



**The Corporation of the Municipality of Wawa  
Staff Report**

**Office of the Director of Community Services and Tourism**

<b>Prepared For: Corporate Planning Committee</b>	<b>Report No.: AP 2017-06</b>
<b>Agenda Date: February 21, 2017</b>	<b>File No.: 9.32</b>

**Subject**

This report details the activities, financial statement and operations of the 2016 Northern Nationals Drag Races held August 11-14, 2016.

**Summary of the Recommendation**

This is an informational report on the Northern Nationals Drag Race. It recommends the continued operation of the Races as detailed within.

**Summary of the Issues**

This report deviates from the normal format of Council reports to better communicate the summary of the 2016 Drag Races. As this summary is also used to promote the Race within the Community, it is more eye pleasing as well as delivering the information. All relevant information is contained therein.

**List of Stakeholders**

- Ratepayers
- Municipal Council
- Municipal Staff
- Northern Nationals Drag Race Committee Members and Volunteers

**Attachments**

**Northern Nationals Drag Race 2016 Summary Report**

**Respectfully Submitted By:**

**Prepared By:**

**Alex Patterson, Assistant Director,  
Community Services and Tourism**



# NORTHERN NATIONALS DRAG RACE 2016 Summary Report



Community Services & Tourism Department  
Municipality of Wawa

## Summary

The Northern Nationals Drag Race in Wawa has quickly become one of the signature Canadian races. An excellent reputation with drivers of all classes has given Wawa the edge on other races for driver attendance, and the Race has grown quickly. Drivers and fans alike love coming to Wawa for the small, hometown feel and friendly, supportive community. The big hearts and hard work of many of Wawa's volunteers make the race unique, and its quick growth over the last years is a testament to just how special this race is.

The 2016 Northern Nationals once again filled the town of Wawa with the sounds and sights of a world class Drag Race. This year, more drivers than ever before attended the Races, bringing with them cars, crews and families to partake in one of the premier events on the Show Me the Money Tour. Local residents and tourists alike enjoyed a weekend of fun and excitement that continues to be one of the largest events that Wawa hosts.

This event is made possible by the countless hours spent by community members in planning, organizing and running this event. Without our volunteers, this event would not be possible. In this 5<sup>th</sup> year, we would like to take this opportunity to thank all past and present volunteers in their service to the community, and this wonderful event.

The Northern Nationals Drag Races is also heavily dependent on our community sponsors. Without local businesses stepping up to the plate to support this event, Wawa would not see all of the benefits of this Race. As one of the largest weekends in Wawa, the economic benefit to the community is a significant benefit to many businesses. Motels and restaurants are filled for the weekend, and many other stores see much more foot traffic as a direct result of this event.

This event also greatly improves Wawa's visibility, with a far reaching audience. It helps put Wawa on the map, and our reputation as a family friendly race with a great hometown feel reflects very positively on our community as a whole. This is marketing that is invaluable to the region.

Looking forward to another 5 years, Wawa seeks to expand the number of drivers and spectators at the Race. As Wawa becomes well known in drivers' circles as the friendliest, most fun place to race, this helps bring more racing families to the North. Added draws of car shows and more interest from businesses in Sault Ste. Marie will propel us along the next 5 years of Racing in Wawa.

This report seeks to detail the operations and finances of the 2016 races, and show the impact of this investment. It will also explain the value of these races to the community, both from a tourism and an economic development perspective. This report will also detail next steps in making the race sustainable over the next 5 years.

Volunteers and Staff would like to thank you for your interest in the Northern Nationals Drag Race, and hope you find this report informative. We'll see you at the Races!

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## Demographics

The target market for Drag Racing is young families. While males are traditionally more attracted to the sport, drag racing in recent years has become a whole family event. The Northern Nationals Drag Race has seen an increase in both the Jr. Dragster class as well as child attendance. This is great news, as bringing a whole family for the weekend increases interest, accessibility and exposure in the Northern Nationals Drag Race.

Within the primary market areas of Sault Ste. Marie/Algoma, Timmins and the Thunder Bay, more than 25,000 males between the ages of 18-54 reside in these areas. Although females are traditionally less attracted to the sport of Drag Racing, it is documented as a family affair in terms of those who follow and attend events. There are 21,000 females who fit the demographic profile of a drag race spectator or participant in the primary market area. Combine these with families and there is a healthy market of spectators to draw on.

