

Little spa on prairie no small success

Temple Gardens Mineral Spa is the jewel in the crown of the revitalization of Moose Jaw, Sask.

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MOOSE JAW, Sask. -Knock, knock, knock.

Hi. Wanna buy some shares in a mineral spa?

Right here in Moose Jaw. Downtown.

No, it's not built yet, but that's why we're raising money. It's going to be a hotel and a spa. It will be great.

The shares are just a buck apiece, but you have to buy at least 500 of them.

So, how many should I put you down for?

As Deb Thorn remembers it, it was perhaps the most challenging initial public offering Canada has seen. Ms. Thorn and a handful of volunteer fundraisers went door-to-door in this south-central Saskatchewan city of 34,000, trying to sell shares in a yet-to-be built, world-class spa in a part of town best known for its boarded-up storefronts. What's more, there was no promise that would-be investors would make any money or that they would even get their cash back.

The plan to build a four-and-a-half-star spa, in a town in which the average temperature in February hovers around -14C, could have ended up as just another failed grand idea, conceived in hopes of generating tourism and economic activity in a dying town. But now, 11 years later, Temple Gardens Mineral Spa and its attached resort hotel are packed with tourists -- most are from Saskatchewan, followed by neighbouring Alberta, but many are also from as far away as Europe and South America -- and looking to expand for the fourth time.

"We were able to achieve the vision, which was to create a world-class attraction," said Ms. Thorn, Temple Gardens' chief operating officer and general manager, and the tour de force behind the project that initially cost \$7-million to build. "It was very satisfying for the whole



CREDIT: Josh Sawka for National Post
Deb Thorn, chief operating officer and general manager, at the Moose Jaw Temple Gardens Spa in Moose Jaw, Sask.

community ... it absolutely exceeded everybody's expectations."

The spa's growth speaks volumes, not only about the backers' unconventional approach to investing, but also to the potent mix of gumption and community spirit the city provided.

Its success convinced skeptical downtown shop owners to remake their businesses into enterprises that would attract visitors who would flock to the spa.

The mineral waters that fill the fourth-floor pool at Temple Gardens are said to be similar to the famous English waters of Bath. But for years, Moose Javians ignored the geothermal water that pools beneath their city in an ancient seabed.

The source was discovered in 1910, when drillers were hunting for natural gas. It wasn't until 1932 that the city put the mineral waters to use, opening an indoor pool in a downtown park. But the waters started to cool and the casings used to pipe it to the pool eventually deteriorated, forcing the pool to use regular city water.

The mineral well was plugged in 1971. Nine years later, however, Moose Jaw drilled a new well, and eventually put out the call for project ideas.

"Numerous proposals did not come in," Ms. Thorn said. So a group of Moose Javians came up with a plan, passed a hat around, chipping in \$25 each, and formed the founding board of directors. The board's door-to-door canvassing found about 1,000 investors willing to buy in.

"I never ever expected to see that money again," said Dale McBain, the city's Mayor and an initial investor, who gave his shares away when he was elected to city council to avoid potential conflicts. "And I never ever expected it to be worth more than I ever put into it. And I don't think anybody did."

Instead, Mr. McBain said, the initial investors saw the project as "an investment in the community. We thought: 'Hey, if we can put this money in and it's going to generate some economic activity, and it's going to bring that vision of the spa forward, then we're behind that.' "

The city also helped out, with an interest-free loan, as did the province, giving Ms. Thorn and the board enough funds to build the spa.

Before the spa opened its doors on June 3, 1996, about 6,000 residents lined up for a tour. For many, the spa was their spa: When its employees went on strike in July, 2005, local shareholders scrubbed toilets and took reservations themselves. A local artist did most of the art in the hotel, and most of the duvets were made locally.

Like most of the buildings in downtown Moose Jaw, the facade of the spa is a throwback to Moose Jaw's glory days in the early part of the 20th century. It replicates the town's original Temple Gardens -- an old-time dance hall.

As an economic generator for the city, the spa now employs about 200 people, and pays about \$4-million per year in wages. Every employee makes more than minimum wage, while the development pays about \$600,000 per year in property taxes, more than any other business in town, with perhaps the exception of the local mall, Ms. Thorn said.

As for the original investors, they did get their money back, and more. In October, 2006, the spa was sold to Winnipeg-based Temple Real Estate Investment Trust (REIT), which paid \$3.65 for shares issued at \$1. The REIT, which also owns properties in Fort McMurray, Alta., and Yellowknife, plans to expand the hotel and is considering building conference space.

Investors in the REIT have seen their \$3 stock purchased at the initial public offering in February, 2006, climb 38% to \$4.15 as of Friday's close, down from early 2007 when it had almost doubled.

Jim and Linda Morton, who kicked off their August vacation by sitting on a submerged bench in the shallow end of the Temple Gardens' pool, are the type of tourists the city hoped the spa would attract. The Lethbridge, Alta., couple, both 57, are staying for two days, and have splashed around in these warm waters before. The spa's success is illustrated not just by the fact the Mortons are repeat visitors, but by what they do when they are not soaking their skin in salted waters.

"The last time we were here we went through both tunnels," Mr. Morton said, referring to the Tunnels of Moose Jaw that snake under downtown buildings and are said to have been used by Al Capone as a Prohibition hideout when the city was a hub for booze delivered by rail to the United States. An interactive tour suggests Chinese immigrants were forced to live and work in the tunnels in the late 1800s and early 1900s.

On an earlier visit, the Mortons also visited the Yvette Moore Gallery, and this time plan to take in the Chocolate Moose Fudge Factory. There are now other attractions, such as big-name musical productions, and the Casino Moose Jaw, which is attached to the spa.

"I think [the spa] is a symbol of the turnaround in the economy of Moose Jaw and the attitude of people of Moose Jaw to their city -- part of the pride in the community, a positive attitude in the community," Mr. McBain said. "To Moose Jaw, the spa is really a symbol of the tourism destination that Moose Jaw has become."

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