

The Eastman **Case Studies**

ANALYZE | QUESTION | ANTICIPATE
ASSESS | STRATEGIZE | SOLVE

Mount Royal Conservatory and the Bella Concert Hall



EASTMAN
INSTITUTE FOR
MUSIC LEADERSHIP



EASTMAN
SCHOOL OF MUSIC
UNIVERSITY OF ROCHESTER

Mount Royal Conservatory and the Bella Concert Hall

Located just east of the scenic Rocky Mountains in Calgary, Alberta, Canada, the Mount Royal Conservatory serves as the music school of the Mount Royal University, a post-secondary institution offering undergraduate and continuing education programs for some 15,000 students annually. The conservatory itself provides primarily non-credit music and speech arts instruction to over 4,000 students of all ages and abilities. Private lessons, choirs, instrumental ensembles, as well as early childhood and advanced performance programs make up just some of the conservatory's diverse offerings. To adapt to the growing needs of its students and community, the physical home of the conservatory has taken many forms. After surveying a brief history of the conservatory, the case focuses on Director Paul Dornian's efforts to build an entirely new performing arts and teaching facility. Following two decades of planning, fundraising, and preparatory work, Dornian faced a serious decision when construction costs skyrocketed unexpectedly. This case examines the conflicting factors Dornian was forced to weigh as he deliberated a path forward for his organization.



This case study was prepared by Stephania Romaniuk at the Eastman School of Music. **The Eastman Case Studies** are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements or sources of primary data nor are they to serve as illustrations of effective or ineffective leadership or decision making.

The People Place

Mount Royal Conservatory (MRC) was officially founded in 1910 as part of Mount Royal College, a residential Methodist school for children from grades 6 to 12 in Calgary, Alberta, Canada. Although a prairie town in a province barely five years old might have seemed an unlikely place to build a conservatory with international aspirations, Calgary was on the performing circuit of world-class musicians and had a musically literate populace enthusiastic for performing arts. Notably, the Australian soprano Nellie Melba sang there in 1911, the year the conservatory enrolled its first students.¹

Mount Royal Conservatory began as both the music department of the college and as a separate entity to teach music to the public—mainly children studying piano, violin, and singing. Music theory and aural skills, early childhood education, and even a piano pedagogy course soon followed. Alongside music instruction grew the department of Physical Culture and Expression (later Speech Arts and Drama), which taught a combination of physical exercise, declamation, and studies in classical literature.

Over the course of the 20th century, MRC expanded its student population and program offerings. Its orchestral program began in the 1930s as a joint violin and guitar ensemble, but quickly grew into a suite of orchestras (including the internationally acclaimed Calgary Youth Orchestra) and bands serving students from early childhood to retirement age. With the growth of these groups, the conservatory felt an increased demand for faculty and students in strings, winds, brass, and percussion. Prominent instructors arrived and likewise brought the then-Speech Arts and Drama department to international acclaim, becoming a leader in pedagogy and curriculum. An artist-in-residence initiative gave rise to a new chamber music program. The conservatory added choirs, jazz, and

summer instruction, popular music ensembles like the Calgary Fiddlers, and credit-bearing music and theater diploma programs. MRC further offered a policy for branch teachers: vetted instructors could now teach from their homes rather than on the main campus. From a few dozen students in 1911, registration grew to hundreds and later thousands.

The college, meanwhile, was also expanding, and by the 1970s its institutional motto had become “The People Place.” With this expansion, the conservatory turned outward toward the community, and to the world, more than ever before. To better serve its growing student population and city, in 1972 the institution moved to its new Lincoln Park campus, complete with two distinct and intimate theaters: the Leonard Leacock Theatre for music performance and the Wright Theatre for drama. A satellite conservatory campus across town was also established, and students performed in concerts that served the broader community. The Calgary Youth Orchestra was touring Europe under conductor Frank Simpson, who would establish the conservatory’s tradition of inviting guest artists to teach masterclasses to the young musicians. In 1980, then-Director Dr. Norman Burgess created the Academy for Gifted Youth, a tuition-subsidized program for aspiring professional classical musicians. Graduates went on to study at major American conservatories, win prestigious international competitions, and later, gain orchestral placements and faculty positions at top institutions. Notable alumni have included internationally acclaimed pianist and Deutsche Grammophon recording artist Yuja Wang, violinist Ning Feng (the first student in the 200-year history of London’s Royal Academy of Music to score 100% on his final recital), and pianist and composer Heather Schmidt (at 21, Indiana University’s youngest doctoral degree recipient).

In 1992, Paul Dornian became Director of the Conservatory. A former MRC student himself (a clarinetist in the Calgary Youth Orchestra) and graduate of the Cleveland Institute of Music, he had

¹ We are grateful to Diana A. Patterson for historical insights gleaned from her book, *Mount Royal Conservatory’s First One Hundred Years: A Social History of a Musical Institution* (Calgary, Mount Royal University Conservatory, 2011).

been Manager of General Programs, a position created for him by Director Burgess. Described by faculty and donors as “someone who gets things done,” Dornian was responsible for expanding MRC in important ways. He created the conservatory’s annual fundraising dinner, entitled “The Feast of Sound and Song”; added guitar studies to the Academy program; oversaw the completion of the Wyatt

Organ and Recital Hall; and, notably, created the elite-level performing arts summer institution called Morningside Music Bridge.

Established in 1997 by Dornian and Chinese entrepreneur Andy Chan, Morningside Music Bridge aimed to bring students from Calgary and several Chinese cities together in a cross-cultural experience

providing world-class piano, strings, and chamber music training at no cost to participants. Morningside Music Bridge raised the bar for conservatory activities, although the heart of the conservatory’s work remained its non-credit programs for amateur musicians. These offerings served the almost 4,000 students of all ages and abilities who took part in private lessons, ensembles, choirs, group classes, and early childhood education on campus, at the satellite location, and in branch teachers’ homes.

Finding Space

By the early 1990s, physical space had become an issue for the conservatory. With the expansion of MRC programming in the 1980s, space was tight and rooms of all sizes were pushed to their capacity. Additionally, the Lincoln Park campus was not well suited for the logistical needs of conservatory students: parents pushing strollers to Music with Your Baby classes as well as children and teenagers carrying instrument cases were forced to navigate a large college campus

designed for adults pursuing journalism, education, nursing, and even aviation. Further, although the conservatory studios and administrative offices were located primarily in one wing of campus, rehearsal classrooms (which were not properly soundproofed) and the theaters were spread throughout the college. Parents of students moreover complained about the costs and hassles of parking, a deterrent when compared with the convenience of “strip mall music schools” in local suburbs.

At that time, MRC had received a mandate from the college to grow its programs and to become more relevant to the community. While the Province of Alberta provided subsidies to the college for costs associated with credit-bearing instruction, the conservatory was largely ineligible for such funding. Instead, MRC relied mainly on a mix of earned and contributed revenue. Earned income consisted of tuition fees collected from students enrolled in non-credit group classes and private lessons. Contributed revenue came from individual donations and government grants. The school also made annual draws from an endowment to support itself. Unhampered by provincial legislation capping tuition increases, and more flexible in its program offerings, the conservatory could respond to the changing needs of its students and community. To take advantage of off-peak times of campus use, Dornian created several new summer programs—including an adult chorus, Kodály and early childhood strings programs, a piano camp, and a Head Start program for incoming band students—which generated revenue when the college was largely vacated between academic years.

When theater operations came under the purview of the conservatory in the late 1990s, Dornian charged Albert O’Neil, Manager of Conservatory Support, with growing theater rentals. After studying industry norms in Calgary, revising outdated rental agreements, and building a staffing plan, O’Neil kickstarted what would become a significant source of revenue for MRC. With the help of newly hired Technical Production Supervisor

Described by faculty and donors as “someone who gets things done,” Paul Dornian was responsible for expanding MRC in important ways.

Oli Siska, the conservatory began reaching out to local artists, nonprofit arts groups, and community ensembles from a variety of cultural backgrounds who began to rent the theaters for their events. However, even with the additional revenue generated by these

efforts, Dornian knew that lack of space was hampering future growth.

Despite revenue generated by theater rentals, Dornian knew that lack of space was hampering future growth of MRC.

In 1998, Dornian and a team of individuals began exploring the idea for a new conservatory building and theater, which they envisioned not only as the home of MRC operations,

but also as a necessary educational and performance space for a growing city experiencing a strong economic expansion. The 800-seat theater, they believed, would also help fill an important venue need: touring artists making the Western Canada circuit of mid-sized theaters had no comparable options in Calgary.

Leaders at both the conservatory and the college shared a vision that helped get the project off the ground. According to Dornian, besides himself, “the real champion for the new building and theater” was the president of Mount Royal College, Thomas Wood. Both were assisted by Vice President of External Affairs Hunter Wight. “It was important in an organization like a post-secondary institution to have that type of support from the senior administration,” Dornian stressed. Wood and Wight would become integral to helping the conservatory receive not only significant financial commitment from all levels of government, but support from the community as well.

Building Support

Dornian knew that “the theater had to be a community resource if it was going to be viable.” Revenue from community bookings would help sustain theater operations, which conservatory bookings alone could

not. Additionally, new large ensemble rooms and smaller classrooms could be rented out to business clients for conferences, lectures, or workshops, providing additional revenue. To help assess community support of the project, Dornian’s first step was to reach out to local performing ensembles, festivals, competitions, and artists. Over a period of several months, Dornian spoke with over 20 performing arts organizations from the Calgary Folk Festival and Foothills Blue Grass Music to the Calgary Opera and the Esther Honens Calgary International Piano Competition. The results of his conversations were overwhelmingly positive. The community was interested in the space and informally pledged to use it. With support from the highest levels of senior administration, Dornian began searching for the land on which to build the new Mount Royal Conservatory.

By the early 2000s, the federal government had begun decommissioning a former military base which sat adjacent to the college. Conservatory and senior college administration knew that major development projects would soon hem in the campus. To avoid using up a significant portion of the college’s remaining land, Dornian and Wood instead looked at several off-campus options to build the new conservatory. Each attempt ended in frustration. Twice, the federal government backed out as other local developers refused to have a youth-targeted arts education facility and theater next door to a residential area and local commercial properties. The third option would have been to repurpose a historical downtown school controlled by the Calgary Board of Education. The conservatory quickly realized that to undertake a major renovation project would not be financially feasible. Discouraged by these attempts but determined to continue, Dornian and the new college president Dr. David Marshall, who had taken over from Wood in 2003, eventually settled on a location on the edge of the current Mount Royal College campus that looked promising.

Next, Dornian hired a consultant from Vancouver to conduct a needs analysis, which would help the

conservatory determine the scope of the project as well as prepare for ongoing fundraising efforts. This comprehensive study was a rough draft of the space requirements for both the instructional facilities and theater. In addition to the studios and practice rooms, there would be several other spaces for teaching and performance, which could also be booked for corporate events. These would include a large rehearsal venue that could hold a full orchestra, classrooms that could double as conference rooms, a board room, a computer training laboratory, and even food services for event catering. Key features of the theater included an acoustically malleable performance space, seating for 650 (slightly reduced from earlier estimates), a single balcony, choir loft, pipe organ, six dressing rooms, green rooms, production offices, and ample storage space. Front of house spaces included sizeable lower and upper lobbies, a box office, bar, donor's lounge, and public restrooms. As time went on and various locations were considered then abandoned, these plans—and corresponding budget estimates—changed substantially. Early estimates for the project

hovered near \$27 million,² which grew to \$34 million by the mid-2000s.

