et des recherches et des calculs pour rendre nos tableaux
40 tels qu'ils étaient à ce moment-là, pour les rendre applicables à la Sun Life.

D.—Applicables comme question de dates ou quoi?

R.—Comme question de coût de remplacement.

D.—Vous aviez là-dedans les tableaux?

R.—Oui, mais les tableaux tels qu'ils étaient.

D.—Voulez-vous dire qu'à part cela vous avez dû vous informer du prix coûtant?

R.—Il a fallu s'informer des prix coûtants, et les ramener aux chiffres que nous voulions obtenir au fur et à mesure que l'on marchait.

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D.—J'oubliais, vous avez raison d'attirer mon attention là-dessus, vous avez en outre dû obtenir les prix coûtants et les corriger grâce aux tableaux fédéraux à mil neuf cent trente-neuf — mil neuf cent quarante (1939-1940) ?

10 R.—Non, pas grâce aux tableaux fédéraux.

D.—Vous l'avez dit tout à l'heure.

R.—J'ai dit tout à l'heure, je vous demande pardon mais je crois que j'ai dit tout à l'heure que je m'étais servi des chiffres fédéraux pour ma comparaison avec le coût de la Sun Life, mais pour notre travail, nous, nous prenons record des coûts des matériaux et des coûts de la main-d'oeuvre et nous faisons nous-mêmes pour Montréal notre propre chiffre-indice.

D.—Vous avez d'abord obtenu au cours du marché les prix courants ?

20 R.—Oui.

D.—Il s'agissait de les ramener à mil neuf cent trente-neuf — mil neuf cent quarante (1939-1940) ?

R.—Oui.

D.—Pour les ramener à mil neuf cent trente-neuf — mil neuf cent quarante (1939-1940), vous vous êtes servi de tableaux-indices que la Cité de Montréal a ?

R.—Oui.

30 D.—Monsieur Bruneau nous a dit au début que son tableau de Montréal était seulement basé sur le tableau fédéral et était à une date différente.

R.—Je ne sais pas ce que l'on a pu vous dire mais je sais que nous préparons nous-même notre chiffre-indice.

D.—Vous dites que vous avez pris le chiffre-indice de la cité de Montréal ?

R.—Oui, préparé par nous.

D.—Je suis intéressé à savoir ceci : le granit — je prends votre pièce D-10 — il y a du granit dans la charpente et le squelette ?

40 R.—Non.

D.—Il y en a dans les fondations ?

R.—Il y a une partie qui recouvre les fondations.

D.—Les murs extérieurs ?

R.—Oui.

D.—La décoration ?

R.—Oui, elle est faite dans le granit, dans les colonnes, dans les chapiteaux.

D.—C'est tout ?

R.—Oui.

J. A. E. CARTIER (pour la Cité de Montréal) Contre-interrogé.

D.—Un peu aux fondations et dans les murs extérieurs?

R.—Oui.

D.—Est-ce que tous les murs extérieurs sont entièrement en granit?

10 R.—Pas sur toute la profondeur. Ils sont en granit avec un “backing”.

D.—Quelle quantité de granit est entrée dans cette bâtisse-là?

20 R.—Je crois que j’ai dit que je n’avais pas fait le “commercial appraisal”. Il y a plusieurs manières de faire le coût de remplacement. Il y a premièrement, en obtenant le coût de la bâtisse et en l’analysant; deuxièmement, on peut en faire un en prenant toutes les quantités des matériaux qui entrent dans une bâtisse. S’il fallait faire cela, ce n’est pas un an que l’on travaillerait sur la Sun Life mais plusieurs années. En plus, il y a le moyen que nous avons adopté, qui serait je pourrais l’appeler un “semi-commercial appraisal”. Vous verrez aux tableaux 117 et 118 que nous avons des prix de murs, mais ils comprennent le “backing” et ils comprennent aussi le fini intérieur de telle, telle et telle façon. Nous ne prenons pas les quantités de granit posé pour les calculer mais nous les calculons par pied de surface.

D.—Dans votre estimé pour combien de pieds cubes ou de surface de n’importe quoi avez-vous mis des matériaux au prix du granit?

30 R.—Je pourrais vous répondre comme cela, que nous avons des estimés de faits pour le coût de remplacement. Pour le granit au pied carré, je ne puis pas dire que j’ai tant ou tant ou tant de verges de granit, mais je sais simplement que j’ai calculé mon coût de mur en granit pour une épaisseur de x. Je l’ai calculé à tant du pied carré mais je ne peux pas en donner la quantité exacte.

D.—Pouvez-vous donner le nombre de pieds carrés?

40 R.—Je peux vous donner le nombre de pieds carrés de façade.

D.—En granit, je ne parle pas d’une autre façade. Je veux avoir le nombre de pieds carrés ou cubes, je veux arriver à la quantité de granit qui sert à établir vos dix-huit millions sept cent six mille cent quinze dollars et cinquante-trois cents (\$18,706,115.53). Le chiffre est tellement précis!

R.—Cela se donne comme coût précis.

D.—Vous avez dû avoir des éléments précis?

R.—Si vous avez un prix à vingt-et-un cents (.21) le trois cents (.03) peut venir malgré nous autres.

J. A. E. CARTIER (pour la Cité de Montréal) Contre-interrogé.

D.—Un chiffre précis comme celui-là démontre que vous avez dû calculer avec précision la quantité de granit ?

R.—On a trois cent quatre-vingt mille trois cents pieds (380,300') de mur calculés en granit.

10 D.—Quelle épaisseur allouez-vous par pied carré pour votre calcul ?

R.—C'est encore la même réponse que je peux vous faire : c'est que l'épaisseur pour nous importe pas. C'est-à-dire, elle importe mais dans le pourcentage de notre prix.

D.—Combien avez-vous mis pour le granit sous une forme ou sous une autre ? Combien en argent, en dollars et en sous avez-vous mis pour du granit ?

20 R.—Je ne peux pas vous répondre parce que c'est pris d'après nos tables 117 et 118.

D.—A quelle page ?

R.—374. Vous avez là, pour un mur en granit sans fini extérieur, avec un "backing" de brique de quatre pouces (4"), 4.038.

D.—Vous avez pris cela ?

R.—Oui, par pied carré de mur. Je ne dis pas que j'ai pris cela, c'est basé là-dessus.

D.—Qu'est-ce que vous avez pris ?

R.—Le granit est là-dedans.

30 D.—Je veux contrôler vos prix.

R.—Je puis vous dire que le granit calculé à cette table-là est de 4.038 moins 1.01.

D.—J'aimerais à savoir quel prix vous avez pris pour votre chiffre de dix-huit millions de dollars (\$18,000,000) ?

R.—Je n'ai pas pris de prix autres que cela.

D.—Vous avez pris 4.038 ?

R.—Cela, c'est un granit de six pouces (6").

D.—Avez-vous pris un granit de six pouces (6") dans cette bâtisse-ci ?

40 R.—Non.

D.—Qu'est-ce que vous avez pris ?

R.—Nous avons un prix de deux dollars et cinquante (\$2.50) le pied cube à ajouter à cela, suivant les épaisseurs, à ajouter après à notre prix de trois dollars et quatre-vingt-dix (\$3.90) et quelque chose si vous faites la différence.

D.—Avez-vous un détail de vos calculs quelque part ?

R.—Oui.

D.—Le granit coûte plus cher que le bois, il faut savoir combien de granit vous avez calculé ?

J. A. E. CARTIER (pour la Cité de Montréal) Contre-interrogé.

R.—Trois cent quatre-vingt-mille trois cents pieds (380,300') à cinq dollars et vingt-cinq (\$5.25) le pied carré. Mais cela comprend l'enduit, "backing", le granit. Je ne peux pas aller plus loin malheureusement.

10 D.—Vous avez mis une somme de cinq dollars et vingt-cinq (\$5.25) par pied carré de façade en granit?

R.—Oui.

D.—Cela comprend le granit, la pose, les enduits, le "backing"?

R.—Oui, le fond du mur, les terra-cotta.

W.—Est-ce que cela comprend le mur intérieur?

R.—L'enduit intérieur.

D.—Cela comprend le mur depuis l'extérieur jusqu'à l'intérieur?

20 R.—Oui, un pied (1') de mur.

D.—Vous avez donné cinq dollars et vingt-cinq (\$5.25) par pied carré de façade et vous avez donné le nombre de pieds carrés de granit?

R.—Oui.

D.—Combien ajoutez-vous aux dix-huit millions de dollars (\$18,000,000) pour la bâtisse du chauffage?

R.—Vous avez la carte portant le numéra 140942, c'est deux cent quatre-vingt-trois mille trois cent soixante dollars (\$283,360) à la même époque.

30 D.—Vous m'avez dit "semi-commercial"?

R.—Oui.

D.—Qu'est-ce que cela veut dire?

R.—C'est une demi prise de quantité, une demi quantité prise d'avance, c'est-à-dire que nous ne prenons pas les quantités.

D.—C'est un estimé de quantités?

R.—Non.

D.—Non pas un calcul précis?

R.—Non pas un calcul précis des quantités.

40 D.—C'est un estimé, alors?

R.—Je ne voudrais pas dire que c'est un estimé. Ce sont des calculs préparés à l'avance pour tant de pieds carrés. Par exemple, on a tant de matériel, alors le pied carré définit la quantité de matériel que l'on n'a pas besoin de prendre puisqu'il s'applique par nos tables.

D.—C'est une table générale que la Cité a faite?

R.—Oui. Les choses qui n'entrent pas dans nos tables on en prend les quantités.

D.—Vous prenez dans vos tables les quantités probables qui devraient entrer dans tel mur, par exemple, dans tel espace?

J. A. E. CARTIER (pour la Cité de Montréal) Contre-interrogé.

R.—Un mur de telle et telle forme, on a tant de pieds cubes, de telle chose et tant de pieds cubes de telle chose.

D.—La dépréciation est prise d'après le Manuel à la page 197?

10 R.—Oui.

D.—Je ne sais pas si j'ai bien compris ce que vous avez fait à notre cédule "A" de l'admission; pour vérifier, vous avez pris tous les chiffres qui apparaissent à la cédule "A" dans la première colonne?

R.—Oui.

D.—Vous avez pris les chiffres-indices du Ministère du travail à Ottawa et vous avez corrigé dans la deuxième colonne d'après cet indice?

20 R.—Dans la deuxième colonne j'enlève pour les murs temporaires, pour les divisions temporaires, ces montants-là disparaissent de cette colonne-là. Vous avez vingt millions de dollars (\$20,000,000) qui correspondent à votre cédule. Ce montant-là, qui donne dix-neuf millions de dollars (\$19,000,000) et cette deuxième colonne-là vous donne additionné le montant dépensé. Le chiffre-indice je l'applique au chiffre actuellement dépensé. Cette colonne est les montants nets et je m'en-sers pour les ramener à l'équivalent de mon coût de remplacement calculé.

D.—La première colonne c'est la liste des chiffres-indices fédéraux?

30 R.—Oui.

D.—La deuxième colonne, les dates?

R.—Oui.

D.—La troisième colonne, les montants actuellement dépensés, c'est une copie de cela?

R.—Oui.

D.—La troisième colonne, est-ce que ce n'est pas les chiffres de la cédule "A" corrigés par l'indice?

R.—Non, c'est déduction faite de ces montants-là.

40 D.—Des montants au bas?

R.—Oui. La dernière colonne, c'est les chiffres corrigés d'après les chiffres-indices de la première colonne. C'est la dernière colonne qui est le chiffre-indice corrigé.

D.—C'est la dernière colonne qui corrige les chiffres actuellement dépensés par les chiffres-indices?

R.—Oui, pour les ramener à l'époque de notre coût de remplacement.

D.—Vous ne les additionnez pas ceux-là?

R.—Oui, dans le bas.

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D.—Quels murs retranchez-vous?

R.—C'est une des déductions qui apparaissent dans les admissions.

D.—Je comprends que les chiffres pour murs et divisions
10 temporaires, trottoirs aussi, sont mentionnés dans une lettre écrite par la Sun Life à la Ville?

R.—Oui.

D.—Maintenant, est-ce que je puis voir vos calculs?

R.—Avec plaisir. Je ne peux pas les déposer au dossier, c'est la seule copie que j'ai.

D.—Sujet à la possibilité que j'aie des questions à poser sur cette copie-là, je clôs ma trans-question.

R.—Voici maintenant les calculs pour la chaufferie.

20 Et le témoin ne dit rien de plus.

Paul Cusson,
Sténographe judiciaire.

DEPOSITION DE VICTOR FOURNIER

30 L'an mil neuf cent quarante-trois, le premier avril, a comparu: Victor Fournier, ingénieur-civil, demeurant à Outremont, âgé de quarante-neuf ans, entendu à la requête de la Cité de Montréal, lequel, après serment prêté sur les Saints Evangeliques, dépose:—

Interrogé par Me R. N. Séguin, avocat de la Cité de Montréal:—

D.—Vous avez été demandé par la Cité de Montréal pour
40 faire l'expertise de l'immeuble de la Sun Life de même qu'un édifice accessoire, la chaufferie?

R.—Oui.

D.—Voulez-vous dire quelle est votre profession, d'abord, et l'expérience que vous avez dans la construction?

R.—Je suis ingénieur-civil depuis mil neuf cent quinze (1915), gradué de Polytechnique; membre de la Corporation des ingénieurs professionnels et membre de l'Engineering Institute of Canada. Je me suis spécialisé depuis mil neuf cent vingt-huit (1928) pour les estimés de constructions à l'emploi de Dansereau Limitée, entrepreneurs généraux.

V. FOURNIER (*pour la Cité de Montréal*) *Examen en chef.*

D.—Voulez-vous nous mentionner quelques-unes des bâtisses pour lesquelles vous auriez fait des estimés et pour lesquelles vous auriez surveillé les travaux?

10 R.—J'en ai mis quelques-unes ici sur lesquelles j'ai non seulement fait les estimés mais surveillé les travaux, naturellement, comme entrepreneur ou plutôt comme ingénieur de l'entrepreneur, comme ingénieur-en-chef de Dansereau Limitée. Il m'est arrivé de faire des estimés en dehors de ceux-là. Ceux-là sont ceux pour lesquels les contrats nous ont été adjugés, pour lesquels j'ai en plus de faire les estimés à surveiller les travaux. Des estimés, on en fait souvent, trois ou quatre fois par mois, c'est difficile de dire tous ceux que j'ai pu faire. De ceux-là j'en ai extrait quelques-uns dont les contrats nous ont été adjugés.

D.—Veuillez en mentionner quelques-uns.

20 R.—A l'hôpital Notre-Dame et à l'hôpital Ste-Justine nous avons exécuté la résidence des gardes. . .

Par Me Geoffrion, C.R.:—

D.—Une résidence pour chaque hôpital?

R.—Oui. L'école du Plateau, l'école Ste-Cunégonde. On vient de finir. . . .

30 D.—Vous n'étiez pas né quand ça s'est bâti l'école du Plateau?

R.—Oui. Monsieur Perrault était l'architecte, je pense qu'il a pas mal le même âge que moi. C'est la nouvelle bâtisse, c'est au Parc Lafontaine, l'école du Plateau.

Par Me Séguin:—

D.—Où est-elle, celle-là?

40 R.—Sur le Parc Lafontaine, là où il y a les concerts symphoniques. Le théâtre Outremont. Le théâtre Snowdon. L'édifice Viewmont. Crescent. Office Specialty. J. D. Langelier. Le séminaire de St-Hyacinthe. L'école de Réforme de Montréal. A la Longue-Pointe l'hôpital St-Jean de Dieu pour trois pavillons. Encore avec monsieur Perrault. L'hôpital de Mastai. Différents édifices dont vous avez la liste ici. Le couvent de Chicoutimi. Un pont à St-Hyacinthe. L'aqueduc de La Tuque. Des travaux assez variés, en plus des estimés. J'ai fait des travaux pour un projet qui ne s'est pas réalisé dans lequel j'ai collaboré avec monsieur Perrault pour faire un estimé. Je crois qu'il aimerait peut-être autant qu'on ne le nomme pas, il ne s'est pas réalisé mais ce n'est pas encore impossible.

V. FOURNIER (pour la Cité de Montréal) Examen en chef.

D.—Depuis le début de votre carrière vous avez surveillé les travaux et fait des plans pour plusieurs millions de dollars de construction?

10 R.—La liste qui est là, qui concerne simplement les bâtisses pour lesquelles j'ai eu à faire à la fois et l'estimé et la surveillance des travaux, cette liste s'élève à un montant de seize millions.

D.—Quelle est la nature du travail que vous avez été appelé à faire pour la Cité de Montréal relativement à l'édifice de la Sun Life?

R.—On m'a demandé d'en faire le coût de remplacement pour en déterminer la valeur actuelle, en passant par le coût de remplacement.

20 D.—De quelle façon avez-vous procédé à votre travail?

R.—J'ai pris pour base une bâtisse ordinaire, bon marché, qui aurait seulement dix étages.

D.—Vous avez visité la bâtisse, tout d'abord?

30 R.—Oui. Je veux déterminer pourquoi je me suis basé sur ce point-là. Une bâtisse ordinaire, seulement dix étages, qui serait seulement en brique. Seulement pour lui donner le même cube, pour avoir un idée de ce qu'elle serait. Ce serait une bâtisse, je crois, qui aurait au lieu de quatre-cents pieds (400'), comme la Sun Life, qui aurait six-cent-vingt-trois pieds (623') de long. Une bâtisse de six cent vingt-trois pieds (623') par deux cent
hui pieds (208'), la largeur de la Sun Life, et qui aurait seulement dix étages et un sous-sol et demi, c'est-à-dire un sous-sol sur toute la grandeur et un deuxième, soit la moitié de la grandeur, j'estime qu'elle coûterait quarante cents (.40) le pied cube, qui est, je crois, pour une bâtisse de dix étages un minimum. J'ai ajouté à ce minimum les matériaux ou l'arrangement plus spécial à la Sun Life, comme la hauteur, le matériel employé à l'extérieur, le matériel pour les châssis, le fini, etc.

40 J'avais des plans mais je n'avais pas de devis, le seul moyen c'était de visiter la bâtisse pour me rendre compte des matériaux employés et de toute la mise en oeuvre et de la façon dont les travaux avaient été exécutés et surtout en certains cas pour corriger les plans qui m'avaient été passés. Sur les plans, par exemple, il y a des terrasses qui sont montrées, dont la surface est montré sur les plans finie en tuile rouge, alors que sur la bâtisse ces parties-là ne portent pas de tuile, n'ont pas été finies.

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Par Me Geoffrion, C.R.:—

D.—Vous corrigez les plans lorsque la chose faite ne correspond pas aux plans?

10 R.—Oui. Je préférerais visiter la bâtisse parce que je savais ou du moins je présumais, on m'avait dit, que la bâtisse n'était pas complète, alors en visitant je pouvais me rendre compte jusqu'à quel point elle avait été complétée. Ce qui me permettait de faire l'étude des plans en connaissance de cause.

Par Me Séguin:—

D.—Vous avez passé plusieurs heures ou jours à visiter cette bâtisse-là?

20 R.—Une dizaine de jours, je crois.

D.—Vous avez passé environ une dizaine de jours?

R.—Oui, l'équivalent de six ou sept heures par jour pour visiter du sous-sol jusqu'au dernier toit toutes les pièces à peu près. Et c'est entendu qu'il y a quelques pièces peut-être que l'on jetait un coup d'oeil par la porte, on voyait qu'elles étaient semblables à celles que l'on venait de voir, on ne l'examinait pas dans tous ses détails mais autant que l'on peut examiner une bâtisse.

30 D.—Voulez-vous faire part au tribunal des constatations que vous avez faites et des conclusions auxquelles vous êtes arrivé?

R.—Partant du prix de quarante cents (.40) le pied — j'ai calculé le cubage indépendamment de tout chiffre que j'avais vu ailleurs — j'ai trouvé vingt-deux millions deux cent quarante-neuf pieds cubes.

40 Pour trouver ce cubage, j'ai pris les plans qui m'avaient été fournis, — je pense qu'ils ont été produits. J'ai une série de plans ici qui sont, autant que j'ai pu le constater et ça m'a été donné comme tel par l'architecte, qui sont les plans de la bâtisse telle qu'elle a été finalement exécutée mais réduit à une échelle pratiquement du tiers des plans primitifs, pour permettre leur emploi facile lors de la visite des lieux.

De ces plans j'ai tiré le contour des bâtisses avec la hauteur de chacun des étages, pour déterminer d'abord le cubage total et le cubage de chacune des trois parties. Puisque la bâtisse n'a pas été faite en une seule opération, je prévoyais que j'aurais besoin des âges de chacune des parties et par conséquent de la grosseur de chacune des parties pour être capable de faire une dépréciation proportionnelle à l'âge. En même temps, ces contours m'ont permis de déterminer le granit de la bâtisse pour

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chacun des étages pour les murs extérieurs. Le prix de quarante cents (.40) au pied cube pour vingt-deux millions deux cent quarante-neuf pieds cubes me donne un prix basique de huit millions huit cent mille quatre-vingt-dix-neuf dollars et soixante
10 cents (\$8,800,099.60).

Et j'ai ajouté pour les différents corps de métiers à ce que dans mon prix de quarante cents (.40) je concevais pour finir normalement une bâtisse qui ne vaudrait pas plus de quarante cents (.40) le pied cube. Pour les fondations j'ai ajouté cinquante-sept mille deux cent neuf dollars (\$57,209). Pour le béton, cent quatre-vingt-seize mille neuf cent treize dollars (\$196,913). Pour la charpente d'acier, sept cent cinquante mille
20 six cents dollars (\$750,600). Pour la menuiserie, qui consiste dans le cas présent surtout en granit, puisque dans le prix de quarante cents (.40) il y avait déjà la menuiserie normale d'une bâtisse bon marché en brique, deux millions quatre-cent-vingt-et-un mille et six cent-trente-quatre dollars (\$2,421,634). Pour la couverture, soixante-quinze mille cent soixante-dix-sept (\$75,177). Pour la menuiserie et les métaux ouvrés qui, ordinairement, sont séparés, ce sont deux corps de métiers bien différents, seulement dans le cas présent la plupart ou un grand nombre des portes et la plupart des cadres des portes sont en métal — les portes intérieures, j'entends. Il y a des portes intérieures en bois aussi —
30 et ensuite les portes extérieures sont en métal aussi, les portes principales, et surtout les châssis qui au lieu d'être en bois sont en bronze; alors, j'ai groupé comme surplus les métaux ouvrés, les métaux d'ornementation, et la menuiserie avec un surplus de sept cent vingt mille sept cent quatre-vingt-douze (\$720,792). Ce sont toujours des surplus sur ce que coûterait une bâtisse de quarante cent (.40) au pied cube. Pour les enduits, deux cent soixante-huit mille cinq cents dollars, (\$268,500). Pour l'électricité cinq cent cinquante mille dollars, (\$550,000). Pour le marbre,
40 et les travaux connexes, comme le terrazo, la tuile, sept cent soixante-huit mille dollars, (\$768,000). Pour les planchers, comprenant linoléum, surplus de terrazo ou de marbre, des planchers en composition mastic, parce que dans les sous-sols le linoléum étant sujet à se détériorer sur les planchers de ciment, on met plutôt une composition, pour les planchers cent soixante-seize mille six cent dix-huit dollars (\$176,618). Pour la plomberie, trois cent soixante-dix mille dollars (\$370,000). Pour le chauffage avec la ventilation, — j'ai mis les deux ensemble parce qu'une partie du chauffage en réalité se

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fait par la ventilation, dans le sens que l'air de l'extérieur est d'abord chauffé sur des "pre-heaters", des chauffeurs antérieurs, ensuite lavé et finalement, dans les cas extrêmes de température, réchauffé encore avec des "re-heaters", des ré-
10 chauds additionnels ou secondaires. En plus du chauffage ordinaire par radiateurs, cela. — Pour le chauffage et la ventilation, huit cent vingt mille dollars (\$820,000) de surplus. Peinture et vitrage, soixante-dix mille dollars (\$70,000). Frais généraux et profit, six cent soixante mille dollars (\$660,000), naturellement occasionnés par les autres augmentations, les voûtes, par la grande voûte de la Sun Life au sous-sol, une voûte spéciale pour des fins de guerre, et les voûtes privées aux différents étages; cent soixante-quinze mille dollars (\$175,000). Les ascenseurs, un million deux cent trente-neuf mille dollars (\$1,239,000), qui, dans
20 le prix de quarante cents (.40) ne sont nullement compris. C'est-à-dire qu'actuellement les ascenseurs, je calcule que c'est leur prix, cela. Dans une bâtisse de quarante cents (.40), les ascenseurs tombent dans une échelle de prix tellement variable qu'on ne les compte pas.

Par Me Geoffrion, C.R.:—

D.—Les gens ne montent pas à pied, j'espère?

30 R.—Non. Dans une construction ordinaire. C'est comme la quincaillerie qui, ordinairement, est choisie par le propriétaire vers la fin de l'exécution des travaux. J'ai ajouté pour la quincaillerie cinquante mille dollars (\$50,000). Ce qui fait un total de surplus de neuf millions trois cent soixante-neuf mille quatre cent quarante-trois dollars (\$9,369,443). Ce qui avec le montant donné pour les quarante cents (.40), le prix basique de quarante cents (.40) donne dix-huit millions cent soixante-neuf mille cinq cent quarante-deux dollars et soixante cents (\$18,169,542.60). Les sous proviennent du quarante cents (.40) avec le cubage de
40 deux cent quarante-neuf.

Ceci comprendrait la bâtisse avec son chauffage et l'intérieur de la bâtisse. Sur tout cela j'ajoute quatre pour cent (4%) pour les honoraires de l'architecte. Dans le moment, je l'ajoute sur le montant complet, quand je viendrai pour faire les déductions, je déduirai les quatre pour cent (4%) aussi. Ce qui fait une addition de sept cent vingt-six mille sept cent quatre-vingt-un dollars et soixante-dix cents (\$726,781.70). Ou un coût total pour l'édifice complet, comprenant le chauffage et les ho-

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noraires de l'architecte mais non encore les frais de finance, dix-huit millions huit cent quatre-vingt-seize mille trois cent vingt-quatre dollars et trente cents (\$18,896,324.30).

10 De ce montant j'ai déduit pour les parties non finies, calculé à trois cent quarante-deux mille quatre-vingt-douze dollars (\$342.092) plus quatre pour cent (4%), qui est déjà compris dans mon coût général. Alors, si je déduis les parties non finies, il faut aussi déduire les quatre pour cent (4%) que j'ai attribués à l'architecte, ce qui fait une déduction de trois cent cinquante-cinq mille sept cent soixante-quinze dollars et soixante-huit cents (\$355,775.68).

20 J'enlève encore les chaudières du chauffage et les autres appareils qui servent au chauffage, qui sont établis de l'autre côté de la rue. Je n'enlève pas la bâtisse elle-même qui, je crois, doit rester comme bâtisse, mais les appareils de chauffage qui sont déjà inclus dans mon prix global, je les enlève. Quand viendra le temps, je donnerai ce montant-là, deux cent soixante-trois mille quatre-cent trente-six dollars et quatre-vingt-douze cents (\$263,436.92), plus quatre pour cent (4%) encore, ce qui fait un autre montant à déduire de deux cent soixante-treize mille neuf-cent soixante-quatorze dollars et quarante cents (\$273,974.40), me laissant dix-huit millions deux cent soixante-six mille 30 cinq cent soixante-quatorze dollars et vingt-deux cents (\$18,266,574.22), pour ce que j'appelle le coût ou prix de la bâtisse, auquel j'ajoute les frais de finance.

40 J'ai supposé que toutes les constructions prenaient trois ans, y compris les travaux préliminaires d'architecte, la préparation des plans, les esquisses, la préparation des calculs d'ingénieurs pour le chauffage; seulement, j'ai calculé les déboursés effectifs de la compagnie faits pendant vingt-quatre mois, c'est-à-dire divisés sur une période de vingt-quatre mois. Alors, dix-huit millions deux cent soixante-six mille cinq cent soixante-quatorze dollars et vingt-deux cents (\$18,266,574.22) divisé par vingt-quatre mois. Je compte que les intérêts commencent à courir au bout de deux mois seulement. Alors, pour le premier vingt-quatrième, j'ai vingt-deux mois à courir; pour le deuxième, vingt-et-un douzième; pour le troisième, etc., et pour le dernier un douzième d'année à courir, que je mets à trois pour cent (3%), ce qui me fais pour les frais de finance quatre-cent-quatre-vingt-un mille quatre-cents dollars et trente-un cents (\$481,400.31).

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Et finalement, le coût de l'édifice était pour décembre mil neuf cent quarante-et-un (1941), dix-huit millions sept cent quarante-sept mille neuf cent soixante-quatorze dollars et cinquante-trois cents (\$18,747,974.53). C'est-à-dire le coût en mil
10 neuf cent trente-neuf (1939) pour l'édifice tel qu'il existait à la fin de mil neuf cent quarante-et-un (1941), au moment de son évaluation.

J'aimerais avec votre permission justifier un peu mon attitude d'avoir pris le coût de remplacement comme valeur pour déterminer la valeur actuelle. Je crois que le moyen le plus équitable est de calculer le coût de remplacement. Et je m'appuie sur une autorité américaine, un ingénieur évaluateur en chef du
20 New York Central. . . .

Me Geoffrion, C.R.:—Objecté à cette preuve, ce n'est pas l'ingénieur du New York Central qui doit décider cette question-ci.

La preuve est prise sous réserve de l'objection.

R.—(Continuant): Dans son livre "Estimating Building Costs", Frank E. Barnes, ingénieur-civil, "Building Valuation Engineer of the New York Central Lines" et président d'un comité d'ingénieurs évaluateurs pour différents chemins de fer aux
30 Etats-Unis, dans un chapitre spécialement préparé par son comité d'ingénieurs évaluateurs, qui se trouve son chapitre sur l'Appraisal of Buildings, il donne ce qu'il croit être une opinion légale. Maintenant, si monsieur Geoffrion veut me le permettre, je vais lire:

40 "It seems to be the opinion of the Interstate Commerce Commission and apparently also of the Supreme Court "that the present value of a building, or even of an entire "business is the cost of reproduction new less depreciation, "plus a going concern value."
"Another constantly recurring case for which the cost of "reproduction new of buildings is needed is the adjusting "of taxes."

Vous avez aux pages 543 et 544 ces déclarations. Il spécifie que cela ne s'applique pas seulement aux chemins de fer mais aux bâtisses. Tout son livre est un guide pour l'estimation des

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10 constructions en général. Ce n'est pas le côté chemin de fer qui est considéré là-dedans, c'est la construction, c'est le "Building Costs" et il commence avec le creusage, les fondations et il monte la bâtisse, tous les différents corps de métiers de la bâtisse. C'est quelque chose dans le genre de Walker, qui est une autorité aussi dans la façon de préparer des estimés.

20 D'ailleurs, à mon avis, si le tribunal veut me permettre de donner mon opinion sur la façon d'évaluer les bâtisses, le revenu net de location n'est qu'un raccourci pour arriver au coût de reproduction moins la dépréciation, puisque dans les cas ordinaires d'édifices construits ou achetés en vue d'un placement de capital ou d'un revenu à taux déterminé et par conséquent dont le coût de reconstruction ou le prix d'achat est maintenu à un niveau capable de rencontrer la compétition existante. Le revenu net, divisé par le taux d'intérêt désiré ou prévalent donnera la valeur actuelle et le chiffre ainsi obtenu sera sensiblement celui que l'on aurait obtenu par le coût de reproduction moins la dépréciation. Cette dépréciation étant déterminée par la visite ou établie à la suite de visite et étude attentive des plans.

30 Tant d'experts ont donné la définition de la valeur actuelle que je m'en voudrais de la répéter. Seulement, il est une partie de cette définition qui semble avoir été complètement ignorée: la deuxième partie, celle qui regarde le vendeur, le vendeur libre. Et pourtant je ne crois pas que l'on puisse avoir un achat sans qu'il y ait une vente. On ne peut pas avoir un acheteur sans vendeur, du moins je ne le conçois pas. Un des experts a fixé à sept millions et quart (\$7,250,000) la valeur de cet immeuble, y compris les terrains et la bâtisse du pouvoir, en se basant sur le revenu actuel. Il a même dit — je suis pas mal certain, je n'ai pas le témoignage ici — il a même dit qu'il avait à l'esprit le nom d'un acheteur possible pour le prix de sept millions deux cent cinquante mille dollars (\$7,250,000). C'est monsieur Lobley. Qu'es-
40 ce que cela signifie, si un acheteur cherchant à faire un placement est prêt, avant tout marchandage, à payer ce montant-là, si ce n'est que cet immeuble ne peut valoir moins que sept millions deux cent cinquante mille dollars (\$7,250,000)? C'est un minimum. Si l'on peut convaincre la compagnie Sun Life d'accepter effectivement cette offre, je reconnâtrai pour ma part que c'est là la valeur actuelle de l'immeuble. Mais, même si l'immeuble ne rapporte actuellement qu'un revenu net de trois cent soixante-deux mille dollars (\$362,000), ce que j'ignore, je suis convaincu

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que la compagnie ne voudrait pas accepter sept millions deux cent cinquante mille dollars (\$7,250,000), même si son gérant de location le lui conseillait. Elle se mettrait immédiatement dans la position d'un vendeur forcé de vendre. En effet, dans toute
10 transaction d'immeuble fait de bon gré des deux côtés, chacune des parties espère un bénéfice ou profit quelconque. J'avais ici un exemple qui semblait bien illustrer ma pensée, mais inutile de le donner.

