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FEL/C.

RE ST. JOHN WAREHOUSE.

My recent visit to St. John has convinced me that it is now almost a necessity and to our business connection in Maritime Provinces that we build upon the lot that we bought about 15 years ago. I have always discouraged it as I thought that it was necessary for us to have our warehouse with a switch alongside of it, but I have changed my mind on seeing a loading and unloading switch put in by the Intercolonial on Water St. which comes up to the front of the Customs House and within two blocks of our warehouse. Evans does not think the Intercolonial would make any charge for switching cars onto this siding but perhaps he would have to pay a nominal charge of \$2.00 per car if the goods came over the C.P.R. I might say that this switch is directly opposite the new six story McClary warehouse and used by them for all carloads coming and going. This situation practically decided me that we could not do better than permanently locate. The actual cost of loading and unloading a car would be the same no matter where our load was so that the extra expense is in the time required by a team to take it from any switch we had to the warehouse, this would be a matter of 15 min. out, use of the team so that I consider our location a most excellent one. So much for the situation.

I went into the cost with Evans of putting up a building on our lot which is practically directly opposite the new Post Office on Prince William Street, the lot is 50 ft. front x 90 ft. deep. What we talked about was a two story front on Prince William Street similar to one next to it called the Globe building which is composed of three stores on the ground floor and about six offices above. Evans proposes to use one of these stores for his office with a stairway down to a machinery flat 50 x 90 facing on Water Street, he also proposes to have another story underneath this for storing heavy boilers and engines 50 x 90 with a hand or electric hoist connecting the two. This makes a four story front on Water Street and a two story front on Prince William Street. As to the cost of such a building we make it out this way. We value the lot only at \$4,000. it cost us originally \$1,000, and which we were offered \$8,000. for some four years ago. In addition to this value it will cost us \$1,000. to take the rock out and give us the 50 x 90 space on a level with Water Street, in addition to this Evans thinks he can have a suitable building put up with heating apparatus, vault accommodation for office, sanitary arrangements and all not to exceed \$15,000. He declares he got an estimate of \$6,000 quite a few years back for practically the same thing and the present cost should come somewhere between these two points. He estimates that he would get a gross revenue of 10% on this valuation and outlay, including \$550.00 the present rent we pay the bank of Nova Scotia and the balance \$1440.00 from tenants who he is sure he could obtain based on his knowledge of the rent paid on the surrounding offices. Deduct from this for fuel, attendance increased, tax, rent and water supply I am pretty well convinced that the investment would pay between 6 & 7% and would like you to think the matter over carefully and let me know.

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In the meantime I have authorized him to go ahead and get the rock cleaned out anyway as we will get the worth of it in increased value and more room for storage in the event of not building at all. I will write you more fully on this subject after he has made a further report on it, but I am thoroughly convinced that the position justifies us an expenditure.

I went into all his business affairs in detail and must say I am convinced thoroughly of his ability and earnestness and I do not think we make a mistake in encouraging him in this matter in the event of the position petering out I am sure at any time we could get our money back. Evans proposes to sit in his armchair and watch every man going in and out of the Post Office and spotting his customer in that way, there is a good deal of truth in this as the office would certainly be a great convenience to every business man. The street car have two lines and cars pass the door both ways every few minutes.