MRC leadership also felt mounting pressure from the institution³ to transform its operating model. Since the 1990s, the conservatory had

been expected to generate about 50% of its budget through earned tuition revenue (see **Appendix 1**). The institution contributed the other 50%, which included provincial funding for a credit diploma program added in the 1960s, endowment returns for the Academy Program for Gifted Youth, and donations supporting the newly begun Wyatt Concert Series, which brought world-class performers to campus. Going forward, institutional leaders wanted the conservatory to work on a cost-recovery model, and so one of the initial

aims of the new building was first to reduce, and then eliminate, the draw on the college by generating more earned income.

Blueprints for the Future

The financial goals for the project were ambitious. “At the very beginning, we had absolutely no intention or desire to incur debt,” recalled Dornian. To avoid borrowing, the conservatory envisioned that capital funding would come primarily from three levels of government: one-third each from federal, provincial, and municipal subsidies. A small amount of additional support would come from other sources to help cover costs associated with equipping the facility. As project costs continued growing, Wight and Marshall were instrumental in securing significant financial contributions from government sources.

In 2007, the City of Calgary unexpectedly received a surplus of provincial funds, which would be allocated for local infrastructure renewal projects. Dornian and Wight seized the timely opportunity and went to the Calgary Arts Development Authority, the municipal authority for arts funding, to advocate on behalf of the conservatory to the City. Backed by substantial community support, the conservatory successfully argued that there was a performing arts space deficit and that the new theater could help. MRC's first major contribution was secured—\$10.3 million.

In 2009, Wight and Marshall helped the conservatory procure an additional \$20 million in federal funding through an elaborate process of written proposals, lobbying, meetings, and constant communication with government representatives. Key contacts were also regularly invited to MRC events. These efforts paid off as provincial funding, also in the amount of \$20 million, followed shortly after. By now, however, the anticipated construction budget had grown to \$65 million. This meant that, despite essential government funding, \$15 million remained to be secured. Waiting in the wings to not only meet this benchmark, but offer a small buffer, was the largest single private donation to date in the

MRC leadership felt mounting pressure from the institution to transform its operating model.

² All figures are given in Canadian dollars (CA\$).

³ The “institution” refers to Mount Royal College and, later, Mount Royal University.

institution's history. In 2010, MRC announced that \$21 million had been donated by the Taylor Family, making the facility the "Taylor Centre for the Performing Arts." The family matriarch, Mary Belle Taylor, would also be honored in the naming of the theater: the "Bella."

With the location settled and key funding in place, the conservatory began the process of hiring architects to draw up the blueprints. While the conservatory's original commitment to serving the community with the new facility had not changed, the initial footprint of the building would need revisiting. The Bella would be "a mid-sized theater that would fill a unique place in the performing arts ecosystem in Calgary," Dornian felt. He also insisted on "well designed, unique rehearsal spaces for the many instrumental ensembles and choirs," which had been a part of the conservatory's instructional family since the 1930s. Depending on the year, there were between eight and ten different large ensembles, from a string orchestra for young children to the sizeable Calgary Youth Orchestra, plus a variety of smaller ensembles, three or four choirs, and a comprehensive chamber music program, all of which required special large spaces.

MRC also wanted to provide new and improved studio spaces for private lessons, which would double as practice rooms as needed. Talks were under way about underground parking to accommodate the students and their parents as well as audience members to the performance center. This would be particularly advantageous during the cold, Canadian winter months. The building would house the administrative offices of the conservatory staff, a large board room for meetings, staff and student lounges, and special rooms for percussion and harp instruction and instrument storage. A dedicated early childhood music wing complete with a family-friendly parent waiting area and "stroller parking" was also in the works. Dornian noted that "we had a growing early childhood program there for preschool children. It was popular, and it was profitable. We wanted to give it space to expand."

As for the theater, "we looked at all the conservatory and institutional activities that could not be accommodated in the existing performance spaces and planned a theater that would house as many of those as was feasible," recalled Dornian. "We wanted it to be located in the same building as music instruction, but to be acoustically and functionally separated, so that teaching and performance activities could occur simultaneously. The theater needed to be able to fit an orchestra and chorus in performance, and there needed to be adjacent staging spaces to accommodate the performers. For touring programs, the loading dock required adequate parking space for two semi-trailers and level access to the stage. There also had to be adjacent support space for the technical crews that come with touring shows."

In 2011, NYC-based Pfeiffer Partners and Calgary-based SAHURI + Partners began designing the new building. What would become one of the theater's signature design elements—the theatre ceiling's "prairie rose," a tribute to the provincial flower—came from lead architect William Murray, who wished to reflect the local landscape in all elements of the building. The new building was also ambitiously being designed to a Leadership in Energy and Environmental Design (LEED) Gold certified standard. Meanwhile, the college had officially become recognized as a university. There was a new president and turnover in the senior administrative team, including the departure of Hunter Wight. The new institutional leaders brought with them a deep commitment to post-secondary initiatives; however, it came as a surprise that this administration was less supportive of plans for a world-class conservatory on campus. Still, eager anticipation for the new building was growing in the community.

To Build or Not to Build?

Later in 2011, MRC hit an unexpected challenge that threatened their vision of almost two decades. With the \$65 million cost estimate in mind for the project, the conservatory placed a call for bids to

construction companies. By this time, according to Dornian, “the industry had changed, the economy got hot, and construction became more expensive.” When construction bids came in, they were significantly over budget—some \$20 million over.

Conservatory and institutional leadership were blindsided by this 30% increase in the cost of construction, now topping \$85 million. They were

Conservatory and institutional leadership were blindsided by a 30% increase in the cost of construction, now topping \$85 million.

committed to avoiding debt to finance the project but did not know where the additional \$20 million would come from. The conservatory’s operating budget for the year was approved by the Board of Directors, and the coming year’s budget would not be able to cover the additional expenses. In fact, under the

conservatory’s current projected budget, it would take a decade or more to absorb those costs. It was unlikely Dornian would find another \$20 million private donor, such as the Taylor Family, particularly since theirs was the sole anchor gift: there were no remaining spaces as prominent as the facility or theater to name in exchange for a contribution of that size. To find several smaller donors would require considerable administrative time and energy, and the University Foundation responsible for securing funding for the institution was already working at capacity. In fact, this building project was not the only one on campus: plans for the Riddell Library and Learning Centre were likewise under way.

Crucial to the decision ahead, the majority of federally granted funds (\$20 million) were already spent on design and preparatory work for the new performing arts space. Under the terms of the agreement, should MRC abandon its project, it would be responsible for returning those funds in full. Should the project

proceed however, current estimates indicate that the conservatory would be able to grow its programming, and revenue, by 50% in the new space, moving toward cost recovery within five years of the building’s opening. There were also plans under way for a music performance degree program, which may bring in additional provincial funding. At this point, however, the creation of the program was by no means guaranteed.

The conservatory has placed the building project on hold to deliberate. The board of directors of Mount Royal University has asked for a recommendation and rationale on whether to proceed with construction.

Weighing in the balance are several important factors. To start, Dornian reviews a recent operating budget (**Appendix 1**) for the conservatory, knowing that MRC is under pressure from the institution to become more self-sustaining. In the hopes of generating more revenue through earned income, he examines the proposed features of the new building and hall, as well as parking requirements (**Appendix 2**). He considers reducing the footprint and features of the new building to save on construction materials and labor costs. He knows that doing so would also reduce the conservatory’s capacity for new program growth (**Appendix 3**) and rental revenue (**Appendix 4**), as well as its ability to serve as a community resource.

As another option, Dornian considers approaching the institution for financial help, whether for the \$20 million in additional construction costs, or the \$20 million in federal grant repayments. Given the summary of Mount Royal University’s 2010-2011 audited financial reports (**Appendix 5**), he wonders whether the university might be able to cover any of the outstanding construction costs and, if so, how he might approach university leaders for that request.

Another important factor Dornian weighs is the likelihood of anticipated program growth and rental revenue if the building were constructed. As the

construction bids demonstrate, projections can be unreliable. Dornian examines the regional outlook (**Appendix 6**) for economic indicators that might influence his decision.

As Dornian weighs the conservatory's mandate against this unexpected financial roadblock, he wonders if his vision of a new home for the Mount Royal Conservatory and Bella Concert Hall will materialize.

APPENDIX 1

Conservatory Operation Budget (mid-2000s)

appendices



APPENDIX IV: The Conservatory 2007-2008 Operating Budget

Conservatory Office	Revenue	\$ 75,063
	Expense	668,216
	Subtotal	(593,153)
Special Programs	Revenue	187,900
	Expense	557,876
	Subtotal	(369,976)
Operating Assets: Conservatory & Theatre	Expense	39,505
	Subtotal	(39,505)
General Programs & Orchestras	Revenue	2,369,215
	Expense	2,009,062
	Subtotal	360,153
Academy, Choral & Shakespeare in the Park	Revenue	631,472
	Expense	718,534
	Subtotal	(87,062)
Support, Marketing & Theatre Services	Revenue	38,683
	Expense	681,404
	Subtotal	(642,721)
Post-Secondary: Theatre, Speech & Music Performance	Revenue	24,662
	Expense	1,355,030
	Subtotal	(1,330,368)
Total revenue		3,326,995
Total expense		6,029,627
Total		(\$2,702,632)

APPENDIX 2

Space Requirements

MRC
Lincoln Park Campus Expansion
Facility Program - Learning Centre • Concert Hall • Conservatory

Concert Hall

Section 4.0

The Concert Hall is a venue designed specifically for the performance of music. The proposed facility is of a size that might more commonly be termed a recital hall, but the name, concert hall, has been retained for continuity with previous studies.

Model Booking Schedule

Conceptually the Concert Hall is proposed as a booking venue – that is it is to be used by a range of groups who book scheduled dates. A fee structure is charged for all bookings although the rate structure may vary in accordance with operating policy. The schedule and fee administration is managed by a unit independent of users, proposed in the feasibility study to be Extension Facilities operations. However, it is well recognized that the principal objective for developing the Concert Hall is to enhance the Conservatory and it is Conservatory performances that will be assigned the majority of booking time along with those of its affiliates such as the Calgary Youth Orchestra. However, the use of the Concert Hall by other community performing groups will be a vital dynamic in a successful operation. While the Concert Hall is not what might be termed a multi-use facility, it will be designed for an appropriate range of events that are compatible with its primary use for music performance. Therefore, it is anticipated that the booking schedule will include other college and, in particular, Learning Centre events such as plenary sessions, special lectures, recognition and awards events, and similar functions.

The feasibility analysis of Conservatory and community demand is summarized below in general categories and assuming a managed schedule. The original data has been adjusted to reflect the smaller audience capacity proposed relative to the feasibility study.

Table

Facility Overview

The Concert Hall facility program is based on the following general features:

- The planned audience capacity is between 600 to 650. For program-level planning it is assumed the configuration of the audience chamber will not include a full balcony; rather the chamber will be segmented using an arrangement with a lower orchestra section and a parterre wrapping around the sides of the hall and rising at the rear. Audience access will come from a single lobby wrapping a good portion of the hall (that way include some internal level changes). This initial assumption is subject to actual detailed design and budget analysis.
- It is assumed the hall will be of the general "shoe box" form. The hall will be carefully designed, utilizing specialist expertise, to fully attain the acoustical objectives. Performances will range from individual performers to large orchestra and choir groups. In particular the latter, a large acoustic volume is

CORNERSTONE

MRC
Lincoln Park Campus Expansion
Facility Program - Learning Centre • Concert Hall • Conservatory

necessary with the implication for considerable height in the hall. In order to suit the range of performances, the hall will require some capacity for tuning — this will entail devices to alter the acoustic characteristics of critical surfaces within the hall and to alter the shape of the stage (in three dimensions). The interior surfaces of the hall will require reasonable articulation to achieve acoustical criteria for multiple reverberant paths.