## Spectator Attendance

Over the past several years of drag racing in Wawa, attendance has been steady. Of course, weather and the forecast play a large role in spectator attendance, so the trend has fluctuations based on good and bad weather weekends. The following table shows attendance since the beginning of the race, and breaks down regular child and VIP passes and visits.

Type of Admission	2012	2013	2014	2015	2016
Adult - Day	712	262	502	267	379
Adult - Weekend	501	599	1266	693	601
Child - Day	159	37	79	71	57
Child - Weekend	166	60	89	97	96
VIP - Day	0	44	149	8	6
VIP - Weekend	56	119	180	23	57
<b>Total Passes</b>	<b>1594</b>	<b>1121</b>	<b>2265</b>	<b>1159</b>	<b>1196</b>
<b>Total Visits</b>	<b>3040</b>	<b>2677</b>	<b>5335</b>	<b>2785</b>	<b>2704</b>

This chart does not include sponsor passes, simply passes sold. In 2016 there were an additional **167** passes representing another **334** total visits

## Driver Attendance

Drivers make the core of the success of the Race. Wawa has been very well regarded as a driver's race. This is at the core of our efforts: a good driver's race attracts more drivers, more cars and more families to participate in the sport. The following is a breakdown of driver attendance:

Year	2012	2013	2014	2015	2016
Drivers	121	144	170	163	182

We continue to expect an increase in these numbers as the excellent reputation of the Northern Nationals Drag Races remains popular with Drivers of all classes.

## Overall Attendance and Reach

For 2016, the overall attendance, including: drivers, sponsors, and spectators, was **1727 individuals**. These are an audience of persons interacting directly on race day and taking in all that the Northern Nationals has to offer. For a wider reach, the advertising and promotions leading up to the race total over **875,000 views**. With these numbers, that's a great deal of marketing that really gets Wawa on the map. This type of advertising helps all sectors of Wawa as well as increases our notoriety to a wide audience. This marketing and promotion is viewed all across northern Ontario as well as the States surrounding Lake Superior. This is also our primary target market for many other tourism related advertising campaigns and fits well within our Tourism Plan.

## Financial Considerations

The Northern Nationals Drag Race remains an investment for the Municipality. The financial statement and comparison to previous years shows that, with the exception of 2014, the event continues to cost money. There are several factors that influence this, many of which have been ongoing expenses as the race establishes itself. These include:

**Capital Purchases:** In every Race Year, the Northern Nationals has made some form of Capital purchase within the operating budget to acquire a piece of race specific hardware. These have included fencing, large tents, start towers and other items. These purchases have been kept within the operating budget. This situation improves every year, and in 2017 the Committee and staff agree that all hardware that was previously rented has been acquired. Any new Capital purchases will now enter the regular Capital budget and will not be present in the Operating budget statement for the Race.

**Marketing:** To get the Races established, a great deal of marketing effort and cost must be made to get the word out. In the 5<sup>th</sup> year of the Race, we are getting to be better known and have cemented our position on the *Show Me the Money Tour*. This means that staff can now redirect marketing efforts to new goals, and reduce costs in this area.

## Financial Statement

Below you will find a financial statement comparing 2016 with previous years. Following the financial statement, larger accounts and overages will be broken down with comments from Staff.

Line Item	2012	2013	2014	2015	2016
<b>Revenue</b>					
Provincial Grant	-45,000	0	0	0	0
Donations	0	-4,000	-4,770	-1,071	-6,500
Sponsors	-45,000	-43,348	-46,387	-41,366	-45,004
Program Fees	-80,192	-80,629	-102,371	-89,783	-98,333
Product Sales (Other)	0	0	-300	-2,020	-48
Product Sales (Bar)	-18,529	-14,579	-18,720	-20,775	-16,201
<b>Total Revenue</b>	<b>188,721</b>	<b>142,556</b>	<b>172,548</b>	<b>155,015</b>	<b>166,086</b>
<b>Expenses</b>					
Materials / Supplies	143,052	65,482	54,439	68,165	72,087
Consulting / Contracted Serv.	40,000	71,816	87,227	76,568	97,284
Advertising / Promotion	22,931	14,092	5,616	17,708	12,960
Cash Over/ Under	0	0	-220	-2,311	-353
Equipment Rental	0	0	63	0	0
Transportation	0	0	3,372	2,562	1,785
Resale Items (Other)	0	0	0	1,108	311
Resale Items (Bar)	7,828	10,677	12,123	7,735	10,453
Contribution to Reserves	0	0	8,619	0	0
<b>Total Expense</b>	<b>213,811</b>	<b>162,067</b>	<b>171,239</b>	<b>171,535</b>	<b>194,527</b>
<b>Surplus/Deficit</b>	<b>-25,090</b>	<b>-19,511</b>	<b>1,309</b>	<b>-16,520</b>	<b>-28,441</b>

