

Grey Highlands offers to help Talisman find water funding

(by Don Crosby)

While the golf course at Talisman Mountain Springs should be ready by May, the new owners have been dogged by cost overruns and a big stand-by water bill.

A subcommittee of council made up of Deputy Mayor Steward Halliday, Councillors Peggy Harris and Cathy Little, appointed on August 24 was formed to consider ways to help the owners of Talisman Mountain Springs Resort meet their obligations regarding the payment of water and wastewater bills.

The committee was formed following a presentation by Brian Ellis (one of the owners) to council where he stated that while he was investing heavily in the renovations to the former Talisman resort, he felt that he would have to scale back his project if he was faced with the current rates for water and wastewater.

The committee first met with Ellis on Sept. 11, among other things, to review the municipality's understanding of the commitment he made when he purchased the property in May 2014. Under the agreement of purchase and sale he was obligated to pay for the standby costs for water and wastewater from June 1, 2014. This amount was interest free until Jan. 1, 2015. In September when he came before council the amount was more than \$140,000, when no water had been used.

The committee noted that Ellis would be involved with the engineering study to explore options to look at ways to reduce costs for the KAT water system.

On October 28, Ellis informed the committee of his investment to date in the Talisman project and how much more he would need in order to complete the renovations

to the hotel portion. He also noted that he would be looking for outside capital and would appreciate any suggestions council might have.

On Nov. 26 council passed a motion authorizing CAO Dan Best and staff to explore grant funding opportunities for Talisman.

Ellis in a recent interview welcomed the offer by council to help source grants and other funding that could help offset the rising costs of renovating the former popular ski resort.

He said that he regards the offer as an indication of importance council places on the role of the resort in the growth of the economy of the area.

"I'm pleased council is involved. I'm pleased they realize the importance of Talisman to the economic viability and development of the region. Their assistance is greatly appreciated. I hope we can work forward cooperatively to deal with issues," he said.

Grey Highlands CAO Dan Best said the decision last month by council instructing him to work closely with Ellis to source possible government grants for projects that promote economic development is just another aspect of the close collaboration between the municipality and the Talisman owners.

"What we want to do is explore options in how we can assist Mr. Ellis where possible; anything to expedite his construction efforts at Talisman Mountain Spring. We've always been committed to doing what we can do . . . including assisting him to look at grants from the upper levels of government, from outside agencies as well. His success will be a success for the municipality and the region as a whole," said Best.

Ellis said cost overruns on renovations to the main lodge

and hotel (buildings one and two) will push the total expenditure beyond the \$7 million he had budgeted for the renovation of the three buildings and construction of a spa.

He predicts it will cost \$5.5 million just to bring buildings one and two up to meet current building and safety standards; that's not including the spa.

"That spa is going to cost another \$5 million... it's definitely on hold right now until the hotel is up and running," said Ellis, who is frustrated by just how much work is required to bring the buildings up to standard.

"The cost overruns have been extensive," said Ellis, who gave the most recent example of discovering that the drywall in the hotel rooms of main lodge failed to meet the current fire code standards.

"I had to rip out the entire hotel portion of building one of drywall and redo that entire area including the door frames. It was a massive undertaking," he said. Ellis estimates the cost of replacing the drywall in the hotel rooms in that building alone was about \$180,000.

"There have been so many issues with the building. . . my forte is new construction, not renovation. And I find that every time I turn a corner or tap a nail into something I'm finding a problem... at this stage building one is like a brand new building."

So far he and his partner Phil Calvano have relied on their own money to fund the renovations but feel it's time to get some outside help.

The banks are reluctant to get involved until the resort is up and running. They have expressed concerns about the history of the previous resort, with the recent bankruptcy that left money owing to credi-

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tors.

"The banks have all said you guys get it finished and get it open, we want your business, no problem, but we're a little scared," he said.

The resort was forced into bankruptcy in 2011 owing millions in back taxes and unpaid water and sewer fees.

Ellis and Calvano purchased the 200-acre former Talisman property in May, 2014 from Grey Highlands for \$1.8 million. The municipality had taken ownership of the building after failure to dispose of it through two tax sales.

The purchase agreement called for \$1 million down payment and the municipality to take back a mortgage for the remaining \$800,000, which would be paid at a rate of \$100,000 a year for eight years.

The first of eight annual mortgage payments is due at the end of December and Ellis said he has set aside that money.

Ellis said the plan was for he and Calvano to finance the renovations with their own money, and then once the resort was up and running they would use the resort as collateral to finance the development of the spa. But the extent of the cost of renovations has exceeded their expectations.

"We did not allocate \$5.5 million just for the hotel," he said.

One positive note has been the restoration of the nine hole golf course, which is complete and will be ready for the start of the golf season next May. Finishing touches are being placed on the clubhouse.

"I've got some great people working on the golf course. These guys have done an amazing job," Ellis said.

Ellis is still negotiating with the municipality over the payment of standby water and sewer fees that he has been charged since June 2014 and which will continue even though he is not using the services. This was part of the conditions contained in the purchase agreement.

The delays have pushed back the opening date of the resort to late spring of 2016 provided there are no other surprises, Ellis said.

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