- As with all performance places, the lobby will be designed to reinforce the special character of the activity. The lobby will allow for its own functions by way of hosting exhibits and staging small performances as well as the essential informal audience dynamic. The concert hall lobby must maintain the bond between the audience and the performance, and so be isolated normally from the other components. However, when the Concert Hall is programmed in combination with the Learning Centre, a convincing connection between the public spaces in each is needed.
- Back-of House spaces are separate from the Conservatory operation to ensure that the hall can be scheduled as a booking venue (and the stage does not by necessity become a rehearsal facility) and that necessary supporting functions for performance groups are accommodated. The inclusion of a rehearsal/recital hall space is important in meeting the first objective. This space will provide a reasonable simulation of the stage for rehearsal. The space can also host small recitals, and generally be used by the Conservatory as permitted by the schedule. Other support space includes the dressing room, warm-up and green room space appropriate to the relatively large scale performance groups. Also important is a loading facility for the delivery of instruments by community users.
- The Concert Hall will be equipped with appropriate technology for recording, sound reinforcement, contouring and communications.

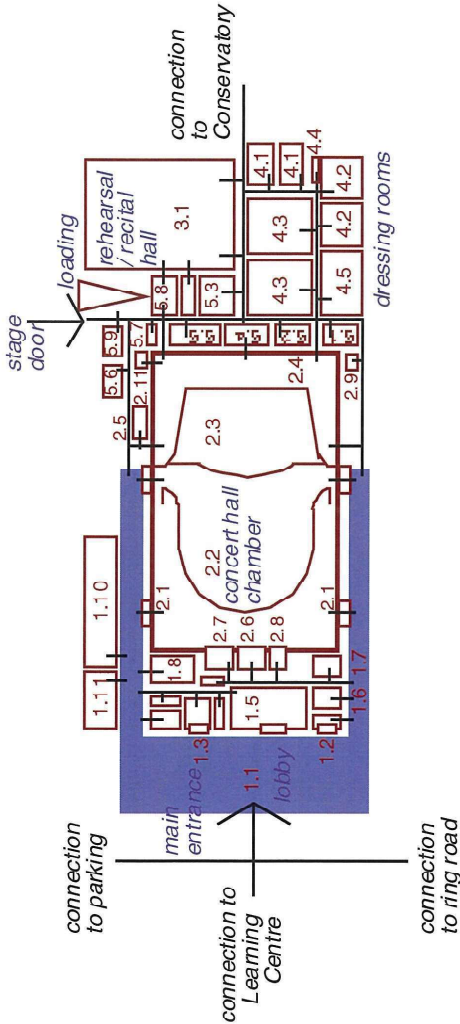
CORNERSTONE

MRC
Lincoln Park Campus Expansion
Facility Program • Learning Centre • Concert Hall • Conservatory

Overall Requirements

The facility program for the Concert Hall is illustrated in the overall Spatial Relationship Diagram, followed by the Space Area Table. The Lobby area is shaded; it would be comprised of net area as programmed plus part of the gross assessment of circulation depending on the actual design configuration. The front of house support spaces could be arranged differently than diagrammed subject, again, to the actual design. The access to the concert hall chamber requires a concern for acoustic separation; also there will be complexities of level change.

Concert Hall – Spatial Relationship Diagram



CORNERSTONE

MRC
 Lincoln Park Campus Expansion
 Facility Program • Learning Centre • Concert Hall • Conservatory

Concert Hall - Space Requirements Area Table

Component	Space	unit capacity	space area	unit space standard	number of spaces	total capacity	total area	Component Net Assignable Totals	Component grossing factor	Component Gross Area Totals
CH.1	Front of House							616.7	1.35	832.5
1.1	Foyer (allowance)		21.0		1		21.0			
1.1	Lobby - Lower	600	390.0	0.65	1		390.0			
1.2	Box Office		5.0		1		5.0			
1.3	Bar Spaces		10.0		1		10.0			
1.4	Bar Stores		4.0		1		4.0			
1.5	Coal Room		45.0		1		45.0			
1.6	Office - House Manager		9.3		1		9.3			
1.7	First Aid Room		9.3		1		9.3			
1.8	Storage - Programmes and FOH Operations		19.3		1		19.3			
1.9	FOH Janitor Closet		2.8		1		2.8			
1.10	Restrooms - Female Public		72.0		1		72.0			
1.11	Restrooms - Male Public		24.0		1		24.0			
1.12	Restrooms - Assisted H'cap't		5.0		1		5.0			
CH.2	Audience Chamber and Stage							857.7	1.20	1,029.2
2.1	Sound & Light Locks		In gross							
2.2	Audience Seating - lower (including sound mix pos)	600	504.0	0.84	1		504.0			
2.3	Stage		188.0		1		188.0			
2.4	Wing space - left and right (including stage manager position)		125.0		1		125.0			
2.5	Quick Change (SRSL)		7.0		1		7.0			
2.6	Control Room - Lighting		9.3		1		9.3			
2.7	Control Room - Sound		9.3		1		9.3			
2.8	Control Room - Stage Management		5.0		1		5.0			
2.9	Dimmer Room		2.3		1		2.3			
2.10	Sound Rack Room		5.0		1		5.0			
2.11	Stage Janitor Closet		2.8		1		2.8			
2.12	Rigging Grid - stage		In gross							
2.13	Technical Gallery (catwalks)		In gross							

CORNERSTONE

MRC
Lincoln Park Campus Expansion
Facility Program - Learning Centre • Concert Hall • Conservatory

Component	Space	unit capacity	space area	unit space standard	number of spaces	total capacity	total area	Component Net component Assignable Totals	grossing factor	Component Gross Area Totals
CH.3	Rehearsal/Recital Hall							259.3	1.30	337.1
3.1	Rehearsal/Recital space		250.0		1		250.0			
3.2	Rehearsal Storage		9.3		1		9.3			
CH.4	Performers Support							228.0	1.30	296.4
4.1	Dressing Room - 2 person		14.0		2		28.0			
4.2	Dressing Room - 4 person		25.0		2		50.0			
4.3	Dressing Room - Chorus (20)		55.0		2		110.0			
4.4	Dressing Room Janitor Closet		3.0		1		3.0			
4.5	Green Room		37.0		1		37.0			
CH.5	Stage Support							138.1	1.30	179.6
5.1	Lighting storage		9.3		1		9.3			
5.2	Sound storage		9.3		1		9.3			
5.3	Instrument store		20.0		1		20.0			
5.4	Piano storage		13.0		1		13.0			
5.5	Platforms, Stands & Chair store		15.0		1		15.0			
5.6	Production Office		9.0		1		9.0			
5.7	Restrooms - Backstage		3.3		1		3.3			
5.8	Stage Receiving Area		15.0		1		15.0			
5.9	Stage Door/Security		9.3		1		9.3			
	Physical Resources (allowance)		35.0		1		35.0			
Net Assignable Total								2,099.8		
Estimated:										
Component Gross									1.27	2,674.8
Circulation System Gross									0.15	315.0
Building Systems Gross									0.10	210.0
Building Gross									1.52	3,199.8

CORNERSTONE

MRC
 Lincoln Park Campus Expansion
 Facility Program - Learning Centre • Concert Hall • Conservatory

Space Requirements

Requirements specific to each space, or space type, are documented on the Space Data Sheets following.

The information is intended to provide the design team with direction for initial schematic design. However, during design development it is expected that the team will consult users directly to detail the elements within the space (eg. millwork, service locations etc.) as well as to review alternate ideas as appropriate.

Where relevant, the data sheets include a prototypical space layout diagram. This is intended for illustrative purposes only and the actual design may result in a different spatial arrangement. In note form the remaining data concerns:

- elements accommodated within the space (eg. furniture and equipment)
- shell characteristics (eg. minimum dimensions, finishes, access requirements etc.)
- servicing characteristics (eg. illumination, power, water, etc)

CORNERSTONE

MRC
Lincoln Park Campus Expansion
Facility Program - Learning Centre • Concert Hall • Conservatory

Section 5.0 *Conservatory*

The MRC Conservatory is the largest operation of its kind in Canada. The combination of a new home and the development of the Concert Hall will greatly enhance its capacity and recognition.

The new facilities will increase the general enrollment capacity of the Conservatory by a nominal 50% with a future degree program to be considered. The quality of the facilities will increase the stream of professional performer training, and expand the potential for national and international partnerships.

In general terms the space requirements for the Conservatory are straight forward. The majority of the facility is comprised of separate studios and ensemble spaces designed for music instruction and rehearsal. The studios range in size to suit the instrument(s) and number of musicians accommodated. Similarly the ensemble spaces are of a range of sizes to suit the size of the instrumental and choir groups. Larger choirs and orchestras require a number of concurrently used break-out spaces for the separate rehearsal of sections. A number of ensemble spaces will be used for electronic music; others for amplified music, for example with the jazz program.

Facility Overview

The Conservatory enrolls musicians of different ages from very young children to young adults. A number of the studios have special features and furniture sizes specifically suited to children. It is also important to design appropriate waiting spaces for parents, particularly those associated with the programs for young children.

In all cases the music spaces have particular acoustic requirements including construction that will isolate the sound from one space to another, and features that will appropriately absorb, reflect and diffuse the sound. With different instruments and groups the size and volume of the room is important, but also the characteristics of the room surfaces need to match the use. Adjustment of room characteristics using demountable acoustic and diffusing panels can be an effective means to tune each studio to its uses. Many of the ensemble rooms will be used for recording; some will be used for video-conferencing technology to link students and remote instructors or adjudicators. Specialist acoustical input is essential during the design process; an overview of the issues is summarized in the appendices. The facility requirements also include the need to maintain an indoor environment with reasonably stable temperature and humidity.

Other space in the Conservatory includes office facilities for the administration/registration, and for faculty. Most of the instructors will be assigned (shared) office/studio space. Finally the Conservatory requires support space of various types. This includes, for example, space for audio mixing and for a wide range of storage needs.

CORNERSTONE

MRC
Lincoln Park Campus Expansion
Facility Program • Learning Centre • Concert Hall • Conservatory

Overall Requirements

The facility program for the Concert Hall is illustrated in the overall Spatial Relationship Diagram, followed by the Space Area Table. The diagram does not convey the likelihood that the actual design will locate the space on two (or possibly more) levels – a key consequence of which is to develop the circulation system to integrate the whole.

