



## STAFF REPORT

### REPORT OF THE CHIEF ADMINISTRATIVE OFFICER FOR THE CONSIDERATION OF COUNCIL

#### OBJECTIVE

To provide Council with information re. options to host the annual drag races at the Elliot Lake Airport in August.

#### RECOMMENDATION

**THAT** the report of the Chief Administrative Officer dated June 10, 2021 be received;

**AND THAT** option B in the staff report be approved and staff be directed to cancel the 2021 Drag Races.

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Daniel Gagnon  
Chief Administrative Officer

## BACKGROUND

With the phased reopening of the province taking place and vaccine rollout accelerating, the Recreation and Culture Dept, the North Shore Cruisers and Luskville Dragway have been discussing options to host the annual drag races at the airport in August (weekend of August 7-9 2021).

The Rec and Culture Standing Committee reviewed the concept and directed that a more detailed analysis occur at Monday's Council meeting.

## ANALYSIS

While encouraging, the phased re-opening plan is difficult to predict. If the province is in stage 2, only 25 spectators would be permitted for an outdoor event. The APH is unable to provide any certainty as to the number of spectators permitted for a Stage 3 outdoor motorsports event.

Kirkland Lake is hosting a drag race without spectators this summer.

See attached revised budget for the drag races, highlights below:

- a potential loss of \$30,000 (more than the 2021 budgeted net loss of the event at \$17,000).
- That loss estimate is based partially on a loss of \$32,000 of revenue from spectators compared to a typical year's revenue of approx. \$62,000 at the gate.
- The assumption of approx. 1,000 spectators (if in stage 3) generating \$30,000 in revenue but also some decreased costs from a smaller event.
- Another scenario includes an assumption of a drivers' only event (with zero spectators) showing a loss closer to \$43,000.

Even a pared down driver only event is a considerable amount of work for staff and volunteers and some cash outlay that will be difficult or impossible to recoup. With too many unknowns related to the budget impacts and the large investment of staff time, administration cannot recommend proceeding with the event. Of course, if Council directs otherwise we will mobilize what is needed. A decision is needed soon to provide Luskville with the time to plan for summer operations, the trip to Elliot Lake and for staff to gear up and plan accordingly.

Council should also consider if inviting travel to Elliot Lake (even largely self contained drivers in RVs) is a wise and safe choice in the ongoing pandemic. The Covid-19 Delta variant is present in Algoma and the pace of vaccines is inconsistent. Unfortunately, Council needs to decide now or soon and only time will tell if August is wide open in Stage 3 or if the variants take root and/or we are still under some other form of pandemic restrictions.



### Options include:

**A: plan for a drivers' only event. (not recommended).** Plan for no spectators. If reopening regulations and 2<sup>nd</sup> dose vaccines mean that spectators are permitted, the extra revenue will be a bonus. The City can ramp up spectator needs like bleachers and porta potties as needed as the picture clarifies later this summer. Those expenses would only be needed if the prospects of spectator revenue materialize. An unbudgeted loss is still likely (but the best case scenario may be better than predicted).

**B: Cancel the event now (recommended).** With too many unknowns about the pandemic, the budget impact and the amount of staff time involved, the event should be canceled. The event budget should be reviewed this fall at budget deliberations to better reflect actuals and discuss a 2022 event.

### FINANCIAL IMPACT

Over the past few years, approx. \$17,000 has been budgeted for the net loss of the event. The actual loss for 2021 comes in significantly higher at approx. \$43,000. In earlier years, the budgeted amount varied. The table below shows some of the net losses balanced to the general ledger provided by the Treasury dept.

The limited or no spectator event in August would likely lose approx. \$30-43k creating a negative variance in 2021 of \$13,000 to \$26,000.

	Actual Spent	Budget	Variance
<b>2015</b>	66,331	114,200	(47,869)
<b>2016</b>	66,835	68,100	(1,265)
<b>2017</b>	41,802	16,150	25,652
<b>2018</b>	42,617	17,750	24,867
<b>2019</b>	5,655	15,250	(9,595)
<b>2020</b>	2,317	17,750	(15,433)

Note: the 2019 20<sup>th</sup> anniversary event included revenue from a \$37,000 transfer from reserve.



For reference, see attached the 2016 drag races staff report showing some of the financial impacts in 2014 and 2015 and an economic impact report from the event.

Also attached is the more detailed budget to actual for the event for the past several years.

## **LINKS TO STRATEGIC PLAN**

Hosting the annual drag races generally supports the following Strategic Plan goal:

- Support the local business community

## **SUMMARY**

Staff is recommending to cancel the 2021 Drag Races given the difficult to predict circumstances around the budget impacts and the ongoing pandemic.

