

Mount Royal Conservatory and the Bella Concert Hall

TEACHER NOTES

Learning Objectives

- Articulate the purpose and benefits of expansion plans for an educational arts institution.
- Identify internal and external resources available for capital projects in post-secondary institutions.
- Assess the reliability of financial projections in a dynamic economy.
- Consider creative fundraising options in the context of capital projects.
- Develop rationale for courses of action based on competing factors in decision making.

Topics For Discussion

Planning Expansion

In 1992, when the idea for expansion of facilities was first raised, Mount Royal Conservatory (MRC) had existed for over 80 years as a school of music and speech arts serving the local community through private and group instruction. Although located on the campus of Mount Royal College, and financially connected to it, the conservatory offered primarily non-credit instruction. In fact, only a small percentage of students, mostly in the Academy for Gifted Youth and then-diploma programs in music and theater, worked toward professional careers as performing artists.

- What conditions led MRC and institutional leadership to consider a major building project for a new conservatory and concert hall?
- Mount Royal College had expanded in the 1970s, and the Lincoln Park Campus provided theater and instructional space for conservatory use. What were the limitations of these existing facilities?
- What was the vision for the new building and who was it meant to serve? Why were institutional leaders interested in building a new mid-sized theater in particular?
- What benefits were being sought for both the conservatory and the post-secondary institution?

Consider also that the conservatory dramatically increased the number and type of its program offerings in the mid- to late-20th century. Instrumental and vocal ensembles, private lessons, early childhood programs, and speech arts and drama instruction, to name a few, all expanded. This meant that a college campus was being used to serve students of all ages and abilities. What challenges did students face when coming to campus for instruction?

Navigating Uncertainty

As the plans for construction continued, key institutional players such as President Thomas Wood and Vice President of External Affairs Hunter Wight left Mount Royal College. Both leaders were deeply committed to the success of the project and the vision of Mount Royal College comprising a world-class conservatory. In their places came others whose experiences and interests were aligned with developing post-secondary programs rather than the conservatory. How might MRC Director Paul Dornian have made his case for the building project, particularly when institutional leaders were less personally invested in the original goal?

- Dornian articulated the importance of having strong community support before undertaking such a building project. Before proceeding, whose buy-in was needed? What steps did the administration take to secure it?
- As the conservatory worked to lower its financial draw on the institution, what additional concerns did conservatory leadership have related to program and revenue growth?

Initially, MRC did not consider building on land owned by the college. Institutional leaders knew that the federal government was approving development projects on land immediately adjacent to campus, and the current grounds would soon be boxed in. Rather than build on campus, Dornian and Wood first looked elsewhere for suitable land and facilities. What were some of the benefits and drawbacks of doing so?

- After several unsuccessful attempts at securing land nearby or across town, they ultimately chose a parcel of land on the edge of campus. What financial and logistical opportunities and challenges did this decision present?

Acquiring financial support from various levels of government as well as major donors requires considerable planning, effort, and the backing of key institutional leaders. How might this process have been aided or hampered by the conservatory's position within a post-secondary institution?

- What resources was Dornian relying on from the institution?
- In what ways was reporting to, and working with, several additional layers of administration lengthening the process?

Planning the construction of a new instructional facility and concert hall requires balancing attention to detail (e.g., planning and accounting for every rehearsal space, studio, office, elevator, parking space, etc.) with a high-level understanding of the facility's central purpose—to serve a multi-faceted regional arts community. When a building project takes years, if not decades, to complete, how might a leader maintain the project vision while not losing sight of the smallest details?

- Which individuals and documents might anchor the vision and ensure the successful execution of the project?
- How might a leader integrate new players into existing roles and communicate effectively among key stakeholders?

When MRC received bids from construction companies, leaders were stunned by a \$20 million increase in the cost of construction relative to their current budget. What factors could have contributed to the 30% increase?

- What might this say about the reliability of financial projections?
- What ought to be taken into consideration when creating such projections?
- What precautions can organizations take to protect against unexpected increases in construction costs?

Developing a Recommendation

With a \$20 million gap between current and former projections for the building project, Mount Royal University faced an exceptionally difficult decision. If the administration were to halt construction, they would be responsible for recovering the nearly \$20 million of federal funds spent on design and preparatory work for the building. If they were to continue, they would still be responsible for the \$20 million in additional construction costs (as well as any other unanticipated costs). How should MRC proceed? When teaching the case, instructors may invite students to submit their recommendations in advance in order to take inventory of the proposals and provide them in condensed form. The teacher might then ask students to consider various factors in their decision making:

- A list of planned features of the conservatory and concert hall is included in **Appendix 2**. Are there any ways that this list could be amended to reduce the scope of the project and, subsequently, its cost? If so, how would this affect the conservatory's ability to serve its community and recoup the additional costs of construction?
- Taking into consideration **Appendix 5**, consider whether the institution might be in a position to cover any or all of the additional costs of the project. If so, how should Dornian approach institutional leadership with this recommendation and request?
- How might Dornian identify and approach additional donors for the remaining costs, especially given that the anchor donation (naming the facility and concert hall) has already been given to the Taylor Family? How might the institution be able to handle the added responsibility of securing these additional donations?
- As MRC leadership found with the return of construction bids, financial projections can be unreliable. Considering the regional economic outlook (**Appendix 6**), what are the important factors that might further influence the cost of the building project?
- Is there a way that the conservatory could recover part or all of the added cost with increased revenue from its current or future operations? Consider:
 - (1) the operating model of the conservatory;
 - (2) its operating budget (**Appendix 1**);
 - (3) anticipated program growth (**Appendix 3**);

(4) rental rates for the theaters and educational spaces (**Appendix 4**);

(5) its students, faculty, staff, and supporters; and

(6) its mission.

- How might Dornian cut costs or increase earned or contributed revenue in his organization to help with this shortfall?
- Dornian was initially committed to avoiding debt for the building project. What are the arguments for and against going into debt to finance the new building? What economic factors should be taken into consideration when going into debt? Were there any other factors that might have influenced Dornian's decision?
- Ultimately, should MRC proceed with the construction of the new conservatory building and concert hall? What is the most prudent decision and why? Students can voice any revisions to their original proposals in discussion or in a follow-up assignment.