Conservatory – Spatial Relationship Diagram



CORNERSTONE

MRC
Lincoln Park Campus Expansion
Facility Program - Learning Centre • Concert Hall • Conservatory

Conservatory - Space Requirements Area Table

Component	Space	unit capacity	space area	unit space standard	number of spaces	total capacity	total area	Component Net Assignable Totals	Component grossing factor	Component Gross Area Totals
C.1	Administration							446.1	1.35	602.2
1.1	Reception/waiting space	8	20.0		1	8	20.0			
1.2	Reception/Office: Clerical/reception workstation Internal circulation & support area	4	46.7 34.6 12.1	8.65 35.0%	1	4	46.7			
1.3	General Office: Open area workstation Internal circulation & support area	8	93.4 69.2 24.2	8.65 35.0%	1	8	93.4			
1.4	Office - Director	1	17.3	17.28	1	1	17.3			
1.4	Office - Large	1	14.0		1	1	14.0			
1.4	Office - Admin. Assistant	1	8.7	8.65	3	1	14.0			
1.4	Office - Coordinator/Manager	1	8.7	8.65	15	18	129.8			
1.5	Workroom	1	32.0	8.65	1	1	32.0			
1.6	Mail/Distribution Area	1	22.0	8.65	1	1	22.0			
1.7	Meeting Room	18	45.0	1.90	1	18	45.0			
C.2	Instructors' Support							45.0	1.15	51.8
2.1	Instructor/Staff Lounge	20	45.0	2.25	1	20	45.0			
C.3	Classrooms							336.0	1.15	386.4
3.1	Classroom (with pianos & storage)	30	72.0	2.30	3	90	216.0			
3.2	Computer Lab (Electronic Music Studio)		60.0		2		120.0			
C.4	Studios							2,686.0	1.15	3,088.9
4.1	Very large		40.00		5		200.0			
4.2	Large (most also serve as offices)		28.00		14		392.0			
4.3	Medium (most also serve as offices)		20.00		32		640.0			
4.4	Small (most also serve as offices) <i>Children's washroom</i>		15.00		34		510.0			
4.5	Kodaly		28.00		2		56.0			
4.6	Music With Your Baby		28.00		2		56.0			
4.7	Ensemble Studio		60.00		3		180.0			
4.8	Ensemble Studio		80.00		1		80.0			
4.9	Ensemble Studio		100.00		1		100.0			
4.10	Ensemble Studio		200.00		1		200.0			
4.11	Practice Rooms		8.0	8.65	10		80.0			
4.12	Practice Rooms		14.0	14.00	6		84.0			
4.13	Waiting Rooms for Studios	10	22.5	2.25	4		90.0			
4.14	Student Social Node (with vending)		18.0		1		18.0			
C.5	Support Facilities							120.0	1.10	132.0
5.1	Instrument Storage		20.00		2		40.0			
5.2	Costume Storage		20.00		1		20.0			
5.3	Admin. Storage		20.00		1		20.0			
5.4	Workshop		20.00		1		20.0			
5.5	General Storage		20.00		1		20.0			
Net Assignable Total								3,633.1		
Estimated:										
Component Gross								1.17	4,261.3	
Circulation Systems Gross								0.34	1,235.3	
Building Systems Gross								0.09	327.0	
Building Gross								1.60	5,823.5	

CORNERSTONE

MRC
 Lincoln Park Campus Expansion
 Facility Program - Learning Centre • Concert Hall • Conservatory

Space Requirements

Requirements specific to each space, or space type, are documented on the Space Data Sheets following.

The information is intended to provide the design team with direction for initial schematic design. However, during design development it is expected that the team will consult users directly to detail the elements within the space (eg. millwork, service locations etc.) as well as to review alternate ideas as appropriate.

Where relevant, the data sheets include a prototypical space layout diagram. This is intended for illustrative purposes only and the actual design may result in a different spatial arrangement. In no form the remaining data concerns:

- elements accommodated within the space (eg: furniture and equipment)
- shell characteristics (eg: minimum dimensions, finishes, access requirements etc.)
- servicing characteristics (eg: illumination, power, water, etc)

CORNERSTONE

Parking

Parking is a large and critical issue for MRC, as it is for all commuter college campuses. The issues that affect the site in question pertain not only to the necessary parking for the three new building components but to maintaining the balance of overall campus supply.

Current parking on site is approximately:

- 400 Faculty and Staff
- 200 Visitor

It is assumed that this 600 spaces approximately equals the demand specific to this site to balance the overall campus requirements, exclusive of the new facilities. In the current campus pattern parking in the evening, after 4:00 pm drops to about 60% or less of the peak day demand.

Convenient parking for the new facilities will be critical to their success. As indicated in the table below, demand is highest in the evening when, fortunately, there is surplus supply. The significant day demand is the governing factor since this is when overall campus demand is highest. For the most part, users will not tolerate long walks from randomly accessed lots, and, therefore, the parking on site will need to be managed to maintain priority for intended program users. This will be made somewhat easier by virtue of the expectation that these users will not be unduly adverse to parking charges.

The estimated parking demand relative to the site at the time when campus enrollment reaches 9000FLE is shown in the table below.

Estimated Parking Demand

	Existing Spaces:	notes	Estimated Requirement-Spaces				
			1	week day	week eve	wknd day	wknd eve
Academic Faculty/Staff	400	2		400	200	200	50
Visitors	200	3		200	50	50	25
Learning Centre	na	4		225	350	250	250
Concert Hall @	625	4		45	225	225	300
Conservatory	na	5		140	280	280	50
- net out current Conservatory		5		-100	-150	-150	0
Total Demand	600			910	955	855	675

Notes:

1. weekday = Mon. to Friday; Eve = after 4:00pm; wknd.day = Saturday & Sunday; wknd eve = Friday to Sunday
2. assumed approximately equal to existing; discussion below considers demand from subsequent growth
3. assumed approximately equal to existing; further growth can be accommodated at West Gate
4. estimate corresponds to about 90% peak demand; at peaks other parking may be required
5. Conservatory already uses existing parking; estimate shows total demand less existing = net increase

CORNERSTONE

MRC
 Lincoln Park Campus Expansion
 Facility Program - Learning Centre • Concert Hall • Conservatory

As the campus enrollment continues to grow from 9000 FLE, additional demand for faculty, staff and visitor parking can be expected in this campus location, say by about 300 spaces in proportion to existing. However, developing parking supply on this site is constrained and it is likely to make sense to plan for most of this demand to be supplied in (structured) parking in another location.

In the Feasibility Study it was estimated that the site could accommodate the supply of approximately 700 surface spaces plus the three new building components. In addition, relatively cost-effective structured parking could be provided as follows:

- 90 to 125 spaces in a single level under the Learning Centre and optionally under the lobby portion of the Concert Hall;
- 80 to 90 spaces in a single level under the Conservatory;
- up to 130 spaces in a stacked layer of parking along a portion of the campus perimeter, exploiting the site grades (this would be treated so as to provide an appropriate campus edge).

The planning to date has assumed developing the first structured parking option only and that additional edge layered parking would be maintained as a future option. It was also assessed that this structured parking could be self-financed. These assumptions should be reviewed relative to overall campus plans for structured parking development and the project budgets.

As noted above, it is important that the design concept provide good pedestrian connections, with particular note for the route between visitor parking and East gate.

CORNERSTONE

APPENDIX 3

Anticipated Program Growth

STRENGTHENING CANADA'S CULTURAL MOSAIC
 STRENGTHENING CANADA'S CULTURAL MOSAIC
 STRENGTHENING CANADA'S CULTURAL MOSAIC
 STRENGTHENING CANADA'S CULTURAL MOSAIC
 STRENGTHENING CANADA'S CULTURAL MOSAIC
STRENGTHENING CANADA'S CULTURAL MOSAIC •

BUILDING A NEW WESTERN CANADIAN HUB OF ARTS PERFORMANCE AND LEARNING

A proposal to the
Building Canada Fund
 by Calgary's Mount Royal College Conservatory



Cultural infrastructure category
 Facilities for the Creation, Production and
 Presentation of the Arts sub-Category



project description



Strategically expanding Instructional and performance spaces

The Conservatory plans to re-align spaces to better serve instructional and performance needs:

	existing space (m ²)	new space (m ²)
Dedicated classroom, studio and office space	1,821	3,633
Shared rehearsal and classroom space	1,022	350
Performance space	1,237	2,900
TOTAL	4,080	6,883

Planning for an integrated Conservatory performance hall and teaching space has been underway for several years. A comprehensive Facility Program for these spaces was completed by external consultants, Cornerstone Planning Group, in 2002. While the project has evolved since the study was completed, base assumptions regarding the types, sizes and uses of space remain appropriate for the facility being proposed. The proposal being submitted to the *Building Canada Fund*, therefore, uses the original planning information as a strategic guide. *The Cornerstone Facility Program is provided in Appendix VI.*



STRENGTHENING CANADA'S CULTURAL MOSAIC

The Conservatory cannot grow to meet rising and new need given its current size and location**project rationale**

The Conservatory currently operates from Mount Royal's main Lincoln Park Campus — space that is no longer adequate in size or purpose. The Lincoln Park Campus itself was constructed in 1972. In 1987, a campus expansion was completed and some new Conservatory instructional studios were built. Since then, continued renovations have seen academic departments literally built up around the Conservatory.

The Conservatory faces several immediate and pressing concerns:

- **since 1992, the Conservatory has been at maximum enrolment** — and, given its current location, it is unable to grow to meet demand. There is strong and rising demand for community programs, which are in the greatest need of expansion
- **the Conservatory infrastructure is aging** — the Leacock and Wright Theatres, as well as many of the teaching studios, were built in 1972 as part of the original Lincoln Park Campus. Some classrooms and additional teaching studios were added in 1987. The Nickle Theatre was created in 1992 by renovating an existing lecture theatre, and the Wyatt Recital Hall was created in 1997 by re-assigning space originally intended to be a multi-faith chaplain's centre. Despite regular investments to maintain and upgrade theatres and instructional areas, there are limits to what can be achieved through renovation
- **the Mount Royal student environment is changing** — as the institution continues its drive to become an undergraduate university, the composition of its student population is expected to both increase and change; a post-secondary campus catering to adult students (the average age is currently 25), is not as appropriate to young Conservatory students as it was when the campus was built 35 years ago

A comprehensive, third-party study was undertaken to explore space needs and options for expanded Conservatory operation. This study considered the requirements of new purpose-built space, which would completely relocate the Conservatory operation. *The Cornerstone Facility Program is provided in Appendix VI.*

Expanding programs to meet high community demand

Based on current enrolment and unmet demand for programs, it is anticipated that an overall growth figure of 20 percent will be realized with 12 months of occupying the expanded teaching facility.

The following chart shows anticipated growth over the next seven years in high-demand programs:

	current students	projected students	# increase in students	% increase in students
Early Childhood	1,065	1,864	799	75%
Group	281	422	141	50%
Private	1,065	1,598	533	50%
Ensembles & Workshops	801	1,295	494	62%
TOTAL	3,212	5,179	1,967	61%



financial overview

**BUILDING ECONOMICALLY,
OPERATING SUSTAINABLY**

The Conservatory's new performance and instructional venue is a significant addition to Canada's cultural inventory. Building an economically viable facility is imperative — now and for continued future operation.

PROJECT BUDGET

The estimated costs, for the project as described previously, are as follows (in 2008 dollars):

Total project cost		\$63,000,000
(inclusive of \$3,000,000 in land value to be provided by Mount Royal)		
Eligible Building Canada Fund costs	Planning including design and engineering	\$9,000,000
	Construction and commissioning	\$42,000,000
	Furniture and equipment	\$9,000,000
Ineligible Building Canada Fund costs	Cost of land	\$3,000,000

Locating the new facility on the Mount Royal campus will realize a significant cost savings. For example, given the rapid pace of commercial development in Calgary, and the shortage of appropriate land suitable for relocating the Conservatory, the estimated value of this prime parcel of land on campus is \$3,000,000. Additionally, the on-campus location is also expected to enable use of existing support facilities and services, such as parking (dependant on the final location determined as part of the Campus Master Plan process, currently underway), maintenance and security.

Project funding: a public, private partnership

Cultural spaces and activities benefit local, provincial and national communities equally. Investing in crucial infrastructure that will strengthen Canada's cultural framework and enhance economic and social wellbeing, therefore, requires commitment from all levels of government and the public. The Conservatory seeks financial investment from all sectors to construct its new performance and teaching venue:

Funding sources

Federal government, <i>Building Canada Fund</i>	\$20,000,000
Provincial government	\$20,000,000
Municipal government (requested)	\$10,375,000
Mount Royal College contribution	\$3,000,000
Community and corporate support	\$9,265,000

STRENGTHENING CANADA'S CULTURAL MOSAIC

Sound fiscal management for ongoing, sustainable operation**financial overview**

The Conservatory has operated in a financially sustainable manner for nearly 100 years. The existing financial model for the Credit Free community offerings relies on tuition, endowment interest and fund raising to cover off the costs of direct instruction and contribute towards infra-structural costs. Mount Royal contributes the remainder of infra-structural costs. The basic parameters of this arrangement will carry forward as the programs relocate to the new facility.