Dans le cas de l'édifice Sun Life, dans une vente à sept millions deux cent cinquante mille dollars (\$7,250,000), je vois très bien un avantage pour l'acheteur, et tout le monde, je crois, en conviendra, mais quel profit la Sun Life pourrait-elle espérer en trouver? Le montant total dépensé par elle resterait le même,
20 ce serait simplement une transaction dans ses livres pour effacer une perte ou absorber une perte. Mais le montant y serait quand même, soit près de vingt millions sept cent mille dollars (\$20,700,000) à la fin de mil neuf cent quarante-et-un (1941), d'après les admissions 1 et 4.

L'admission 1, c'est la liste de tous les montants dépensés aux différentes années et l'admission 4 c'est le montant dépensé à partir d'avril mil neuf cent quarante-et-un (1941) à décembre mil neuf cent quarante-et-un (1941). Je pense qu'il y a cin-
30 quante-huit mille dollars (\$58,000) d'ajoutés à ce montant-là.

Pourrait-on faire croire aux actionnaires ou aux assurés que ceux qui ont été assez habiles pour faire de la compagnie Sun Life une des plus grandes compagnies d'assurance-vie du monde entier, et cela en un temps relativement court, pourrait-on leur faire croire qu'ils ont voulu faire un placement qui en mil neuf cent quarante-et-un (1941) n'a rapporté, d'après les admissions
40 12, 14 et 16, que quatre cent quarante-six mille sept cents dollars (\$446,700) de revenus nets, soit au taux de 2 et un sixième de pour cent et qui avait rapporté encore moins avant la guerre puisque plusieurs planchers complets de la tour ont été finis après mil neuf cent trente-neuf (1939) pour des locataires de guerre. C'est-à-dire que la compagnie pour se refaire un peu a dépensé du capital vers ce temps-là pour louer à des locataires spéciaux. D'ailleurs, d'après l'admission numéro 8, la superficie totale des planchers louables est de sept cent quarante-trois mille pieds carrés. Si on fait le calcul en mettant dix pour cent (10%) de vacances, même à deux dollars (\$2) le pied carré, cela ne don-

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nerait qu'un million trois cent trente-huit mille sept cent quatre-vingts dollars (\$1,338,780) par année de revenus bruts ou, si on compte à huit cent mille dollars (\$800,000) les dépenses d'opération, ce qui comporte une augmentation de huit pour cent (8%)
10 sur les dépenses déclarées aujourd'hui, pour tenir compte de l'augmentation d'environ seize pour cent (16%) de la surface de plancher pour finir la bâtisse, il ne resterait plus qu'un revenu net de cinq cent trente-huit mille sept cent quatre-vingts dollars (\$538,780), soit au taux de 2 et trois-cinquièmes pour cent seulement, sans compter ce qu'il faudrait pour compléter la bâtisse, ni le coût des terrains, ni le coût de la bâtisse du pouvoir, ni les frais de finance.

(L'audience est alors levée et la déposition du témoin est
20 alors interrompue pour être continuée le lendemain à deux heures et trente de l'après-midi).

Et le témoin ne dit rien de plus pour le moment.

Paul Cusson,
Sténographe judiciaire.

30

DEPOSITION DE VICTOR FOURNIER

L'an mil neuf cent quarante-trois, ce 2e jour d'avril, a comparu: Victor Fournier ingénieur civil, âgé de 49 ans, demeurant à Outremont, témoin déjà entendu et de nouveau rappelé de la part de l'intimée. Lequel, sous le serment qu'il a déjà prêté, dépose et dit:—

Interrogé par Me R. N. Séguin, avocat de l'intimée:—

40

Q.—Monsieur Fournier, hier vous aviez commencé votre témoignage concernant la valeur de la propriété Sun Life et vous nous aviez dit que la valeur de remplacement à neuf de cette bâtisse était de \$18,747,974.53?

R.—Oui, monsieur.

Q.—Ensuite, vous étiez en train de donner ce que vous pensiez pouvoir constituer la valeur de la propriété Sun Life?

R.—Oui, Monsieur.

Q.—Voulez-vous d'abord produire comme pièce D-12 le rapport que vous avez préparé concernant la propriété Sun Life?

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R.—Oui, monsieur. Avec le rapport, je crois qu'il y a une feuille qui n'est pas comprise dans les copies que monsieur Geoffrion a, celle que j'ai donnée hier lors de mon témoignage, cette feuille-ci.

10 Q.—Laquelle feuille comprenait les excédents que vous avez trouvés dans l'édifice Sun Life comparée à une bâtisse de. . .

R.—De 40 sous le pied cube.

Q.—Une bâtisse ordinaire?

R.—Ordinaire.

Q.—Voulez-vous continuer votre exposé de ce que vous considérez être la valeur de la propriété Sun Life?

20 R.—Je disais hier que la compagnie Sun Life en bâtissant l'édifice du Sun Life n'a jamais eu l'intention de faire un placement à 5% ou même à 4%, ou même moins que cela, et elle le savait elle-même puisqu'en 1918, quand elle a bâti la première partie, c'était déjà une bâtisse au prix d'alors, c'était déjà une bâtisse de \$1.06.

Si on prend les montants de l'admission No 1, on trouve, à la date de 1918, un total de \$2,243,077 pour un cubage que j'ai calculé à 2,113,558 pieds cubes, ce qui fait approximativement \$1.06.

30 Par Me Geoffrion, C.R.:—

Q.—Par quoi?

R.—Par pied cube, alors que le prix de la construction était très bas. Sans vouloir entrer dans les détails, j'ai trouvé jusqu'à \$1.35, si on les remet au prix de 1939; seulement on peut toujours admettre \$1.25 sans aucune discussion, parce que les prix à ce moment-là étaient dans l'ordre de 75% à 80%, 80%, c'est-à-dire de l'index, et en 1939, c'était au-dessus de l'index.

40 La deuxième partie terminée en 1925 pouvait monter à \$1.20 le pied cube. La différence dans l'index, je ne crois pas qu'elle affecte beaucoup entre 1924 et 1939; il pourrait y avoir une variation de quelques sous. Le prix de \$1.20 est nécessairement plus haut que le prix réel de la bâtisse, puisqu'en ce moment on a dû démolir des murs qui avaient déjà été payés; et dont on ne retirait plus aucun bénéfice. Quand on a entrepris la section, la deuxième extension, on était par conséquent au courant des prix, on pouvait prévoir le prix total de l'édifice simplement par son cubage, et même plus, parce que si j'en crois les rapports

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de l'Engineering Journal de ce temps-là, le contrat pour la partie de la tour n'a été accordé qu'à la fin de 1929, et à la fin de 1929, alors que les sommes dépensées sur cette deuxième extension laissaient facilement prévoir ce que serait le coût de l'édifice
10 complet. On dit même aussi que le contrat pour la tour a été alloué subséquemment, de façon que sa construction a procédé presque d'une façon continue, excepté pour un court arrêt dans la fabrication et l'érection de l'acier de cette partie.

Je crois plutôt que le but de la compagnie Sun Life en édifiant cette bâtisse était pour une raison d'annonce, de prestige, et n'avait nullement l'intention alors d'entrer sur le marché de la location. Et même, en laissant sa bâtisse à peu près vide,
20 comme le prévoyait dans le temps la compagnie, elle était prête à faire cette dépense pour simplement une question du prestige qui lui reste encore et qu'elle ne peut pas louer. Par conséquent, je considère que le rendement net de l'édifice ne peut pas servir de base pour établir la valeur réelle de cette propriété, parce que les locataires louent les espaces et n'enlèvent rien à la compagnie de la renommée qui retombe sur la compagnie par le fait de cet édifice.

Par le Président:—

30 Q.—Le changement que la compagnie a jugé à propos d'effectuer dans ses supposés projets n'affecte-t-il pas la valeur de l'établissement maintenant?

R.—C'est peut-être une opinion forcée, vous allez me dire, mais je serais porté à croire que cela ajoute à sa valeur, tout simplement; cela n'enlève rien; elle reste propriétaire de la beauté de l'édifice et les loyers qu'elle retire sont un surplus sur ce qu'elle avait réellement l'intention d'obtenir. Elle continue à obtenir ce qu'elle s'était proposé, et en plus, pour refaire un peu ses
40 frais, a, par une augmentation de revenus légitime, le désir légitime d'augmentation, elle loue en attendant elle-même de venir à les occuper. La bâtisse n'a pas été faite pour 15 ans; elle a été faite pour probablement, on ne le sait pas, 200 ans peut-être; et pour éviter l'obligation de rebâtir comme on a déjà fait à deux reprises, et on préfère bâtir immédiatement pour les besoins prévisibles.

Q.—Qu'est-ce que l'intention du constructeur ou l'intention originaire du propriétaire vient faire avec la valeur réelle de la propriété, une fois construite?

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R.—Il me semble que si une compagnie veut se bâtir richement, princièrement, le fait de louer plus tard ne diminue pas la valeur de l'édifice.

10 Q.—Je comprendrais que votre réponse soit bien satisfaisante, si le propriétaire continue à se servir de sa propriété exclusivement pour lui-même, c'est-à-dire s'il mettait en exécution son projet comme il l'avait conçu; mais quand il arrive que le propriétaire change d'idée et qu'au lieu de se servir de son immeuble il en fait partiellement une proposition commerciale, est-ce que vous ne trouvez pas que cela doit être considéré?

R.—Je ne le sais pas.

Q.—Ce n'est pas mon idée, c'est seulement pour avoir des explications?

20 R.—Il me semble que son intention demeure avec le développement de venir à l'occuper complètement.

Q.—L'intention peut exister; seulement, la réalité, quelle est-elle au moment où nous apprécions cette bâtisse-là?

30 R.—Je crois qu'une grande partie du moins des étages actuellement occupés par les locataires ont été finis spécialement pour cela. On considérerait qu'ils avaient avantage même à faire une dépense de capital additionnel avec, sur cette dépense additionnelle exclusivement de gros revenus. Je considère que le revenu doit être pratiquement pris surtout sur les travaux additionnels qui ont été faits en vue de rendre louables les étages finis.

40 Pour la préparation des chiffres que j'ai donnés hier j'ai considéré que cette bâtisse était construite au prix de 1939, prix de matériaux et de main d'oeuvre, parce que je ne crois pas qu'il serait juste de me baser sur les prix qui ont pu monter par l'effet de la guerre. Et, de la même façon, j'ai considéré que la bâtisse était complètement érigée en une seule opération pour éliminer les travaux d'avancement, les travaux de renforcement. Comme question de fait il y a eu un nombre considérable de colonnes d'acier qui ont dû être renforcées, seulement je n'en tiens pas compte évidemment.

J'ai considéré aussi la dépréciation de cette bâtisse. J'ai adopté 1% par année pour toutes les parties de l'édifice, parce que je crois qu'il n'existe pas une bâtisse dans Montréal ni à l'étranger pour des grandes distances, à quelques rares exceptions, où les matériaux sont aussi permanents que dans le Sun Life. Le granit est une pierre qui absorbe à peu près pas d'eau, et par conséquent, qui est affecté par la gelée au minimum. La pierre à chaux se fendille, a des lits, ou la dépréciation est certainement beaucoup plus forte que dans le granit.

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Une autre cause de dépréciation dans un édifice ordinaire, ce sont les ouvertures extérieures, les châssis. Ici, nous avons des châssis en bronze, qui non seulement sont très durables, mais même ne demandent pas de peinture comme entretien. Pour dé-
10 terminer cette dépréciation à raison de 1%, comme les trois parties sont d'âges différents, j'ai calculé le cubage total, et dans chacune des parties le cubage total d'après mon calcul se monte à 22,000,249 pieds cubes. La première partie érigée en 1918 contient 2,113,758; la deuxième partie, qui se trouve la première extension érigée en 1925, contient 1,134,727, et enfin, la troisième partie, qui est la grande masse de l'édifice, contient 18,751,764 pieds cubes. Le coût de remplacement de chacune de ces parties, calculé proportionnellement à son cubage, et la dépréciation au
20 taux de 1% par année, se chiffre ainsi que le montre le tableau de mon rapport, et j'en arrive à une valeur actuelle pour l'édifice principal, de \$16,387,966.88. Comme renseignement purement secondaire, j'ai divisé la dépréciation totale de \$2,360,007.65 par la dépréciation annuelle totale de \$187,479.75 pour trouver un âge moyen en 1942 d'un peu plus de douze ans et demi.

Pour la bâtisse du pouvoir, je l'ai divisée en trois parties, parce que dans ce cas je crois devoir appliquer des taux de dépréciation différents. Ici encore le coût de remplacement est basé
30 sur les prix prévalant en 1939.

Le coût du tunnel de la bâtisse proprement dite et de l'outillage, chaudières, machines, etc., est tel que montré dans mon rapport. Pour l'outillage, j'ai pris une dépréciation annuelle de 4%; pour le tunnel, une dépréciation de 1%, et pour la bâtisse, une dépréciation de 2%, ce qui me donne, en 1942, une valeur de \$424,144.46, avec une dépréciation totale annuelle de \$18,182.22, ou au taux de 2.83%. Les deux édifices complets donnent donc une valeur totale actuelle de \$16,812,111.34, le terrain en plus.

40

Par Me Séguin:—

Q.—Le dernier chiffre que vous venez de mentionner, c'est le chiffre qui représenterait la valeur de remplacement de la bâtisse moins sa dépréciation?

R.—Moins sa dépréciation.

Q.—Dans votre rapport, avez-vous tenu compte de l'obsolescence ou désuétude qu'il peut y avoir dans la bâtisse, si vous en avez trouvé?

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R.—La dépréciation au taux de 1% tient compte de cette partie qui peut être, sur laquelle il peut y avoir discussion, comme les lampadaires électriques, les louves de ventilation ou les sorties de ventilation, les punkahs; ce sont des orifices de ventilation qui
10 servent à bord des bateaux ou à bord des chemins de fer, là où on vient d'installer l'air conditionné. Ils sont employés même dans les cas très modernes. Seulement, dans le cas d'édifices, ils peuvent avoir des inconvénients, mais seulement, si on voulait remplacer toutes les fixtures électriques, en comptant une fixture à peu près à tous les dix pieds carrés, c'est-à-dire à tous les dix
pieds dans les deux sens, qui représenteraient cent pieds de surface, on pourrait estimer à \$175,000 le coût pour faire ce remplacement-là.

Q.—Et vous remplaceriez les globes actuels par quoi?

20 R.—Des lampes fluorescentes. De la même façon on pourrait remplacer, comme question de fait on a déjà remplacé des orifices punkah par des diffuseurs qui sont d'un usage plus adopté aujourd'hui.

Q.—Maintenant, vous avez donné la valeur de remplacement moins la dépréciation que vous avez trouvée. Si vous étiez appelé à donner le chiffre ou le montant à être placé au rôle pour fins de taxation et d'évaluation, quel chiffre placeriez-vous?

30 Objecté par Me Geoffrion, C.R., à cette question.

R.—C'est la même chose que j'ai faite. En plus du terrain vous avez les deux ensemble de \$16,812,111, l'addition des deux chiffres de mon rapport.

Contre-interrogé par Me Aimé Geoffrion, C.R., Avocat de l'intimée:—

40 Q.—En plus du terrain?

R.—Terrain en plus.

Q.—Dix-sept millions et quelque chose?

R.—Mettez si vous voulez \$900,000 pour les deux terrains.

Q.—Cela fait dix-sept millions et quelque?

R.—Oui, Monsieur.

Q.—Votre position actuelle, c'est évaluateur pour les entrepreneurs Dansereau & Compagnie?

R.—Je ne suis pas évaluateur, mais estimateur.

Q.—Je vous demande pardon. Cela veut dire que votre besogne consiste à faire les estimés en vue des soumissions?

R.—Oui, Monsieur.

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Q.—Vous êtes là depuis combien de temps à faire cette
besogne-là?

R.—1928.

10 Q.—Depuis 1928 vous êtes employé par Dansereau & Cie.,
entrepreneurs importants, pour faire des estimations pour eux,
en vue de soumissions à faire?

R.—C'est justement.

Q.—C'est entièrement votre besogne depuis 1928; c'est
tout ce que vous faites?

R.—Oui. Bien, ingénieur en chef pour la direction des
travaux aussi.

Q.—Et en outre, quand ils ont les soumissions, vous dirigez
les travaux?

R.—Parfaitement.

20 Q.—Avant cela?

R.—J'ai été au service provincial d'hygiène.

Q.—A quoi faire?

R.—Comme ingénieur sanitaire.

Q.—Avant cela?

R.—J'ai été dans la construction d'aqueducs.

Q.—Quels aqueducs?

R.—Cartierville, Aylmer, Collège Macdonald; des usines
de filtration plutôt.

30 Q.—Dans ce temps-là, vous étiez subalterne, vous étiez
jeune?

R.—Oui, c'est en sortant de l'école.

Q.—Au début?

R.—Au début.

Q.—Au début, subalterne dans la construction de filtra-
tion?

R.—Oui, Monsieur.

40 Q.—Ensuite ingénieur sanitaire pour le Conseil d'hygiène,
et ensuite estimateur en vue de soumissions à faire pour des cons-
tructions pour la compagnie Dansereau, et surveillant des tra-
vaux?

R.—Oui, Monsieur.

Q.—Ce sont des entrepreneurs prudents, n'est-ce pas, ces
messieurs-là?

R.—Naturellement; personne ne cherche à perdre de l'ar-
gent.

Q.—Vous avez mentionné tout à l'heure quelques-unes des
entreprises pour lesquelles vous avez fait des estimés qui ont

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abouti à des contrats. Je ne les ai pas toutes prises parce que je ne suis pas sténographe?

R.—Elles sont avec le rapport.

Q.—L'édifice Viewmont, c'est un appartement?

10 R.—Non; c'est un édifice à bureaux.

Q.—Où est-ce?

R.—Au coin Prince-Arthur et St-Laurent.

Q.—Crescent?

R.—Au coin Crescent et Ste-Catherine.

Q.—Edifice à bureaux aussi?

R.—Oui, Monsieur.

Q.—Office Specialty?

R.—Edifice sur la rue Craig.

20 Q.—J. D. Langelier?

R.—Magasin.

Q.—Standard Paper Box?

R.—Une usine.

Q.—De quoi?

R.—Usine de fabrication de boites.

Q.—O'Neill European Machine?

R.—C'est une manufacture de machinerie pour fabrication de beurre.

Q.—Viewmount, c'est un édifice situé au coin St-Laurent

30 et. . . .

R.—Prince-Arthur.

Q.—De quelles dimensions? Combien d'étages?

R.—Autant que je me rappelle, cinq; je ne suis pas certain.

Q.—De quel coût?

R.—Je ne me rappelle pas.

Q.—\$200,000?

R.—Je ne me rappelle pas du tout.

Q.—Crescent, combien d'étages?

R.—Cinq aussi.

40 Q.—Le coût? \$100,000?

R.—Je ne me rappelle pas.

Q.—Office Specialty?

R.—Ce n'est pas gros: 4 étages.

Q.—J. D. Langelier?

R.—On a construit. . . .

Q.—Où est-ce?

R.—Sur la rue Ste-Catherine. J. D. Langelier, rue Ste-Catherine, entre St-Hubert et St-Denis.

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- Q.—Pas loin de St-Denis?
R.—Entre St-Denis et St-Hubert.
Q.—Standard Paper Box, où est-ce?
R.—Près du viaduc de l'Avenue du Parc, près du C.P.R.
- 10 Q.—Combien?
R.—Je vous dis bien franchement, je le regrette, seulement, depuis quelques années j'ai perdu la mémoire; il m'est arrivé un accident.
Q.—Dans tous les cas, mettons dans les quelques centaines de mille.
R.—Oui.
Q.—O'Neill European Machine?
R.—Probablement un \$100,000.
- 20 Q.—Vous avez dit tout à l'heure que vous aviez fait une foule d'estimés à part cela?
R.—Evidemment.
Q.—Pour des soumissions qui n'ont pas été acceptées?
R.—Oui.
Q.—Il y avait des plus bas soumissionnaires?
R.—Evidemment; on présume toujours moins.
Q.—Vous ne les avez pas eus?
R.—Non.
- 30 Q.—Vous vous placez naturellement, dans vos soumissions, au point de vue de Dansereau & Cie?
R.—Evidemment.
Q.—Maintenant, pour traverser votre enquête, je lis à la page 2 de votre rapport: "La permanence des matériaux employés, surtout à l'extérieur, justifie à mon avis une détérioration de 1% par année seulement; et le caractère de l'architecture permet de présager que "l'édifice ne subira pas de désuétude". Qu'entendez-vous par le caractère de l'architecture?
R.—Son apparence extérieure.
- 40 Q.—Est-ce que vous pensez, dans le monde commercial où l'on vit aujourd'hui, que la désuétude dépend de l'apparence extérieure ou des nouvelles inventions et améliorations modernes de l'intérieur?
R.—Pour un édifice d'un caractère monumental du genre du Sun Life, je suis convaincu que les anciennes lignes classiques resteront toujours, alors que, comme je dirais, les désirs ou les lubies passagères disparaîtront de l'art moderne.
Q.—Vous vous placez au point de vue architecture, je pense?

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

R.—Non; parce que je ne suis pas architecte; mais seulement, je me place au point de vue de la définition du mot: tout ce qui plaît.

10 Q.—C'est au point de vue plaisir qu'on a à regarder?
R.—Parfaitement.

Q.—C'est à ce point de vue que vous vous placez pour dire que 1% est suffisant?

R.—Si j'analyse chacun des corps de métiers de l'édifice, j'arriverais à moins que 1%. Les fondations n'ont aucune dépréciation; la charpente d'acier, elle est bonne ou elle n'est pas bonne; le granit, je suis certain que vous n'avez pas une pierre d'employée qui n'est pas bonne; ce qui représenterait une dépréciation totale de . . . sur le granit, car le tout voudrait dire moins que $\frac{1}{2}$ de 1% pour cette partie qui est un gros élément de l'édifice, avec la charpente.

2) Q.—Vous vous placez au point de vue de dépréciation physique?

R.—Oui, Monsieur.

Q.—Comme les pyramides d'Egypte, cela durera encore pour longtemps?

R.—Oui.

30 Q.—Je parle d'autre chose. Vous avez répondu sur autre chose. Vous donnez 1% de dépréciation; je suggère que vous étiez généreux. Quelle durée pensez-vous, comme au point de vue valeur, pouvez-vous donner à cette bâtisse? Deux cents ans, comme vous avez dit tout à l'heure?

R.—Pardon?

Q.—Quelle durée donnez-vous à cette bâtisse au point de vue valeur?

R.—Aussi longtemps. . . .

Q.—Quelle restera debout?

R.—Non; aussi longtemps que le Sun Life sera le Sun Life.

40 Q.—En d'autres termes, sa valeur aujourd'hui, au point de vue dépréciation, vous calculez la dépréciation au point de vue de la durée non pas de la bâtisse mais de la durée de la compagnie Sun Life?

R.—Je calcule la dépréciation au point de vue de la bâtisse, mais seulement, je calcule bien que la bâtisse aura sa valeur pour le Sun Life tant que le Sun Life sera là.

Q.—Mais comme valeur abstraite vous ne vous basez pas là-dessus?

R.—Non.

V. FOURNIER (*Pour la Cité de Montréal*) *Contre-interrogé.*

Q.—Vous ne différez pas énormément de monsieur Per-
rault sur la valeur de remplacement, une couple de millions, c'est
tout. Voulez-vous, à cause de cela, me donner vos détails? Vous
partez d'un système un peu étrange pour moi; vous partez de 40
10 sous pour une bâtisse que vous appelez normalement comment?

R.—En dessous de la normale.

Q.—40 sous est en dessous de la normale?

R.—Probablement; il y en a très peu de ce prix-là.

Q.—Pourquoi avez-vous choisi ce prix-là, alors?

R.—Parce que chacun a sa façon. Quand on veut procéder
par un moyen qui ne soit pas le moyen de compter toutes les
pierres, toutes les tuiles, tous les châssis un par un, on procède
par une méthode de cubage, et je compte qu'en partant d'une
20 base quelconque des ensembles d'édifices tels qu'ils seraient ordi-
nairement, et en ajoutant ce que je n'ai pas compris dans mon
prix que j'appelle ordinaire, j'ai autant de chances d'arriver que
d'essayer à prendre une vue d'ensemble complète d'un édifice
aussi grand que cela.

Q.—C'est votre méthode. Quand vous conseillez à Danse-
reau & Cie. à quel prix ils devraient soumissionner pour cons-
truire, est-ce la méthode que vous apportez, cela?

R.—Je ne sais pas si les affaires de la compagnie Danse-
reau ont affaire ici.

30 Q.—Je ne vous demande pas leurs secrets. Je vous deman-
de si c'est la méthode?

R.—Non.

Q.—Si vous me dites que vous avez objection au point de
vue Dansereau de dire quelque chose?

R.—Non; ce n'est certainement pas de cette façon-là.

Q.—Vous procédez d'une façon un peu plus détaillée?

R.—Non pas un peu plus, mais complètement détaillée.

Q.—Différente?

R.—Oui.

40 Q.—Pourquoi ne l'avez-vous pas prise ici?

R.—A cause de l'étendue de la bâtisse qui ne me le permet-
tait pas, et je n'avais pas tous les éléments pour le faire. Quand
on prend un plan et qu'on sait que la bâtisse devra être bâtie telle
que les plans de la compagnie, avec des devis, qu'on divise la
bâtisse et emploie les matériaux et la main-d'oeuvre, on peut
donner un prix absolument exact.

Q.—Vous dites que vous n'aviez pas les devis, ici?

R.—On n'avait pas les devis.

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

Q.—Vous aviez les plans?

R.—J'avais les plans. Une visite de l'édifice me permettait de remplacer les devis.

10 Q.—Et vous avez adopté ce système. Il est plutôt rare, ce système-là?

R.—Je crois que chaque estimateur que vous allez trouver a sa façon d'estimer la chose.

Q.—Dans les soumissions qui se font, il y a des divergences colossales?

R.—Souvent.

Q.—Cela dépend de l'estimateur, de chaque entrepreneur?

R.—Non.

Q.—De quoi cela dépend-t-il?

2) R.—Je pense que cela dépend de l'architecte.

Q.—Et alors, ici, cela dépend de vous?

R.—Non; je ne suis pas architecte; je suis estimateur.

Q.—Je pensais que vous étiez architecte?

R.—Non; je suis ingénieur civil.

Q.—Pourquoi est-ce que cela dépend de l'architecte?

Par le Président:—

Q.—Est-ce que vous dites: "Je ne suis qu'ingénieur civil"?

30 R.—Non. Ce que vous m'avez demandé?

Par Me Geoffrion, C.R.:—

Q.—De quoi cela dépend? Cela dépend de l'architecte?

R.—Probablement.

Q.—Pas des estimateurs?

R.—Je ne crois pas.

40 Q.—Maintenant, étant donné la façon dont vous avez procédé, qui est pour moi nouvelle, et cela ne veut pas dire grand'chose, est-ce qu'il y a moyen d'avoir des détails, parce que je ne sais pas comment vous arrivez à vos 40 sous?

R.—Les 40 sous, c'est un estimé sur lequel, pour ma part, je crois devoir moins me tromper qu'en donnant un 80 sous ou 82 sous en bloc; parce que cela arrive plus dans les données ordinaires de bâtisses qui sont déjà bâties, alors que le Sun Life n'a jamais été bâti, il n'y a pas de répétition du Sun Life nulle part; alors, c'est assez difficile de le comparer, pas à Montréal, pas avec la main-d'oeuvre de Montréal ni avec les matériaux trouvés dans Montréal.

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

Q.—Est-ce qu'il y a une différence tellement essentielle entre le Sun Life et les autres? Ce n'est pas un miracle, c'est la main-d'oeuvre et les matériaux?

R.—Evidemment, mais seulement, au pied cube, cela ne s'estime pas aussi bien quand on n'a pas de point de comparaison.

Q.—C'est une question de matériaux et de main-d'oeuvre, n'est-ce pas?

R.—Absolument.

Q.—Quelle différence entre cette bâtisse qui est tellement mystérieuse?

R.—Pas mystérieuse.

Q.—Pourquoi prendre ce système?

R.—Assurément elle est différente, plus grosse, plus large.

20 Q.—C'est plus de pieds cubes?

R.—Oui, mais justement, cela baisse le pied cube.

Q.—C'est pour cela qu'ils mettent quatre-vingts quelque?

R.—Tous les matériaux employés la remontent. C'est-à-dire, vous avez des facteurs tellement nombreux que je ne voudrais pas demander à quelqu'un d'analyser ce prix de 80 sous le pied cube.

30 Q.—Donnez le détail de votre analyse. Etes-vous capable de faire un état détaillé qui me permette de contrôler, avec tout le respect possible, votre estimé partant de 40 sous? Vous devez être capable de redécomposer cela, en partant de zéro. Etes-vous capable de partir de zéro pour cette bâtisse?

R.—Evidemment non; on ne peut pas partir de zéro pour une bâtisse.

Q.—Quand on donne le cubage d'une bâtisse, vous partez de zéro?

R.—40 sous, c'est le prix en bloc.

40 Q.—On ne peut pas vérifier vos additions. Qu'est-ce que cela comprend? Etes-vous capable de me donner les détails de vos 40 sous?

R.—Non; il n'y a pas de détails sur un prix au pied cube.

Q.—On n'arrive pas au prix du pied cube par le détail?

R.—C'est par l'expérience seulement. On sait, par exemple, qu'une bâtisse de cinq étages ne peut pas se bâtir pour moins que 32 sous, et à mesure que la bâtisse monte, son prix au pied cube augmente pour la même grandeur de bâtisse. Je pense que vous comprenez facilement. Si je prends deux feuilles de papier ou deux planchers, si vous voulez, de 100 pieds carrés, et que je les porte chacun par une colonne, j'aurai deux colonnes, mettons

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

d'un ponce carré chacune pour porter ces deux planchers-là. Si je les exhausse j'aurai bien une colonne d'un ponce carré pour supporter l'étage supérieur, mais l'étage inférieur devant porter à la fois les deux planchers, devra avoir deux ponce carrés.

10 Q.—Je veux savoir comment vous arrivez à votre 40 sous. Vous n'êtes pas capable de dire comment vous arrivez à votre 40 sous ?

R.—L'expérience.

Q.—La vôtre ?

R.—Oui.

Q.—Combien de bâtisses à dix étages avez-vous bâties ?

R.—Comme je l'ai dit, je n'en ai pas bâti une encore.

Q.—Dix étages ?

R.—Sept étages.

2) Q.—Mais de dix ?

R.—Pour dix, on fait la même chose, comme j'ai fait entre 10 et 31; on additionne la charpente d'acier qui augmente le coût par le nombre d'étages.

Q.—Vous êtes absolument incapable de m'aider en quoi que ce soit pour savoir ce que vous comprenez dans votre 40 sous ?

R.—40 sous, c'est un prix en bloc.

Q.—Vous ne pouvez pas m'aider là-dessus ?

R.—Non.

30 Q.—Tout ce qu'on sait, c'est que c'est une bâtisse en brique avec finissage intérieur qui n'est pas décrit ?

R.—Bon marché.

Q.—Excepté, par le mot bon marché, pas la même grandeur que le Sun Life ?

R.—Non.

Q.—Même largeur ?

R.—Non.

Q.—Et au-delà de cela, impossible d'avoir de vous plus de renseignements sur vos 40 sous ?

40 R.—C'est l'expérience de la construction.

Q.—Votre expérience à vous s'arrête à sept étages ?

R.—Oui. Mais seulement, je dis que de sept à dix on passe très facilement.

Q.—Et de 10 à 30 aussi ?

R.—On les passe de 10 à 30 très facilement.

Q.—Dans tous les cas, vous n'êtes pas capable de donner plus que cela sur vos 40 sous ?

R.—Non.

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

Q.—Maintenant, les ajoutés. Etes-vous capable de donner le détail comment vous êtes arrivé à cette liste d'ajoutés que je trouve dans votre rapport et dans votre témoignage?

10 R.—Evidemment, les calculs sont bien des brouillons un peu épars, et pour la plupart de ces brouillons, c'est le résultat final que vous avez là.

Q.—Mon devoir comme avocat, c'est d'être critique, et par conséquent, des réponses vagues ne me donnent rien. Je veux savoir si vos calculs sont corrects, et nous allons les faire contrôler par d'autres. Est-ce possible?

R.—Je réponds de la même façon que votre question est vague.

Q.—Je demande les détails?

20 R.—De quoi?

Q.—Je demande le détail des 40 sous; vous avez répondu qu'il n'y avait pas moyen de les donner, que c'était un estimé basé sur l'expérience?

R.—Oui.

Q.—Je demande maintenant les détails de vos ajoutés?

R.—Sur quels ajoutés?

Q.—Tous?

R.—Un par un?

30 Q.—Un par un, cela va être long; j'aurais voulu sauver du temps. Si vous donniez par écrit un détail sur chacun des ajoutés, comme j'aurais voulu avoir le détail du 40 sous?

R.—De la même façon que vos experts arrivent à 81 sous, j'arrive à 40 sous.

Q.—Ils arrivent pour 1941 au lieu de 1939, une différence de deux millions; vous, vous mettez en 1939 ce qu'ils mettent en 1941. Je veux comprendre ces deux millions-là?

R.—Pour les fondations, ils ont eu à l'édifice Sun Life. . . .

Q.—Est-ce que vous n'avez pas des détails quelconques?

40 Me Geoffrion, C.R.:—Je suggère, au point de vue pratique, qu'il remette au propre ses brouillons et qu'il me les donne. Je n'ai pas d'objection à le faire un par un.

Me Séguin:—Il est prêt à les donner.

Me Geoffrion, C.R.:—Je le comprends. Je dis simplement qu'il y a deux manières de le donner: il peut le dicter ici ou le mettre par écrit à même ses brouillons et me le donner. Maintenant, à votre choix.

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

Le Président:—J'aimerais mieux la seconde méthode. Qu'il produise un état de cette feuille avec son rapport.