Program expansion with the new facility would generate an additional (Net) amount of approximately \$100,000 at the 20% growth level (1 year) and \$300,000 when the final growth targets are met (5 – 7 years). These estimates are relatively conservative and could be used with confidence.

The estimated cost of facility operations in the new Conservatory is about \$6 per year per square foot. This includes electricity, natural gas, water & sewer, maintenance, grounds, security, custodial etc. With growth to 96,875 square feet including instructional space and concert hall space we are anticipating a stepped increase in operating costs. The anticipated difference would be \$287,000 annually. The increased operating costs will be sustained by the improved bottom line (\$300,000 within 5 – 7 years) Mount Royal will also assume any bridging costs until program expansion realizes the targeted 62% growth figure. Mount Royal as an organization is committed to building to LEED Standards. Meeting these environmentally friendly building standards results in buildings with lower operating costs.

Performance Hall annual revenue	Facility rental	\$125,000
	Portion of increased revenue generation from expanded instruction	\$112,500
	Internal chargebacks	\$12,500
	Ticketing (includes life cycle equipment renewal surcharge)	\$130,000
	Total annual revenue	\$380,000
Performance Hall annual operating costs	Theatre operating costs (\$65.04/m ²)	\$270,000
	Staffing	\$70,000
	Life cycle renewal	\$40,000
	Total annual operating costs	\$380,000

APPENDIX 4

Rental Rates

Mount Royal College
Proposed Conservatory Facility Rental Rates as Available

Proposed New Conservatory Space	Size Sq. M.	Rate (\$/hr)	Rate (\$/day) up to 8 hrs
Regular Studio	15 – 20	\$30	\$200/day up to 10 hrs Additional hours over 10 hrs: \$30/hr up to + \$200 (10+ hrs)
Rehearsal Hall	100 - 200	\$75	\$500/day up to 10 hrs Additional hours over 10 hrs: \$70/hr up to + \$200 (10+ hrs)
Ensemble Studio	40 - 60	\$50	\$300/day up to 10 hrs Additional hours over 10 hrs: \$50/hr up to + \$150 (10+ hrs)
Ensemble Studio (Large)	60 – 72	\$60	\$400/day up to 10 hrs Additional hours over 10 hrs: \$60/hr up to + \$200 (10+ hrs)
Recording Studio Computer Lab	75 20 workstations	150 \$125 plus set up charge	Plus Technical costs \$800/day up to 10 hrs Additional hours over 10 hrs: \$125/hr up to + \$400 (10+ hrs)
Board Room	11-18 persons	\$40	\$300/day up to 10 hrs Additional hours over 10 hrs: \$40/hr up to + \$150 (10+ hrs)
Video Conference Room	Up to 20 persons	\$125 plus set up charge	\$800/day up to 10 hrs Additional hours over 10 hrs: \$125/hr up to + \$400 (10+ hrs)

Note: Piano use fee applies to all rooms with Piano.
24 hour bookings = daily rate plus 50%

1/14/2008

**Mount Royal College
Proposed Conservatory Facility Rental Rates as Available**

Existing and Conservatory Related Mount Royal Campus Rooms	Capacity (persons)	Rate(\$/hour)	Rate (\$/day)
Classrooms	10-25	\$30	\$150
	26-50	\$40	\$225
	51-79	\$50	\$300
Jenkins Theatre (I-115)	195	\$75	\$500
Q-309 Recital Space	100	\$50 + piano	Day or evening \$300 + piano
I-124 & 128 Dance Studio	30	\$50	\$300

Performance Venue Theatres	Capacity	5 Hour (minimum) Rate	Day rate	
Leacock Theatre	297	905	1675	Outside Rate includes Technician(s). Additional technical staff at \$50.00/hr. straight and \$75.00 over time Internal College users do not pay a rental charge Internal users pay for technicians at \$50.00/hr For details see : http://www.mtroyal.ca/conservatory/theatres.shtml
Wright Theatre	270	835	1570	
Nickle Theatre	183	470	870	

**Note: Piano use fee applies to all rooms with Piano.
24 hour bookings = daily rate plus 50%**

1/14/2008

APPENDIX 5

MRU Audited Financial Statements Executive Summary 2010-2011

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) should be read in conjunction with the Mount Royal University annual audited Consolidated Financial Statements for the year ended June 30, 2011 and accompanying notes. The MD&A and audited Consolidated Financial Statements are reviewed and approved by the Board of Governors of Mount Royal University. The University's consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and are expressed in Canadian dollars.

SUMMARY OF OPERATIONS AND CHANGES

Statement of Financial Position

The University's assets and liabilities and net assets amount to \$387.8 million for the year ended June 30, 2011, as compared to \$355.6 million for the year ended June 30, 2010.

Key highlights are:

The cash and investments held by the University at June 30, 2011 had a market value of \$138.0 million, inclusive of an unrealized gain of \$11.6 million, a decrease from \$138.3 million in 2010 (as identified in Notes 3, 4 and 5). Cash and investments have conditions placed on them that are directly related to certain liabilities owed by the University. As identified in Note 5, \$92.9 million of cash and investments are held for long-term purposes.

The Net Book Value (cost less accumulated amortization) of the capital assets owned by the University amounts to \$229.9 million in 2010/11, as compared to \$201.6 million in 2009/10. Capital assets include buildings, land, construction in progress, site and leasehold improvements and furnishings and equipment owned by the University. The total Net Book Value has increased because the University is in the midst of its new building expansion, which will add to the institutional asset base.

The purchase/acquisition of these capital assets is funded from three potential sources:

1. external funding from government or other external sources (for example, donations);
2. borrowed funds; or
3. use of unrestricted funds from University operations — internal sources.

Mount Royal's long-term deferred contributions and deferred capital contributions amounted to \$10.7 million and \$14.6 million respectively for the year ended June 30, 2011. Deferred contributions increased by \$8.9 million for the year ended June 30, 2011 due to an increase in program-related grants, but was offset by a decrease of \$4.7 million in deferred capital contributions from 2009/10 to 2010/11. These numbers reflect all funding and/or contributions received from external parties that remain unexpended at June 30, 2011. The category differs from deferred revenues in that they are funds the University received from an external party that are restricted for a specific purpose. Some examples of what is included in this category are unspent Infrastructure Maintenance Program (IMP) grant funding, unspent Conditional Funds from Alberta Advanced Education and Technology (for example, ACCESS/EPE one-time funds), unspent donated unendowed funds, and unspent interest earned on endowment funds.

The University's unrestricted net assets (inclusive of unrealized gains on investments) increased by 82.8 per cent, from \$3.5 million in 2009/10 to \$6.4 million in 2010/11. The largest contributor to the change in unrestricted net assets was the change in the unrealized gains on investments as at June 30, 2011.

Statement of Operations

For the year ended June 30, 2011 the University reported a \$93,000 excess of revenue over expense, as compared to a \$1.6 million excess of revenue over expense for the year ended June 30, 2010.

Key revenue highlights are:

- » The University's largest source of revenue is government grants, which are 47.9 per cent (\$100.5 million) of total revenue and which saw an increase of 2.9 per cent from the previous year's level (\$97.6 million). This modest increase, netting to \$2.9 million, was the result of one-time adjustments to operating grants in lieu of base operating grant increases for 2010/11 and 2011/12.
- » Credit tuition and related fees revenue increased by \$2.5 million (3.9 per cent) from \$64.8 million in 2009/10 to \$67.3 million. The increase in this revenue category is due to enrolment growth in the University's new degree programs and a 1.5 per cent increase in tuition fees, as permitted under the Government of Alberta Tuition Policy.
- » Sales, rentals and services revenue remained virtually unchanged, from \$28.9 million in 2009/10 to \$29.0 million in 2010/11 since the business activities of ancillary operations (such as residences, the BookStore, and parking) and continuing education contract training and conferencing activities remained consistent year over year.



- » Donations and contributions revenue offset expenditures related to scholarships, bursaries and program support that is funded from donations and/or endowments. There was a reduction in revenues related to donations and contributions, \$241,000 in 2010/11 compared to \$1.0 million in 2009/10. This reduction is the result of the carry forward effect of the investment losses incurred in 2009/10 on the available income and donations to fund scholarships and bursaries. Accordingly, expenses relating to scholarships and bursaries were also reduced year over year to match available resources.

Key expenses highlights are:

- » Total expenditures increased by 2.8 per cent or \$5.7 million, from \$204.0 million to \$209.7 million. The University's largest expense increase is in the area of salaries and benefits, which increased from \$137.0 million in 2009/10 to \$141.0 million in 2010/11, or 2.9 per cent. The increase in salary and benefit costs is attributed to annual salary grid increments and increased benefit costs.
- » Maintenance and repairs expenditures decreased by \$1.8 million, from \$5.1 million in 2009/10 to \$3.3 million in 2010/11, reflecting the primary focus on new construction activity on three major capital projects completed in the summer of 2011, rather than maintenance projects which was the focus in previous years.

Future Financial Outlook

Mount Royal is concerned about the sustainability of operations beyond the 2011/12 fiscal year if reinvestment does not occur. With indications of zero per cent provincial operating grant increases, and the requirement not to increase tuition beyond the consumer price index, it will be difficult for Mount Royal to maintain a balanced budget. Sixty-seven per cent of the University's operating budget is salary and benefits, the cost of which will continue to increase, and without an increase in grant support of approximately 4 per cent, Mount Royal will need to identify creative opportunities to decrease expenses without negatively impacting programs and services.

The budget process for the 2012/13 fiscal year is underway and the goal is to identify sustainable solutions, including new revenue streams and operating efficiencies. The University is committed to sustaining its operating position to create exceptional learning experiences for our students, and will continue to work with government to develop and implement long-term strategies that will address the financial challenges facing the post-secondary system.

APPENDIX 6

Calgary & Region Economic Update 2011–2016

Executive Summary



Forecast

Calgary Economy

The Calgary economy is still recovering and therefore most economic indicators are below their pre-recession peaks. Building activity has remained relatively subdued as the economy still experiences some spare capacity. The section that follows provides a brief discussion of a selected number of economic indicators for Calgary and the world outside its borders.

Labour Market

- ▶ The economic recession resulted in employment losses in 2009 and 2010. The resumption of economic growth in 2011 and an increased demand for labour should result in the economy recouping all of its job losses between Q4 2011 to Q1 2012.
- ▶ The labour force participation rate was estimated at 76.4 per cent in 2006 and increased gradually to 76.8 per cent by 2008 before declining to 74.6 per cent in 2010 and should fall further to 73.8 per cent in 2011.
- ▶ The onset of the recession in 2008 and 2009 caused labour force growth to exceed employment growth and this pushed the unemployment rate up to 6.6 per cent in 2009 and 7.0 per cent in 2010 from 3.3 per cent in 2008. The return of job growth in 2011 should cause the unemployment rate to drop from 7.0 per cent.

Inflation

- ▶ The 12 month moving average inflation rate as at May 2011 for the consumer price index was estimated at 1.13 per cent for May 2011, the last month for which data is available. If present trends continue, consumer price inflation rate should exceed 2.5 per cent by December 2011.
- ▶ Increased employment levels and lower unemployment rates from the second half of 2011 forward should result in increased competition among employers for available workers and should exert upward pressure on wage inflation rates.
- ▶ Slower economic growth from 2006 onward resulted in a reduction in the demand for housing and caused house prices to grow at a slower pace or to decline. The rebound in economic growth in 2011 should result in a firming in demand and stabilization in house prices.

Investment Intentions

- ▶ Total building permit values trend downwards from \$5.6 billion in 2007 to \$2.9 billion in 2010. Higher vacancy rates in both residential and non-residential markets reduced the demand for new space and this contributed to the reduction in building permit values. Total building permit values in 2011 should increase above 2010 values in response to increased investment spending in the non-residential sector.

World Outside of Calgary

Alberta

- ▶ Investment activity in the non-conventional oil sector is expected to drive the Alberta economy in 2011. Statistics Canada estimates that investment intentions should increase by 15.2 per cent in 2011. Consequently, the provincial economy should expand by 3.8 per cent in 2011, up from 3.6 per cent a year earlier.
- ▶ Crude oil price is expected to average US\$100/bbl in 2011, up from US\$79/bbl last year. Higher crude oil prices should lead to increased cash flow and therefore increase business investment.
- ▶ North American natural gas prices are expected to remain weak in response to increased shale gas production and stagnant demand for natural gas from a slow growing U.S. economy. Natural gas prices are projected to average \$4/GJ in 2011, unchanged from 2010.

Canada

- ▶ The Canadian economic growth has slowed in recent months in response to a weakening U.S. economy and reduced spending by Canadian households. Increased capital investment by the private sector, especially in Alberta, should provide an offset to reduced consumer expenditures.
- ▶ Real personal expenditure in Canada reached an all time high of \$852 billion, after the recent trough of \$805 billion in Q2 2009. Business investments in the fixed capital formations also recovered from the low of \$225 billion in Q3 2009, to \$264 billion in Q1 2011. The current level of investment spending is still lower than pre-recession peak of \$279 billion in Q1 2008.



Executive Summary

U.S.

- ▶ Economic activities continued to increase in the U.S., albeit at a moderate pace. Excess production capacities in the economy is placing a downward pressure on wages and prices.
- ▶ The actual real GDP levels in the U.S. were lower than their potentials in the past three years. The gap between the actual and the potential real GDP was \$769 billion in 2010, or 5 per cent of the \$13 trillion actual real GDP.

World

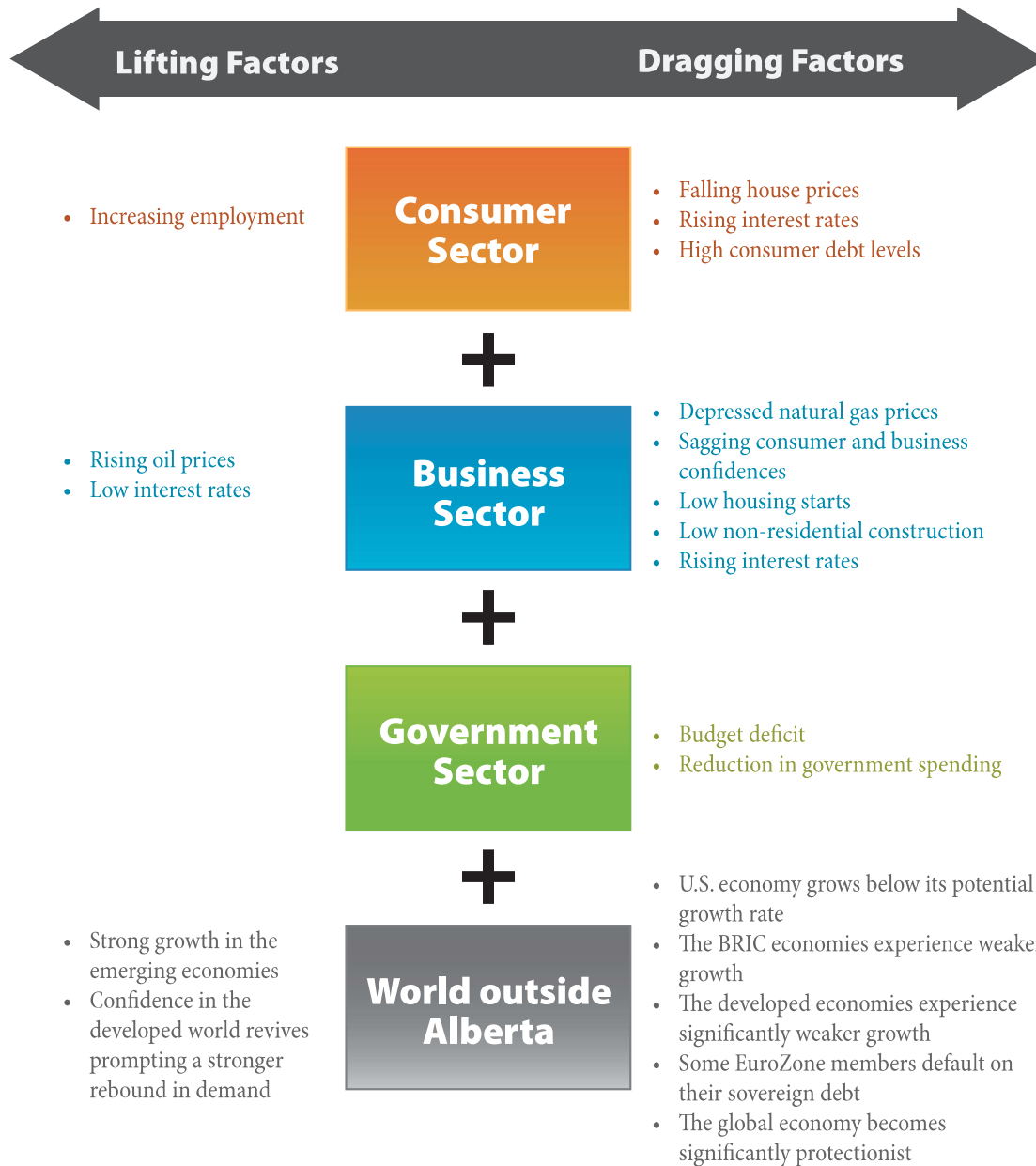
- ▶ The global economic expansion continues on track in the first half of 2011, despite the shocks of the disasters in Japan and the political turmoil in the Middle East and North Africa (MENA) earlier this year. The two-speed economic recovery that began in 2009 still continues in 2011, with emerging markets growing about three times faster than developed markets.
- ▶ The world economy is expected to grow by 4 per cent in 2011. Earlier fears of a double-dip recession have not materialized. While there are no shortages of headwinds, we believe the recovery continues to be robust as global business confidence improves.

Executive Summary



Forecast Risks

The forecast risks have increased significantly since the last quarter's report and these are tied to events outside of Canada.



Calgary & Region Economic Update 2011 | Q2 2011

calgary.ca/economy



Calgary Economy

In 2011, the Calgary Economic Region's labour force is expected to recoup most of the losses suffered in the recession as job growth resumes, net migration becomes positive and the labour force participation rate stabilizes. This is a change from 2010 when the total labour force contracted as job seekers became discouraged and withdrew from the labour force in response to reduced job prospects.

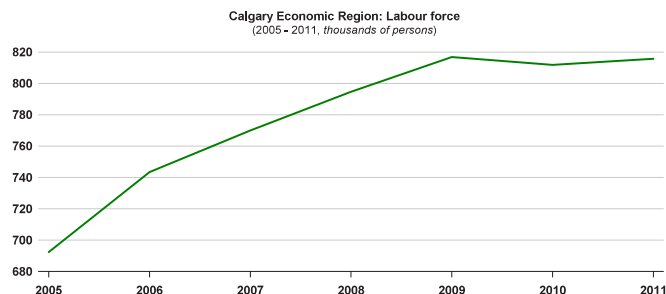
The labour force participation rate was estimated at 76.4 per cent in 2006 and increased gradually to 76.8 per cent by 2008 before declining to 74.6 per cent in 2010 and should fall further to 73.8 per cent in 2011.

Changes to the labour force participation rate are influenced by job seekers' perceptions on finding work. A weak job market generally contributes to a lower participation rate as people withdraw from job search as they are discouraged by reduced expectation of finding work. For example, the labour force participation rate fell below its long-term trend in 2010 and 2011 as individuals withdrew from the labour force in response to poor job prospects.

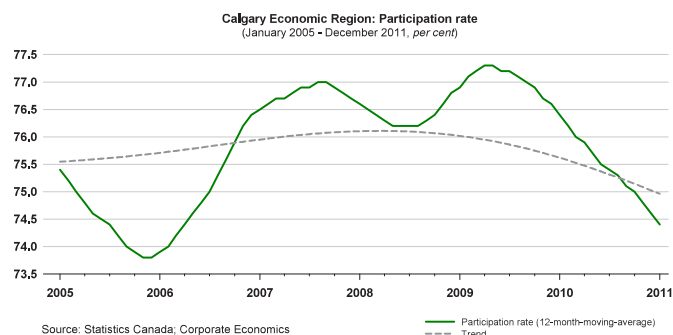
The working age population averaged 973,500 persons in 2006 and increased to 1,088,100 persons in 2010 and should reach 1,107,500 in 2011. The working age population grew with a lag above trend between 2006 and 2009 in response to strong job creation and a large influx of migrants and by 2010 the rate of population growth fell as economic growth weakened.

The working age population is defined as the population between the ages of 15 to 64. The working age population therefore changes in response to population aging, net migration and deaths.

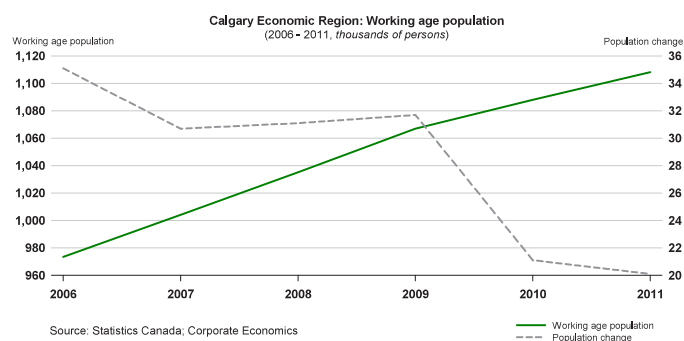
Labour Force



Source: Statistics Canada; Corporate Economics



Source: Statistics Canada; Corporate Economics



Source: Statistics Canada; Corporate Economics

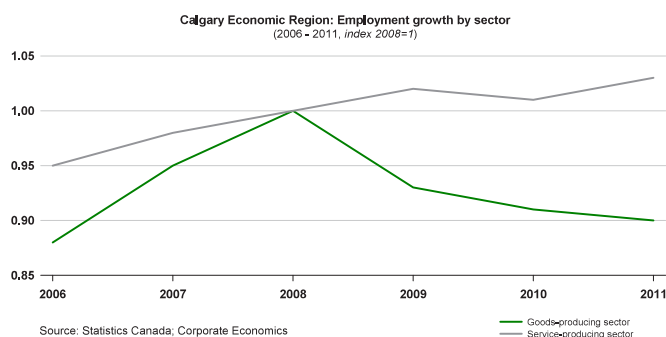
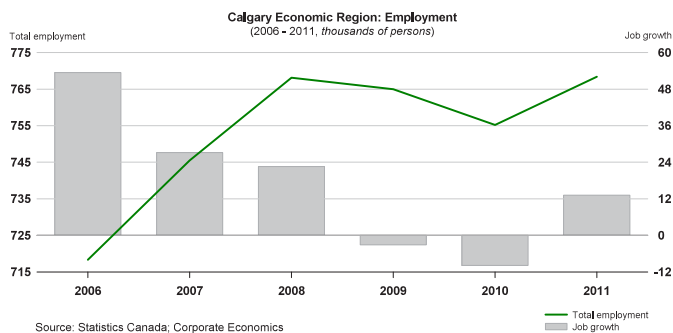
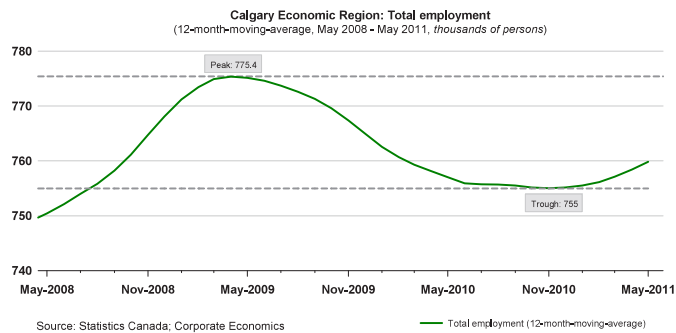
calgary.ca/economy

Calgary & Region Economic Update 2011 | Q2 2011

Calgary Economy



Employment



Total employment in the Calgary Economic Region contracted for a nineteen month period, which extended from April 2009 to November 2010, and it is estimated that there was a net job loss of 20,000 positions.