Me Geoffrion, C.R.:—Il le fera avec ses brouillons. Il dit
10 que ce sont des brouillons; qu'il les corrige. Je suis prêt à l'écouter ici, mais cela va être ennuyeux.

Le Témoin:—En voilà une bonne partie. A présent, si vous voulez avoir les additions.

Me Geoffrion, C.R.:—Additionner, on peut faire cela seul; ce n'est pas là la question. Cela couvre quoi? Le détail des surplus? Ce n'est pas un brouillon, c'est très au propre.

2) Le Témoin:—C'est toujours un brouillon; ce n'est pas même transcrit à la machine.

Par Me Geoffrion, C.R.:—

Q.—“A”: Excavations en béton”. Vous avez tout, ici?

R.—Si c'est cela que vous voulez, vous pouvez l'avoir.

Q.—Je ne sais pas si c'est suffisant comme détail. Je le
30 donnerai à mes aviseurs; je ne connais rien là-dedans. Vous m'offrez votre brouillon?

R.—Il y a un brouillon antérieur à celui-là encore.

Q.—Cela, c'est une deuxième édition du brouillon?

R.—Si vous voulez.

Q.—Cela m'a l'air à tout comprendre, comme les ascenseurs?

R.—C'est sur une première liste; j'avais mis les notes de référence.

Q.—Les ascenseurs, vous l'avez encore?

R.—Oui.

40 Q.—Quincaillerie?

R.—Cela, c'est pour la partie non finie.

Q.—Quincaillerie?

R.—C'est un montant en bloc.

Q.—C'est un chiffre rond, \$50,000?

R.—Oui.

Q.—Entre nous, \$50,000, plus ou moins, ce n'est pas considérable. Même les autres item sont tous là, je crois: excavations, béton, acier, maçonnerie, couverture, châssis?

R.—Cela se trouve mentionné.

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

Q.—Tous les item sont là moins peut-être la quincaillerie?

R.—Il y en a quelques-uns, je crois, sur lesquels j'ai référé à d'autres brouillons qui sont un peu longs à transcrire et qui sont réellement bien mêlés.

10 Q.—Lesquels?

R.—Sur le surplus pour la ventilation, chauffage et ventilation. Cela comprend quasiment tout.

Q.—Chauffage et ventilation et quincaillerie, vous dites que ce n'est pas tout?

R.—Oui.

Q.—Chauffage et ventilation y est, n'est-ce pas?

R.—Oui, il y a quelque chose. Je réfère pour ce montant de \$700,000 à d'autres choses; je réfère à un autre calcul qui est pas mal embrouillé, franchement.

20 Q.—Je ne vois qu'une chose, c'est de produire ceci et, si j'ai des questions à poser lundi, je les poserai. Voici ce que je demande; cela peut être utile ou ne pas être utile; je puis le passer à mes experts, et s'ils ne le trouvent pas complet, s'il est inutile ou utile, on y verra lundi.

Me St-Pierre, C.R.:—C'est cela; je n'ai pas d'objection à cela.

30 Le Témoin:—Je peux ajouter que je suis à la disposition des experts de la compagnie.

Par Me Geoffrion, C.R.:—

Q.—Au point de vue valeur, vous paraissez attacher comme un argument important le prestige de la compagnie?

R.—Oui, prestige pour la compagnie.

40 Q.—Alors, supposons que demain, ce n'est pas impossible, viendrait un nouvel acheteur qui achèterait cela pour l'exploiter, ce ne serait pas évalué sur le même principe, d'après vous. L'évaluation tomberait colossalement?

R.—Je ne suis pas prêt à donner mon opinion.

Q.—Maintenant, vous avez indiqué une générosité de la Ville de Montréal; apparemment, vous avez suggéré que le fait que maintenant qu'une partie est louée devrait ajouter à la valeur?

R.—Je vais vous dire; je suis dans une position, je comprends que vous pouvez questionner mon autorité sur la question de valeur. Vous avez questionné la question d'estimé, mais quant

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

à la question de valeur, c'est mon opinion purement et simplement personnelle que je donne, excepté en autant que j'ai référé à Barnes; pour la manière de procéder pour arriver à la valeur actuelle, c'est mon opinion personnelle. Si elle accorde une valeur, je ne prétends pas lui en donner par une autorité que j'assu-
10 merais; pour moi, je ne l'ai pas; mais, seulement, si elle a une valeur intrinsèque, ce n'est pas par ce que vous avez donné que ça doit déterminer la valeur intrinsèque, à mon opinion.

Q.—C'est pour cela que je veux voir si elle en a une ou si elle n'en a pas?

R.—Il me semble que ce n'est pas à moi à juger si elle a une valeur.

Q.—Etant donné votre expérience que vous avez décrite tout à l'heure, avec cette expérience, vous êtes prêt à dire que le
20 fait que la compagnie est décidée de louer une partie de cet immeuble, et par conséquent ayant un revenu à part du prestige, cela devrait augmenter la valeur de l'immeuble au point de vue de taxes?

R.—J'ai dit mon opinion, non pas basée sur mon expérience, mais mon opinion était simplement le résultat de mes réflexions personnelles. Je ne prétends pas imposer mon autorité; je n'en ai pas dans ce domaine-là; ce n'est pas pris dans un manuel, ni pris de l'opinion d'un autre; c'est la mienne, purement et simplement.

Q.—Je reviens au livre, alors? Nous avons ici un livre écrit
30 par Barnes, "Estimating Building Costs". C'est le titre?

R.—Oui, Monsieur.

Q.—Le titre plus détaillé suit?

R.—La première édition a paru sous le nom de "Estimating Building Costs and Appraising Buildings".

Q.—Seulement, dans la deuxième édition, Barnes s'est ravisé et a supprimé "Appraising Buildings"?

R.—J'ai mon opinion, encore une fois. Il l'a supprimé
40 parce que, pour lui, le coût de remplacement est réellement la valeur.

Q.—Je demande si, oui ou non, d'après le titre, il a supprimé, dans la deuxième édition du livre "Appraising Buildings"?

R.—Il a mis la première partie du titre.

Q.—"First Edition Published Under the Title of 'Estimating Building Costs and Appraising Buildings', by Frank E. Barnes, C.E., Member of the American Society of Civil Engineers, Member of the American Association of Engineers, Buil-

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

ding Valuation Engineer of the New York Central Lines”. Maintenant, sans lire tout ce livre qui a cinq cents et quelques pages, le premier chapitre est “Estimating”, n’est-ce pas?

R.—Oui.

10 Q.—Le deuxième chapitre “Excavation”?

R.—Je suppose. Vous avez le livre.

Q.—Le troisième chapitre “Foundations”, etc. C’est la description des parties?

R.—Des différentes parties, des différents genres d’ouvrage qu’on peut effectuer pour construire un édifice.

Q.—Comme je n’ai pas le temps de tout lire, je suggère que le seul paragraphe qui peut avoir la moindre portée, c’est le chapitre 29, à la page 543: “Uses for the Cost of Reproduction New”, et pour raccourcir, pourrais-je demander de transcrire dans la déposition ce paragraphe, qui se lit comme suit:—

20

“It seems to be the opinion of the Interstate Commerce Commission and apparently also of the Supreme Court that the present value of a building, or even of an entire business is the cost of reproduction new less depreciation, plus a going concern value. This being the case, a quick and reasonably accurate method of determining the cost of reproduction new of buildings is a vital step in any valuation or appraisal work.

30

“There are many reasons for wishing to know the present value of buildings besides that of appraisal. It is the basis for fair dealing in the case of purchase or sale, and in many instances also of rental. This knowledge is essential in determining the proper amount of insurance that should be carried. The present value is also required when adjusting an insurance loss in the case of a fire. Another constantly recurring case for which the cost of reproduction new of buildings is needed is the adjusting of taxes. When new buildings are to be constructed similar to others already in use, this information will enable one to determine at once and with accuracy what the new buildings should cost. These are only a few of the many reasons for wishing to know the present value of buildings”.

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Objecté par Me Séguin à cette preuve.

Objection réservée.

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

Q.—4% de dépréciation sur les machines, cela représente la valeur des machines de combien d'âge?

R.—25 ans.

10 Q.—Vous prétendez que les machines durent 25 ans?
R.—Oui.

Q.—Vous prétendez que ces machines durent 25 ans?

R.—Evidemment. Actuellement, ils ont une des chaudières qui était dans la première bâtisse, et elle sert encore.

Q.—Un montant de \$175,000 pour remplacer les fixtures par des lampes fluorescentes?

R.—Oui.

Q.—Sont-ce là les seules obsolescences que vous pouvez prévoir dans l'avenir de cette bâtisse-là?

20 Objecté par Me Séguin à la question telle que posée.

Question retirée.

Q.—Votre \$175,000 touchait à l'éclairage?

30 R.—Oui; mais je peux qualifier ce \$175,000. Le \$175,000, j'ai dit tout à l'heure que j'avais appliqué 1% sur l'ensemble de l'édifice, par année, ce qui monte aujourd'hui à 12½%. Si je prends 12½% sur le système électrique et qu'en plus j'ajoute \$175,000, j'aurai plus que 1%; mais seulement, il y a des item sur lesquels il n'y aurait pas du 12½%; autrement dit, la bâtisse n'a pas perdu un huitième de sa valeur dans son ensemble, bien qu'elle ait douze ans et demi d'existence.

Q.—Au point de vue valeur?

R.—Au point de vue dépréciation.

Q.—Quelle dépréciation, s'il vous plait?

R.—Les deux.

Q.—Quelle autre?

R.—Obsolescence.

40 Q.—Quelle obsolescence avez-vous remarquée jusqu'à présent?

R.—Je viens de citer les deux qui me frappent le plus.

Q.—Y en a-t-il d'autres qui vous frappent, à part cela?

R.—Non, monsieur.

Q.—L'estimé de construction était d'au-delà de seize millions; cela comprend et les estimés qui n'ont pas été suivis de construction et les constructions, n'est-ce pas?

R.—Je vous demande pardon; cela comprend celles qu'on a construites.

V. FOURNIER (Pour la Cité de Montréal) Contre-interrogé.

Par Me Séguin:—

Q.—Vous avez parlé tout à l'heure, en réponse à une question de monsieur Geoffrion, qu'il pouvait y avoir obsolescence
10 sur la ventilation. Est-ce sur la ventilation totale ou partie?

R.—Non; j'ai mentionné, sur les orifices de ventilation. Autrement dit, les bouches comme celles du haut; l'air de la ventilation pénètre dans la pièce, les punkahs. Les punkahs, ce sont des orifices avec un joint universel, qu'on pourrait dire, ce sont des orifices qui existent dans les bateaux, ordinairement.

Par le Président:—

20 Q.—Des grands entonnoirs?

R.—Non; simplement un joint; je pense que je peux vous l'illustrer ici; c'est un louve, c'est une espèce de joint universel qui tourne dans une certaine direction, l'air de ventilation ne sort pas, comme dans les cabines de bateau. J'ai un dessin ici d'un punkah.

Par Me Geoffrion, C.R.:—

30 Q.—Y en a-t-il dans la bâtisse?

R.—Oui, Monsieur.

Par Me St-Pierre, C.R.:—

Q.—Monsieur Geoffrion vous a demandé tout à l'heure que vous donniez une valeur à la bâtisse par le fait qu'elle était occupée par la Sun Life, mais si demain la Sun Life vendait, disons à la compagnie Ford, et qu'au lieu que la bâtisse s'appellerait Sun Life Building, on l'appellerait Ford Building, est-ce que la valeur actuelle serait la même, ou si cela serait une valeur diffé-
40 rente?

R.—La même.

Q.—Qu'on l'appelle Ford Building ou Sun Life Building, au point de vue bâtisse seulement?

R.—Cela serait la même. Pour moi, le Sun Life retire une partie. Il y a seulement une chose qu'on lui reproche, c'est d'avoir de grands planchers. Dans des administrations, c'est simplement une réflexion, c'est mon opinion, que dans des administrations où il y a un grand nombre d'employés d'un même département remplissant des fonctions identiques, il y a avantage

J. A. E. CARTIER (rappelé par la Cité de Montréal) Exa. en chef

de les grouper dans un grand plancher, avantage pour le propriétaire de ne pas les laisser regarder dehors.

Par Me Geoffrion, C.R.:—

10

Q.—Par conséquent, les tenir loin de la lumière?

R.—De la lumière naturelle; je suis certain que dans certains cas on aime mieux avoir la lumière artificielle, parce que l'éclairage est plus égal.

Q.—A ce point de vue, votre expérience avec la compagnie Dansereau vous indique qu'il est mieux d'avoir des bâtisses pour les grosses compagnies, avec éclairage artificiel que de prendre la lumière de l'extérieur?

20

R.—Il y a cet inconvénient qu'il faut mettre la ventilation et l'éclairage artificiel 24 heures par jour.

Q.—Au point de vue dépenses?

R.—Au point de vue dépenses.

Q.—A part cela, c'est un avantage? Les employés ne sont pas distraits quand ils sont loin de la rue?

R.—Evidemment.

Et le déposant ne dit rien de plus.

30

J. A. S. Casgrain,
Sténographe Officiel.

DEPOSITION DE J. A. EMILE CARTIER

L'an mil neuf cent quarante-trois, ce 2ème jour d'avril, a comparu: J. A. Emile Cartier, témoin déjà entendu et de nouveau rappelé de la part de l'intimée, lequel, sous le serment qu'il a déjà prêté, continue comme suit son témoignage:—

Par Me Geoffrion, C.R.:—

Q.—Je n'ai que quelques questions à vous poser. Hier après-midi vous nous avez passé deux documents, dont celui-ci, je crois?

R.—Oui, Monsieur.

Q.—Je prends le premier de l'exhibit D-8. Je vois au verso de la première feuille: Inspecté par M. Houle en 1938 et en 1941,

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estimé par Georges Paquette en 1938 et 1942, et vérifié, inspecté par M. Cartier. C'est vous?

R.—Oui, Monsieur.

Q.—En 1942?

10 R.—Oui, Monsieur.

Q.—Maintenant, je trouve la signature Georges Paquette, en 1938?

R.—Oui.

Q.—Cette signature en 1938 arrive à 21,931,761 pieds cubes?

R.—Oui.

Q.—\$0.528 le pied cube, évaluation \$11,577,841.76?

R.—Oui, Monsieur.

Q.—Cela, c'est l'évaluation de monsieur Paquette en 1938?

20 R.—D'abord c'est le calcul de monsieur Paquette en 1938, sur les coûts de 1936 à ce moment-là. Les calculs que vous avez en main sont calculés avec l'année de base 1936.

Q.—Je comprends que vous me dites, et je n'ai pas raison d'en douter, que les calculs de monsieur Paquette, \$0.528, \$11,577,841.76, Georges Paquette, 4 juillet 1938, sont basés sur les prix de 1936?

R.—Sur les prix de 1936 et sur le manuel strictement parlant à cette époque-là.

30 Q.—La valeur de la propriété augmentait avec les améliorations au manuel?

R.—Voici, je dois vous répondre là-dessus que le travail sur la Sun Life a été fait au service technique durant des stages différents. Nous avons d'abord fait le calcul, un premier calcul basé exactement sur le système purement à ce moment-là; seulement, cela ne reflète pas la valeur du coût de remplacement de la Sun Life à ce moment-là.

Q.—Alors, pourquoi l'évaluation?

40 R.—Pour répondre à cette question je dois vous dire que nous avons été deux hommes seulement pour préparer et élaborer tout le système, et nous avons eu exactement deux ans pour le faire.

Q.—Vous et qui?

R.—Monsieur Ste-Marie, que j'ai déjà mentionné dans mon témoignage, alors que dans les villes américaines, pour faire la même chose ils étaient plusieurs centaines d'hommes à travailler, et ils ont même travaillé pendant quatre ans et cinq ans. Or, au moment où nous avons commencé à livrer nos cartes sur la grande majorité des propriétés de la ville, le système ne pouvait pas rencontrer les conditions pour faire le coût de remplace-

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ment du Sun Life. Ce montant-là était un montant temporaire. Vous allez voir plus loin que ce montant a été repris et augmenté pour corriger le commencement de la correction de la carte du Sun Life, en même temps que notre système s'élaborait de plus
10 en plus.

Q.—Ce qui m'intéresse, c'est que nous partons en 1938 de l'opinion évidemment sincère, après étude, de monsieur Paquette, de la valeur que je viens de mentionner?

R.—Ce n'est pas l'opinion de monsieur Paquette. Monsieur Paquette ne s'est servi que des tables, il n'a aucune opinion là-dedans; il s'est servi des tables qu'on lui a fournies.

Q.—Est-ce que vous n'êtes pas tous comme cela dans le département?

R.—Oui; seulement, il s'est servi des tables, cela ne ré-
20 flétait pas la valeur du coût de remplacement de la Sun Life.

Q.—Pourquoi est-ce que les tables n'ont pas réflété la valeur du coût de remplacement?

R.—Parce que nous avons eu deux ans à deux hommes pour faire tout le système; c'est une impossibilité de faire un système complet pour rencontrer toutes les bâtisses, et même la bâtisse du Sun Life qui est unique dans l'Empire, pour pouvoir la rencontrer dans deux ans.

Q.—L'Empire, c'est peut-être exagéré?

R.—Comme le système ne regarde que Montréal, mettez
30 qu'elle est unique dans Montréal.

Q.—Qu'est-ce qu'il y a de travers dans cette évaluation de 1938, basée sur les prix de 1936?

R.—Il n'y a rien de travers, mais il n'y en a pas suffisamment.

Q.—Qu'est-ce qui manque?

R.—Ce que vous allez voir après.

Q.—Est-ce les prix qui montaient ou les quantités qui changeaient?

R.—Les prix sont corrigés, vous allez voir après que les
40 prix sont corrigés.

Q.—Cè ne sont pas les quantités, ce sont les prix?

R.—Les quantités n'ont rien changé. Le Sun Life est resté le même en 1938 comme en 1941.

Q.—Les quantités sont correctes?

R.—Parce qu'on ne prend pas les quantités, oui.

Q.—Ce ne sont pas les quantités, ce sont les prix unitaires qui ont changé?

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R.—Les prix du catalogue, les prix du manuel ont été augmentés pour rencontrer les conditions de construction du Sun Life.

10 Q.—Vous n'appliquez pas au Sun Life les prix de construction du manuel?

R.—A ce moment-là, en 1938?

Q.—Est-ce que vous avez appliqué au Sun Life les prix unitaires de construction spéciale ou si vous avez appliqué les prix de construction du manuel?

R.—Ce sont les prix de construction du manuel, plus les surplus nécessaires pour rencontrer la construction du Sun Life.

Q.—Ainsi, dans le prix unitaire des matériaux, est-ce que le granit coûte plus cher quand cela vient au Sun Life?

20 R.—Il coûte plus cher au Sun Life s'il est plus épais au Sun Life qu'à une autre bâtisse.

Q.—Je parle du prix unitaire?

R.—Le prix unitaire du granit à six pieds d'épaisseur n'est pas le prix unitaire du granit à un pied d'épaisseur. C'est toujours basé sur les mêmes chiffres, seulement, en 1938, le système n'était pas rendu à point, nous n'avons pas pu mettre de prix définitif à ce moment-là. Le système s'est amélioré au fur et à mesure que nous avançons dans le travail du coût de remplacement.

30 Q.—Quand deviez-vous finir vos fonctions?

R.—Nous devons déposer toute notre inspection et nos calculs pour le rôle de 1941, c'est-à-dire quelques mois avant décembre 1941.

Q.—Vous l'améliorez tout le temps?

R.—Du moment que cela sera rendu à point, cela ne changera plus.

Q.—Quelles sont les erreurs terribles commises par monsieur Paquette, dans ce temps-là? Je comprends votre distinction en 1936 et 1939; mais à part cela?

40 R.—Vous l'avez tout défini dans la page 5, vous avez ce qu'on appelle un excédent pour les murs extérieurs, au-dessus du manuel de 1938. Ensuite vous avez les ascenseurs que nous avons calculés comme des ascenseurs moyens, des ascenseurs que l'on peut employer dans des bâtisses comme le Thémis, que vous employez dans des bâtisses de la rue St-Jacques, la Sauvegarde, ces bâtisses-là; mais quand on arrive dans les ascenseurs du Sun Life, ce n'est évidemment pas la même qualité et même prix d'ascenseurs.

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Q.—Il y a environ trois millions d'ajoutés sur l'ascenseur, à peu près?

R.—Les ascenseurs en 1938 avaient été calculés à \$337,795, qui était un prix dérisoire.

10 Q.—C'est bien dû à monsieur Paquette?

R.—Non; ce n'est pas à monsieur Paquette. Le système ne mentionnait rien d'autre. Après étude, non seulement après étude, mais après renseignement, nous avons obtenu des prix qui nous ont permis de monter les prix pour rejoindre les ascenseurs que l'on trouve dans la bâtisse Sun Life.

Q.—Si je comprends bien, pour les ascenseurs, lui estimait les ascenseurs à \$337,795?

R.—C'est cela; d'après le manuel.

2) Q.—Et en 1942, par le second certificat signé par monsieur Paquette le 12 décembre 1941, les ascenseurs sautent à \$294,580?

R.—Sautent à \$294,580.

Q.—Ajouté?

R.—Non, pas ajouté, parce que là vous avez le résultat moins la déduction. Je vous demande pardon, vous avez raison, ajouté.

Q.—Les murs extérieurs font aussi un saut considérable, n'est-ce pas?

30 R.—Les murs extérieurs font un saut de \$1.05 le pied carré. J'ai donné dans mon témoignage, voilà où j'ai eu tort, la quantité de pieds carrés, 380,300 pieds carrés de façade. J'ai dit hier à \$5.25; je n'aurais jamais dû parler comme cela. C'est bien à \$6.30 qu'ils ont été calculés.

Q.—La deuxième ou troisième fois?

R.—Peut-être la troisième a été encore augmentée.

Q.—Deuxième fois, \$6.30, la charge antérieure, \$5.25?

R.—\$5.25, comme je l'avais donnée.

40 Q.—Je constate en troisième lieu que dans ce que j'appelle le premier certificat, qu'à la première signature de monsieur Paquette de 1938 il ajoute au coût 13½% en hauteur?

R.—Oui: cela, c'est une règle établie.

Objecté par Me St-Pierre, C.R., à cette preuve comme illégale.

Preuve permise sous réserve.

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Q.—Ensuite, après avoir pris les prix de quelque date qu'ils soient, vous arrivez à un chiffre en ajoutant 13½% en hauteur, cela, c'est pour grimper la marchandise requise pour les étages supérieurs à cette hauteur-là, n'est-ce pas?

10 R.—A la page 323 du manuel, vous avez la raison de cette chose. Il est dit: "Ajoutez à la fin du calcul 10% pour sous-contrats, et pour les bâtisses de cinq étages et plus on devra ajouter pour la construction en hauteur 5% par la hauteur totale, moins 10." C'est pour répondre, cela, monsieur Geoffrion, au coût des échafaudages et au coût supplémentaire de main-d'oeuvre, pour monter les matériaux aux différents étages.

Q.—Prétendez-vous que 13½% sur les honoraires d'architectes, sur l'électricité, sur tout, absolument toutes les dépenses, en n'oubliant absolument rien, pour le transport des marchandises, sur tout cela, toute la bâtisse de la cave jusqu'en haut, est raisonnable comme majoration parce qu'une grosse partie si l'on veut des matériaux doit être montée par un ascenseur quelconque ou une grue?

R.—Par un ascenseur quelconque, vous avez le risque des travaux en hauteur. Cela, c'est le résultat d'une étude faite par notre service.

Par le Président:—

30

Q.—Votre réponse, c'est oui?

R.—Oui.

Par Me Geoffrion, C.R.:—

Q.—Maintenant, ce 13½% bondit, c'est le mot, en 1942, à 19%. On trouvait que cela coûtait plus cher?

R.—Non; suite d'une erreur de monsieur Paquette.

40 Q.—Lequel, 13½% ou 19%?

R.—Le 13½% était erreur de monsieur Paquette, parce qu'on l'a fait corriger.

Q.—Par conséquent, pratiquement 20% de tout ce qu'on paye pour acheter la marchandise, pour la transporter à Montréal, pour le travail à terre, pour profit des entrepreneurs, pour les architectes?

R.—Non.

Q.—Sous-entrepreneurs?

R.—Entrepreneurs et sous-entrepreneurs. nous l'avons compris sous le même titre. Je l'ai dit dans mon témoignage hier.

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Q.—Vous ajoutez 20% parce qu'une proportion graduelle de la marchandise doit être montée par des grues?

R.—Oui, jusqu'au vingt-cinquième étage.

Q.—Pas toutes?

10 R.—Une partie.

Q.—C'est le manuel?

R.—Oui; toujours sous la même règle.

Q.—Le manuel demande-t-il 19?

R.—Prenez les hauteurs, vous avez 380 pieds, si je me rappelle bien, de hauteur, moins 10, cela fait 370 à 5%; cela fait 18.5 exactement. Il y a ensuite la différence pour la cave.

Q.—Le premier item à part cela ajoute 10% pour "additional" sans dire pourquoi?

20 R.—Exactement sur la même règle; vous l'avez exactement à la même place, toujours au manuel.

Q.—Votre travail est l'application du manuel?

R.—Absolument.

Q.—Pour finir ce document, l'item qu'il nous montre à \$14,543,431.55 est du 12 janvier 1942?

R.—Oui, 12 janvier 1942.

Q.—On me dit qu'il y en avait un troisième, du 19 décembre 1941?

30 R.—Il y en a une faite au 19 décembre, ensuite une autre faite dans le mois de janvier.

Q.—Le 19 décembre 1941, monsieur Paquette signe vos documents à vous, une évaluation de \$13,004,928? La première évaluation du 4 juillet 1938, \$0.528 par pied cube, \$11,577,841.76, et deuxièmement, qui vient en troisième ici, le 19 décembre 1941, le prix est monté à \$0.593; \$13,004,928.23, et le 13½% reste en hauteur, et nous avons 10% pour sous-contrats?

R.—Oui.

40 Q.—Une troisième évaluation, qui est intercalée ici, mais qui devrait venir après, nous avons, le 12 janvier 1942, \$0.663 par pieds cube, 19% hauteur, 10%, sous-contrats, un total de \$14,543,431.55?

R.—Oui.

Q.—Vous nous dites que c'est simplement deux choses: premièrement, des changements dans le manuel, ce sont des ajoutés au manuel, et, deuxièmement, des erreurs de monsieur Paquette dans les calculs. Est-ce exact?

R.—Pardon. Ce ne sont pas des changements dans le manuel; ce sont des ajoutés au manuel, maintenant, calculés sur les chiffres de 1936.

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Q.—Le premier?

R.—Le tout. Nos calculs, dans nos livres ou n'importe quel document que nous avons, sur les calculs du coût de remplacement, c'est toujours calculé avec le manuel qui mentionne par-
10 faitement. . . .

Q.—J'ai trois certificats?

R.—Il y en a un quatrième.

Q.—Finalement, comme dernière page, vous avez correction finale après inspection et vérification avec J. A. Houle, 2 novembre 1942. Maintenant, rapportant les derniers calculs de Georges Paquette du 12 janvier 1942 etc., vous avez certains ajoutés; nous restons avec 19% pour construction en hauteur et 10% pour les sous-contrats, nous arrivons à \$17,161,573.88?

R.—\$17,157,573.89 en 1936, sur les prix de 1936, notre an-
20 née de base.

Q.—Ce qui donnerait 78.2 sous par pied cube?

R.—Oui; sur les prix de 1936.

Q.—En 1941, vous avez les prix de 1941?

R.—1941; il est multiplié par notre chiffre index de 109.

Q.—Soit 85.3 sous?

R.—Oui, Monsieur.

Q.—Nous avons la dépréciation, et le dernier rapport est
signé par vous, du 2 novembre 1942?

R.—Oui, du 2 novembre 1942.

Q.—J'aimerais à le produire?

R.—Je ne peux pas produire cela; c'est la seule copie que
j'ai. L'original est la même chose que le rapport.

Les calculs relatifs au coût de remplacement de la bâtisse
du Sun Life, édifice principal, sont produits sous réserve.

Par Me Séguin:—

40 Q.—Je comprends que vous voulez ajouter quelque chose?

R.—Je voudrais ajouter que le Sun Life n'a pas été traité différemment des autres bâtisses; j'ai même ici devant moi une liste de grosses bâtisses comme l'Aldred Building, Insurance Building, Dominion Square Building, toutes ces bâtisses sont exactement dans le même cas, que le Sun Life. Les corrections à ces bâtisses-là, que nous avons ajoutées au Sun Life, le Sun Life n'a pas été traité différemment, il a été traité comme tous les autres. J'ai fourni hier un état basé sur les admissions de la compagnie au coût de remplacement, comparé avec mon coût de remplacement.

J. A. E. CARTIER (rappelé par la Cité de Montréal) Exa. en chef

Q.—Vous avez fait référence à certains tableaux qui sont dans le manuel?

R.—Oui, Monsieur.

10 Q.—Voulez-vous dire si ces tableaux peuvent s'appliquer tels quels à n'importe quelle grosse bâtisse ou n'importe quelle cathédrale à Montréal?

R.—Les tableaux tels qu'ils sont dans le manuel?

Q.—Oui?

R.—Non, monsieur. En leur donnant les ajoutés voulus, on peut les appliquer, mais pas tels qu'ils sont là, parce que depuis la publication du manuel il y a eu des études qui se sont faites et qui devraient être ajoutées au manuel.

Q.—Des études de propriétés?

20 R.—Des études sur la construction, sur les coûts de remplacement. J'en ai ici la preuve. J'ai la copie exacte du manuel, et dans ces tableaux vous voyez qu'ils nous forcent d'ajouter des prix pour rencontrer les exigences de la construction.

Q.—Il y a eu deux éditions du manuel?

R.—Oui, Monsieur.

Q.—Est-ce que les tableaux de la seconde édition sont absolument les mêmes que ceux de la première?

30 R.—Je vous demande pardon. La première édition ne contient pas du tout les tableaux; cette dernière partie a été ajoutée à la deuxième édition. La première édition, nous n'avons pas de tableaux; les tableaux n'étaient pas publiés.

Q.—Est-ce que j'ai bien compris tout à l'heure lorsque vous avez dit que vos premiers chiffres ont été faits avec l'application des tableaux? purement et simplement?

R.—Les premiers chiffres de monsieur Geoffrion, donnés par monsieur Paquette en trois cartes?

Q.—Oui?

40 R.—Absolument, purement et simplement avec des tableaux dans le manuel à ce moment-là, c'est-à-dire dans le manuel qui n'était pas publié mais sur nos tableaux préparés qui sont là-dedans.

Q.—Qu'est-ce que vous vouliez dire tout à l'heure lorsque vous avez ajouté que les tableaux tels qu'ils sont dans le manuel ne pouvaient pas s'appliquer au Sun Life ou à une cathédrale?

R.—Parce que depuis que le manuel a été publié, le manuel a été publié en 1941, on a dû fournir nos tableaux assez tôt en 1941 pour leur permettre de faire ces tableaux-là, si on regarde les derniers calculs qui sont en novembre 1941, à compter du moment où les tableaux sont allés sous presse et au moment où nous

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avons calculé le Sun Life il s'est fait des ajoutés qui ne sont pas dans le manuel mais qui sont dans nos tableaux à nous et qui devraient apparaître dans une prochaine édition. Mais, avec ces tableaux, on peut calculer tout.

10 Q.—Est-ce que les tableaux au manuel sont des tableaux généraux ou spéciaux?

R.—Ce sont des tableaux généraux.

Q.—Est-ce que vous faites parfois des inspections de vérification pour trouver tout le spécial qu'il peut y avoir dans une bâtisse?

R.—On est forcé de le faire.

Q.—Quand vous trouvez dans une bâtisse une finition en marbre au lieu d'être en terracotta ou autre chose, est-ce que cela doit se refléter dans votre chiffre final?

20 R.—Absolument.

Q.—Pouvez-vous nous dire quel est le processus que vous avez suivi pour arriver à votre chiffre définitif en partant des tableaux, pour arriver à votre définitif?

R.—La marche des travaux?

Q.—Non; pas la marche des travaux; la marche des calculs. Sur quoi êtes-vous parti? Vous êtes parti des tableaux comme base?

30 R.—Des tableaux comme base, et nous avons les premiers calculs suivant les tableaux strictement parlant, à ce moment-là.

Q.—En tenant compte de la bâtisse telle qu'elle était?

R.—Sans tenir compte de la bâtisse telle qu'elle était en se basant sur nos tableaux, purement et simplement.

Q.—Vos tableaux, cela couvre quoi? Une bâtisse ordinaire ou une bâtisse extraordinaire, ou une bâtisse où il y a du spécial?

R.—Cela couvre un peu n'importe quoi. Il s'agit d'aller chercher le bon montant à la bonne place.

40 Q.—Je voudrais savoir d'une façon claire, et cela peut se dire en deux mots, qu'est-ce que vous avez ajouté à vos tableaux de base pour arriver à votre chiffre final?

R.—Nous avons fait des prix supplémentaires qui ont été intercalés.

Q.—Ces prix supplémentaires représentaient quoi?

R.—Sur tel matériel?

Q.—Non; mais cela représentait d'une façon générale quoi?

R.—Je ne peux pas saisir comme il faut votre question.

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Q.—Vous aviez un rapport qui vous montrait la bâtisse telle qu'elle existait dans vos livres; vous aviez le rapport de monsieur Houle qui vous montrait la bâtisse telle qu'elle existait dans vos livres?

10 R.—Oui.

Q.—Les chiffres que vous deviez refléter dans votre carte pour l'information des estimateurs, est-ce que cela devait être des chiffres pour une bâtisse hypothétique ou une bâtisse telle qu'elle était?