Total employment averaged 718,300 persons in 2006 and increased to 768,100 persons in 2008, in response to a growing economy. The economic recession resulted in employment losses in 2009 and 2010. The resumption of economic growth in 2011 and an increased demand for labour should result in the economy recouping all of its job losses between Q4 2011 to Q1 2012.

Total employment in the goods producing sector increased between 2006 and 2008 and from the 2008 peak, it declined in 2009 and 2010 and should also experience net job losses in 2011. Service sector employment grew steadily between 2006 and 2009 before declining in 2010. The labour force data shows that the service sector is leading the job recovery in the Calgary Economic Region and that total service employment in 2011 is expected to be higher than its 2009 level.

The unemployment rate fluctuated between 3.25 per cent and 3.4 per cent over the 2006 to 2008 period, as employment growth exceeded labour force growth. The onset of the recession in 2008 and 2009 caused labour force growth to exceed employment growth and this pushed the unemployment rate up to 6.6 per cent in 2009 and 7.0 per cent in 2010. The return of job growth in 2011 should cause the unemployment rate to drop from 7.0 per cent.



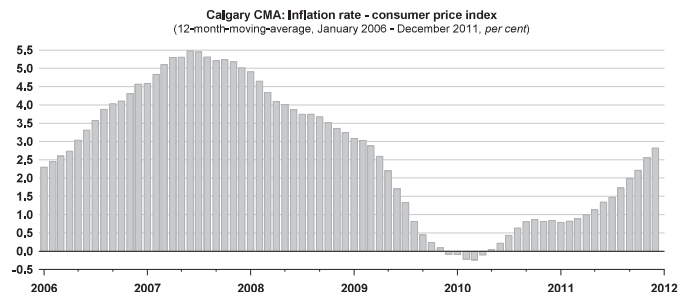
Calgary Economy

The inflation rate, 12-month-moving-average, for the consumer price index is estimated at 1.13 per cent for May 2011, the last month for which data is available. If present trends continue, consumer price inflation rate should be above 2.5 per cent by December 2011.

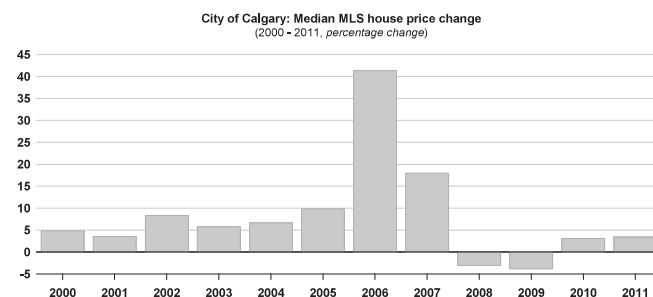
Consumer price inflation is expected to trend upwards over the rest of the year as shelter costs increase. Shelter cost account for about 30 per cent of the consumer basket and therefore should have a significant impact on changes to the overall inflation rate. Higher house prices and mortgage rates over the rest of 2011 should drive shelter costs higher.

Relatively higher energy prices in the second half of 2011 should contribute to increased fuel and electricity costs and result in higher consumer inflation rates in 2011.

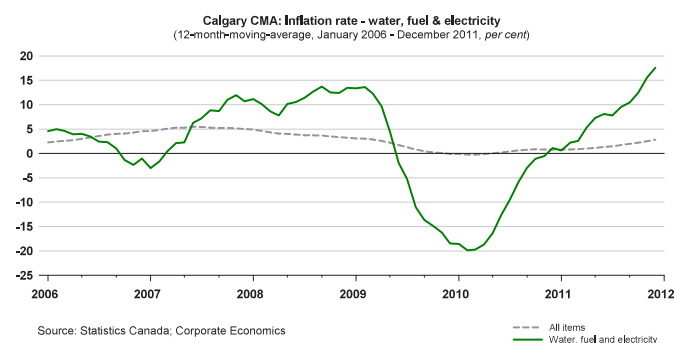
Prices



Source: Statistics Canada; Corporate Economics



Source: Calgary Real Estate Board; Corporate Economics



Source: Statistics Canada; Corporate Economics

--- All items
— Water, fuel and electricity

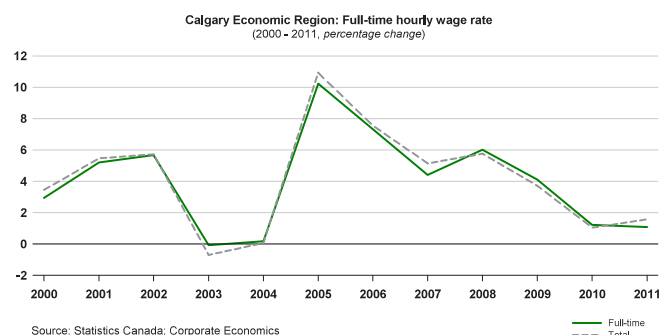
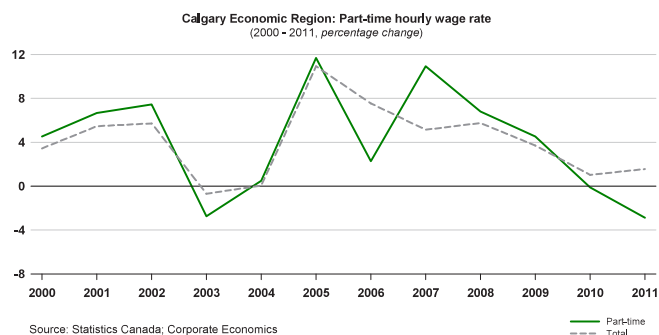
calgary.ca/economy

Calgary & Region Economic Update 2011 | Q2 2011

Calgary Economy



Wage Inflation



Increased employment levels and lower unemployment rates from the second half of 2011 forward should result in increased competition among employers for available workers and should exert upward pressure on wage inflation rates.

The wage inflation rate was lower in 2009 (3.7 per cent) and 2010 (1.0 per cent) compared to 2005 (10.9 per cent) and 2006 (7.6 per cent). Higher unemployment rates in 2009 and 2010 resulted in increased competition among job seekers for available jobs and this pushed the wage inflation rate lower. Also, employers had the bargaining power to offer lower or zero wage increases to workers.

Wage increases for part-time workers are not expected to recover for the rest of 2011. The demand for workers is expected to shift from part-time to full time workers as the economic recovery gains momentum. Employers would require employees to work longer hours to increase output. This shift in demand from part-time to full-time employment would be reflected in relatively lower wage increases for part-time workers.

The demand for full-time workers should grow over the remainder of 2011, in response to increased economic activity. This should result in relatively higher wage inflation rates for full-time workers as they are asked to work longer hours and employers increase the demand for full-time employees.



Calgary Economy

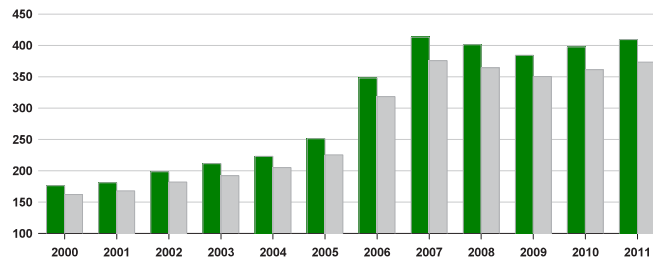
House price inflation rates were driven by robust population growth in the last decade. Robust job creation drove the unemployment rate to extremely low levels and this resulted in an inflow of migrants to Calgary and caused the population growth rate to increase. Higher population growth increased the demand for housing.

Slower economic growth from 2006 onward resulted in a reduction in the demand for housing and caused house prices to grow at a slower pace or to decline. The rebound in economic growth in 2011 should result in a firming in demand and stabilization in house prices.

Weak population growth has resulted in a sharp decrease in the rate of household formation and therefore a reduction in the demand for re-sale and new housing. Consequently, house price inflation should remain modest for the rest of 2011.

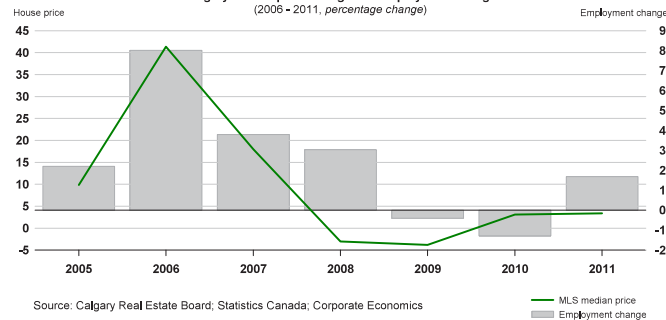
Housing Market

City of Calgary: MLS house prices
(2000 - 2011, thousands of dollars)



Source: Calgary Real Estate Board, Corporate Economics

Calgary: House price change and employment change
(2006 - 2011, percentage change)



Source: Calgary Real Estate Board, Statistics Canada, Corporate Economics

Calgary: Inventory coverage
(1994 - 2011, months of sales)



Source: Calgary Real Estate Board, Corporate Economics

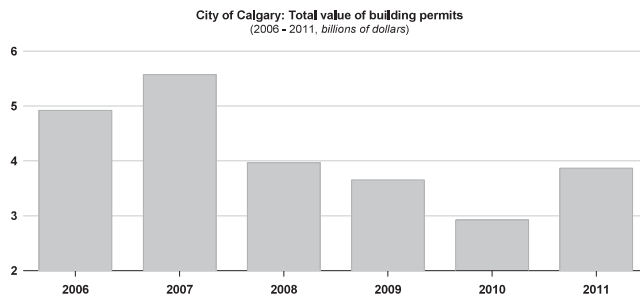
calgary.ca/economy

Calgary & Region Economic Update 2011 | Q2 2011

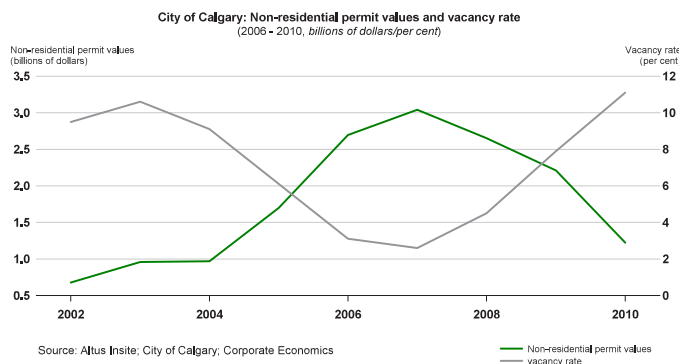
Calgary Economy



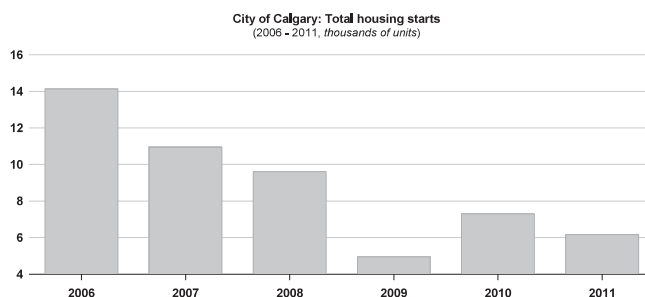
Building Permits



Source: Calgary Real Estate Board; Corporate Economics



Source: Altus Insite; City of Calgary; Corporate Economics



Source: Canada Mortgage and Housing Corporation (CMHC); Corporate Economics

Total building permit values trended downwards from \$5.6 billion in 2007 to \$2.9 billion in 2010. Higher vacancy rates in both residential and non-residential markets reduced the demand for new space and this contributed to the reduction in building permit values. Total building permit values is estimated to increase above 2010 values in response to increased investment spending in the non-residential sector.