R.—Telle qu'elle était.

Q.—Et vous avez dit que vous êtes parti de vos tableaux de base pour une bâtisse ordinaire, vous avez dit que vos tableaux couvraient une bâtisse ordinaire?

20 R.—J'ai dit, la généralité des cas à ce moment-là.

Q.—Vous aviez des tableaux pour la généralité des cas, et un tableau d'inspection complet?

R.—Oui.

Q.—Voulez-vous nous dire en très peu de mots le travail d'ajustement qu'il y avait à faire entre vos tableaux tels que vous les aviez dans vos livres et les inspections telles que vous les aviez par monsieur Houle?

R.—Pour arriver au résultat final?

30 Q.—Pour arriver au résultat final. Est-ce qu'il s'agissait de soustraire, de multiplier ou d'ajouter?

R.—Il s'agissait d'ajouter à chaque item le montant suffisant pour rencontrer la construction que nous devons rencontrer, c'est-à-dire dans la composition de nos murs, dans l'épaisseur de nos murs, nous avons ajouté ce qu'il fallait ajouter pour rencontrer l'épaisseur de mur du Sun Life. Si le Sun Life a un pied de pierre et tant de brique, tant de terracotta et tant d'enduit, et que notre manuel à ce moment-là ne représentait qu'une partie de cette pierre il fallait ajouter ce qui nous manquait à la pierre pour rencontrer l'épaisseur du mur du Sun Life.

40 Q.—Vous avez entendu le témoignage de monsieur Fournier à l'effet qu'il était parti d'une pratique ordinaire, ensuite qu'il avait ajouté différents item tels qu'il les avait vus?

Objecté par Me Geoffrion, C.R., à cette question.

Q.—D'après ce que vous nous expliquez, est-ce que vous auriez procédé un peu de la même façon?

Objecté par Me Geoffrion, C.R., à cette question comme suggestive.

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R.—Non. J'ai dit que je n'avais pas procédé de la même manière.

Par Me Geoffrion, C.R.:—

10

Q.—Ai-je bien compris, que vous avez de nouveaux tableaux qui ne sont pas dans le manuel, qui attendent une troisième édition?

R.—Non; je n'ai pas dit de nouveaux tableaux; j'ai dit des prix additionnels qui viendraient à la suite de prix pour une troisième édition.

Q.—Ils ont servi dans cette cause?

R.—Qui ont été faits pour cette cause et pour d'autres causes.

20

Q.—Ils ont servi dans cette cause-ci?

R.—Oui, Monsieur.

Par le Président:—

Q.—L'estimation qui est contestée actuellement est au rôle déposé le 1er décembre 1941, n'est-ce pas?

R.—Oui, Monsieur.

30

Q.—Alors, les estimateurs qui ont fait cette estimation ont dû la faire avant le premier décembre 1941, nécessairement?

R.—Absolument.

Q.—A ce moment-là, lorsqu'ils ont fait leur estimation, avaient-ils en leur possession la carte-fiche que vous avez produite?

R.—Non, monsieur.

Q.—Quelle avaient-ils?

40

R.—Ils avaient une carte temporaire qui était suivant les premiers calculs de monsieur Paquette; mais c'était une carte temporaire qui ne reflétait pas, ne portait pas la valeur du Sun Life; d'ailleurs, nos cartes étant écrites pour renseignement aux évaluateurs, l'évaluateur de la Cité se servirait de son jugement pour faire l'évaluation; mais à ce moment-là on avait la carte temporaire.

Q.—C'est postérieurement que vous avez graduellement corrigé ou amendé cette carte?

R.—Absolument.

Q.—A mesure que vous découvriez de nouvelles données dans vos examens subséquents?

R.—Dans les examens subséquents, surtout dans mon examen de vérification, et après avoir pris connaissance de certains documents que j'ai trouvés après.

J. A. E. CARTIER (rapp. pour la Cité de Montréal) exa. en chef.

Q.—Et votre prétention d'aujourd'hui est que les chiffres qui apparaissent sur la carte-fiche telle que définitivement produite au dossier représentent le coût de remplacement de la bâtisse et de la chaufferie?

10 R.—Absolument.

Et le déposant ne dit rien de plus.

J. S. Casgrain,
Sténographe Officiel.

DEPOSITION DE J. A. EMILE CARTIER

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L'an mil neuf cent quarante-trois, ce 5ème jour d'avril, a comparu: J. A. Emile Cartier, témoin déjà entendu et de nouveau rappelé de la part de l'intimée, lequel, sous le serment qu'il a déjà prêté, continue son témoignage comme suit:—

Interrogé par Me R. N. Séguin, Avocat de l'intimée:—

Q.—La dernière fois que vous avez rendu témoignage, vous nous avez parlé de trois visites à la Sun Life?

30 R.—Oui, Monsieur.

Q.—Voulez-vous nous dire de quelle façon ces visites ont été faites, et quand?

R.—La première visite a été faite en 1938 par monsieur Houle, pour faire le relevé en détail de toute la bâtisse, ses dimensions, prendre les qualités des matériaux, enfin tout, qui a représenté à peu près deux mois et demi, comme il a déposé. La seconde visite a été faite à la demande des évaluateurs, pour relever les nouvelles parties de la construction, c'est-à-dire ce qui avait été

40 terminé entre la première inspection de 1938 et l'année 1941.

Par Me Hansard:—

Q.—A quelle date?

R.—La deuxième visite a été faite au mois de décembre, le 4 décembre 1941.

Q.—Ce sont les dates qui sont mentionnées sur la carte?

R.—Sur la carte. La dernière visite, je l'ai faite moi-même avec monsieur Houle, comme visite et vérification et pour prendre certains détails puisqu'on était à terminer le prix final de la bâtisse, le coût de remplacement.

J. A. E. CARTIER (rapp. pour la Cité de Montréal) exa. en chef.

Par Me Séguin:—

Q.—De quelle façon ces trois visites se sont-elles reflétées sur le chiffre final que vous avez donné pour la compagnie Sun Life?
10

R.—La première visite s'est reflétée suivant le manuel tel que mis à ce moment-là. Je crois pouvoir trouver quelque chose qui vous illustrerait bien ce que je n'ai pas semblé mettre bien clair la dernière fois. Après la première visite on a fait le calcul sur une bâtisse qui aurait exactement les dimensions et la forme du Sun Life, et de la hauteur du Sun Life, mais qui ne serait pas exactement le Sun Life. C'aurait été fait avec la majorité des cas, c'est-à-dire avec des murs qu'on emploie généralement dans les bâtisses sans s'occuper exactement du mur de la Sun Life,
20 etc.

La deuxième inspection nous a forcés de reprendre les calculs de la première en y ajoutant les parties qui ont été finies de 1938 à 1941, mais toujours sur une bâtisse qui ressemble au Sun Life sans être précisément le Sun Life par ses murs et sa charpente; enfin, troisième et quatrième calculs, là, nous nous sommes occupés de la formation direction des calculs. Ainsi on a pris en considération l'épaisseur de la pierre dans la composition du mur; on a pris l'excédent de charpente pour supporter la tour; on a pris tous les cas particuliers au Sun Life, c'est-à-dire que dans le troisième et quatrième calculs rentrent les cas définitifs du coût de remplacement de la Sun Life.
30

Q.—Maintenant, monsieur Geoffrion vous a mentionné le chiffre 19% pour l'excédent en hauteur. Avez-vous des explications à donner sur ce montant de 19% ajouté aux autres chiffres?

R.—Ce 19%, c'est pour la construction en hauteur; seulement, cela comprend plusieurs choses. Ce 19% comprend le coût de la main-d'oeuvre pour monter les matériaux, et cela comprend l'excédent de la main-d'oeuvre pour la pose de ces matériaux dans l'espace, parce que, d'après notre manuel tel que conçu, la construction est toujours calculée comme une construction à terre, les pièces à terre. Nous n'avons aucune mention, dans nos calculs, pour le surplus que cela peut coûter pour monter une pièce au vingt-cinquième étage. Pour nous, il est toujours pris sur le plancher. Or, ce 19% prévoit un surplus du coût pour monter les matériaux, pour poser les matériaux dans l'espace, et il prévoit pour les risques d'accident, les assurances, on prévoit
40

J. A. E. CARTIER (rapp. pour la Cité de Montréal) exa. en chef.

pour les échafaudages, les ponts au-dessus des trottoirs; on peut diviser ce 19%.

Q.—Est-ce que cela comprend autre chose?

R.—Il comprend autre chose.

10 Q.—Que ce que vous venez de mentionner?

R.—Il comprend la machinerie aussi pour monter les matériaux, les ascenseurs, les tours nécessaires à ces ascenseurs-là; il comprend les permis spéciaux, les permis de rue.

Q.—Voulez-vous continuer?

R.—Ce 19%-là peut se diviser comme ceci, de fait, il se divise; c'est un pourcentage calculé, ce n'est pas un approximatif. Sur le pourcentage de construction en hauteur, le quart est attribué pour monter les matériaux.

20 Par Me Geoffrion, C.R.:—

Q.—Le quart de 19%?

R.—En hauteur. Dans le cas de la Sun Life, c'est 19%. Le quart pour poser les matériaux, pour le surplus de la main-d'oeuvre. D'après le manuel, le coût de la pose est à terre. Nous prévoyons pour faire les constructions en hauteur seulement sur le posage additionnel. Ensuite, le quart pour les machineries, les tours d'ascenseurs, les treuils, les permis de rue, permis spéciaux.

30 Un huitième comprendrait les risques d'assurance, les risques d'accident et d'assurance. Un huitième comprendrait les échafaudages des ponts. Dans le cas de la Sun Life, les échafaudages sont plus dispendieux.

Q.—Vous dites que c'est pris dans un manuel. Dans quel manuel cette division est-elle prise?

R.—Dans le pourcentage.

Q.—Dans quel manuel?

R.—Du manuel français, page 323.

40 Par Me Séguin:—

Q.—Avez-vous bien compris la question de monsieur Geoffrion? Pouvez-vous lire le quart, le huitième?

R.—Non. Il est compris dans un pourcentage; je viens d'analyser le pourcentage, mais il n'est pas marqué dans le manuel, le quart, le huitième, mais c'est l'analyse du pourcentage qui paraît au manuel.

Et le déposant ne dit rien de plus.

J. S. Casgrain,
Sténographe Officiel.

B. R. PERRY (for the City of Montreal) Examination in chief.

DEPOSITION OF BRIAN R. PERRY

On this Fifth day of April, in the year of Our Lord One thousand nine hundred and forty-three personally came and appeared: Brian R. Perry, of the Town of Hampstead, and there residing at Number 5699 Queen Mary Road, Consulting Engineer, a witness called by the City of Montreal, who having been duly sworn doth depose and say:—

Examined by Mr. R. N. Seguin, Attorney for the City of Montreal:—

Q.—Mr. Perry, will you give to this Board the experience you had in construction and as an Engineer?

A.—I have never done any other work than engineering or construction work since graduating from McGill University in 1915, except for the time I was Overseas.

I worked in New York for a year on construction work there, principally foundations, and I worked for the Shawinigan Water and Power, and have found since that my experience has been valuable more because it has been varied.

I worked for P. Lyall & Sons as a carpenter in the depression of 1921 and six weeks later I was supervisor in charge of several jobs and they included a small wing to the Sun Life Clubhouse built adjacent to the original section of the building, since been demolished.

I started the first foundation — no, I should say I started the foundation for the first extension of the Sun Life Building but was taken away from that to one in the Windsor Hotel; and after building four or five jobs for Lyall's they took me into the office to look after the work on some very large jobs on which they thought my experience was better suited than their own men.

Subsequently I left Lyall's to become Manager in Montreal of McKinnon Hall, Sherbrooke.

And then I opened my own business as consulting engineer in the spring of 1925 and have been following this line ever since.

While doing so I was manager of the Domill Construction Company, the construction supervisor of International Paper —

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that is in this district, not the one in the United States. I was in charge for them in this district.

Q.—You have mentioned the name of the Sun Life Company. You did work on the construction of the Sun Life?

10 A.—Of the Clubhouse, and I started foundations for the first extension. There were a lot of small repairs done at that time, but they did not amount to much. That was in the original section of the building.

Q.—Can you give an approximate amount of the works which you had to supervise or to assess or to value since you are an engineer?

A.—To value? It is almost impossible to arrive at a figure of that kind.

20 I have handled almost One million dollars (\$1,000,000) of work a year on my own; that is, work that is going ahead.

But while I have no figure, it will run well into the millions. Dalhousie Paper Mill ran over Four millions (\$4,000,000), and that was the first and only time that any paper mill has ever been let on a competition figure.

30 Q.—What was the nature of the work you were called upon to do on behalf of the City in connection with the two properties of the Sun Life?

A.—To estimate the replacement cost wholly as being one phase and also what is to be considered in arriving at an assessment, and in addition to look after and to comment on and assist so far as I could, the commercial experts associated with me in establishing the value of any depreciation, physical depreciation or depreciation in obsolescence or utility.

Q.—In other words, you have no estimate, not a complete assessment for the rolls of the City?

40 A.—I have not made an assessment in the municipal or real estate sense, no. Physical replacement cost from consideration point of view only.

Q.—Did you prepare a report of the work you have done in connection with the Sun Life Building?

A.—Yes.

Q.—Will you please produce your report as Exhibit D-13?

A.—Yes.

Q.—Will you proceed in explaining the work you have done and the conclusions you have reached in connection with this work?

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A.—Mr. Chairman, it has already been mentioned in the last questions as to the work I was supposed to do, that is to estimate one aspect only of value, and in the technical sense I have gone farther and attempted to consider what aspects of depreciation or other points there may be in design, from the design
10 point of view only, and the planning point of view; and I have avoided putting a dollar on any of them because, while I might have some opinion, I think I am not qualified to speak as an expert and do not put myself forward as one.

I would like to suggest in the beginning that my estimate is not precise. I did not intend that it should be.

20 Knowing what contractors' figures are I would say that if two estimates, closed estimates, prepared with a view to taking a contract and consequent risk of loss or profit, if two contractors agree within three percent (3%), it is precise work.

I have not gone as far as that, and if my estimate is within five percent (5%) I would consider it good.

I have gone to enough work in making the estimate and all the points that go with the building, and I would assume that
30 my estimate is five per cent (5%) or more low, than five percent (5%) high.

And in this connection I think it fair to say that we were given every courtesy by the Sun Life Company and their employees. They conducted us through every aspect of the building, practically speaking, and were quite open and gave us any drawings that were needed.

40 Mr. McAuslane and his associates gave us every help, and the fact that we might have got the information otherwise or through the City, does not detract from the fact that they made our job a great deal more pleasant.

On the other hand, I was instructed by the City to be fair to the Sun Life Company in every way.

I was to eliminate the unfair or the unnatural effects of war time prices and for that purpose I was to base my assessment on 1939 and 1940 figures. So far as I have been able to do, I have used those figures.

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I do not claim that all unit prices are precisely those that applied in 1939 and 1940. That is impossible. The Sun Life building is unique. We all know that. It is three times as big as the next biggest building for anything like the same type of purpose
10 in Montreal, which puts it in a class by itself.

The materials used are completely unique.

The planning of the building is not elaborate, but close to it. Some parts are distinctly elaborate.

The classifications and types of material are of high quality and finish throughout, and makes it impossible to get prices on a great number of things that were made specially for the
20 Sun Life, especially ten years or more after the event.

My estimate, and I have attempted to keep these figures in round figures and have dropped the odd dollar occasionally — my estimate comes down to a considered opinion of the replacement cost depreciated to December 1st 1941. The main building, Eighteen million and sixty thousand and seventy dollars (\$18,060,070); Power plant and tunnel Five hundred and one thousand two hundred and twenty dollars (\$501,220), making a total
30 of Eighteen million five hundred and sixty-one thousand two hundred and ninety dollars (\$18,561,290).

I arrived at this estimate after what I considered to be ample examination and ample consideration.

I revised certain quantities several times before I arrived at a final figure, and I gave some thought as to the method of getting at a cost.

40 I discarded the unit price per cubic foot as being completely inapplicable.

There is no way of calculating a cube foot cost, which represents only one thing, and that is the experience of the man using it.

We do use it in the building trade a lot but we really use it in a comparison sense between one building and another. I use them myself. But they are completely inadequate to the Sun Life Building.

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The first quality for the cubic foot cost is volume itself. If you double the cube of the building the same unit does not apply.

10 The next thing most important is shape.

Both of these affect the cubic unit very considerably. I think it is fair to mention that both of these effect the Sun Life favourable to a low unit, but make it impossible to guess that unit.

20 For that reason I prepared a reasonably detailed estimate of quantities. The lower materials, in the foundations and in the basements, are easy to take off. Structural steel, Mr. Paine loaned me the drawings. I took off columns at complete cost. It is impossible to guess the cube of columns, even to a man who has had as much experience as I.

I took off the topping to steel on typical floors and from that I took an average of the weight per square foot, which is a common figure in steel contracts, and elaborated that to the total tonnage.

30 The outside walls, I took off the gross area and got the near area for the different units, but in order to avoid a too extended and elaborate detailed estimate, which would tend to appear to be introducing a degree of precision that is not readily obtainable for purposes of this kind, I lumped all units together, cut steel, brick paving, granite, and plaster, that goes in an outside wall. I took off the features of the structural floor in the same way.

40 Such units as marble, because of their cubes, were taken off pretty much as they stand on the job. That is, a reasonable quantity survey was made for all these units.

The larger the item the greater attention was paid to the quantity survey and the estimate of price.

Where there was an apparent duplication due to a shift of one type of material to another, I made the appropriate deduction.

In short, I believe that my estimate was made in sufficient detail to justify the Schedule in Table I, which is really my

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estimate of cost of the main building, and to allow introduction or information about certain special features as covered later in this report.

10 Many small items were omitted. I know of well over one hundred thousand dollars that I omitted, some appeared subsequently to having prepared the original report, and I am quite sure would be many more.

I omitted the pneumatic system, which I understood is not being used; bronze grills on the ground floor, comparatively expensive, but I omitted them. The same thing applies to two mezzanine floors, and to a certain area at the Northerly entrance on Mansfield Street.

20 I have omitted these, but I do not think they affect the true picture of the report. The major items of the building are so large that these small items do not create a great total.

There was a certain amount of work in the gymnasium balcony that I also omitted.

30 There is another thing that is not mentioned in the report. I did not take anything for the under-piping of Loew's, but at the same time I took the particular wall area that abuts the theatre as typical granite construction. I think the two would offset one another. I do not think any difference would affect the report.

40 An average amount of fifteen percent (15%) has been included covering architects' and engineers' fees, contractor's profit, and what are known as general conditions, supervision, taxes, compensation, plant machinery, scaffolds, and such things applicable to construction but not physically a part of the building.

This percentage was added to each item for varying amounts dictated more or less by my experience, but I believe my estimate errs rather on the low side than on the high.

I say that because I am used to preparing estimates on the basis of net contractors units, I have to work in that way and present final figures from them. In that regard it is possible that some of the items in my estimate may appear to be

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high and others on the same comparison would appear to be low, depending what way you gathered the information, but I went at it in the same way as I was to prepare an estimate for a contract except I did not go quite to the degree of precision that I
10 would have gone in trying to arrange for a contract.

In every possible instance I have checked my quantities and my costs against any available information which might be properly applicable. My gross floor area was checked within one percent (1%) with Mr. Fournier, and my volume within one percent (1%) of the City figures.

Those are quite close estimates. They don't represent any
20 degree of precision because it is a matter of interpretation what you take as floor area or the volume of the building.

I have mentioned how I took off the structural steel in pretty great detail.

My original estimate totalled Seventeen thousand nine hundred tons (17,900 tons). That compares to a total published in three different sources, the engineers, the Dominion Bridge Company, and the contractor, of Eighteen thousand five hundred
30 and fifty (18,550) tons.

Mine is a little low compared to the eighteen thousand odd published, and if you add the small amount of steel that would not go into structural steel — arms and patterns and various things, — and put them in the structural steel there would not be much difference.

I took of the granite, particularly the ornamentation, and my total is Thirty-two thousand (32,000) tons which compares
40 to a published figure of Thirty-five thousand (35,000) tons.

Another figure Mr. McAuslane intimated in a casual way was that to finish a typical tower floor it would cost eighty to ninety thousand dollars (\$80,000 to \$90,000). Using the same units I used in my estimates would bring the cost to roughly ninety-two thousand dollars (\$92,000).

In order to establish a value of depreciation I used the declared cost of the Sun Life and prepared Table V. That was

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originally intended only for comparative purposes, but if that table is used for a secondary purpose of bringing a comparative value of the building, you will find that my value of the main building is Eighteen million and sixty thousand and seventy 10 dollars (\$18,060,070). The Sun Life declared Eighteen million eighty hundred and fifty-nine thousand plus, which is four and a half percent ($4\frac{1}{2}\%$) higher, and if you give the Sun Life the complete value of the excess cost they claim due to building the building in three units, it would drop to Seventeen million five hundred and thirty-seven thousand dollars (\$17,537,000), which is three percent (3%) lower than my estimate.

I still feel that my estimate is low.

20 That comparison was not originally intended when I made that figure. I took the expenditure year by year, took its age, and from that reached a depreciation amount for each annual expenditure, and that shows an artificial age of the Sun Life of thirteen (13) years at December 31st, 1941.

That is only artificial of course, but we had to have some average age because we were assuming the construction of a building at one time.

30 The building has been constructed using the finest obtainable materials, equipment and workmanship. There has been no other building erected in this district with anything like the size or quantities of materials or the class used.

40 There has been no recognizable deterioration to it so far as I am aware, with the exception of five items, and they are: a few cracks in the lower portion and the bases of certain of the columns. They have occurred for various reasons, probably due to the jointing being too close to the edge. It is impossible to repair and it is impractical and unnecessary to replace them.

A few plaster cracks appear where the main section joined the old section, but they could be repaired. It is possible and probable that if they took out the partitions they have there now the cracks would not open again. I would guess the value of changing the partitions at Five thousand dollars (\$5,000) possibly. A small item.

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There are a few spots in the marble floors that have worn away, and two or three hundred dollars would cover it. There are some marble treads that show the same wear.

- 10 The basement wall leaks in the northwest corner and that has caused a lot of damage to some plaster. The plaster could be fixed. It is another item not so much deterioration to the building as due to damage in a small defect in workmanship, and might be three to five thousand dollars to fix it.

The probable life of the building is as near permanent as is possible in this country, certainly in comparison to other buildings.

- 20 I have assumed a depreciation value of one percent (1%) per annum taken over the whole establishment. I could have broken the building into various costs, but did not do so.

Compared to other buildings which have a recognized life of seventy-five (75) years or more, the Sun Life is far more permanent than they are.

- 30 The mechanical parts of the building roughly total about twenty-three and a half percent (23½%) of my estimated gross cost. I don't infer the one-half percent (½%) a precise figure, it was merely incidental addition.

That includes complete plumbing, wiring, electrical work, machinery.

Ordinary maintenance and current repair of most of these items will assure a life comparable to the rest of the building for a large part of that equipment.

- 40 The plumbing pipes are all of brass and copper, and as far as our present experience goes they are indestructable in ordinary use. Cast iron pipe, generally speaking, will have a life comparable in the same way.

A great deal of equipment, while it will require repair, it is practically indestructable except to mechanical damage to it.

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I would say, and this is only a guess, at least half or more of the twenty-three and a half percent ($23\frac{1}{2}\%$) of equipment is subject to the same life as the shell of the building, and I think that the life of the shell of the building is over one hundred (100) 10 years.

The cost of that reflect in what we might call the astral allowance for the depreciation of the minus quantity of mechanical apparatus, and subject to reasonable maintenance as is essential for a building of that character makes a fairly reasonable allowance for anything that can happen to it.

In connection with that point, the Sun Life building is very well laid out to permit the repair of mechanical apparatus. 20 The duct places, vertical duct places, are quite large and well located.

The building is of such a shape that these services are all in the centre of the building where they are easily accessible.

There are middle service floors and floor levels in which a great deal of this machinery is exposed and can be taken out. You are not faced with the same thing as in many buildings where it is a major operation on the building itself to effect repairs on minor parts. 30

The boiler plant was treated separately at the request of the City because it is separate on the City rolls. Ordinarily it would be incorporated in the building which it serves, and I consider really that the whole establishment is a unit.

If I had valued it altogether I would be inclined to offer one percent (1%) depreciation over the whole establishment. 40 The power house is only half a million dollars (\$500,000) in their amount of Twenty million (\$20,000,000); and it does not matter much what you do with it.

The building material in the power plant is not one whit less permanent than the shell of the Sun Life. There are cheaper materials, but they are not less permanent than the Sun Life.

The mechanical parts total a great deal larger percentage taken as a separate unit, and for that reason I take a deprecia-

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tion of two and a half percent ($2\frac{1}{2}\%$), or a life of about forty (40) years.

10 A similar thing applies to the mechanical trades as in the main building. There is some of it that is subject to wear.

One of the boilers, the small boiler, is one taken out of the original Sun Life Building. It was apparently erected originally in 1917. It is twenty-six (26) years old and it has suffered the deterioration that goes with moving a boiler, which is quite an item.

20 I have described the purpose I had in mind in using the declared costs of the Sun Life to establish an artificial age for the building if you consider it completed at a single time.

In preparing that table I used Dominion Bureau of Statistics figures. I obtained them from the Dominion Bureau of Statistics. There is no other available data that I know of in which you can fairly compare costs varying from year to year. There is no question about it, the Dominion Bureau figures are authoritative.

30 It is to be noted, and you will see this in a graph in my report, that the general curve of costs was rising prior to 1939 and continuing on.

I have drawn a curve which indicates the trend from about 1932.

On that basis had the City instructed me to use an artificial figure of that kind you could, I think, fairly justify in the technical sense the use of a figure of 97.5 in 1941.

40 I followed the letter of the City's instructions and used 94.58, which is 1939 and 1940.

Some of my associated used 1939, which is 92.08.

Those figures are not precise, that is the figures you get to are not precise. I would like to point out that they tend to reflect to the favour of the Sun Life.

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If I had used the 97.5 figure the Sun Life would be a half million higher. Some of my associates used the low figure and there is something in the neighbourhood of half a million lower.

10

There is another point which affects the curve. The Dominion Bureau gives separate curves for labor and material. The ratio of labor to material is about twenty percent (20%) or less. That is, labor is twenty percent (20%) or less of the total; and I obtained that figure in a reasonably accurate manner by totalling the different items on my estimate with what would be the ordinary labor allowance.

20

In discussing this matter with my confreres we checked this matter to find out what affect it would have. Finally, to be fair in every sense of the word, we used a ratio of twenty-five percent (25%) labor and seventy-five percent (75%) materials. And on my calculations it would tend to indicate that it led us to a certain amount of diminution rather than an increase. It works to the favour of the Sun Life. We still used the twenty-five percent (25%) figure.

30

Incidentally, you will notice that the difference according to the Dominion Bureau of Statistics between 1939 and 1941 is Fifteen percent (15%).

There is, so far as I am concerned, no recognizable element of obsolescence in the building that can be considered important in any way.

40

One item of the power house, the steel columns, are designed for a future building which has not yet been built. I did not have any steel plans for the powerhouse and could not give an exact estimate in any way, but as nearly as I figure it would be two percent (2%) of ninety thousand (90,000).

There would be nothing else that would be affected in any way.

The building was built by the owners for their own requirements and they have incorporated features that they wanted and were available at that time to make the building thoroughly satisfactory for their own use and to establish it as

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the public embodiment of the Sun Life Company and to add to the convenience, comfort and health of the employees.

By Mr. Seguin:—

10

Q.—Have you compared the Sun Life Building with any other office building in Montreal, with a view to obsolescence in the Sun Life?

A.—Well, there is no style in the sense of a changing style that can be changed from year to year. It cannot be compared on that basis.

20

It has incorporated many features that put it well ahead of any other building. In particular, there is the ventilation system. No other building of its size has that mechanical ventilation. It is called commercial air-conditioning, and quite justifiably.

It is impossible to say what the future demands of the public will be in an office building, but the lay-out of the Sun Life Building, and in particular its mechanical equipment, is such that particulars of future requirements, at present unknown, can be added far more easily than in any other building that I am acquainted with.

30

In several of the papers that were published in the Engineering Journal the architects reiterated that the Sun Life space was laid out in large areas. . .

Mr. Geoffrion, K.C.:—

If they are material, I want them.. I object to summarizing.

40

The President:—

Under reserve.

The Witness:—

. . . it was laid out to suit their own requirements. That fact and the parallel requirements and planning and design established by large units, such as the gymnasium, auditorium, banking hall, determined the fundamental lay-out of the lower

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floors and, to some extent, the consequent size and shape of the whole building. They influenced it. They did not create it.

10 It would be very difficult to place on this property a building to provide the same gross floor area without creating large areas, and therefore deep space.

However, reasonable consideration of the building and of the published requirements of the owner company indicates clearly that the requirements for size and arrangement of space blended completely into the plan for a monumental building.

20 The space differs somewhat from customary office space. But on this point the depth of space was counteracted and deliberately countermanded by the increased storey height in order to get light back farther from the outside walls.

Deep spaces are voided primarily by ventilation or by light. The ventilation has been taken care of by mechanical ventilation throughout. It is particularly significant that the Sun Life Company occupies the lower floors where depths are the greatest.

30 The mechanical ventilation was primarily designed for the inside space. It is stated in those articles to which I referred that primarily the health of the employees was considered.

There is, undoubtedly, in this recirculated air a great deal less dust in the building than in any ordinary comparable commercial space in the City.

40 The owners could have built a building that would have had all of the commercial utility of the Dominion Square Building had they wanted to sacrifice some of their own requirements for space and the character and style of their building; but it is to be noted that if they did so the building would have cost very considerably more, because it would have increased the wall area and hence the whole cost, on the understanding that they had adhered to the same class of materials and workmanship that they used in building their own building as it stands now.

The fundamental point is that they did not build that kind of building but the one that stands, and are using a considerable part of it precisely where the claimed visibility is less.

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There is a point in this deep space, and I am suggesting the physical cost of it. Deep space is presumably rentable at lower rates than shallow space for office purposes. Buildings are the same as any other commodity; you get what you pay for. And cheap space is cheap space. Deep or large spaces are cheaper to rent because they cost very considerably less to build.

In this case I think that it is the cost of the space as it stands that is the base or basic value of the building, as far as rental value is concerned.

In this connection I would like to quote an example of the type of thing that fits a design of this kind. It may sound hypothetical, but it is not.

Around 1928 or 1929 when the Empire State Building was being put up, I was speaking in New York to one of the designing engineers.

Mr. Geoffrion, K.C.:—

I cannot cross-examine the designing engineers.

By Mr. Seguin:—

Q.—Did you form your mind elsewhere?

The President:—

Allowed under reserve.

The Witness:—

He presented to me what was a number of interesting illustrations.

At that time it was well-known throughout the building trade and designing profession, that elevators were almost at the limit of their advancement. Up to the limit of speed that they could subject the ordinary public to. And when it came to high buildings such as the Empire State and the Chrysler buildings, the elevator people were making attempts to get out ahead of the trade. They had to be prepared.

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This engineer made an approximate calculation using the . . .

(Mr. Geoffrion repeats his objection)

10 . . . ordinary units that are applicable to elevator loading, and if the building was built of one size, the shaft, after you got over one hundred (100) storeys you would require the whole of the ground floor in elevators and nothing else.

The answer is that you don't build a high building in that way. This is the type of thing that forces certain designs and a certain amount of what might be called service space.

20 The same thing as applies to deep space applies to wholesale space, that is, preparing the whole of the building or part of it for an owner's specific use.

The Sun Life Building is three times as big as The Royal Bank Building, and they occupy at least fifty percent (50%) or more of the rentable area, which means that it is doubtful if they could have been accomodated in The Royal Bank Building.

30 I bring this out to illustrate that the basic value of the Sun Life Building by the cost of what they use themselves; and if by chance the tenants to whom they do rent do not or cannot pay comparable prices, or an increased price because they use less of the space or use it less efficiently, it comes parallel because of the competitive value that the market will stand, and also they cannot use and are not expected to use a very considerable part of the value of the building which exists.

That value stands for the Sun Life.

40 As far as obsolescence is concerned, some items have been mentioned. Punka louvres in the ventilation system are not in style but they are not obsolete. It cannot be said that they were ever in style, or that they have gone out.

I don't know if I would use them myself. My own office in the Alliance National Building, the air-conditioning does not carry throughout the building, but there are punka louvres there. The main thing is I have encountered them, and they can be replaced with a different type of affair at Fifteen thousand dollars (\$15,000) at the outside.

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Radiation is entirely a matter of opinion. As an engineer unless a client insists on the point, I would not advise him to use sealed radiation because it brings with it disabilities in what you want, and that is heating.

10

As far as the lighting fixtures are concerned, I don't think that they amount to a great deal in money — probably Fifty thousand dollars (\$50,000) at the outside if they were of a type to be scrapped, which they are not.

20

It is significant in this that the Sun Life are using the older fixtures in the building. They are occupying the part finished first. In any event if the Sun Life Company wanted to, they replace them in their own space if they did not in the part occupied by the tenants.

As far as the light is concerned it must be noted that the building is quite unique. It is wide open on two sides and can never be obstructed. On Mansfield Street the roadway is ample in width so as not to oblige the usual set-back in the building itself.

30

On the North side, lanes divide the property into such small parcels of land that it would be impossible to put up a building of over ten storeys in height, and I think that the Sun Life would be able to object to the elimination of the lanes by them arranging to take over public property.

40

As far as the service space throughout the building, this is definitely generous in proportion to ordinary buildings. I agree that it is in keeping with the obvious planning of a building of this type. A great deal of this apparent excess is necessitated by the air-conditioning system.

In connection with this, the vertical shafts are very considerable. Most of them occur in the centre of the building.

Some mention has been made about two whole service floors, 7-A and 16-A as floor area. I would like to observe that these are not floors in the ordinary sense of the term.

Physically, they are. Actually they are not. They incorporate large ducts and all the pipe services. I did not plan the

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building, but I would assume that these floors were required almost entirely by the ventilation system to keep the large ducts 4 x 6.

10 I would like you to understand that you cannot walk on these floors. I have tried, and you cannot in spite of the fact of being willing to crawl over pipes.

There is a smaller amount of space that is vertical, and when you come out of the elevators you can walk around in restricted sections.

20 They would have to supply considerable working space in any building of that size, but they have taken advantage of the requirements caused by the ventilation system and have introduced all their other mechanical apparatus on the various levels caused by building requirements of high buildings in this same space.

30 When I say the service areas are generous, I would like to compare again buildings with which this building can be compared. There are in the main corridors, the main service establishment of the building, including the elevators and waiting room — there are four generous staircases that run most of the way up. They break off near the top. They are of steel, marble tread, bronze handrails. They are quite expensive, and there are four.

There are in addition three (3) stone stairs in the lower reaches of the building. I don't know how far, maybe to the tenth floor.

There is no building of a comparable size in Montreal, nor in this district.

40 In New York, I examined the average commercial building there. The Channin Building, Pershing Square, Shelton Hotel, Commodore Hotel, they are all comparable in height to the Sun Life. I don't know about gross value. Service stairs in these buildings is a plain steel stair in most cases with steel tread. In the Channin and Pershing Square buildings the walls are in plaster. We have brick.

That is the difference in comparing this building to a commercial building of the same class.

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Another item on service space: it must be remembered that the services in this building are elaborate.

10 The electrical wiring is somewhat unusual. It is a lower voltage than is customary for power. It is about half.

They have a lot of direct current apparatus in the building and that all costs money, but shows in the use of power.

All that mechanical space requires space to hide and it is used for that purpose.

20 In the basement there is considerable refrigeration, which is required largely in the kitchens and dining room. It takes space. It requires the space to house it, comparatively expensive space.

There is a laundry service in the building requiring machinery and equipment. A tailor shop. All of which are not applicable in the ordinary sense to a commercial office building, and they have all been incorporated here. And equipment for all of the other special services.

30 It is impossible to segregate all of the items. Minor ones, like the laundry, you can.

But how much more space does the mechanical apparatus take than would be taken for a building with a little more usual type of equipment? I don't know. I would not attempt to differentiate, or to break down an item like that. I don't know how much of the building is used for air-conditioning. Certain items show up and you can take them off, but you cannot justify the whole thing.

40 Considerable weight was placed by the Sun Life staff on the undesirability of two floors of unfinished space which are partly shielded by balustrades at set-back levels in front of the windows.

They are shielded as compared to other floors, and I suppose that they are not as desirable from the rental point because it loses view — the outlook value. It may lose a small amount of light.

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That is compensated for partly because of the site of the building, as I have already described.

10 But it is not easy to compare them, because they are unfinished. It is not easy to establish. They have not been finished because of the undesirable feature of the view. But if the time comes for the Sun Life Company to occupy the whole building they could segregate work that would be applicable to space such as that may be.

It is true that some of the areas on other floors cannot be subdivided effeciently into small exterior offices comparable to smaller buildings designed for that class of tenant.

20 It is also true that the Sun Life at present rent forty per cent (40%) or fifty percent (50%) of the floor area which is suitable for offices or similar use, but that is not a new field for the company. The first unit of the building was only six or seven storeys high and when this was completed they rented quite a bit of space there, and eventually these tenants were displaced as the owners required offices for their own use. The first extension was inadequate almost as soon as it was completed, and the main building was occupied in part as soon as it could be made habit-
30 able.

The technical papers published by various people indicate definitely, and it is obvious that the owner, the Sun Life, was planning for all the growth it could foresee. The site was being developed to the fullest extent and if they ever lost out on planning for future growth they could do nothing more about it as far as that site was concerned, as that type of building does not lend itself to considerable expansion in any other direction than
40 upward.

The rentable space lends itself very satisfactorily for division in large areas. But to the extent that it does not satisfy every tenant by being divisible into smaller units with a lot of of private offices, it suffers some disability, and these disabilities have been investigated and reflected by my confreres.

But there is a considerable part of the building that represents value in expenditure and value as it stands that is of use only to the Sun Life Company, and the money was spent for that

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particular purpose — to give the company the kind of office building they wanted.

10 For instance, if the average tenant looking for commercial space cannot afford to pay for the tone that goes with the building that is housed in granite, then that space is a commercial sense would never be suitable for ordinary rentability, but my figures have been based on the fact that the Sun Life erected the building and they get the value from what they built.

In this connection, the ornamental features are probably the most expensive — the most important of any of the ordinary order of expenditure.

20 In bringing down these items I considered, and this is hypothetical but backed by twenty-five years of experience in building business — had they used limestone instead of granite — it would have cost about the same for setting up — but by using limestone the saving would be about Eight hundred and forty thousand dollars (\$840,000). That is for the plain walls only.

30 If you take the ornamental features in granite, the columns and then the cornices, with granite it is a great deal more expensive. On the whole I would say with limestone the cost would be roughly forty percent (40%) of the cost of granite, and this would be a saving of Nine hundred and fifty-two thousand dollars (\$952,000).

By Mr. Geoffrion, K.C.:—

Q.—That is ornamental features?

A.—Yes.

40 The ornamentation in the Sun Life Building, apart from the materials — the ornamentation is very expensive, no question about that.

I have mentioned in my report, as a comparison, the News Building in New York, which is nothing but straight plain utility as far as the facade is concerned.

I go to New York for an example not because I wish to particularize, but there is no building closer at hand.

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How much of the ornamentation may be considered excessive, I don't know. That is a personal guess. I have left in an amount of limestone of Eight hundred and five thousand dollars (\$805,000) for ornamentation. You could take out any
10 amount for that depending on the appearance of the building and how it is designed. I put three-quarters of that eliminated, leaving one-quarter. Whether that is enough or too much is a matter of opinion.

Had they used steel sash instead of bronze the saving would be, roughly, Five hundred and thirty thousand dollars (\$530,000).

20 May I point out an error in my report right at this point. It goes into this section which is hypothetical and does not really affect the report. There is an error of about One hundred thousand dollars (\$100,000) between item 1 on page 8 and item 3 on page 9 — they add up to more than the original in Table I. That really does not affect the sense of the report.

By Mr. Geoffrion, K.C.:—

Q.—What is the figure you are correcting?

30 A.—I am stating that on page 8 I have an item of Two million one hundred thousand dollars (\$2,100,000) and on page 9, item 3, I have Seven hundred and eighty-five thousand dollars (\$785,000). You will find that on Table I they total more than the amount of One million seven hundred and fifty-five thousand dollars (\$1,755,000) Item (f), to which they are compared.

40 Probably less expensive doors could have been used. I have, I believe, been very low in my estimate of the bronze in the Sun Life. My total is Two hundred and twenty-five thousand dollars (\$225,000). And merely as a guess I say that good steel doors in keeping with an ordinary commercial building could have been provided easily for Eighty-one thousand dollars (\$81,000). Which gives you a total of excess cost of One hundred and forty-four thousand dollars (\$144,000).

In connection with the bronze work and in support of my own estimate, I would like to mention a comparison which I happen to have. There is about One hundred thousand dollars

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(\$100,000) in addition to Two hundred and twenty-five thousand dollars (\$225,000), giving you a total of Three hundred and twenty-five thousand dollars (\$325,000) approximately for doors. In the Sun Life Building there are fifteen entrances with
10 revolving doors and screen slide doors of bronze. In the Royal Bank Building there are three.

There are eighteen elevator doors in the Sun Life Building on the ground floor in bronze — in the Royal Bank Building there are nine (9).

There is an additional bronze work in the banking hall of the Sun Life which includes seven or eight plain, nice bronze
20 doors. In the Royal Bank there are two rather more elaborate doors and a considerable amount of wrought bronze work around the banking space.

The Sun Life, considering they are the biggest item — the doors — it has far more than the Royal Bank with fifteen (15) and eighteen (18) as against three (3) and nine (9).

The Royal Bank I know had One hundred and seventy-five thousand dollars (\$175,000) of bronze, and that is net, and
30 to that would have to be added five to eight percent (5% to 8%) for financing and architectural fees.

For a commercial building terrazzo floors could have been used instead of marble, at an approximate difference of One hundred and seventy-three thousand dollars (\$173,000).

Similarly with the walls where normally plaster would have been used. In many cases even the plaster might have been omitted. This would mean a saving of Three hundred and ten
40 thousand dollars (\$310,000).

The decorations in the banking hall is Three hundred and ninety-nine thousand dollars (\$399,000).

Equipment and finish in hospital, about Fifty-seven thousand one hundred dollars (\$57,100).

The auditorium and gymnasium. It is manifestly difficult to separate the value of that space as compared to anything

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else, but in order to get at an idea of it I checked the steel work. There is sufficient steel, excess steel, required to span the space as to frame the additional floors.

- 10 You have the auditorium and one floor left out. Then the gymnasium and another floor left out, giving you five levels of floors in that section.

If you take the structural steel and study that you will find that the columns look after themselves. It does not matter what you do with columns, it takes the same columns for fifty thousand (50,000) tons, and does not matter what you do with them.

- 20 As far as the Sun Life building is concerned, there is no difference. But if you take the beams to span the large space it does make a difference and if you take off that steel for a typical bay you will find that planning the three floors you have sufficient steel to allow for the average of, I think it was, twelve pounds to the square foot for five floors. You have enough excess steel to pay for putting in the concrete floors and painting them. Those are crude materials mostly and not expensive.

- 30 But the difference comes in the steel.

The partitions, I state the opinion that they look after themselves. The enclosure of these walls as it stands now is two storeys in height. Whether there is a floor in the middle or not.

There are plenty of other areas in the Sun Life Building comparable to this area, in sections.

- 40 In addition there is an excess of plumbing and tiling, which I have included in my estimate. It is my opinion that there is plus cost over and above should the whole area be finished as office space similar to the rest of the building. Not necessarily divided into small offices but similar to similar space in the building. That is only an opinion.

The securities vault in the basement is hard to get at in cost, but I have put on a value which I believe to be quite fair, of Two hundred and twenty-five thousand dollars (\$225,000).

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By Mr. Geoffrion, K.C.:—

Q.—I would suggest that is in the report. Have you anything new to add?

10 A.—There are quite a few things that are not here. It is a little difficult to sort them out.

The kitchen equipment on the upper floor has been shown. That is one of the largest installations in this city. The Mount Royal Hotel is more expensive, but it is one of the largest in the city. It was installed for the Sun Life employees. I don't think that on any reasonable basis it can be considered to be commercial.

20 In the basement this does not necessarily apply because it incorporates rougher units, refrigerators and tile, but they too are unduly expensive.

The private elevators are also excess cost. They are for special use and of restricted valuation in the building.

30 The next item, I would like to explain. The additional height of a building, the additional expense. That can be sorted out fairly accurately as far as columns are concerned, and if the Sun Life required only the area they now use they could easily have built a building within more moderate height and use twelve floors. Taking out the cost of columns only, it is an item comparable to the rest of Six hundred and seventy thousand dollars (\$670,000).

40 The mechanical ventilation, I have some other figures. There is no other building with mechanical equipment to this extent. It is almost to segregate certain of the items. The space in the basement, there are large ventilation rooms in the basement.

We come back to the electrical apparatus. I have taken you over the two main floors, 7-A and 16-A, which are approximately caused by the necessity of distributing these large ducts over the area of the building.

I took that volume only and considered that would look after a part of the additional volume created in the building

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to provide ventilation. Then I took that, incidentally because it is only an hypothetical estimate, I took that at fifty percent (50%) of the unit cost of the building, approximately. I added in as part of the excess cost fifty percent (50%) of the power
10 house as ventilation.

The engineer for the power plant mentioned among the loads required of the power plant certain steam consumption and coal consumption and heating system as such would require twenty-five thousand (25,000) tons per year, and the ventilation system sixty thousand (60,000) tons. Some of that heat would be reflected in this building.

20 Mr. Geoffrion, K.C.:—

Objected to as hearsay!

The Witness:—

That is the rate at which heat is required in the building on a cold day, and based on this I consider that fifty percent (50%) of the power plant is a conservative estimate.

30 This air-conditioning, of course, will prolong the commercial life of the building. There is no question about that, because it allows for elaboration to some extent and it will maintain it in its present category.

Additional costs such as the height of the floors, I have not estimated. There is a lot of extra equipment required for the plumbing to maintain pressures or to avoid excessive water pressures, and similar things that add to the expense in a high building, and I would not attempt to estimate them or to separate them but they represent a very definite plus value.
40

Roughly, these items of value, which were created by the Sun Life for the Sun Life, total Seven million five hundred thousand dollars (\$7,500,000) I could have made them higher by putting a value on additional space.

In connection with the next point, on page 12, my estimate indicates a value of about ninety-four and a half cents (94½¢) a cubic foot.

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Mr. Geoffrion, K.C.:—

You are reading your report!

10 The Witness:—

I am not reading my report!

Mr. Seguin:—

I think the witness is entitled to bring out points in his report.

20 Mr. Geoffrion, K.C.:—

Not to read every bit of it.

The Witness:—

My unit cost comes to ninety-four and a half cents ($94\frac{1}{2}\text{¢}$) including financing. If you take the seven and a half million from that it brings it to sixty cents (60¢), and I could have brought it considerably lower.

30 In comparison to that I would like to indicate that The Royal Bank Building cost seventy-five point thirty-one cents (75.31¢), to which I have added an allowance which would satisfy in units, not in money, as to certain special features not included; financing which I took at five percent (5%) spread over half of the construction period and architect at five percent (5%), bring the sum to eighty-six point thirty-five cents (86.35¢), and brought to the 1939 cost that is eighty-one cents (81¢).

40 I installed a similar one for the Metropolitan Life in Ottawa at a cost of sixty-nine point four cents (69.4¢).

By Mr. Hansard:—

Q.—At what date?

A.—1939.

The Dominion Square Building was fifty-three point two cents (53.2¢), and in that connection the Dominion Square Build-

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ding includes twenty-eight percent (28%) or more of its value to basement space, largely occupied by garage.

10 The next paragraph is merely different uses to which those excess costs are placed, as to whether they are of use to the tenants or the Sun Life Company only.

In connection with the deductible costs declared by the Sun Life Company, I would like to be particularly clear that I do not question their costs. I do not know definitely what was involved in all of their charges. There were minor charges to partitions and things like that. I do not know how much.

20 It was known in the trade that there were a lot of them, and I have put a comparison on page 13 of some of the items I do know to indicate that my estimated costs are not excessive on the average taken through the building.

In conclusion, I am not a real estate valuator at all. I would say that the assessment of the City shows a very modest appraisal of the Sun Life Building as it appears to me as a layman or business man in this City, and I think that if it would be any lower it would subject the City to criticism.

30 Mr. Geoffrion, K.C.:—

That is a new aspect of the question. It is a question of law and the presumption of the witness is not important from that point of view.

By Mr. Seguin:—

Q.—Mr. Perry, you have in your report, Table I?

40 A.—Yes.

Q.—Giving the breakdown of the replacement cost new to the Sun Life?

A.—Yes.

Q.—Have you any explanation of items A to X?

A.—The estimate was broken down in this way partly to bring out certain items that made my estimate straight forward in the ordinary way, taking certain considerations, not all, they differentiated. It consists also of certain specific information applicable to portions of the building occupied and

B. R. PERRY (for the City of Montreal) Examination in chief.

in use by the Sun Life Company; and when I had these separated in that way I showed them as separate units in my report as such.

10 Some may be grouped. All the marble for instance. But it means a great deal less when grouped than when separated, and a brief would not have been necessary to support the ideas of my real estate associates.

Q.—And this Table I in your report gives a replacement cost new of how much for the main building?

20 A.—New, Twenty million two hundred and forty-eight thousand dollars (\$20,248,000), complete. But from that I deduct Two hundred and forty thousand dollars (\$240,000) for finishing certain floors that are at present unfinished.

That Two hundred and forty-thousand dollars (\$240,000) is not the full cost of finishing the floors but it indicates a portion of the cost which is included in my typical items. There are no partitions in that space, and therefore it is not included.

Q.—This was arrived at by making an estimate of all the apparent items contained in Table I?

30 A.—Yes.

Q.—I see you have Seven hundred and fifty thousand dollars (\$750,000) for financing cost. Have you any explanation to give as to the time it would take and the rate of interest?

A.—The details of how I got at my Seven hundred and fifty thousand dollars are in the report.

I assumed from experience it would take three years to build the Sun Life Building. The Royal Bank Building which is one-third of the size, took twenty-one or twenty-two months.
40 The Bell Telephone took the same time and it is about one-quarter of the size, less than one-quarter. The Metropolitan Life took twenty months and is much smaller. The Dominion Square took almost the same time, under two years, and it is approximately one third of the size.

None of the buildings included materials, particularly the granite, which is not easy to get because it is outside the capacity of the trade, in extremely large quantities.

B. R. PERRY (for the City of Montreal) Examination in chief.

Q.—Table II is showing your depreciation of One percent (1%) a year?

A.—Yes.

10 Q.—On the assumption of Twenty-five percent labor and Seventy-five percent (75%) material?

A.—That's right.

Q.—Do you have any explanation in connection with Table IV?

A.—I think that has been explained fully in my discussion, or is quite clear here. It was prepared primarily to establish an artificial age of the Sun Life Building.

On page 19, Table V, I have added to the Sun Life declared cost the comparable potential financing cost on my own estimate.

20 Q.—Would you explain Table VI?

A.—That is merely certain calculated quantities in connection with the building. My real estate confreres were anxious that I should have some general figures to indicate that my figures might be compared to others. They happen to indicate that my figures might be compared to others. They happen to indicate fairly clearly that a matter of interpretation can affect even a mathematical quantity in the Sun Life Building.

30 We have shown three different kind of floor areas for different purposes, but they are all based on the same mathematics. There is no error of mathematics or of calculation, but there is a difference of about four and a half percent (4½%).

Had they all been measured at different times and different people and different interpretations, you could have a considerable difference in a mathematical analysis.

40 Q.—How much time did you spend on the property of the Sun Life to examine and check all the particulars of the building?

A.—Several days. The equivalent of several days. I cannot say exactly. We were there several nights and stayed from after supper until eleven o'clock, sometimes later. I worked principally from drawings that were obtained from the Sun Life Company.

Q.—You were given plans of the building?

A.—Yes.

B. R. PERRY (for the City of Montreal) Cross-examination.

Q.—As to the amount in Table I of your report, is it to the best of your knowledge the price it would cost to duplicate the items in the building profession in 1939 and 1940?

A.—In general, yes. Some might be up, others will be
10 low. In some details where I was not too certain I stayed on the low side in order to have my ideas justifiable.

(At this point proceedings adjourned to continue tomorrow).

And further for the present deponent saith not.

J. T. Harrington,
Official Court Reporter.

20

DEPOSITION OF BRIAN R. PERRY

On this Sixth day of April in the year of Our Lord One thousand nine hundred and forty-three, personally came and reappeared: Brian R. Perry, of the City of Montreal, who continued his testimony as follows:—

30 Cross-examined by Mr. Aime Geoffrion, K.C., Attorney for the Complainant:—

Q.—You were asked briefly how much time you devoted to your inspection, and I see by the report you went three times. Is that right?

A.—Oh no.

Q.—What was your examination and how long, one, two or three occasions?

40 A.—We made our examination in a group through the building with Mr. McAuslane and Mr. Crawford, and I on two or three occasions went alone to see certain spaces, on some points I wished to check.

Q.—On the two or three occasions you went alone, and the other occasions you were accompanied by Messrs Desaulniers and Mills?

A.—Yes.

Q.—How many times did you go?

B. R. PERRY (for the City of Montreal) Cross-examination.

A.—Altogether I would say I went about seven or eight times, I made about seven or eight visits for the purpose of inspection.

Q.—In the evening?

10 A.—Mostly in the evening, not all. Some of the visits were in the afternoon. I have been there a dozen times to check specific points by myself.

Q.—The visits you made were inspections? You say seven or eight, generally in the evenings?

A.—In the evenings or in the afternoon laterally.

Q.—What time was it in the afternoon?

A.—We were there so much that I find it a little difficult to differentiate. I was there right after lunch on a couple of occasions, and spent a good deal of the afternoon.

20 Q.—I don't want to know your fees, but you must have charged them your bill?

A.—Yes.

Q.—You could give us the time you devoted to your inspection. I am not asking you your charges, but the time. I thought your bill would help you to tell us that.

A.—I found the job running into more time than I originally anticipated; but my work in the Sun Life Building itself probably amounted to something less than one-third of the time I spent on the job.

30 Q.—What would be the one-third? I am concerned with the one-third.

A.—An aggregate in days?

Q.—Or in hours. It does not mean anything.

A.—I would say the equivalent of thirty-six to forty-eight (36 to 48) hours; something like that.

Q.—You could not gather by your notes how much time you spent?

A.—I might. I would have to refer to my diary.

40 Q.—You saw the plans also?

A.—Yes.

Q.—The general plan?

A.—The general floor plans of the building, yes.

Q.—Any specifications?

A.—No.

Q.—When you made the examination you mentioned, which you estimated to be thirty-six to forty-eight hours (36 to 48 hrs.) you saw the floor plans?

A.—Yes.

B. R. PERRY (for the City of Montreal) Cross-examination.

Q.—I would like to go back to your experience. You were in New York. You were graduated in 1915? You say that?

A.—I graduated in 1915 and right after I went to New York. I came back from there and went Overseas.

10 Q.—You came back before going to the war?

A.—Yes.

Q.—How long were you in New York?

A.—Ten months.

Q.—What was your job?

A.—The Engineering Company, Foundation -Company.

Q.—You were with the Foundation Company?

A.—No, in the Engineering Foundation Company. With head office in Boston.

20 Q.—Is that a large company?

A.—A reasonable sized company for foundation.

Q.—You were a technician there?

A.—Yes.

Q.—You were an engineer in their own employ?

A.—In their designing engineering.

Q.—It was foundation work?

A.—Principally, yes.

Q.—What was your job there?

A.—Lay-out and assisting the supervision.

30 Q.—And after that you went to the war. And you came back, it was to where?

A.—Yes, to Montreal.

Q.—When you came back here where did you go?

A.—To the Shawinigan Water & Power.

Q.—In what position?

A.—As a designing engineer.

Q.—Hydraulic works?

A.—Construction work generally. Some of it had to do with hydraulic work, a certain amount.

40 Q.—You were then a very young man, and you were not its designing engineer?

A.—No.

Q.—You left the Shawinigan for Lyall & Sons, is that right?

A.—Yes.

Q.—That was in 1921?

A.—Yes. Very early in 1921.

Q.—In what capacity did you belong there?

A.—As a carpenter.

B. R. PERRY (for the City of Montreal) Cross-examination.

- Q.—A carpenter?
A.—Yes. For six weeks.
Q.—And you were promoted to what?
A.—Superintendent.
- 10 Q.—Of what?
A.—Of construction that was on the Shaar Hashomayim Synagogue in Westmount.
Q.—Where is that?
A.—Opposite Bowling Green on Kensington Avenue.
Q.—How long did you stay there? Four years?
A.—No, about two years. A little over two years.
Q.—And when you were superintendent of construction on that Synagogue, do you mean supervising the works?
20 A.—I was in charge of the construction on the job for the contractor.
Q.—Do you mean you were in charge?
A.—Yes.
Q.—Did you do any other work for the Lyall people?
A.—Yes, The Sun Life Club. And the Royal George School.
Q.—In the Sun Life, were you in charge of the construction?
A.—Yes.
- 30 Q.—The foundations?
A.—No. The whole job.
Q.—It was a small job?
A.—Small.
Q.—The synagogue was not a big job?
A.—Not a big job. About Four hundred thousand dollars (\$400,000).
Q.—And after that, the third one, being the Sun Life Club?
A.—I also built the Royal George School, now known as
40 the Herbert Symons.
Q.—You worked for Lyall as superintendent?
A.—That's right.
Q.—How long?
A.—I started the foundations for the first extension of the Sun Life Building, but only for a week or two. I was then engaged on another job and they were looking for another superintendent. They took me to the Windsor Hotel where they had a job to do.

B. R. PERRY (for the City of Montreal) Cross-examination.

Q.—As superintendent of works?

A.—Yes.

Q.—What was the work at the Windsor Hotel?

10 A.—The remodelling in connection with the Windsor. In connection with the Windsor Hall. That had only been started a short time. It had not gone far when certain other work came up in Western Canada that Lyall's wanted to quote on and they asked me to go into the office.

Q.—When was that? From the job at the Windsor to the job in the office, how long was that?

A.—I don't recall the date.

Q.—What did you have to do with the Western Canada job?

20 A.—Estimating.

Q.—What was that job?

A.—The first one involved was the extension of the Esquimault Dry Dock in Victoria.

Q.—Was your position general estimator?

A.—No. I was there to assist Alex Davidson, the estimator for many years. My assistance was not only in taking off of estimates, but they told me my experience outside and as engineer would assist in preparing what they wanted.

Q.—You collaborated for the estimating in their jobs?

30 A.—Yes.

Q.—For the purpose of tendering?

A.—Yes.

Q.—Did they get the job?

A.—No.

Q.—You were submitting too high, probably?

A.—I was not responsible for the price that they gave.

Q.—You were not responsible for the estimating?

A.—Not for the prices.

Q.—You left Lyall then?

40 A.—Yes.

Q.—And you became Consulting Engineer?

A.—No. Manager in Montreal of the McKinnon Steel Company of Sherbrooke.

Q.—How long were you there?

A.—Until May 1925.

Q.—One year, or how long?

A.—Very close to two years.

Q.—About two years. They were contracting builders?

B. R. PERRY (for the City of Montreal) Cross-examination.

A.—No, structural steel. The same as Dominion Bridge only smaller.

Q.—Were you manager?

A.—Of operations in Montreal.

10 Q.—What did you do?

A.—I looked after, principally, trying to get work and pricing it; and if the jobs were unusual I would send my prices to Sherbrooke for their approval. But on ordinary jobs I was allowed quite a free hand.

Q.—Did you have many jobs in Montreal while there?

A.—Most of our work was not in the City, but there was a considerable amount of work that had to be done in the City because of head offices here.

20 Q.—Did you have any important work during that period? I don't want all the details.

A.—Miscellaneous structural steel.

Q.—Selling it, and erecting it?

A.—Oh, yes.

Q.—You cannot tell me any particular job?

A.—McKinnon's are a small company. There was a fair amount of work; a lot down east, and a lot had to come through its Montreal office. In Shawinigan we did a lot of work for Shawinigan and Carbide.

30 Q.—You cannot indicate any particular job of any importance?

A.—Not of any large size, no.

Q.—And then you went to the Domill Construction Company?

A.—Yes.

Q.—When?

40 A.—I opened in 1925 and continued since then. As subsidiary to that and particularly for the period from 1927 to 1932 I did a lot of work for Domill and eventually it got to the point where they opened an office in Canada and I ran their office in Montreal with my own business.

We had adjacent offices in the New Birks Building.

Q.—What was the style of work you did as consulting engineer and with the Domill Company?

A.—Their work was almost entirely in the paper mill field.

B. R. PERRY (for the City of Montreal) Cross-examination.

Q.—What was it?

A.—Building construction. There were two damns involved. The rest was building construction.

10 The office building at Temiscaming.

Q.—That was their work. What was your job in connection with it?

A.—On most of it I was responsible for the Domill Company.

20 The Dalhousie Papermill, which was a large contract; they set up a separate office there and operated that job as a distinct unit.

Q.—You did not have anything to do with that?

A.—Yes. I prepared the estimate for the Dalhousie Paper mill.

Q.—What was the purpose?

30 A.—For competitive tenders. The International Paper Company had been building mills in Canada for a few years and their price per ton of capacity tended to be very considerably higher than other mills in Canada, and when the Dalhousie mill came along they determined to call for competitive tenders, and they did. Their own subsidiary company had to bid to a very considerable total to have an opportunity to figure, and they did figure as a competitor.

Q.—And they were the lowest?

A.—Yes, by a very considerable margin.

Q.—Were you responsible for the whole estimates?

40 A.—I made the quantity survey myself, and I was associated with Mr. K. O. Guthrie the head of the company, in pricing.

Q.—The tender was without profit, I suppose?

A.—It is quite true. We tendered to the very considerable profit of the International Paper Company at Two million dollars (\$2,000,000).

Q.—As compared with the other tenders?

A.—Exactly.

Q.—You know your life better than I. Does that represent the important work you have done of any kind?

A.—Outside of my own practice.

Q.—What did that consist of?

B. R. PERRY (for the City of Montreal) Cross-examination.

A.—My own practice is construction work; largely industrial building of various kinds. All sizes and shapes.

Q.—Consulting work, as an engineer?

A.—As a consulting engineer.

10 Q.—From the point of view of what?

A.—Preparing plans and specifications for buildings and a great deal of subsidiary work in parts of buildings; structural work, mechanical plans, which are the reinforcing features of buildings that are otherwise architectural.

Q.—How did it go? People who wanted a building asked you to make the plans?

A.—Yes.

Q.—Did you call for tenders?

20 A.—The tenders are usually called for by the engineer.

Q.—You prepared the plans and called for the engineers?

A.—Yes.

Q.—That is the general character of your work?

A.—Yes.

Q.—The most important things you did?

A.—I have done work for the Distillers Corporation?

Q.—What did you build for us (Distillers Corporation)?

A.—The buildings were all right. I won't vouch for the contents.

30 Q.—They are very good.

A.—I have done two or three items. Two considerable jobs for the Sorel Industries. I have a job now for the Provincial government.

Q.—In Sorel, what did you do?

A.—Involving the same things as I have already described, except in that case they had their own construction forces and we did not call for tenders.

Q.—What sort of building? You said two or three items for Sorel Industries.

40

You said two or three items. Give me the character of the structures.

A.—The Sorel job is an extension to the Gun Plant.

Q.—What else of importance?

A.—I have this job now for the Quebec Government.

Q.—What is it?

A.—The sugar plant at St. Hilaire. All of a million dollars.

B. R. PERRY (for the City of Montreal) Cross-examination.

Q.—You prepared the plans?

A.—No. There is a certain amount of work done which I did not do.

Q.—What are you doing now?

10 A.—We are getting started.

Q.—On this job you simply are making the plans?

A.—We are starting. We are awaiting priorities.

Q.—Apart from that, anything else of importance?

A.—I have done many, many small buildings, including work for the Canada Paper Company.

Q.—Where did you do the work for the Canada Paper?

A.—Windsor Mills.

Q.—I ask you the bigger ones.

20 Bell Telephone and the Imperial Tobacco.

Q.—What sort of work?

A.—Building construction.

Q.—What sort of buildings?

A.—All shape of manufacturing structures for the Imperial that they use, and certain phases that the Bell Telephone use. Structural work.

Q.—For telephone buildings?

A.—Yes.

30 O.—For some of their activities in Montreal?

A.—In Montreal and outside; Ottawa and a dozen points in Montreal.

Q.—A dozen points for the Telephone Company?

A.—In Ontario in addition to those in Montreal.

Q.—Did you make the plans?

A.—Only the structural plans.

Q.—What do you mean by structural plans?

A.—The whole of the structural frame.

Q.—Did you supervise that work?

40 A.—Not at all. I associated. I carry it on my contract, partial supervision of the work that I have been on.

Q.—You told us that the Power House was from a point of view of duration, of lasting, it was built most as well as the Main Building?

A.—The materials are every bit as durable.

Q.—What are the materials?

A.—Almost entirely structural steel and concrete. A small amount of brick above the grade.

B. R. PERRY (for the City of Montreal) Cross-examination.

Q.—Concrete below grade?

A.—Concrete below grade. Ninety-five percent (95%) of the Power House is below grade.

Q.—There is no stone?

10 A.—If there is any, it is a tiny bit of decoration. No stone.

Q.—You mentioned cast iron pipes.

A.—No.

Q.—And also some copper piping.

A.—Brass piping.

Q.—You saw that? Where did you see the cast iron?

A.—I cannot say I examined it. I believe I used that comparison merely for an illustration, and I referred to cast iron in
20 certain drains.

Q.—Where did you see that?

A.—I cannot say I did.

Q.—Copper — it may be brass; brass or copper, which is
it?

A.—Brass.

Q.—You are speaking to a man of a appalling ignorance. It is brass and not copper?

A.—Yes.

Q.—Where did you see the brass?

30 A.—I did not examine a great deal of it. A lot is insulated. I saw some in connection with the plumbing work. I did not see much. You would have to go into the pipe shaft. I saw a minor amount.

Q.—You gave us a price per cubic foot. You say this building with its frills amounts to ninety-four cents (94¢)?

A.—Ninety-four and a half (94½¢).

Q.—And without the frills, about sixty-four cents (64¢)?

A.—If you deduct some of the frills.

Q.—It calls for more with the frills than without?

40 A.—I agree with you, but I don't call them frills.

Q.—Could you think of another name for me?

A.—I was not attempting to take off the frills, but to take off the difference that exist between that building and a building erected for positive revenue producing purposes.

Q.—Sixty cents would be a better price?

A.—I said sixty cents, and I mentioned about certain deductions that could be made and certain types of construction, and I think it would be comparably lower than that.

B. R. PERRY (for the City of Montreal) Cross-examination.

Q.—Without the frills?

A.—Without the frills. Let's call them frills.

Q.—Is that before or after depreciation, this ninety-four cents and sixty cents?

10 A.—It is before depreciation.

Q.—The same remark applies to the eighty-one cents (81¢) for the Royal Bank?