Higher vacancy rates in the non residential sector drove investment intentions lower in 2010. The rebound in 2011 comes mainly from spending on a \$0.6 billion construction project by the Calgary International Airport.

Weaker demand for new house construction acted as a drag on building permit values. In the early part of the last decade, housing starts grew above household formation rates and contributed to an increase in residential vacancy rates.



Calgary Economy

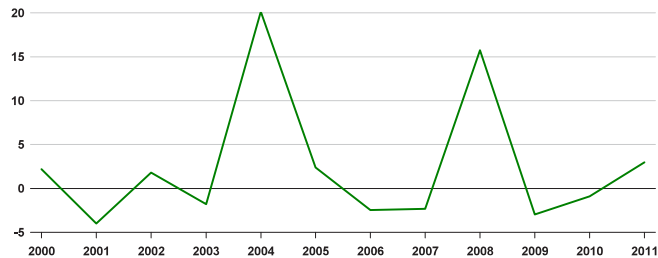
Steel markets remain soft. Demand for ships and containers remains in the doldrums while some demand for vehicle frames has increased slightly on advances in India and China. However, growth projections in these markets have softened lately while the outlook for iron and steel prices is less than average increases compared to other commodities over the short and intermediate term.

Asphalt prices increased in the first half of 2011 as a result of rapid increases in oil prices. As oil prices soften in the latter half of the year and as more Ft. McMurray production comes on-line asphalt prices are still expected to soften both over the short and intermediate term.

Rapid increases in rubber prices in 2010 were the result of unusually bad weather and high oil prices. 2011 saw slightly better weather and increased production on record profits. Even so, price declines so far this year have not been as dramatic as expected on higher than anticipated oil prices. As oil prices soften over the rest of the year rubber prices are expected to soften more followed by a return to more stable 3-5% price increases over the forecast horizon.

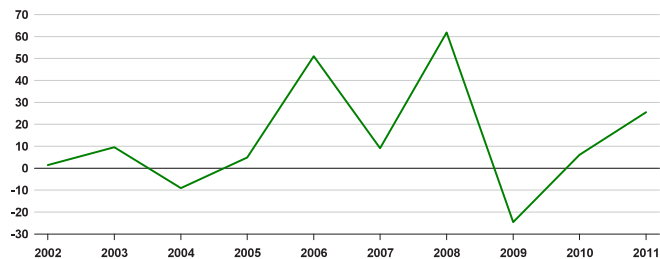
Commodity Prices

Iron and steel products price inflation
(2000 - 2011, percentage change)



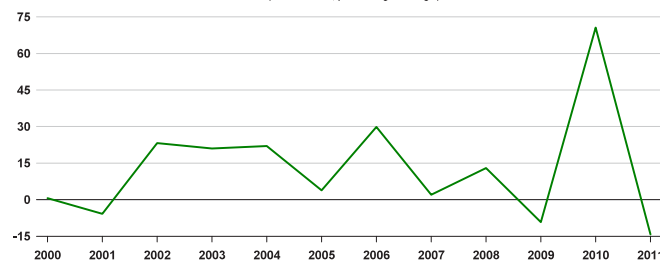
Source: Statistics Canada; Corporate Economics

Asphalt price inflation
(2002 - 2011, percentage change)



Source: Statistics Canada; Corporate Economics

Rubber price inflation
(2000 - 2011, percentage change)



Source: Statistics Canada; Corporate Economics

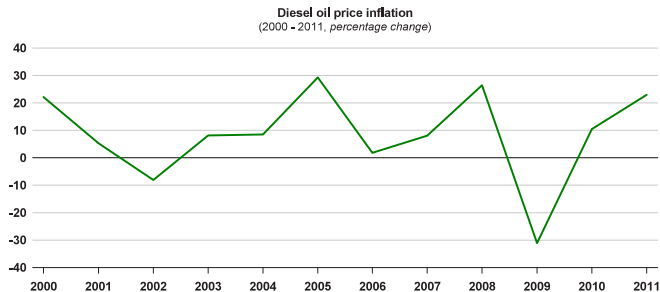
calgary.ca/economy

Calgary & Region Economic Update 2011 | Q2 2011

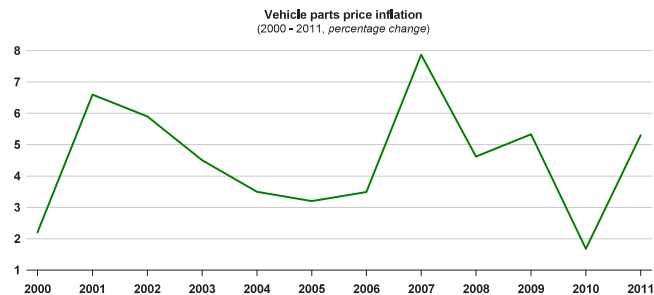
Calgary Economy



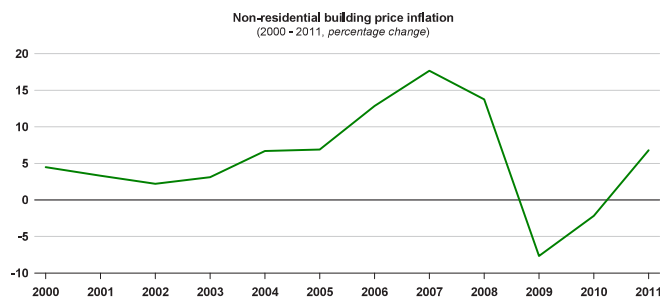
Commodity Prices



Source: Statistics Canada, Corporate Economics



Source: Statistics Canada, Corporate Economics



Source: Statistics Canada, Corporate Economics

Rising oil prices caused fuel price spikes across North America earlier this summer. Softening growth projections in the U.S. and China are softening oil prices with the expectation that fuel prices have spiked for 2011 and will slowly abate over the rest of the year.

The nuclear disaster at the Fukushima plant caused some supply chain disruptions which are still impacting vehicle parts supply in Canada. As plants outside Japan spin up their production – likely next year – price pressures should subside.

The U.S. dollar continues to slide causing increased oil prices and increased value of the Canadian dollar. As long as they both go up at the same time Calgary non-residential building prices remain stable. However, softening in the US economy is causing the Canadian dollar to rise less quickly than oil prices. The result is increasing pressure on non residential building prices in Calgary.



Forecast Tables

Table 1 - Selected Economic Indicators

Rest of the World, United States, Canada, Alberta, Calgary Economic Region (CER) & Calgary Census Metropolitan Area (CMA)

FORECAST UPDATED: June 2011

	2006	2007	2008	2009	2010	ESTIMATE 2011
ASSUMPTIONS						
Global Economy						
World Gross Domestic Product (annual % change)	5.2	5.3	2.8	-0.6	4.4	4.0
The United States						
U.S. Real Gross Domestic Product growth (chained 2005 dollar) (%)	2.7	1.9	0.0	-2.6	2.9	2.7
Canada						
Real Canada Gross Domestic Product growth, (chained 2002 dollar) (%)	2.8	2.2	0.7	-2.8	3.2	2.9
Prime Business Loan Rate (%)	5.8	6.1	4.7	2.4	2.6	3.3
Exchange Rate (US\$/Cdn\$)	0.88	0.94	0.94	0.88	0.97	1.03
Alberta						
Gross Domestic Product (%)	6.2	2.5	0.0	-2.6	3.6	3.8
Total Employment Growth (%)	4.5	4.9	2.9	-1.0	0.2	2.6
Unemployment Rate (%)	3.5	3.5	3.5	6.3	6.6	5.7
Housing Starts ('000 Units)	49.0	48.3	29.2	19.9	24.1	25.7
Inflation Rate (%)	3.9	4.9	3.2	-0.1	0.8	1.8
Crude Oil Price - WTI (US\$/bbl)	66.1	72.4	99.6	62.0	79.4	97
Alberta Power Pool Prices (\$/MWh)	80.5	66.9	87.4	49.5	52.3	N/A
Alberta Natural Gas Price - AECO/NIT (\$/GJ)	6.2	6.1	7.7	3.8	3.8	4.0
Average Wage Rate Increase for All Industries (%)	10.3	5.5	5.2	-2.0	1.8	3.6
FORECAST						
Calgary Economic Region (CER)						
Gross Domestic Product (%)*	11.6	4.5	-0.4	-4.7	2.7	3.3
Total population**	1,188	1,230	1,251	1,296	1,338	1,352
Total Employment ('000 Persons)	718	745	768	765	755	770
Total Employment Growth (%)	8.0	3.8	3.1	-0.4	-1.3	2.0
Unemployment Rate (%)	3.4	3.2	3.3	6.3	7.0	6.5
Inflation Rate (%)	4.6	5.0	3.2	-0.1	0.8	2.5
Building Permits (\$billion)	6.0	7.1	5.1	4.5	3.8	4.1
Low Forecast						3.9
High Forecast						4.3
Housing Starts ('000 Units) (CMA)	17.0	13.5	11.4	6.3	9.3	8.2
Non-Residential Building Price Inflation (%) (CMA)	12.8	17.7	13.7	-7.7	-2.2	6.8
Numbers may not add up due to rounding						
* Source: Centre for Spatial Economics, Corporate Economics						
** Total population, census divisions and census metropolitan areas, 2001 Census boundaries						

calgary.ca/economy

Calgary & Region Economic Update 2011 | Q2 2011

Forecast Tables



Table 2 - Selected Indicators

City of Calgary

FORECAST COMPLETED: March 2011

	2006	2007	2008	2009	2010	ESTIMATE 2011
DEMOGRAPHY						
Total Population ('000 Persons)	992	1,020	1,043	1,065	1,072	1,083
<i>Total Population Growth (%)</i>	3.7	2.9	2.2	2.2	0.6	1.0
Net Migration ('000 Persons)	25.6	17.6	12.4	12.9	0.0	4.0
REAL ESTATE						
Residential Market						
Housing Starts ('000 units)	14.1	10.9	9.6	5.0	7.3	6.4
New House Price Inflation (%)	43.6	16.2	0.7	-6.7	1.7	6.2
Total Building Permits mid point (\$billions)	4.9	5.6	4.0	3.7	2.9	3.0
<i>Low Forecast</i>						2.5
<i>High Forecast</i>						3.5

Numbers may not add up due to rounding

Table 3 - Selected Commodity Prices

City of Calgary

FORECAST UPDATED: June 2011

	2006	2007	2008	2009	2010	ESTIMATE 2011
CONSTRUCTION COMMODITIES						
Iron and steel products	-2.5	-2.3	15.7	-3.0	-0.9	3.0
Aluminum products	15.7	-5.5	-0.4	-19.8	11.1	-1.7
Wood	3.7	8.7	-3.5	11.0	-1.6	9.2
Asphalt**	51.1	9.1	61.8	-24.5	6.1	25.5
OPERATIONAL COMMODITIES						
Rubber	29.9	2.0	13.0	-9.2	70.6	-14.2
Diesel oil	1.9	8.1	26.4	-31.1	10.5	23.0
Vehicle parts	3.5	7.9	4.6	5.3	1.7	5.3

Numbers may not add up due to rounding

** Based on Ontario Ministry of Transportation Asphalt Price Index



EASTMAN
SCHOOL OF MUSIC

UNIVERSITY *of* ROCHESTER