A.—Before depreciation.

Q.—Including frills?

A.—Yes. They have some frills too.

By Mr. Seguin, Attorney for the City of Montreal:—

20 Q.—Is there not a figure to be corrected on page 18 of your report?

A.—Page 18, the item for 1938 should be Ninety-two thousand two hundred dollars (\$92,200) instead of Twenty-two thousand dollars (\$22,000).

By Mr. Geoffrion, K.C.:—

Q.—You gave us your estimate on Dominion Square Building?

30 A.—Yes, sir.

Q.—How much was it?

A.—Fifty-two and a half cents (52½¢).

And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

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

DEPOSITION OF HAROLD MILLS

On this Sixth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and appeared: Harold Mills, of the City of Westmount, and there residing at Number 504 Roslyn Avenue; Real Estate Agent, Property Manager and Apprasier, Real Estate Appraiser, a witness called by the City of Montreal, who having been duly sworn doth depose and say as follows:—

Examined by Mr. R. N. Seguin, Attorney for the City of Montreal:—

20 Q.—Mr. Mills, will you give to this Board a summary of the experience you have had as a real estate appraiser, real estate agent and real estate manager?

A.—I have been engaged in the real estate business since 1909. when I organized the Westmount Realities Company of which I am the President and General Manager.

I have been particularly interested in appraisal work for at least twenty years.

30 I have been a member of the International Association of Real Estate Boards for more than thirty-five years and have attended functions of that organization for the purpose of enlarging or extending my experience and knowledge pertaining to all matters in connection with real estate.

I have acted on a number of occasions for the City of Montreal as a real estate appraiser in connection with expropriations. In particular, in connection with Decarie Boulevard and Girouard Avenue.

40 I am a member of the International Association of Building Owners and Managers.

I was President of the Real Estate Board maybe ten years ago, and am still a director of that Board.

I have done appraisal work also for the City of Westmount and the Town of Hampstead. and I have acted as appraiser for many local firms in Montreal.

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

Mr. Chairman, I am filing a list of qualifications. There are others.

10 Q.—Did you make an appraisal for the Montreal Tramways Company?

A.—Yes. In 1939 I was one of three appraisers engaged to value all of the lands owned by the Montreal Tramways Company on the Island of Montreal.

We spent five months time on that work, arriving at a valuation of something in the neighborhood of Eight million dollars (\$8,000,000).

20 By Mr. Geoffrion, K.C.:—

Q.—That was when?

A.—1939.

I may say, too, I valued the Insurance Exchange Building in connection with an assessment appeal in 1936.

By Mr. Seguin:—

30 Q.—Will you file as Exhibit D-14 a summary of your experience and qualifications as a real estate appraiser?

A.—Yes, sir.

Q.—You were called upon by the City of Montreal to do certain work in connection with the Sun Life Building?

A.—I was.

Q.—Will you file as Exhibit D-15 a document showing the layout of the Sun Life Building and some other information, and explain it to the Board in a few words?

40 A.—This, Mr. Chairman, is the total appraisal of Head Office property of the Sun Life Assurance Company of Canada — Exhibits.

Q.—You also prepared a report giving the results of the work you have done in connection with the Sun Life?

A.—Yes.

Q.—Will you file the original as Exhibit D-16?

A.—Yes.

Q.—In a very few words, will you explain the document produced as Exhibit D-15?

A.—The Book of Exhibits?

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

Q.—Yes.

A.—This consists of some seventy (70) sheets.

By Mr. Geoffrion, K.C.:—

10

Q.—The big one, or the small one?

A.—The big one.

Q.—Do you start by the big one?

A.—It is not perhaps as formidable as it may appear because fifty-eight (58) pages consist of floor plans of each floor in the Sun Life Building on which there is any space which could be considered as rentable area, and with each floor plan is an accompanying statement which shows the name of the tenant, the period covered by present lease, the annual rental in effect as at December 1st 1941. The diminutions on each unit of rented space, the actual rentable area, the co-efficiency factors which are associated with the rentable area as a means of determining what is referred to as equivalent area, which I will explain later in my evidence; estimated annual rental and comparison of rentals per square foot of rental areas, estimated and actual.

20

I have simply read the heading across one of the statements, with corresponding figures relating to each one of the headings referred to.

30

There are other exhibits contained in this book. I think perhaps it would save time if I was allowed to refer to these as I proceed with my explanation of the valuation report; otherwise it will be necessary to refer back to the exhibits in explaining the report.

By Mr. Seguin:—

40 Q.—Now, Mr. Mills, if you come to your report on the Sun Life properties, can you tell us at conclusion you arrived at for the net value of that property at December 1st 1941?

A.—The conclusion I arrived at was that the land on which the office building is erected had a value at December 1st 1941, of Eight hundred and forty-four thousand dollars (\$844,000).

The office building and its equipment I valued at Fourteen million four hundred thousand dollars (\$14,400,000).

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

By Mr. Hansard:—

Q.—Does that include land, or without?

A.—That is the office building without the land.

10

The land on which the power house is erected, Eighty-six thousand dollars (\$86,000); and the power house building and equipment Four hundred and seventy thousand dollars (\$470,000).

The total value of the office building, power house, and the two emplacements of land on which they are erected, Fifteen million eight hundred thousand dollars (\$15,800,000).

20

By Mr. Seguin:—

Q.—Mr. Mills, in doing your work were you alone or with someone else?

A.—I had associated with me Mr. Guy Desaulniers, and throughout all of the investigations, which were made inside of the building and outside of the building, extending over a period of some seven months, Mr. Desaulniers and I were in constant conference and collaboration, and the report which I have filed is a joint report signed by Mr. Desaulniers and myself and represents the joint combined views of both of us.

30

I may say that in giving my evidence and referring to the report, I will endeavour in as far as possible to give the views of Mr. Desaulniers as well as my own; if I misquote them or misinterpret them in any fashion, Mr. Desaulniers will be in the witness box later and will correct me in his own words.

I am saying that in his own interest in case I say something that he would disagree in.

40

Q.—Can you give the Board of how many days or weeks or months you have spent in the actual preparation of the two exhibits you have produced as Exhibits D-14 and D-16?

A.—We started work in the middle of July, and through the courtesy of the Sun Life we were granted the use of an office in the Sun Life head office building. That was in July 1942.

We made use of that office and spent most of our time from the middle of July until the middle of December in investig-

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

ating the building, and our work is continued up until the present day.

I can say that we spent the best time of the seven months
10 time in connection with our investigation.

By Mr. Hansard:—

Seven months.

I see in the report that land values are being given which do not correspond with values by the City.

20 (On this subject the President ordered the following admission entered in the record, which was dictated by Mr. Geof- frion, K.C., and agreed to by the Attorneys for the City of Mont- real):—

“It is agreed between the parties that the Company (Sun Life Assurance Company of Canada) does not dispute the valuation of lands inserted on the rolls. It is agreed that it will not challenge the legality of, or the procedure in making the roll, or the jurisdiction of this Board.

30 On the other hand, the City agrees that any evidence that may happen to enter this case on the value of the land shall not be used either to increase the assessment on the land or to offset a diminution, if any, on the value of the buildings.”

By Mr. Seguin:—

40 Q.—Will you tell the Board, Mr. Mills, all the factors you have considered in order to determine the value of both properties of the Sun Life Assurance Company?

A.—We have considered all the factors which we feel could in any way, either directly or indirectly, affect the value of the property.

The factors are all referred to in our letter of transmittal as the specific factors we gave consideration to and are:

(a) Character and trend of the neighborhood;

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

(b) Desirability and use of the land on which the buildings are erected;

10 (c) Purchase price and present value of the land;

(d) Purpose for which the buildings were erected and the extent to which they fulfill this purpose;

(e) Cost of erecting the buildings and their reproduction cost;

(f) Money income from the property, actual and potential;

20 (g) Amenities accruing to the benefit of the owner occupant;

(h) Corelation of the various factors of value.

Q.—And it is by the consideration of these factors you arrived at the totals you have given a moment ago?

A.—That's correct.

30 Q.—Will you tell the Board the purpose of the appraisal you are called upon to make for the City?

A.—The appraisal was made at the request of the City of Montreal and is for the purpose of estimating the amount at which the subject property should be entered on the books — on the tax rolls of the City as at December 1st 1941, the date when the property valuation roll for 1942/43 was homologated.

Q.—Will you continue the explanation of your report?

40 A.—The report explains in detail the methods we used in estimating the real value of the head office building, the power house, which though separate from the office building is an integral part of it; the land on which the office building is erected, and the land on which the power house is erected.

I would like to say that Mr. Desaulniers and I personally measured every square foot of rentable space in the building from blue prints of the architects' drawings, and in a great many cases we confirmed the dimensions shown by actual measurements taken on the respective floors.

The measurements were made in accordance with the standard method of floor measurements of the National Associa-

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

tion of Building Owners and Managers, as set forth on the printed pamphlet issued to members of that Association and which I will file.

Q.—Will you file that as Exhibit D-17?

10 A.—Yes. It bears the title “Standard method of floor measurement adopted by the National Association of Building Owners and Managers.

And with that pamphlet I am filing as Exhibit D-18 a memorandum which I obtained from the National Association dated November 17th 1941. It has the title Digest of Standard method of floor measure of the National Association of Building Owners and Managers.

20 To the best of my knowledge, the method that is defined in this pamphlet is a well-recognized method in measuring floor space in office buildings. To my knowledge, it is used generally in the city by building managers.

I file it to indicate the manner in which we measured space and to say that it is in accordance with standard practice.

It is a summary of the pamphlet.

30 Mr. Geoffrion, K.C.:—

We find in this report, Exhibit D-16, an affidavit of Mr. Harold Lawson written to Mr. Harold Mills of Westmount Realities, by him.

I thought the evidence would be made by witnesses appearing, and not by affidavits.

40 The President:—

I see there is also a letter from Messrs. Payette & Crevier.

Mr. Geoffrion, K.C.:—

I have not come to that yet.

Mr. Seguin:—

The witness will explain.

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Mr. Geoffrion, K.C.:—

10 The document is filed and I am objecting to the document being filed. I object to their affidavits here.

The President:—

The objection is well taken, as far as the two documents, as bringing in the evidence of third parties that cannot be examined.

Mr. Seguin:—

20 I know that according to the by-laws regarding the Board of Revision the Board has the right to receive affidavits or other documents and to determine the degree of credibility to be given them.

They have the right to admit them.

The President:—

We have to follow regular rules of evidence.

30 Mr. Seguin:—

As qualified by the by-laws.

Mr. Geoffrion, K.C.:—

I thought it was run by statute.

Mr. Seguin:—

40 It depends on the use the witness has made of the two letters.

The President:—

The objection is alleged, and maintained for all legal purposes.

The objection to the insertion in the report (Exhibit D-16) of the affidavits at pages 16 and 17 thereof, is maintained.

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

That does not prevent you, Mr. Seguin, from producing the witnesses themselves. You cannot produce in the report affidavits.

10 The report is by Mr. Mills and Mr. Desaulniers, and how can Mr. Mills and Mr. Desaulniers talk of the affidavits of third parties. And it is against all rules of procedure to bring as evidence the testimony of people who cannot be cross-examined.

Mr. Seguin:—

I will bring them!

20 Mr. Geoffrion, K.C.:—

We will have nothing to say, except cross-examine.

Mr. Seguin:—

The objection can be taken under deliberation until the people come?

Mr. Geoffrion, K.C.:—

30 They must testify before the Court. They cannot testify by affidavit.

The President:—

The objection is maintained.

The Witness:—

40 There are several short paragraphs in the pamphlet which I filed that I would like to quote inasmuch as they have a direct bearing with that we are dealing with.

I am reading now from part of the exhibit:—

“The square foot is the accepted unit in measuring floor area to determine the number of square feet in a rentable area. The general rule is to measure from the in-

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

side plastered surface of permanent walls and to the centre of partitions that separate the parcels from adjoining rentable areas.

10 No deductions should be made for columns or projections necessary to the building.

 Permanent partitions enclosing corridors, elevators, stairways, toilets, etc., have the same relation to rentable areas as do other permanent walls.”

20 Under the subheading, stairs and basements, the same general rule applies to the same areas, with the exception that no corridors are deducted, and the measurement from the street side is from the building line.

 I want to refer briefly to one of the standard floor plans of the Sun Life building.

30 This is the size and type of plan that Mr. Desaulniers and I used when we were proceeding to measure each unit of space, taking it together as we went along, and associating it in other cases with the space involved — or, I should say, the space actually occupied by the tenants.

 As we completed a plan we conferred in many cases with the Sun Life representatives on the measurements shown in these plans and reproduced in the Book of Exhibits.

40 The plans in the Book of Exhibits are reproductions of this type of plan, which have been reprinted in order to provide a good clear copy. Actually every unit of space is shown sufficiently plain that it can be readily referred to.

 By Mr. Seguin:—

 Q.—And have been measured by you and Mr. Desaulniers?

 A.—That’s correct.

 By Mr. Hansard:—

 Q.—From the blue print?

 A.—From the blue print.

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

By Mr. Seguin:—

Q.—Measured on the blue print or in the building?

10 A.—On the blue print, and in many cases by actual measurement in the building.

We did not measure every unit of space, because where we found the measurements we arrived at to be the same as the measurements furnished by the Sun Life we did not trouble to actually measure the space.

20 There were some few cases where there were differences and where the difference seemed to warrant it we went into the rooms and made our measurements there.

Certain units of space which Mr. Desaulniers and I considered rentable are not admitted as such by the Company.

They are listed in Schedule B of the Joint Admissions under the heading "Space not agreed to by the Sun Life".

30 The total of the areas not agreed upon is Thirty-eight thousand two hundred and five (38,205) square feet, equal to Four point six four percent (4.64%) of the gross rentable area of the building and made up as follows:

Wash rooms, four thousand four hundred and seventy (4,470) square feet.

40 And in connection with the space which we measured and considered rentable and which is now in use in whole or in part as washrooms, it is a fact that the space that has been provided in the Sun Life building for washrooms is apparently more than will be required in that building.

A statement of the company which is contained in an exhibit that was filed, that is an issue of the Engineering Journal, referred to the likelihood that the company would ultimately have ten thousand (10 000) people in the building. At the present time, according to information that was given to us by representatives of the company, there are approximately four thousand one hundred (4,100) people in the building, and which is approximately on the 1st December 1941 eighty-five percent (85%) occupied.

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

I think it likely that the building may not be filled with ten thousand (10,000) people, and I think in that Mr. Desaulniers agrees with me; and if that is the case then there is a greater supply of washroom space than will be necessary.

10 And that space is very suitable for several purposes. At the present time, going through the building, and we examined all of the washrooms, we encountered a great many spaces where space shown on the plans as washrooms did not actually have the bowls and basins and urinals contemplated, and that space has been used, and very efficiently and suitably, as locker rooms space not only for the Sun Life, but for its tenants.

20 There is some cases where the space is sold to tenants and some cases where it is given free.

We assume, and I think we have a right to assume this, that the reason it is being given more or less under courtesy arrangement at the present time is that there is temporarily an abundance of storage, or inside space in the building; but we also assume that the time will come when all that space will be used and sold, and we have valued it as inside storage space at rentals ranging from seventy-five cents (75¢) to a dollar (\$1.00) a foot.

30 That is an explanation of the Four thousand four hundred and seventy (4,470) square feet that is not agreed upon as washrooms.

Another item has to do with corridors over the area that is not agreed upon, and it amounts to One thousand nine hundred and one (1,901) square feet.

40 I have prepared and would like to file a statement which is a breakdown of the Thirty-eight thousand two hundred and five (38,205) square feet which is not agreed upon, and it shows the amounts or the area involved under each of the following headings: washrooms, corridors, electrical and fixtures, elevator shafts, piping and duct shafts, banking hall, assembly hall, gymnasium, building services, etc.

By Mr. Seguin:—

Q.—Will you file that as Exhibit D-18?

A.—Yes.

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

I was referring to corridors, and this statements shows the corridors, One thousand nine hundred and one (1,901) square feet, is made up of One thousand one hundred and thirteen (1,113) square feet on the Eighth floor and Seven hundred and
10 eighty-eight (788) on the Ninth Floor.

The area on the Eighth floor is part of the hospital which is a very extensive unit of space and a very elaborate unit of space, and very expensively fitted.

We looked upon that in the same way as the cafeteria. It is one large unit.

20 There is no allowance in the cafeteria for corridors, and we do not think there should be any in the hospital. We considered it as a separate and self-contained unit. That is the explanation regarding the corridor on that floor.

On the other floor I think that the amount which the Sun Life thought we had included as rentable space on that floor, that we have taken it out. Mr. Desaulniers shakes his head (referring to other witness present in the Court).

30 After all our calculations were made there was a meeting between Mr. Desaulniers and the Sun Life Company and there was perhaps some minor adjustment made, but apparently that was not covered in that adjustment. I don't know the explanation. But it is only a trifle.

There is another heading under the head of electrical, pipe shafts, duct shafts, and that is One thousand four hundred and sixty-nine (1,469) square feet.

40 It is possible that we made a mistake in connection with that small area. It represents one-fifth of one percent ($1/5$ of 1%), and in measuring a building of that type that is not much. We have included certain spaces that after the plan was made was used for cupboards.

The major item is the banking hall, assembly hall, gymnasium, a total of Twenty thousand three hundred and seventy-three (20,373) square feet.

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

The evidence that was given by Mr. Lobley indicated that he had recognized that space as representing two floors of space, because he had increased his annual price to take care of the extra space; but in actual floor measurements he measured the
10 banking hall on the ground floor with no reference for the floor above.

We measured so many square feet on the ground floor and an equivalent allowance taken out of the floors above. We wanted to show the relationship between rentable area and gross area on each floor, and if we had not followed that method it would have thrown out our calculations on these floors.

20 That applies to the Assembly Hall on Seven and Seven-A, and the Gymnasium on floors eight and Nine.

It is important in this way, that some statements have been filed to indicate a certain lack of functionalism or utility in the Sun Life Building by reason of the fact that its rentable area is not as great in relation to the gross area as in some other strictly commercial buildings.

30 If you consider these floors, these three floors of space, and only measured them once instead of twice, it tends to distort the figure. We considered to take them as two, instead of one, which they are.

As far as the rental is concerned I think we arrived at the same amount as Mr. Lobley, but we did it through a different approach.

40 Under the heading of building services was an item of Nine thousand three hundred and twenty-eight (9,328) square feet, which is not admitted.

That is space on the Twenty-fourth floor, and it is valued by us as storage space. It can be entered by way of a freight elevator or staircase.

The ceiling height clear of the pipe — the ceiling actually is according to plan on page 8. The ceiling height on the Twenty-fourth floor is eleven feet (11'). Below that eleven feet is certain pipes exposed and perhaps dropping down maybe three feet (3').

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

At least I can say this: that there is no part of the space which we measured and which is represented in the Nine thousand three hundred and twenty-eight (9,328) square feet. where the pipes are so low that I could touch them reaching as high
10 as I can. I decided that.

Actually it is perfectly good storage space.

Perhaps The Sun Life thought we had valued it as office space. If we had done so it would not be fair. As storage space it is all right.

As regards the rate of seventy-five cents (75¢), we made
20 some check of rentals in the Sun Life Building. That is, rentals that are actually paid for storage space.

We find that on the Tenth floor Shick Shavers were rented seven hundred and eighty-three (783) square feet at Six hundred dollars (\$600) per annum, equal to Seventy-seven cents (77¢) per square foot.

Orange Blossom Beauty Parlors were rented One thousand and eighty-five (1085) square feet at Seven hundred and
30 twenty dollars (\$720.00), which is sixty-six cents (66¢).

Industrial Acceptance Corporation are renting Eight hundred and ten (810) square feet for Six hundred and twenty-four dollars (\$624.00) at seventy-seven cents (77¢) per square foot. The Industrial Acceptance space is also on the Fifteenth.

On the Nineteenth floor the Ogilvie Flour Mills are renting three hundred and thirty square feet (330) at seventy-two
40 cents (72¢) per square foot.

We also checked the rental paid for inside storage space in other buildings, notably the Royal Bank Building, and we find that on the Twenty-fourth floor of the Royal Bank, which is a penthouse floor where the space is entirely in the rough, rough floors, unfinished walls, and exposed unfinished ceilings and the machinery not closed off; they have this space enclosed in wire caging divided into thirteen lockers of thirteen sizes and rented to tenants in the building at rentals, we were told by the manager of the building, ranging from seventy-five cents (75¢) to a dollar (\$1.00) per square foot.

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

I wanted to make that point because we have charged a certain amount on the inside space in the building, and the rental in every case has been at a lower rental than the unit price for outside space.

10

By way of explanation as to the principles and methods that were employed by Mr. Desaulniers and myself in valuing the Sun Life, I would like to say that we endeavoured as far as possible to follow the procedure outlined in the Real Estate Valuation Manual of the City of Montreal, by Mr. Honore Parent.

The Manual clearly defines four factors of value. The purchase price, market price, reproduction cost and revenue.

20

And it goes on to say that these factors considered individually or separately or solely will not as a rule produce a proper, sound estimate of value.

In other words, value is arrived at by pursuing four different approaches. Each one a problem of itself; each leading to certain conclusions. And those conclusions considered and related to one another should produce a sound estimate of value.

30 And that is what we endeavoured to do.

I think it is fair to say too that the principles that I mentioned are not peculiar to the City of Montreal or have not only to do with valuing a property for assessment purposes.

So far as I know, from what I have read in connection with real estate appraisal and methods used satisfactorily, the principles I have referred to are universal and generally accepted.

40

I want to refer briefly to a book which was published in 1941. It is written by Mr. George L. Schmutz of North Hollywood, California. He is a Vice-President of the American Institute of Real Estate Appraisers. He was President in 1940.

He is very well known in the United States as one of the more prominent lecturer in the case study lectures made annually by the American Institute of Real Estate Appraisers.

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

His book is in the nature of a summary of the process that is followed or recommended by the Institute for determining the value of property, and he says very much the same as is said in Mr. Parent's Manual.

10

By Mr. Geoffrion, K.C. :—

Q.—Have you the book here?

A.—Yes, I have it here.

Q.—What page are you reading from?

20 A.—It is page 46. The process commences with (1) the ascertainment of the kind of property to be appraised; (b) the purpose for which the appraisal is to be made; (3) the formation of an opinion as to the probable, most probable use of the property; (4) the discovery of the relative importance of the three appraisal points, market data, cost or income, as applicable to the current problem.

This four items will help determine the kind and amount of data to be assembled in analyzing and appraising.

30 I would like to refer briefly to the third, which reads “the formation of an opinion of the probable, most probable, use of the property as is, or otherwise”.

In determining the fair, or real, or market value of the Sun Life property we considered as a very important factor the use which is made by the Sun Life Company of that part of its building which it occupies. So far as we could judge the space that is used represents an almost perfect fulfillment of the purpose for which it was designed.

40 And for that reason we have attached special importance to value and use to the Sun Life Company of the space which it occupies in the building. I will refer to that later.

I want to quote further from the book, the Appraisal Process.

“The data consist of a number of items of information of widely different character and may be classified into two groups. Data relating to the property itself, such as character, design, cost, age, condition, probable remaining useful life, tenants, occupancy, income expenses.

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

10 Data influencing the property such as growth of the City, valuation price comparable to smaller properties, selling and asking prices of comparable properties, etc.; character of neighborhood. . . factors bearing on income and risk and so forth.

20 The pertinent data when assembled and verified and is appraised by one or more of the three basic appraisal techniques. (1), the market data approach, sometimes called the comparative approach; (2) the cost approach, sometimes called the summation and also the reproduction cost approach, and (3) the income approach, also known as the income expansion approach. There are cases in which none of these three techniques in simplest forms is applicable and variations must be employed in the appraising of the data.”

I think it is fair to say that the principles mentioned in Schmutz’s book are substantially the same as the principles which are included in the Valuation Manual of the City of Montreal; at least according to my interpretation, having pretty carefully read both.

30 I find that Mr. Schmutz is saying practically the same things in his book as Mr. Parent is saying in his.

I want to record the fact that in the course of our inspections of the office building and power house, extending over many months, Mr. Desaulniers and I had frequent consultations with Mr. Fournier and Mr. Perry, whose estimates of replacement cost are reproduced in our valuation report, pages 27 to 30 inclusive.

40 In estimating the potential yield from the office building as fully completed we used Mr. Fournier’s estimate of the cost of completing the unfinished space, which is shown at page 30 of our report, and comes to Three hundred and fifty-five thousand seven hundred and seventy-five dollars and sixty-eight cents (\$355,775.68).

This is the amount which he has estimated would be spent in finishing all of the unfinished floors in the Sun Life Building — all of the unfinished areas in the building as standard

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

units of office space similar to the finishing of other office space in the building.

By Mr. Seguin:—

10

Q.—Have you seen the actual leases of the Sun Life Company to its tenants — the leases from the Sun Life to its tenants?

A.—We examined and we read, as a matter of fact, every lease. And in our Book of Exhibits there are sixteen (16) . . .

Q.—You mean in your report?

A.—Yes. In our Report there are sixteen pages headed “Summary of Leases”, in which it is explained that we have read all of the leases for the tenant occupied space which were in effect on December 1st, 1941 and

20

“the following brief summary records (a) the period covered by each lease, (b) the specified annual rental, and (c) any special conditions affecting the term of lease, rental payable, services included, or the manner in which each unit of rented space was finished or equipped to meet the requirements of the individual tenant.”

My remarks with regard to the finishing of unfinished space: The amount of Three hundred and fifty-five thousand seven hundred and fifty-five dollars and sixty-eight cents (\$355,755.68), estimated by Mr. Fournier compares favourable with a rough estimate I obtained from the Sun Life Company, and which is contained in a memorandum signed by Mr. H. McAuslane, from which I will read.

30

In doing this, I would like to explain that I don't think the cost of finishing the space is in any way contentious.

40

Mr. Hansard:—

Why bother to read it, then?

The Witness:—

The amount by Mr. McAuslane was given in response to a written request for that information, and it came in the form of a written reply. It was based upon the average cost per square foot of finishing space in the building which has been finished in recent years.

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

We figure that the Sun Life better than anyone else would be in a position to say how much it should cost.

10 I am reading from the memorandum of Mr. McAuslane.

Q.—Have you the memorandum with you?

A.—Yes.

20 “The cost to us to standard finish the Seventeenth, Eighteenth, Nineteenth and Twenty-first floors was Three hundred and seventy-seven thousand four hundred and seventy-four dollars (\$377,474), representing a gross floor area of One hundred and twenty-three thousand six hundred and twenty-two (123,622) square feet, which amounts to Three dollars point ought five three cents (\$3.053) per square foot of finishing.

On this basis the following may be taken as the expected cost of finishing the floors referred to. Twenty-fourth floor, three thousand three hundred and eighty-four (3,384) net square feet, Ten thousand dollars (\$10,000).

30 Q.—Is this all in your report?

A.—No.

Twenty-third floor, Twenty-four thousand eight hundred and ninety-two (24,892) square feet, Seventy-five thousand nine hundred and ninety-five dollars (\$75,995).

40 Twenty-second floor, Twenty-four thousand eight hundred and ninety-two gross square feet, Eighty-three thousand nine hundred and ninety-five dollars (\$83,995).

Twentieth floor, Twenty-four thousand eight hundred and ninety-two (24,892) gross square feet, Seventy-five thousand nine hundred and ninety-five dollars (\$75,995).

Eleventh floor, Thirty-five thousand five hundred (35,500) square feet, Eighty-thousand dollars (\$80,000).

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

Tenth floor, Six hundred and twelve (612) net square feet, One thousand dollars (\$1,000).

10 Ground floor, Two thousand four hundred (2,400) net square feet, Ten thousand eight hundred dollars (\$10,800).”

I am still reading from the memorandum.

20 “Regarding the Twenty-fourth floor, the only elevator service is freight and only a small portion of this floor is not occupied by equipment. The space left could only be rented for storage, and the finishing would probably cost as stated above.

“Regarding the Twenty-second floor, Eight thousand (\$8,000) has been added to the expected cost of this floor to take care of the excess of ceiling height over the others.

30 Regarding the Eleventh floor, the reason why this floor does not work out at Three dollars point ought four five three (\$3.0453) per gross square foot, is that certain essential services are already in and would not require to be duplicated.”

Mr. Hansard: —

May I suggest that if we have another occasion like this where the witness is going to read into the record at least half typewritten pages, the document should be filed.

By Mr. Seguin:—

40 Q.—Will you file this statement of Mr. McAuslane as Exhibit D-19?

A.—Yes.

Mr. Perry furnished us with estimates of the relevant costs of erecting certain specific parts of the office buildings, as compared with the cost of comparable portions of the average high class commercial office buildings, such as the Dominion Square building.

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

He also gave us estimates of the relative cost of finishing special units contained in the building, such as the banking hall, security vault, kitchen services, hospital, assembly hall, gymnasium, and etc., as compared with the cost of finishing standard 10 units of office space in this building.

These estimates were referred to by Mr. Perry in his evidence.

It is fair to say that the problem which confronts the appraiser is estimating the value of the Sun Life Building is far much more difficult than would be encountered in valuing any standard type of office building in Montreal.

20 It cannot be compared by ordinary standards of size, construction or finish. The significance of this statement is apparent in the fact that the total cube volume of nine office buildings which were referred to by the witness for the Sun Life Company, is only slightly in excess of the volume of the Sun Life Building. You could almost put these nine buildings into the one Sun Life Building.

30 The buildings referred to were the Dominion Square Building, the Insurance Exchange Building, the University Tower, the Canada Cement Building, the Transportation Building, Themis Building, Medical Dental, and Crescent Building.

The total cube of these nine as estimated by the Technical Service of the City is Twenty-two million one hundred and twenty-six thousand three hundred and seventy-three (22,312,637) cubic feet, as compared with Twenty-one million nine hundred and thirty-one thousand seven hundred and sixty-one (21,931,761) cubic feet in the Sun Life Building.

40 The size and quality of the Sun Life Building are major factors which we considered in our valuation. Perhaps the most important of all valuation generalities is the principal of substitution, which confirms that the value of a property tends to be set by the cost of acquisition of an equally desirable property.

Unfortunately, the substituted property would have to have the same advantages and disadvantages, both present and prospective, and there could be no serious delay in making the substitution.

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

There is no substitute property in Montreal for the Sun Life Building. And no other building which would provide for the Sun Life Company the space which it at present occupies in this building — not making any allowance for the possible
10 growth or expansion of the needs of the company.

There is no other building in Montreal to provide the space that the Sun Life is now using in this building.

The total area now in use by the Sun Life Company, not including the basements, is Three hundred and fifty-eight thousand and ninety-five (358,095) square feet.

20 The next largest building in Montreal is the Dominion Square Building, in which the total rentable area exclusive of basements is Two thousand and seventy-six thousand nine hundred and fifty-one (276,951) square feet, equal to only seventy-seven percent (77%) of the area now in use by the Sun Life Company.

Mr. Desaulniers and I have not attempted to describe the office building at any length in the report, and for that reason I think that it would be perhaps interesting to the Board to have
30 filed a pamphlet which was issued by the Sun Life Company, presumably in 1933, which is entitled "Head Office Building of the Sun Life Assurance Company of Canada".

I had several paragraphs here that I was going to read. Should I read them?

By Mr. Seguin:—

40 Q.—If you can compound the paragraphs.
Will you file this pamphlet as Exhibit D-20?
A.—Yes.

By the President:—

Q.—And what conclusion do you draw from that pamphlet?
A.—The conclusion that I draw from that pamphlet is that the Sun Life Company looks upon its head office building as one of the outstanding buildings in the World.

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

And that is confirmed, or at least by Mr. Desaulniers and myself as a result of inspections we made of what is considered the number one building in Chicago, that is the Field Building, by the Marshall Field Company; and in New York, the Irving
10 Trust Building at No. 1 Wall Street.

We thought it wise to consider some of the larger buildings in other cities, as nothing in Montreal can readily be compared with the Sun Life Building.

There are one or two points which I would like to read.

20 “Rising to a height of Three hundred and ninety-nine feet (399’), its tower is visible for many miles in approaching Montreal”.

It refers also to the classical architecture of the Corinthian order. It speaks of the monumental character of the building, in keeping with the grand institution of life insurance and the organization it houses.

30 Regarding the services of the building, it mentions that it is replete with the latest devices of engineering achievement and mechanical skill; that its mechanical equipment includes compressed air and ventilation systems, and that the latter provides a complete system giving dust-free air, etc. It mentions about the facilities provided for the health of the employees and refers to the lunchrooms, cafeterias and kitchens and the extensive recreation and other facilities provided, also the assembly hall, gymnasium, lunchrooms, etc., “all contribute to make the company’s headquarters a complete organization for the business and social activities of its staff”.

40 And further for the present deponent saith not.

J. T. Harrington,
Official Court Reporter.

(End of proceedings on April 6th 1943.)

B. C. EMPEY (for the City of Montreal) Examination in chief

DEPOSITION OF BUNTON C. EMPEY

On this Eighth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and
10 appeared: Bunton C. Empey, of the City of Montreal, and there residing at Number 24 Richelieu Place, President of D. W. Ogilvie & Company, 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 Montreal:—

Q.—Mr. Empey, you received a subpoena from the City of
20 Montreal asking you for certain information in connection with the Dominion Square Building?

A.—Yes.

Q.—In which you were called upon by the Assessor's Department to give to the City the name of your tenants the rents they pay, and sometimes the square foot area?

A.—Yes. Did they want all the areas?

Q.—I would be interested in knowing if you are the manager of the Dominion Square Building.

A.—I am the President of D. W. Ogilvie Company, and
30 we have a contract to manage the building from the ground floor up.

Q.—Have you extracted from your records a list of your tenants for the Seventh, Eighth and Ninth floors of the Dominion Square Building for 1941 and 1942?

A.—I have the total here. Not in detail. I have the total area of each of the floors with the rental. I have the total area of each of the floors that you asked, the total area under lease, the rental per annum we are getting for them, and the area vacant.

40 Q.—Did you figure in the amounts for the vacancies?

A.—No.

Q.—Did you include on your statement the amount of square feet vacant?

A.—Yes.

Mr. Hansard:—

If you are talking about a statement, will you produce it please.

B. C. EMPEY (for the City of Montreal) Cross-examination.

By Mr. Seguin:—

Q.—Will you produce your statement concerning the Seventh, Eighth and Ninth floors of the Dominion Square Building as Exhibit D-21?

A.—Yes. I also have a floor plan of each floor.

Q.—You were also asked to furnish this Board with the total measurements showing the net rentable area of the whole Building, from the ground floor up.

A.—It is on that statement. At the top.

Q.—Then the total rentable area in the whole Dominion Square Building from the ground floor up is Two hundred and seventy-six thousand nine hundred and fifty-one (276,951) square feet?

20 A.—That's right.

Cross-examined by Mr. Hazen Hansard, Attorney for the Complainant:—

Q.—When did you receive the subpoena, Mr. Empey?

A.—This morning.

Q.—When were these figures prepared?

A.—This morning.

30 Q.—Did you make these measurements yourself?

A.—No.

Q.—Where did you get them?

A.—From our architects' plans, and we checked them on many occasions in the past ten (10) years and found them satisfactory. On each plan is the area.

Q.—You have been asked to give the total rentable area from ground floor up; that includes the ground floor?

A.—Yes.

Q.—It does not include basement space?

40 A.—No.

Q.—You have a large garage in the basement of the building?

A.—Yes.

Q.—Can you give me the rentable area of the basement?

A.—I have nothing to do with the garage. It is not in my contract.

Q.—The building leases that space?

A.—The garage is occupied by Peel-Windsor Garage.

Q.—You do not know the rentable area?

A.—No. That is the Dominion Square Corporation and Peel-Windsor Garage Limited.

B. C. EMPEY (for the City of Montreal) Cross-examination.

Q.—Can you give me the figures for the rentable floor area in the basements?

A.—No.

Q.—Why not?

10 A.—I have nothing to do with it. I am not with the Dominion Square Corporation at all. I don't keep the books of the Dominion Square Corporation and have nothing to do with and know nothing about Peel-Windsor Garage.

Q.—How many underground floors are there?

A.—Four.

Q.—Four underground floors of which part of the first is taken up by tenants for stores and also the transformer room.

A.—Which the building uses.

20 Q.—There are three and a part floors below the ground that are rented by the building to a garage corporation?

A.—Yes.

Q.—Is the basement area the same as the upper floor areas?

A.—I would say it was, with the exception of space taken up by ramps.

Q.—The excavation of the basement is the same as the other space?

A.—Right.

30 Q.—I see you have given in Exhibit D-21, under a column "area vacant", certain figures.

This refers to the three floors in question only?

A.—Yes.

Q.—Is that office space which is vacant?

A.—That's all office space.

Q.—Can you give me the percentage of vacancy that you have in the building above the ground floor?

40 Mr. Seguin:—

I object, because there was no question in the examination in chief.

Mr. Hansard:—

There is a question of the total rentable area.

B. C. EMPEY (for the City of Montreal) Cross-examination.

The President:—

Allowed.

10 The Witness:—

A.—We are not quite ninety-seven percent (97%) occupied now.

Q.—Can you tell me what percentage of your occupancy would fall under war tenancy?

A.—About Twelve percent (12%).

Q.—To what extent has your percentage of occupancy increased in the last three years?

20 I know it is hard to say without figures, but can you give me an idea?

A.—Three years ago, and it is only a guess, we were about eighty-five percent (85%) occupied.

Q.—And you are now?

A.—Ninety-seven percent (97%).

By Mr. Seguin:—

30 Q.—The Dominion Square Building from the ground floor up is completely finished?

A.—Yes.

Q.—With no storeys not finished?

A.—No.

And further deponent saith not.

40

J. T. Harrington,
Official Court Reporter.

J. A. E. CARTIER, (rapp. pour la Cité de Montréal) exam. en ch.

DEPOSITION DE J. A. EMILE CARTIER

L'an mil neuf cent quarante-trois, le huit avril, a comparu :
J. A. Emile Cartier, témoin déjà entendu et rappelé pour dé-
10 poser sur le serment qu'il a déjà prêté.

Interrogé par Me R. N. Séguin, avocat de la Cité de
Montréal:—

D.—Monsieur Mills hier nous a donné le contenu cubique
de l'édifice de la Sun Life, lequel correspondait exactement avec
le cubage admis à la liste des admissions; monsieur Mills a ajouté
cependant que le cubage de l'édifice de la Sun Life était à peu
20 près l'équivalent de celui de neuf autres bâtisses qu'il a spéciale-
ment nommées; voulez-vous dire au Tribunal quel est le cubage
total des neuf bâtisses mentionnées par monsieur Mills et spé-
cialement les édifices Thémis, Crescent, University Tower, Drum-
mond, Insurance Exchange, Dominion Square, Canada Cement,
Transportation et Medico Building?

R.—Le cubage total de ces neuf bâtisses est de vingt-deux
millions cent vingt-six mille trois cent soixante-treize pieds cubes
(22,126,373').

D.—Vous avez préparé une liste montrant le cubage indi-
viduel de chacune de ces bâtisses-là ?

30 R.—Oui.

D.—Voulez-vous produire cette liste comme pièce D-24 ?

R.—Oui.

D.—Ce sont les contenus cubiques qui apparaissent aux
livres de la Cité ?

R.—Oui, pour chacune des bâtisses: Thémis, huit cent
soixante-quatre mille neuf cent quarante (864,940); Crescent,
cinq cent neuf mille neuf cent cinquante-huit (509,958), etc.

D.—Ces chiffres-là ont été vérifiés pour vous en ce qui
40 concerne le cubage ?

R.—Oui.

D.—Au sujet de l'édifice Dominion Square, est-ce qu'il y
a eu une inspection de cette bâtisse-là ?

R.—Oui. L'inspection a été faite par monsieur Tassé.

D.—Qui est ici présent ?

R.—Oui.

D.—Monsieur Tassé vous a fait un rapport concernant
les dimensions et les détails de cette bâtisse-là ?

R.—Oui, au complet.

J. A. E. CARTIER, (rapp. pour la Cité de Montréal) contre-inter.

- D.—Les calculs ont été faits donnant les dimensions extérieures de cette bâtisse-là?
R.—Oui.
D.—Par qui ces calculs-là ont-ils été faits?
10 R.—Ils ont été faits par monsieur Paquette et vérifiés par moi.
D.—Voulez-vous dire au Tribunal quel serait le nombre total de pieds carrés de plancher de l'édifice Dominion Square, en prenant les dimensions extérieures?
R.—Il y a quatre cent cinq mille neuf cent trente-six pieds (405,936') carrés. J'ai préparé un état à cet effet-là.
D.—Un état montrant le détail de cette superficie de pieds carrés par chaque étage?
R.—Oui.
20 D.—Voulez-vous produire ce document comme pièce D-25?
R.—Oui.
D.—En ce qui concerne l'édifice de la Banque Royale est-ce qu'un travail similaire a été fait par la Cité?
R.—Oui, absolument le même travail. L'inspection a été faite par monsieur Joseph Houle, les calculs ont été faits par monsieur Paquette, que j'ai vérifiés moi-même et j'ai aussi préparé un état à cet effet-là. La superficie totale est de trois cent trente-cinq mille quatre cent soixante-et-trois pieds (335,463') carrés.
30 D.—La superficie totale de plancher?
R.—Oui, avec les mesures extérieures.
D.—Voulez-vous produire ce détail comme pièce D-26?
R.—Oui.

Contre-interrogé par Me Hansard, avocat de la Sun Life Assurance Co.:—

- 40 D.—Est-ce que vous avez des mesurages pour les deux édifices pour l'intérieur?
R.—Pour l'intérieur, non.
D.—Vous n'avez pas fait cela?
R.—Non.
D.—Comment avez-vous fait ce mesurage de la superficie totale?
R.—Par les mesures extérieures, en dehors des murs.

Et le témoin ne dit rien de plus.

Paul Cusson,
Sténographe Officiel.

J. HOULE (rapp. pour la Cité de Montréal) Ex. en ch. et con.-in.

DEPOSITION DE JOSEPH HOULE

L'an mil neuf cent quarante-trois, le huit avril, a comparu: Joseph Houle, témoin déjà entendu et rappelé pour déposer sur le serment qu'il a déjà prêté.

Interrogé par Me R. N. Séguin, avocat de la Cité de Montréal:—

D.—Avez-vous fait l'inspection et les mesurages de l'édifice de la Banque Royale?

R.—Oui.

D.—Vous avez fait rapport à monsieur Cartier au sujet de cette bâtisse-là?

R.—Oui.

D.—Voulez-vous dire au Tribunal si le rapport que vous avez transmis à monsieur Cartier pour les fins de ses calculs étaient exact?

R.—Au meilleur de ma connaissance, oui, avec les mesures aussi justes que le galon pouvait les donner.

Contre-interrogé par Me Hansard, avocat de la Sun Life Assurance Co.:—

D.—Savez-vous combien d'étages en-dessous du sol il y a à la Banque Royale?

R.—J'ai fait cela en mil neuf cent trente-huit (1938), j'ai fait un rapport de tout ce qui existe, tout est là.

D.—Vous ne vous rappelez pas?

R.—Non. J'en ai fait plusieurs après, je ne me rappelle pas.

D.—Il y a des étages en-dessous?

R.—Vous avez une coupe là-dedans, tout est complet. Il y en a trois.

D.—Il y a une grande salle au rez-de-chaussée de la Banque Royale?

R.—Oui.

D.—Qui prend à peu près la hauteur de trois étages?

R.—Tout près de cela.

D.—Est-ce que vous avez dit que c'était vous qui aviez fait le mesurage du cubage?

R.—Non, le mesurage de la bâtisse.

D.—Savez-vous si ce cubage comprend les étages en-dessous?

R.—Je ne le sais pas, les calculs ont été faits par d'autres.

E. TASSE (rapp. pour la Cité de Montréal) ex. en ch. et con.-in.

D.—Qui a fait le mesurage de la Banque Royale pour cela ?

R.—J'ai mesuré tout la bâtisse.

D.—Qui a fait le cubage ?

R.—Monsieur Cartier.

10

Et le témoin ne dit rien de plus.

Paul Cusson,
Sténographe Judiciaire.

DEPOSITION DE EMILE TASSE

L'an mil neuf cent quarante-trois, le huit avril, a comparu :
20 Emile Tassé, témoin déjà entendu et rappelé pour déposer sur le serment qu'il a déjà prêté.

Interrogé par Me R. N. Séguin, avocat de la Cité de Montréal:—

D.—A la demande de la Cité de Montréal, avez-vous fait l'inspection de l'édifice Dominion Square ?

R.—Oui.

D.—Quel est le travail que vous avez fait ?

30 R.—J'ai mesuré tout le dehors, la hauteur, tout dans le cubage, l'intérieur et les divisions au complet.

D.—Et vous avez fait rapport à votre chef ?

R.—A monsieur Cartier.

D.—Avez-vous en mains le rapport que vous avez transmis à monsieur Cartier, qui a servi de base à ses calculs ?

R.—Le voilà.

D.—Voulez-vous dire si le rapport que vous avez transmis à monsieur Cartier, au meilleur de votre connaissance, contient des données exactes ?

40 R.—Aussi justes que possible, que j'ai pu le faire exactement.

Contre-interrogé par Me Hansard, avocat de la Sun Life Assurance Co.:—

D.—Vous avez dit que vous avez fait le cubage du Dominion Square Building ?

R.—Oui.

D.—Est-ce que cela comprend les étages en-dessous du sol ?

R.—Je ne le sais pas. J'ai pris plancher par plancher, j'ai tout fait mes planchers d'un bout à l'autre.

J. A. E. CARTIER (rapp. pour la Cité de Montréal) exa. en chef

D.—Avez-vous pris les étages en-dessous du sol?

R.—Ils les ont tous ici, moi je n'ai pas fait les étages, seulement les plans.

D.—Ce n'est pas vous?

10 R.—Non.

Et le témoin ne dit rien de plus.

Paul Cusson,
Sténographe Judiciaire.

DEPOSITION DE J. A. EMILE CARTIER

20

L'an mil neuf cent quarante-trois, le huit avril, a comparu: J. A. Emile Cartier, témoin déjà entendu et rappelé pour déposer sur le serment qu'il a déjà prêté.

Interrogé par Me Hansard, avocat de la Sun Life Assurance Co.:—

D.—Vous avez préparé l'état produit comme pièce D-24, n'est-ce pas?

30 R.—Oui.

D.—Vous avez donné le cubage des édifices qui comprennent le Dominion Square?

R.—Oui.

D.—Avez-vous le cubage pour la Banque Royale?

R.—Oui.

D.—Voulez-vous le donner?

R.—Le cubage de la Banque Royale est six millions neuf cent vingt-cinq mille six cent dix-huit pieds (6,925,618').

40 D.—Est-ce que cela comprend les étages en-dessous?

R.—Oui, cela comprend les sous-sol et les étages au-dessus.

D.—Est-ce que c'est la même chose pour le cubage du Dominion Square?

R.—Sept millions trente cinq mille deux cent soixante-dix (7,035,270'), ça comprend aussi les caves.

Et le témoin ne dit rien de plus.

Paul Cusson,
Sténographe Judiciaire.

W. REID (for the City of Montreal) Ex. in ch. and cross-exam.

DEPOSITION OF WILLIAM REID

On the Eighth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and appeared: William Reid, of the City of Montreal, and there residing at Number 4550 Oxford Avenue, Building Manager of The Royal Bank Building, a witness called by the City of Montreal, who having been duly sworn doth depose and say:—

Examined by Mr. R. N. Seguin, Attorney for the City of Montreal:—

Q.—You received a subpoena from the City of Montreal?

A.—Yes.

20 Q.—In which you were asked to supply the City of Montreal with a list of the tenants and the rents, at the request of the City?

A.—Yes.

Q.—Have you a list of your tenants and the rental paid by each for the Eighth Floor?

A.—Yes, as rented as at December 1941, according to the subpoena.

30 Q.—These are the amounts the tenants were paying and the names as at December last 1941?

A.—Yes.

Q.—Will you produce this statement as Exhibit D-22?

A.—Yes.

Q.—Were you also asked to bring with you the arrangements of the net rentable area for the whole Royal Bank Building, from the ground floor up?

A.—I have that here. The ground floor, and the upper floors, including the ground floor.

Q.—Will you produce also this statement as Exhibit D-23?

40 A.—Yes.

Q.—From where were these rental areas extracted?

A.—I have no other statement with me, other than that. It is the recognized areas we have had on our books for some time. On our books.

Cross-examined by Mr. Hazen Hansard, Attorney for the Complainant:—

Q.—You say these areas on Exhibit D-23 are recognized areas. By whom?

A.—By ourselves.

W. REID (for the City of Montreal) Cross-examination.

Q.—Did you make the measurements?

A.—No. I have checked some of the upper ones but the lower ones have been on our books for some time.

Q.—What was the occupancy of the Royal Bank Building
10 as at December 1st 1941?

Mr. Seguin:—

I object to that as there was nothing of the sort asked in the examination in chief.

The Court:—

20 Allowed under reserve.

The Witness:—

A.—I have not these figures with me and there is no request for that.

By Mr. Hansard:—

30 Q.—I did not subpoena you. I am cross-examining you.

A.—I have not the figures with me.

Q.—Can you give me any estimate?

A.—I have no figures with me.

Q.—Do you know?

A.—I could not hazard a guess at the moment.

Q.—What is your occupancy at the present time?

A.—Have I to answer that question?

The President:—

40 I think the subpoena refers to December 1941.

Mr. Hansard:—

That's true. But I am interested in showing the trend of occupancy.

Mr. Seguin:—

Not after December 1st 1941.

W. REID (for the City of Montreal) Cross-examination.

Mr. Hansard:—

Why not?

10 The Witness:—

Am I asked that question?

The President:—

Yes, you are asked that question. Answer if you can.

The Witness:—

20 I would say about ninety-five percent (95%). That is the entire building.

By Mr. Hansard:—

Q.—So far as the 1941 figures are concerned — you have been manager of the building since 1941?

A.—I am prepared to give a more accurate figure than a guess.

30 Q.—Can you get the figure and let me know?

A.—If it is the wish of your lordship.

By the President:—

Q.—Is there any discrepancy between 1941 and today?

A.—There is an increase between that date.

By Mr. Hansard:—

40 Q.—Could you give me a rough idea of the percentage?

A.—Well, I can make a guess your lordship.

The President:—

Yes, venture an answer.

The Witness:—

A.—I would say we were close to ninety percent (90%) occupied in 1941.

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

By Mr. Hansard:—

Q.—So there is a five percent (5%) increase in the intervening period?

10 A.—Yes.

Q.—Can you tell me this, Mr. Reid. Can you tell me whether the rentals on the Eighth floor of the Royal Bank Building are higher per square foot or lower, than the other floors?

A.—No. The rates are the same throughout.

Q.—You are getting the same rentals for all space in the building?

A.—Our rates are the same.

Q.—Your rates of rental are the same?

20 A.—Yes. Those are our approximate rents of the various floors.

Q.—They are approximately the same throughout?

A.—Yes.

Mr. Seguin:—

Q.—All the floors in the Royal Bank Building, from the ground floor up are all finished?

A.—Yes.

30 And further deponent saith not.

J. T. Harrington,
Official Court Reporter.

DEPOSITION OF HAROLD MILLS

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

Examined by Mr. R. N. Seguin, Attorney for the City of Montreal:—

Q.—Mr. Mills, will you continue the evidence in this case you started to give Wednesday?

H. MILLS' (recalled for the City of Montreal) Exam. in chief

A.—Mr. Chairman, I would like to refer briefly to the definition of real or market value contained in the valuation report filed by Mr. Desaulniers and myself.

10 It appears on page four of the report, and reads:

“The highest price estimated in terms of money which a buyer would be warranted in paying and the owner justified in accepting, provided both parties were fully informed, acted intelligently and voluntarily, and further that all of the rights and benefits inherent in or attributable to the property were included in the transfer.”

20 To properly explain our valuation report and the methods we followed to arrive at it, it is necessary for me to give some definition or interpretation with regard to market value. Applied to the Sun Life property, I consider that real value means utility value as reflected in its present and probable future use. That is, value which results from the capacity of the utility of the property to render profits and services to the owner.

The advantages and services, present and probably future, enjoyed by the Sun Life Company as owner and occupant of the largest and finest head office building in the British Empire, are:

30 (1) The association of an adequate amount of space in the building specially designed to meet the specific requirements of the company, and the privilege of adding to this space as and when it became necessary due to the growth of the company;

40 (2) The prominence of space, which for a company with twenty-six (26) branches in Canada and thirty-eight (38) in the United States as well as many in various parts of the Empire is, I think, an important factor;

(3) Prestige and advertising value which accrue to the benefit of the owner because of the size and monumental character of its head office building;

(4) Income received from Thirty-three point nine per cent (33.9%) of the rentable area in the building, which is temporarily leased to tenants at rentals in keeping with the highest

II. MILLS (recalled for the City of Montreal) Exam. in chief

rentals that are being paid in office buildings in the Uptown District.

Under the heading of "Character and Trend of Neighborhood" in our report, I would like to refer briefly to several points which have direct bearing on this valuation.

The history of Montreal insofar as its business areas are concerned dates back to the incorporation of the City in 1832, when Montreal had a population of Twenty-seven thousand (27,000).

At that time all of the business of the City, or practically all of it, was transacted on St. James Street and Notre Dame Street in that district.

In 1891 Mr. James Morgan pioneered a movement which tended to transfer the business area, or part of it, to the Uptown district, and in the fifty-two years that have elapsed there has been a tremendous expansion in that uptown area.

We have filed in our book of exhibits, seventy-two (72), a map which is intended to show the development in the Uptown area, particularly in the period from 1920 to 1930.

I think this is an interesting exhibit because it confirms what most of us in the real estate business have realized for some time, that there is a definite movement from the downtown to the uptown district.

On page five of our report is mentioned the names of various buildings that were erected between 1920 and 1930, the year of erection and the cubic contents of the buildings.

I think it is significant that the change in the rental value, or the rentals obtained, for office space in the uptown district as well as the downtown district synchronized with two important events.

One was the depression which started in 1930, and the other had to do with this very rapid expansion in the uptown area.

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

The effect was to somewhat depress rentals. It is fair to say that the depression influenced property value and rentals of all types and in all parts of the City. I think it is fair to say that in the uptown area the effect was more pronounced as a
10 result of very great over-expansion which tended to produce vacancies as high as thirty percent (30%) and higher in some of the uptown buildings.

I mentioned that in my report because later I will be referring to the estimated and actual rentals in the Sun Life Building. And Mr. Desaulniers and I have given some consideration to the lower rentals which prevail as a result of over-expansion, over-supply; which condition has been very largely corrected as
20 evidenced by the fact that most of the buildings in the uptown district are now almost entirely occupied.

It is true that because of the ceiling on rentals it is not expected that for the duration of the war there will be any upward trend.

There will be and has been a certain levelling out of rentals, which is under the War Time Prices & Trade Board, which is tending to freeze rentals.

30 There was some discussion about land value, and the point was raised that the land value is not in disagreement between the Company and the City. It is very difficult to place a value on a large and important piece of real estate without giving some consideration to the value of the land, and we thought it very important that some consideration should be given to the land value, and we have taken that into consideration.

I would like to refer briefly to that part of my report
40 which refers to land value.

Mr. Geoffrion, K.C.:—

There is no question about land value. Land value was not gone into — it was left aside in our presentation.

The President:—

I think what Mr. Mills has in mind is to explain his conclusions and that he had to consider the site.

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

Mr. Lobley in his evidence gave a price for the whole property. The value of the whole property, including the land.

Mr. Hansard:—

10

He took the value of the land out, and put it in and arrived at the price.

The President:—

Under reserve of your objection that the land value is not under discussion, I will allow the witness to continue.

The Witness:—

20

I think it is very important to consider the desirability of a site for the improvement erected on it, and after considering very carefully the site of the Sun Life Building my confrere and I came to the conclusion that it had unequalled advantages for the building erected on it, for several reasons.

30

The building is designed as a monumental type of structure and that type should be so placed that it can be viewed. There are few places in Montreal where a building of the size of the Sun Life could be viewed. That building can be seen readily approaching from the West, the East, the South, and even from the North although there is perhaps more obstruction on the North than the other sites.

40

It is quite important for the type of the building. In point of size it represents the largest developed office site in the City. An area of Ninety-one thousand odd square feet. By comparison, the Dominion Square Building, which is the next largest in Montreal, is erected on a site containing less than one-half of the area — Forty thousand five hundred and fifty-six (40,556) square feet.

I mentioned in my previous testimony the appraisal generality which says, in effect, that in valuing a property some consideration must be given to the possibility of substitution.

In other words, the willing seller will only be a willing seller if he is making good use of the property provided he can be accommodated in a like manner with another property.

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

There is no site in Montreal that would be so advantageous in point of size and surroundings as the site on which the Sun Life Building is erected, and there is no other building in Montreal which would accomodate the Sun Life with the space it now
10 uses.

Mr. Geoffrion, K.C.:—

We had that before.

By the President:—

Q.—Could you not demolish it and replace it on another
20 site?

A.—That could happen. We considered that and we came to the conclusion that there were two other lands that might take the building but both of them are erected upon. One place is the site on the Northwest corner of Peel and Dorchester Streets, where the Windsor Hotel is; and the other would be the Southwest corner, which is partly built upon and partly vacant. It would be necessary to demolish fairly expensive buildings to make space there for the Sun Life Building.

30 When I said “no other site” I was thinking in terms of sites which are vacant or the buildings more or less insignificant.

The position of this site is very close to the one hundred per cent (100%) commercial district of Montreal which is at the corner of Peel and St. Catherine Street.

40 I think another significant factor in connection with this site has to do with the improvement which has taken place recently of the C.N.R. terminal site. That site for some years has been considered something of an eyesore, but it so happens that extensive improvements have been made there, and we have been told on good authority — and in this connection I want to correct a statement in the report: Our report on page six refers to the C.N.R. terminal and head office site. That part of our report was written last September after consultation we had with the C.N.R. authorities. We were given to understand at that time that the new station would be satisfactorily completed by April of this year and all of the passenger services now coming in to Bonaventure would be transferred to the Terminal.

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

Just to check on the point, I communicated this morning with Mr. C. B. Brown, engineer in charge of the terminal development, and he tells me it will be July at the earliest before the service will be transferred. I wish to correct that statement.

10

There are two statements in connection with the C.N.R. Terminal and head office which I would like to have deleted from the report. The first reads:—

“Later, the electrical cars which now serve the South Shore from the foot of McGill Street will also use this station as their Montreal terminal”.

I am told by Mr. Brown that in view of war conditions and the difficulties encountered in replacing rolling stock or streetcars, that change will not take place for some length of time, and for that reason that sentence should be deleted.

20

The next one is the first sentence in the second paragraph:

“The overhead rights between the station and the south side of Dorchester Street are reserved for the company's head office building”.

30

Mr. Geoffrion, K.C.:—

The head office is on McGill Street.

The Witness:—

That should be deleted. Our basis for that statement was a visit which we made to the office of the Canadian National, where we were shown a very large model of the proposed development, and that included a large and very fine office building which would be associated with the station building and which would cover that part of the site between the present station and Dorchester Street. In other words, immediately south on Dorchester Street.

40

I read our report to Mr. Brown this morning and he asked that that be deleted, the reason being that it has not been completed; and while it is part of the plans of the company, no one can say with any authority that it will ever be erected.

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

I want to change that part of the report and merely state this: that all of the land used by the Canadian National in connection with its terminal is considered by the company as suitable for its development as overhead rights, and in that connection I
10 would refer briefly to the development that has taken place in connection with the Grand Central Terminal in New York.

Mr. Geoffrion, K.C.:—

We are getting far afield, and Mr. Brown is hearsay.

The Witness:—

Where that terminal is, between Forty-second and Fifty-
20 third Streets there are erected eight hotels, nine apartment buildings and eleven office buildings.

I mention that as an indication of the possible and probable future development of a very important piece of land which is directly opposite the Sun Life Building.

By Mr. Hansard:—

Q.—Did I understand you to say possible and probable?
30 A.—I said that. I would even go farther. I think it is inevitable. That land is valuable land and is ideally located for the type of development that has been mentioned, and my authority is the chief engineer.

Mr. Geoffrion, K.C.:—

That is going too far, and I object.

40 The President:—

Under reserve. I would like you to come back to the present, Mr. Mills.

The Witness:—

The future has, I think, a good deal to do with it. I wanted to make the point that the site is a one hundred percent (100%) location for that building.

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

The Power House site. All that I have said of the office building can be said with regard to the power house. And there is another thing that has not come out, and that is provision has been made for the future erection of an eighteen storey office building over the power house site.

Mr. Geoffrion, K.C.:—

That has been out four times.

The Witness:—

The foundation is so erected it will receive that.

20 The Sun Life Company bought the land for its head office building in the years 1909, 1910, 1911, 1922, 1923 and 1924. The area purchased was Eighty-four thousand four hundred and fifty-six (84,456) square feet. The price paid was Eight hundred and sixty-four thousand four hundred and sixty-one dollars and fifty cents (\$864,461.50). Included in that land was a lane coming in between Mansfield and Metcalfe Streets, which the company elected to close and over which the building is erected.

30 Mr. Hansard:—

Same objection. Land again.

The Court:—

Under reserve.

The Witness:—

40 Do you wish me to discontinue reference to the land?

The Court:—

I don't want to interfere. But land is not under discussion.

The Witness:—

The power house site was purchased in 1926 and 1928 at a price of One hundred and four thousand two hundred and

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

ninety-five dollars (\$104,295). The value we placed on the land was, for the office building Eight hundred and forty-four thousand dollars (\$844,000) and the power house site Eighty-six thousand four hundred and fifty-one dollars (\$86,451.).

10

The purpose for which the Sun Life Building was erected. In order to try and determine the motive which caused the company to erect such a large building we investigated published records of the company.

There is on file in the McGill Library a book entitled "The President's Book", which was written by George Harris, an officer of the company, in 1927 and published in 1928.

20

That book gives the history of the Sun Life Company which we consider very important, because it was necessary to know not only the motive which caused the rection of the building, but the future uses of the building.

I will not take much time because it is all contained in the record, but I would like to file the extracts of the record which are contained in our report. This is simply a multigraphed copy of certain parts of the book under the heading "The position of the company, 1927; the head office building; the staff organization".

30

By Mr. Seguin:—

Q.—Will you produce this as Exhibit D-27?

A.—Yes.

40

There are certain statements in this book which we considered important and significant. The record states in 1914 the head office staff numbered four hundred persons. By 1918 when the first section of the building was completed that staff had increased considerably, not sufficient to fill the building, but by 1923 the building was fully occupied and the company then decided to erect an extension extending to Mansfield. The building was extended or intended to provide accomodation for fifteen hundred (1500) employees and by the time it was completed the staff numbered fourteen hundred and fifty-six employees (1456).

It was at that time that the building was decided upon — that the company decided to embark upon the erection of a very

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

large building, which seemed to be more than justified in the light of the rapid growth during that preceding period.

10 That growth has not been maintained, but there has still been a very considerable growth as evidenced by the fact that while the assurance in force in 1927 amounted to One billion four hundred and eighty-seven million dollars (\$1,487,000,000), in 1941 according to the report tabled for that year the assurance amounts to Two billion nine hundred and seventy-one million seven hundred and forty-seven thousand dollars (\$2,971,747,000).

In other words, the assurance has doubled.

20 With regard to population I would say this:

According to the public record in 1927 the population was one thousand four hundred and fifty-six (1456), and from information which was given to Mr. Desaulniers and myself — this by one of the officers of the company — we came to the conclusion that the total staff as of 1942 when we were making our re-inspection was approximately two thousand (2,000).

30 I have no authority for that other than the information which was given and which we have used as part of our valuation.

I understand that a correction statement will be filed. A graph will be filed of the head office staff.

In the building there is not only the head office staff but the employees associated with the various agency branches of the company. Whether or not they are included, I do not know. I am just examining it. The staff as we understood it was in the neighbourhood of Two thousand (2,000).

40

Q.—Have you any remark on the cafeteria staff, Mr. Mills?

A.—The cafeteria is a very important part of the building and very large. It is especially large to provide luncheons for the entire staff, whether it be sixteen hundred (1600); seventeen hundred (1700) or two thousand (2,000). The cafeteria provides lunches for the entire staff and offices, and I presume there are many employees in connection with the cafeteria. How many I do not know.

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

Q.—Is it to your knowledge that the Sun Life Company supplies the lunch to employees free of charge as part of their salaries?

A.—I do not know whether it is part of their salaries. We 10 have been told they did.

Mr. Hansard:—

What possible relevancy can that have?

Mr. Seguin:—

To prove that it is the office staff with the other employees 20 of the company — they work together.

The Witness:—

Included at pages 16 and 17 of our report are two letters which I understand will not be admitted in the evidence. These letters are from Harold Lawson, architect.

Mr. Geoffrion, K.C.:—

Again I repeat the objection. I understand that the objec- 30 tion was maintained objecting to any reference to these letters.

The Court:—

Maintained.

The Witness:—

Perhaps I can express an opinion of my own. I think it is 40 useful in consideration of a matter which is important to seek expert opinion, and we did.

The Court:—

That is what we have been doing for three weeks.

The Witness:—

I don't profess to be any authority on architecture but having been in the real estate business for thirty years I have

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some knowledge of architecture and a good many friends who are architects, and I have talked to many people about the Sun Life Building, and it is my own opinion based on such information as I could get from authorities that the building is suited to that
10 type of architecture.

It is of classic style which has been employed in many institutional buildings. A good example is the Bank of Montreal building, and I have looked at that carefully many times. The Bank of Montreal building is of stone and the Sun Life of granite.

It has been suggested that the shell of the Sun Life Building will outlast its economic life. In other words that the building, although from the point of view of structural depreciation
20 would last for a hundred years, economically it would not.

I am in disagreement on that point. The Corinthian goes back over to two thousand years and that style is not going to change.

As far as the interior design is concerned, changes will be inevitable, but I think the deterioration or obsolescence of the Sun Life building will be less than the average building by reason
30 of its style and manner of construction.

In order to determine the reproduction cost of the building Mr. Desaulniers and I followed three approaches. Or perhaps I should say we used three approaches.

Our own approach was to consider the actual amount spent by the Sun Life Company during the years when the building was being erected. And to make allowance for the fact that it was constructed in three different sections and at three different
40 times.

It would be difficult for a layman, impossible, to estimate the additional cost of building that type in three units as compared to building it in one unit. So we were fortunate to obtain a statement which in effect explains the additional cost as estimated by the Sun Life Company, and we have used that figure. And I would like to file that letter which I referred to. It was given to me by Mr. Hulse.

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Mr. Seguin:—

It is already in the record.

10 Mr. Hansard:—

That is the letter from Mr. McAuslane.

The Witness:—

20 In any event it is to the effect that an amount of One million five hundred and nineteen thousand four hundred and ninety-eight dollars and thirty-eight cents (\$1,519,498.38) was considered to represent the moneys spent by the Sun Life Company made necessary by reason of the fact that the building was erected in three different sections, and considering the cost of sidewalks and the cost of temporary partitions which were erected during the course of construction — that with the last and largest unit of the building, which was demolishing.

30 Considering the actual amounts spent by the company based upon the figures given in the list of payments, the first unit which was started in 1913 completed in 1918, and to which minor additions were made in 1920, 1919, and 1921, the total cost spent was Two million three hundred and eighty-one thousand four hundred and fifty-one dollars and seventy-eight cents (\$2,381,451.78).

The first extension started in 1922 and was completed in 1925, the amount spent was One million eight hundred and ninety-four thousand six hundred and ninety-four dollars and ninety-seven cents (\$1,894,694.97).

40 The second extension started in 1927 and completed in 1930, the amount spent, including additions from 1930 up to the 1st December 1941, amounted to Sixteen million four hundred and ten thousand four hundred and forty dollars and eighty-seven cents (\$16,410,440.87).

The cost of the Power house amounted to Seven hundred and nine thousand four hundred and eleven dollars and fourteen cents (\$709,411.14).

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Having obtained these figures we considered the reproduction cost based upon correcting the figures to the Index cost in 1939. We could have used 1941 but it would have been unfair to the company to do that because the Index cost was higher in 10 1941.

In using 1939 we were being fair because the Index cost was \$92.08. Our authority for that is the Dominion Bureau of Statistics, and I have here two letters — one from the Dominion Bureau of Statistics. . . .

By Mr. Seguin:—

20 Q.—Will you produce as Exhibit D-28 a letter from the Dominion Bureau of Statistics, Ottawa; as Exhibit D-29, the table showing the construction index cost for 1940 to 1942?

A.—Yes.

Mr. Hansard:—

I notice at the bottom of this exhibit D-28 there is appended a breakdown of 1942.

30 The Witness:—

It came from the Dominion Bureau the same as it is there.

By Mr. Seguin:—

Q.—These tables apply to materials and labor?

A.—That's right.

Q.—And on page 21 of your report you have taken twenty-five percent (25%) labor and seventy-five percent material?

40 A.—That's correct.

Q.—Will you explain that?

A.—I have another letter here, this is from Mr. W. H. Ley of the National War Labor Board in which he explains the index the changes in wages from year to year for thirty-one cities for nine (9) building trades, and he names them, and there is a paragraph in this letter which is important in which Mr. Ley says:—

“You are correct in your understanding that the wages paid in the manufacture of materials prior to there

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placing on the job are not included in the building trades index number.”

We found it difficult, and I think Mr. Perry and Mr. Fournier did, to determine the relationship between material and labor in connection with the amounts spent.

Mr. Perry said he considered labor percentage only twenty (20), and material eighty (80). And he explained that by reason of the fact that the very expensive material which is used in the Sun Life is delivered on the job almost ready to work.

There is very little labor after it arrives, except the actual placing.

That is the significant thing in that letter, that all of these materials insofar as the index cost is concerned it is based upon labor and material after they arrive on the job. Any labor that goes into the making of the materials prior to the time of building is not reflected in the index cost.

By Mr. Seguin:—

Q.—Will you produce that letter as Exhibit 30
A.—Yes.

Applying the index cost of Ninety-two dollars and eight cents (\$92.08) to the actual amount spent by the Sun Life Company, we find the figure for the office building amounted to Eighteen million eight hundred and forty-five thousand one hundred and thirty-four dollars and ninety cents (\$18,845,134.90); and the Power House Six hundred and thirty-four thousand three hundred and seventy dollars and forty-three cents (\$634,370.43).

It was necessary to consider depreciation to the buildings, or to both building, and in considering the office building we estimated the original building occupied in March 1918 was depreciated as at December 1st 1941 to the extent of twenty-four (24) years. The rate of depreciation we used was one percent (1%).

The first extension occupied in December 1925 the depreciation was for a period of sixteen (16) years.

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The second extension occupied in December 1930 depreciated eleven years.

The net depreciated cost of the office building as at December 1st 1941 was Sixteen million three hundred and one thousand six hundred and thirty-seven dollars and eighty-three cents (\$16,301,637.83)

I think I should have said that the net value based upon reproduction cost less depreciation would amount to that figure.

By Mr. Seguin:—

20 Q.—This figure is arrived at after having reduced what the company contends it spent for temporary partitions and so forth?

A.—Yes.

And the value of the power house as indicated by reproduction cost less depreciation as at December 1st 1941 was estimated to be Five hundred and fifty-eight thousand two hundred and forty-five dollars and ninety-eight cents (\$558,245.98).

30 The total for the two. Sixteen million eight hundred and fifty-nine thousand eight hundred and eighty-one dollars and eighty-five cents (\$16,859,881.85).

The depreciation taking it as a composite in connection with the three building amounted to Thirteen point five percent (13.5%). That is on the office building. And on the power house, twelve percent (12%).

40 It was necessary to give some consideration to the cost of financing the buildings during construction and we considered that it would have taken three (3) years in which to erect the Sun Life Building as one unit. We applied.

By Mr. Geoffrion, K.C.:—

Q.—When you say “we”, do you mean yourself and Mr. Desaulniers?

A.—Yes.

Q.—All the way through?

A.—Yes.

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Q.—And just the two of you?

A.—Yes.

We added to our estimate an allowance for cost of financing, which I don't think it necessary to file. It is explained on page 24 of our report, and amounts to Seven hundred and six thousand five hundred dollars (\$706,500) for the office building.

The power house: we considered the time necessary to construct this building would be one (1) year. And the allowance for financing, also explained at page 24, is referred to as Four thousand seven hundred and fifty-seven dollars and seventy-seven cents (\$4,757.77).

The company would also be subject to pay taxes during the land on the time the buildings were under construction.

The allowance — the estimated amounts which would have been paid for taxes are shown at page 25 of our report, titled land taxes in connection with the office building and amount to Sixty four thousand one hundred and fifty-two dollars and forty-five cents (\$64,152.45). And for the power house One thousand nine hundred and twenty-nine dollars and forty-nine cents (\$1,929.49).

The summary of valuation estimates of head office building and power house, based on the amounts known to have been spent on these buildings, adjusted to the building cost index for 1939, and including the cost of financing and land taxes during the period required for construction — the net value of the office building arrived at in this manner was estimated as Sixteen million nine hundred and sixty-seven thousand six hundred and fifty-six dollars and five cents (\$16,967,656.05).

The power house — Five hundred and sixty-four thousand one hundred and thirty-dollars and seventy cents (\$64,130.70).

Total for the office building and power house Seventeen million five hundred and thirty-one thousand seven hundred and eighty-six dollars and eighty-two cents (\$17,531,786.82).

After arriving at that figure Mr. Desaulniers and I gave consideration also to the estimates which had been arrived at by

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Mr. Fournier and Mr. Perry. We were in close collaboration with these gentlemen in the course of our investigations.

10 We considered that if the amount spent by the Sun Life Company, or if it was reasonably close to the estimates of Mr. Perry and Mr. Fournier, we could safely assume that the amount we used was a fair estimate of the reproduction cost of the two buildings.

The comparison on page 26 of our report shows that Mr. Fournier's figure is slightly below the estimate prepared by Mr. Desaulniers and myself, and Mr. Perry is somewhat higher.

20 I might say that the considerable difference in the estimated cost of financing is due to the fact that Mr. Perry and ourselves considered the construction period of the office building as three years, whilst Mr. Fournier considered it as two years.

Pages 27 to 30 are copies of the valuation estimates of Mr. Fournier and Mr. Perry.

30 The many income from the Sun Life Building, actual and estimated. In order to estimate the money income from the office building it was necessary to consider, first, the space that is provided in that building and the quality of that space, under many different headings.

The building is large and in many ways it is unusual and it provides space that would be affected by many different factors. These can be summarized briefly as, first of all, the height factor.

40 It is customary in valuing buildings for office space to give some additional value to space above certain heights and to reduce the value for space below that certain height.

The mean height is considered to be the Eighth floor. The space above the Eighth floor and so far as our valuation estimate is concerned, has been increased to the Sixteenth, and space below the Eighth has been decreased.

I want to explain that the method we used, the co-efficient factors that we used, are all set forth in a formula known as the Sheridan-Karkow formula.

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Attorneys for Complainant:—

It is not binding on a party in an assessment case before the City of Montreal, and it is not entirely the formula. There is
10 a lot of matter that we have not had the opportunity to examine.

The President:—

Under reserve.

Mr. Geoffrion, K.C.:—

I notice that the document is headed “Income Production;
20 it mentions the National Association of Building Owners and
Managers and has a whole lot of pages, pictures and so forth, and
on the last page is what is called the Sheridan-Karkow formula.

I think someone should identify the document before it is accepted by the Court as an exhibit.

By Mr. Seguin:—

Q.—Do you rely on the whole document or on one page?

30 A.—Only on one page.

The Court:—

I would prefer the writing coming at the beginning.

Mr. Geoffrion, K.C.:—

It is not by the same author.

40 The Court:—

Under reserve.

By Mr. Seguin:—

Q.—Will you produce the book entitled “Income Production”
as Exhibit D-31?

A.—Yes.

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I don't think it is necessary to go into any lengthy explanation of the formula. It is defined on page 31 of the report.

I would say this: it applies to office space factors that are
10 not unlike those that are considered in valuing land of various sizes and shapes. The same condition applies to office space.

The previous witnesses have told that in a different way, by stating that the first twenty-five feet of space is considered to represent a standard unit. Eighteen by Twenty-five (18 x 25) is considered to represent the standard unit.

Beyond the twenty-five foot depth there is a certain depreciation and less than the twenty-five foot depth there is a certain
20 appreciation.

Any unusual pieces in a building can be dealt with by the manager of the building in what he considers to be a fair manner and applied individually throughout the building.

The wall has been mentioned. Balustrades and walls around the building which would tend to depreciate the space to an extent.

We have applied depreciation to the rentable space, the
30 tenanted occupied space, as a result of the balustrades ranging from five to fifteen percent (5% to 15%).

The formula also takes care of the space fronting on courts, which every building manager knows well bring a lower rental, and there is a factor of fifteen percent (15%) to the courts.

Also to be noted in looking at our explanation on page 31, it is to be seen that we have made certain departures from the
40 formula and we gave good and sufficient reasons for that.

The formula states with regard to depth that space beyond twenty-five feet will be depreciated at the rate of Two percent (2%) per foot, and space less than twenty-five feet (25') down to a depth of fifteen feet (15) will be enhanced to the extent of two percent (2%) per foot.

We applied the formula to a very considerable amount of space. We came through an experimental stage in this building and with this formula.

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We probably completed as many as three or four floors of space with the formula and found instances on which we had our own ideas; but in order to check our views in that connection we went to Chicago, Mr. Desaulniers and I, to see Mr. Karkow. . .

10

Mr. Geoffrion, K.C.:—

Objection. It is entirely irrelevant. And now we are taking a trip to Chicago. To meet Mr. Karkow.

The Court:—

Under reserve.

20

The Witness:—

We took our problem to Chicago, spent five hours with Mr. Karkow, and exhibited to him the work which he had done.

And I want to say at this point that Mr. Karkow is one of the authors of the Sheridan-Karkow formula, and is a consulting engineer.

30

Their co-author, Mr. Sheridan, is a promoter.

Mr. Geoffrion, K.C.:—

The witness is not qualified to give evidence for someone else.

The Witness:—

40 Mr. Sheridan was a contractor of office buildings. They were associated with Strauss & Company, who I think were one of the largest firms in the United States erecting office buildings.

By the President:—

Q.—Could you not find any local people to give you information on that?

A.—There are a lot of good things that come from there. They are dealing with office buildings not as we are. Their ideas are more advanced than we are in Canada.

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Mr. Hansard:—

Their laws are different too.

10 The Witness:—

I want to point out that these men were normally associated with big buildings for many years. They knew the problems of office buildings and to the effect certain things have on space.

This formula is an attempt to put their ideas into print.

20 What has been used is to my knowledge logical. Our own firm has used it, and it has been used by others.

Mr. Hansard:—

I feel that the witness is going too far afield.

The President:—

The reference to his trip to Chicago is under reserve.

30 The Witness:—

As a result of this interview, particularly with regard to the depth factor, was that we came to the conclusion that the two percent (2%) reduction was not justified in a building constructed as the Sun Life, with high ceilings and large windows, and primarily mechanical ventilation.

40 Depreciation due to depth has to do with two factors, and they rate on a par. One is the outside daylight and the other is ventilation.

The ventilation factor in the Sun Life needs not to be considered with regard to depth. The ventilation fifty feet from the window is the same as at the window, and the co-efficient factors are changed from Two percent (2%) to One percent (1%), and we applied that normally throughout the building.

The height factor above the Eighth Floor changed to one percent (1%) additional value on the Ninth and Tenth floors; and all floors above the Tenth to be the same.

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There was a good reason for that. The height factor in relationship to space in most American cities has to do with buildings of twenty (20) and thirty (30) and forty (40) storeys, within a short distance of one another.

10

The Sun Life Building, as far as light is concerned, and absence from noise which also has something to do with the height factor, is as good on the Tenth floor as on the Twentieth.

For that reason we completed the height factor on the Tenth floor.

20 The ground influence. The principle that governs the additional value applied as ground influence has to do with the fact that the corner office measuring eighteen feet by twenty-five feet (18' x 25') with windows on two sides, and which can be readily divided into three smaller offices and a small entrance corridor, is entitled according to the interpretation which was given us by Mr. Karbow to a fifteen percent (15%) increase over the value of inside space.

By the President:—

30 Q.—You are referring to the interpretation in the formula?

A.—No.

Q.—To your conversation with him?

A.—That's right.

Q.—That is not very good proof.

A.—I will put it this way. . .

Q.—You had better avoid any reference to your conversation. Take it as your own opinion.

A.—That is exactly what I was leading up to.

40 In examining the space in the Sun Life Building we did not find any of the corners in which the windows were so arranged that it would be possible to divide the space into four small units. It would be practically impossible.

For that reason instead of applying the fifteen percent (15%) increase to all of the corner office space we applied only a five percent (5%) increase, and that was applied normally throughout the building.

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These were the two major corrections in connection with the formula.

I would like to suggest that — and I think it is fair — that
10 formulas are intended to act as a guide, and a formula in the hands of an unexperienced person may be dangerous to apply.

On the other hand, a formula can serve as a very useful guide if it is carefully applied, and I can say that it was very carefully considered in connection with every unit of space in the building. I say this without hesitation.

I would like at this time to refer the Board to page 7 of
20 our book of exhibits. I don't think there is any better way to explain the formula.

The President:—

We will adjourn until tomorrow.

And further for the present Deponent saith not.

J. B. Harrington,
Official Court Reporter.

30

DEPOSITION OF HAROLD MILLS

On this Ninth day of April in the year of Our Lord One thousand nine hundred and forty-three personally came and re-appeared: Harold Mills who has already testified herein for the City and who continues his testimony as follows:—

40

Mr. Seguin, Attorney for the City of Montreal:—

Q.—Will you continue with your testimony Mr. Mills.

A.—In the course of my testimony yesterday I commented on the fact that Mr. Desaulniers and I considered there was no substitute site for the Sun Life Building.

I would like to qualify that. The Windsor Hotel site would accomodate the Sun Life Building. We considered that as being

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so improved at the present time that the cost of acquiring it would preclude it.

10 The size of the Windsor is Two hundred and fifty feet (250') on Dorchester Street and Three hundred and fifty feet (350') on Peel Street and contains Eighty-seven thousand four hundred and eighty-eight (87,488) square feet.

The Sun Life by comparison, on Dorchester it is Two hundred and fifteen feet (215'), Four hundred and thirty-nine feet (439') on Metcalfe Street and Four hundred and twenty-one feet (421') on Mansfield, and the area is Ninety-one thousand seven hundred and twenty-four square feet (91,724).

20 The other side on the Southwest corner of Windsor and Dorchester would not accomodate the Sun Life by reason of its size. The dimensions on Dorchester are One hundred and eighty-four feet (184') as for the Sun Life Two hundred and fifteen feet (215'). There would be more than ample depth to accommodate the building, but not the width.

And I wish to qualify my statement in that connection.

30 In explaining the Sheridan-Karkow formula I did not perhaps make myself very clear. I want to say that the formula is not used for the purpose of determining actual rental value. It is merely used to determine relative value if actual value of a unit of space has been established.

And the importance of that, we think, is evidenced by the fact that in the Sun Life Building, and I am sure this can be said of practically all office buildings, there is a great variety of rentals at the present time, or as at December 1941.

40 On the Seventh Floor the rentals range from One dollar and eight cents (\$1.08) to One dollar and ninety-four (\$1.94) per square foot.

On the Eighth floor from One dollar and twenty-nine cents (\$1.29) per square foot to Two dollars and forty-one cents (\$2.41) per square foot.

On the Ninth floor from One dollar and forty-five cents (\$1.45) to Two dollars and fifty-six (\$2.56) cents.

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In order to estimate the fair rental value of all of the space in a building of that size it is essential that some guide be used which would reflect relative value; otherwise there would be no common measure stick, and the Sheridan-Karkow formula does
10 just that.

It deals with every factor that would either decrease or increase the value of space as referred to the standard unit.

And without a formula of that type it would be just as difficult to value office space as it would be to put a value on land which is of various sizes and shapes without the formulas that are used for that purpose.

20 I don't think there is anything new about the Sheridan-Karkow formula except that it is said to be a definite measuring stick where in the past rule of thumb methods were used.

The formula does not apply to space in basements, ground floors, or to stores. It is intended to apply only to strictly commercial space, commercial office space.

30 There is nothing in the formula that can be applied as a means of measuring value in an assembly hall or banking hall, or gymnasium, and for that reason we did not apply the formula to that part of the building which is owner occupied.

In order to estimate the fair base rent in the Sun Life Building we considered the actual rentals paid for all of the rented space on three floors of the building. These floors being the Eighth, the Ninth and the Sixteenth.

40 The actual area leased on the Eighth Floor is Nine thousand and fifty-seven (9,057) square feet, and the actual rental Fourteen thousand seven hundred and ten dollars (\$14,710).

Applying the Sheridan-Karkow formula to that space on the Eighth floor which is rented we find the area becomes Eight thousand one hundred and ninety-seven (8,197) square feet and the rental paid for actual area, the average for the floor was One dollar and sixty-two cents (\$1.62), and for the equal area One dollar and seventy-nine cents (\$1.79) per square foot.

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On the Ninth floor there is Twenty-one thousand seven hundred and seventeen (21,717) square feet rented for a total of Thirty-six thousand two hundred and fifty-seven dollars and fifty-six cents (\$36,257.56). The equalized area is Nineteen thousand and one hundred and thirty-two square feet and the rentals for actual area One dollar and sixty-seven cents (\$1.67) per square foot and for equal area, One dollar and ninety (\$1.90) cents.

On the Sixteenth floor, Twenty-three thousand five hundred and eleven (23,511) square feet is rented for Forty thousand one hundred and sixty-five dollars (\$40,165). The equalized area Twenty thousand four hundred and Twelve square feet (20,412) and the rental paid for actual area One dollar and seventy-one cents (\$1.71) and for equalized area One dollar and ninety-seven cents (\$1.97).

Looking at these three floors we find three different rates prevailing for equalized area. One dollar and seventy-nine cents, One dollar and ninety cents and One dollar and ninety-seven cents (\$1.79, \$1.90 and \$1.97).

That, again, reflects a certain lack of uniformity in the rental schedule of the building, and it was our duty as we saw it to endeavour to arrive at a base rate which would fairly reflect the rentals actually paid in the Sun Life Building and also the rentals paid in other buildings.

I have prepared a statement to show the relationship between the estimated rental using the base of One dollar and ninety-five cents (\$1.95) per square foot, and the actual rentals paid by all of the tenants in the building.

This statement shows that out of eighty-one (81) leases involving a total area of Two hundred and fifty-four thousand nine hundred and five square feet, twenty (20) are at rentals above the base rate.

The area involved Sixty-four thousand four hundred and ninety-one (64,491) square feet, and the rentals paid One hundred and sixteen thousand Seven hundred and thirty-eight dollars and fifty-six cents (\$116,738.56).

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By Mr. Hansard:—

Q.—Are you filing that?

A.—Yes.

10

Four of the rentals out of the eighty-one leases were exactly on a par with the base rate. And Fifty-seven were at rentals below the base rate.

Of the Fifty-seven leases, or included in the fifty-seven leases below base rate is One hundred and eighty-six thousand seven hundred and fifty-three (186,753) square feet and the rental Two hundred and seventy-eight thousand two hundred and thirty-three dollars and fifty-six cents (\$278,233.56).

20

By Mr. Seguin:—

Q.—Will you produce this statement as Exhibit D-32?

A.—Yes.

I think that this statement clearly shows that in applying the base rate of One dollar and ninety-five cents (\$1.95) we did not in any way exaggerate the actual value of the space in the building.

30

It is generally admitted and has been frequently referred to recently, that rentals for office space in the uptown business are below standard. I mentioned the reasons yesterday.

I would refer to them again briefly: the great over-production of office space which occurred in the uptown area from 1920 to 1930 which brought into that section ten (10) new large office buildings including the Sun Life Building.

40

The result of that was to provide a very great over-supply of office space and competition being keen, as it was during 1920 to 1930, rentals suffered, and I think that in every office building in the uptown area, if one looks at the rentals paid in these buildings, it will be evidence that there are many rentals below the standard.

And so in using the rate of One dollar and ninety-five cents (\$1.95), which is somewhat above the average paid by the major-

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ity of tenants in the Sun Life Building, but also below the rentals paid by a certain appreciable percentage, I think we were fair insofar as the Sun Life Building is concerned.

10 By Mr. Seguin:—

Q.—Is there many leases between the Sun Life and its tenants passed in 1935, 1934, 1937, 1938, at very low rentals?

A.—Not to my knowledge.

By Mr. Geoffrion, K.C.:—

Q.—You don't know about that?

20 A.—I would have to consult the records. That question is answered very definitely in the report which we have filed, because at the back of the report we have a list of all of the leases in existence as of December 1941, giving the period of time from where the lease dates up to the expiry date.

30 Having considered the rentals paid in the Sun Life Building we also gave consideration to the rentals being paid in other office buildings, which would also serve as a guide or a check on the base rate we had reason to believe was a fair base rate for the Sun Life.

The two buildings that we considered were the Dominion Square Building and The Royal Bank Building.

The reason for picking these buildings was, first, the Dominion Square Building being situated very close to the Sun Life and being the next largest office building in Montreal, seemed to provide the best possible comparison that we could find in the competition area.

40 We thought it wise however to give some consideration to the downtown area, and for that reason we considered the Royal Bank Building, which is the third largest building in Montreal.

And so, Mr. Chairman, I would stress the fact that in referring, as I will from time to time, to the Dominion Square Building and The Royal Bank Building I am referring to the two places in Montreal which are next in size to the Sun Life Building.

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On page 69 of our Book of Exhibits is a statement giving the same type of analysis to the Seventh Floor of the Dominion Square Building which we applied to every floor of the Sun Life Building above and including the Sixth. In other words, the floors
10 in the Sun Life Building on which space is rented to tenants.

This statement shows the total actual area of this typical floor of the Dominion Square Building, and I would like to say that floors Fourth to Eighth inclusive of the Dominion Square Building are treated as typical floors.

Mr. Hansard:—

20 May I have an objection noted?

There appears to be some information here which has not obtained from Mr. Empey on his examination yesterday.

The Witness:—

I am going to refer to that.

The President:—

30 Under reserve.

The Witness:—

The actual rentable space on the Seventh Floor is Twenty-six thousand nine hundred and twenty-three (26,923) square feet. I had a memorandum in which was given the actual area of that floor referred to by Mr. Empey.

40 According to Mr. Empey's exhibit the rentable area is Twenty-six thousand nine hundred (26,900). The figure arrived at by Mr. Desaulniers and myself was Twenty six thousand nine hundred and twenty-three (26,923), and in order to arrive at that figure we measured on one of the architect's plans of the floor the rentable area.

And from that, having ascertained the exact dimensions, we transferred those dimensions to this plan, which is a rental plan used by the Dominion Square Company for the renting of

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space in the building and on which is shown the room numbers and the rentable area.

10 The rentable area mentioned by Mr. Empey will be the total of all of the areas shown on this plan, or provided on this plan.

Mr. Hansard:—

All this is subject to my objection.

By Mr. Seguin:—

Q.—Will you produce this plan as Exhibit D-33?

20 A.—Yes.

The area of Twenty-six thousand nine hundred and twenty-three (26,923) square feet processed by use of the Sheridan-Karkow formula and applying exactly the same explanations as we applied on each floor of the Sun Life Building shows that the equal area on this floor amounted to Twenty-two thousand four hundred and eighty-seven (22,487) square feet.

30 The rental paid, as shown on the statement, was One dollar and forty-eight cents (\$1.48) per square foot of actual area, and One dollar and seventy-seven cents (\$1.77) per square foot of equalized area.

In the light of the statement filed by Mr. Empey it is necessary for me to make some correction in the statement on page 69. The rentals paid in the Dominion Square Building in 1941 as declared in our statement were obtained from the City.

40 It is the practice for office buildings to file their schedule of rentals. And the rentals as declared were the rentals we got from the list supplied to us.

Mr. Empey indicated to us that there was less space rented on the Seventh Floor than was shown in our statement, and I want to make several corrections.

The actual space vacant: Room 707, area Eight hundred and forty (840) square feet. Part of Room 706, area three hundred (300) square feet. Part of Room 711, One thousand two hundred and forty (1,240) square feet.

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Room 725, One thousand (1,000) square feet;

Room 733, Three hundred and eighty-two (382) square feet;

10

Room 734, Nine hundred and eleven (911) square feet;

Total — Four thousand six hundred and seventy-three (4,673) square feet.

The total area on this floor which was leased, according to Mr. Empey's statement was Twenty-two thousand two hundred and twenty-seven (22,227) square feet, and the total rental Thirty-four thousand four hundred and sixty-six dollars and fifty cents (\$34,466.50), equal to One dollar and fifty-five cents (\$1.55) per square foot of actual area.

20

And as I result of that I would like to make a correction on page 34 of our report where we show that the rental paid per square foot of actual area was One dollar and forty-eight cents (\$1.48). That should be One dollar and fifty-five cents (\$1.55).

The actual area of Twenty-two thousand two hundred and twenty-seven (22,227) square feet is equal to Nineteen thousand four hundred and eighty (19,480) square feet of equalized area, and the rental paid for equal area was One dollar and seventy-seven cents (\$1.77) per square foot, which is in accordance with the amount mentioned on page 34 of our report.

30

By Mr. Hansard:—

Q.—Are you also changing the figures on page 34 of the report so far as the actual floor areas are concerned, and equalized, or not?

40

A.—Yes.

Q.—For the Dominion Square Building, Seventh Floor?

A.—Yes.

Total rentable area Twenty-six thousand nine hundred (26,900) Equivalent area I have not figured for the total floor, but I have got the actual and equivalent area rented.

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Q.—Your One dollar and fifty-five cents (\$1.55) is based not upon the total or rentable area, of the floor, but on the actual rental?

10 A.—On the actual rentable area of the floor.

It would be proper to change all of those figures:

The first figure would become Thirty-four thousand four hundred and sixty-six dollars and fifty cents (\$34,466.50) instead of Thirty-nine thousand seven hundred and ninety-one dollars and sixty-three cents (\$39,791.63).

20 The second figure showing the area rented, Twenty-six thousand. . .

Mr. Hansard:—

Q.—You will have to change your whole total on this total rentable area on the job.

A.—The whole purpose of that was to show the actual rental paid per square foot of actual and equivalent area.

30 I am sorry that it has been found necessary to effect a change. I don't accept responsibility for it, because we got that information given to us and it was fortunate that Mr. Empey in summoned to state the actual facts corrected that figure.

If it is considered necessary I will between now and the next sitting substitute the correct figures across that column.

40 I have two other statements in connection with the Dominion Square Building which I wish to file. One shows the summary of leases in effect for 1941 and 1942 for space on the Eighth Floor of the Dominion Square Building. These figures are in accordance with those filed by Mr. Empey.

Mr. Hansard:—

The figures of Mr. Empey don't show that file.

The Witness:—

A.—No. This file shows the name of the tenant, the offices leases, the offices vacant, the annual rental. The total area vacant

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on December 1st 1941, the net area rented December 1st 1941, the total rentable area on the floor and the total rental paid for area rented, and it is filed for the one purpose of indicating the average rental paid on the Eighth Floor, which amounts to One dollar
10 and fifty-five cents (\$1.55) per square foot.

By Mr. Hansard:—

Q.—Actual?

A.—Actual.

By Mr. Seguin:—

20 D-34? Q.—Will you please file that document as Exhibit No.

A.—Yes.

For the Ninth Floor a similar statement is filed indicating the average rental paid per square foot, One dollar and sixty-four cents (\$1.64).

Q.—Will you please file that, Mr. Mills, as Exhibit D-35?

A.—Yes.

30 Q.—On page 70 of the book of exhibits is a statement showing the total actual rentable area in the Royal Bank Building, and the equivalent area, on the Eighth Floor.

Mr. Hansard:—

Same objection.

The Court:—

40 Same reserve.

The Witness:—

This shows the total annual rental Twenty thousand One hundred and eighty dollars (\$20,180), the rental paid per square foot of actual area Two dollars (\$2.00), of equivalent area Two dollars and ten cents (\$2.10).

The fact that the rental per square foot of equivalent area paid in the Royal Bank Building is somewhat higher than that

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paid in the Dominion Square Building, and higher than that we estimated for space in the Sun Life Building is due to the fact that rentals in the Number One office building in the downtown area is still somewhat above the rentals in uptown office buildings.

The difference is not as great as it was ten or fifteen years ago. because the trend is towards the uptown section. The Number One office buildings still command a higher rate.

The rentals in the Dominion Square Building and in The Royal Bank Building tend to confirm our opinion that the base of One dollar and ninety-five cents (\$1.95) in the Sun Life Building was a fair rate.

I mentioned that we did not apply the Sheridan-Karkow formula to the owner occupied space because that space is so buried and of such a type that it does not permit the application of a formula which is intended for a strictly commercial building.

We considered the Sun Life, the space occupied by the Sun Life Company in its own building rather, on the basis of what it may cost the Sun Life Company to provide similar space in a similar building, but similar insofar only as design is concerned.

We did not consider the special features of construction and exterior design and finish which places the Sun Life Building in a category entirely by itself insofar as this City is concerned.

For that reason these exterior structural features we considered as amenity features insofar as determining value was concerned, and the value we placed on the Sun Life Building has to do with what that space would be classified in a building erected as in the Dominion Square Building or, to an extent, as is The Royal Bank Building, these buildings being much less expensive to produce per cubic foot than the Sun Life Building.

I would like to file a statement which shows the estimated rentals for all of the space occupied by the Sun Life Company, and also the rentals charged by the Company to itself, as indicated in the list of admissions filed by the company.

We considered that as a guide to an extent — particularly with regard to relative values.

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The Sun Life Company charges itself on this basis: the ground floor Two dollars and two cents (\$2.02) per square foot; the first floor One dollar and ninety-two cents (\$1.92). I don't think that Schedule E shows the proportion per square foot. It
10 changes the total rent per floor. The square foot extension is arrived at by dividing the amount paid by the areas which Mr. Desaulniers and I have estimated.

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

Q.—You prepared a statement by feet?

A.—Yes.

Q.—Will you file that statement as Exhibit for the City
20 D-36?

A.—Yes.

Perhaps I can merely say that the total amount — the average amount charged by Mr. Desaulniers and myself, or estimated by myself and Mr. Desaulniers — being Three hundred and eighty-one thousand nine hundred and twenty-seven thousand (381,927) square feet of space occupied by the Sun Life Company is Seven hundred and sixty-four thousand four hundred and forty- four dollars and fifty cents (\$764,444.50). That is equal
30 to an average of Two dollars (\$2.00) per square foot.

The total amount charged by the company to itself as a rental is Six hundred and fifty-three thousand and twenty-five dollars and seventy-three cents (\$653,025.73), equal to an average of One dollar and ninety-eight cents (\$1.98) per square foot.

The basement areas: The Company charged itself at the rate of One dollar and seventy-seven cents (\$1.77) per square foot for Sixty-four thousand nine hundred and fifty-two square feet
40 (\$64,952), a total of One hundred and fifteen thousand two hundred and thirty-nine dollars and eighty-three cents (\$115,239.83).

The residue is slightly below that. For Sixty-four thousand five hundred and forty (64,540) square feet, One hundred and twelve thousand six hundred and sixty dollars (\$112,660), equal to One dollar and sixty-nine cents (\$1.69) per square foot.

The difference in the two areas referred to in the basement is due to the fact that there is a smaller area in one of the

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basements which the Sun Life Company did not recognize as rentable area.

By Mr. Hansard:—

10

Q.—At the same point, does the figure of Three hundred and eighty-one thousand nine hundred and twenty-seven thousand (381,927) constitute your figure for rentable area occupied by the Sun Life Company, or the Sun Life figure?

A.—It constitutes the estimated area by Mr. Desaulniers and myself.

Q.—Not the Sun Life figures?

A.—No.

20

I would like at this time to refer to basements One and Two, particularly basement One.

Lots of the values that has been mentioned before the Board for the basement space is fifty-five cents (55c) per square foot. Basement Number One is quite well finished. Not as elaborately as finished as the upper floors, but still very good space, and in it is located the company's security vault which is a very expensive fixture, as indicated by Mr. Perrault's evidence; and also quite expensive kitchen services.

30

It is not necessary to go into details because complete details is shown on the plan of basements One and Two and the accompanying statements which are filed with our book of exhibits.

I think it is significant that the company itself apparently value that space in the two basements at the rate of One dollar and seventy-seven cents (\$1.77) per square foot.

40

We considered that the space in basement Number One was worth more than the space on any floor with the exception of the Ground.

That is would cost more to produce that space with the fittings and equipment that are included in it than any of the other floors, and it is for that reason we applied the higher rate on Basement Number One.