## Donations and Sponsors

In the financial statement above, we have been able to increase donations slightly while still keeping the sponsorship donations consistent with previous years. Sponsorship was however less than anticipated. At the beginning of the year, Aecon had expressed great interest in a large sponsorship of \$10,000. Staff budgeted for this in consideration of the 2016 races. When the sponsorship arrived, however, it was in the form of a \$1,000 donation to the Race, far below staff expectations without further comment from Aecon. This did affect the discrepancy between budget and actual values.

## Program Fees

With the exception of 2014, program fee revenue has consistently increased, in line with the increase in drivers and spectators. Of particular interest in 2016 was driver buybacks. For extra opportunity to race, buybacks contributed to \$10,000 of the final figure. This adds to the driver registration of revenue to net the Race a total of \$40,000 from drivers. Spectator entry contributed half of the total with \$50,000, and miscellaneous revenues made up the rest.

## Materials and Supplies

This total is artificially high as cash prizes for drivers account for \$36,000 of this expense. Another large portion of the expense was the start line tower, purchased as a capital item for \$8,000. Signage for this year's race contributed to another \$6,000 of materials, an expense that will not recur.

## Consulting and Contracted Services

The major single expense of running the race is the contracted team to administer it – an expense of \$39,000. This is a fixed expense for the race. Overages seen here are in the On-track entertainment department. When booking these events, usually eight months in advance, the USD exchange rate was much more favourable than upon payment at the event. This exchange rate cost the event in excess of \$2,500. This was not foreseen by staff and a great learning opportunity – next race all contracts will specify CAD to ensure the budgeted amount and the paid amount are in line.

## Financial Summary

In looking at the final total of this event, a cost of \$28,000 seems high. When removing one time capital purchases not normally present in an operating budget, the loss of a budgeted sponsorship, as well as the exchange rate, this total becomes much more manageable. This total expense on the Operation of the Race is then \$4,000. These expenses are however present in the 2016 budget, and do represent a significant investment on the part of the Municipality to oversee and fund these Races. Staff time is not accounted for in these expenses, but also represents another significant Municipal investment. This is one of the few events with a distinct and measurable return on investment for the community, and this will be described in the next section.

## Economic Benefit

The primary reason that the Northern Nationals Drag Races is such an important community event is for the benefits that it brings the town. With motels, shops and restaurants full for the entire weekend, there is a great deal of benefit to local business. It also provides partnerships and a way to advertise for business that would not otherwise occur in Wawa. There are several benefits economically, as explained in this section.

**TREIM model of Economic Impact**

The Tourism Regional Impact Model (TREIM) is a tool of the Ministry of Tourism, Culture and Sport that helps determine the economic impact in dollars of an event. This is based upon participant numbers and locations. It is as close to an exact dollar value of impact as possible to obtain, and is the standard for determining economic impact in Ontario. The results of this report for Wawa are below:

**1. Introduction**

This report provides an estimate of the economic impact that Wawa Drag Races 2016 is expected to have on Ontario's economy, in terms of Gross Domestic Product, employment and taxes generated. The analysis is based on the following information the user has provided to the MTCS Tourism Regional Economic Impact Model:

**Number of Visitors for Activity (or Event) of Type Sporting Events**

Origin	Same Day		Overnight	
	Total Number of Visitors	Percent of Visitors' Origin	Percent of Visitors' Origin	Average Length of Stay (nights)
Ontario	1,037	50.00%	50.00%	2
Rest of Canada	172	0.00%	100.00%	3
USA	518	0.00%	100.00%	3
Overseas	0	0.00%	0.00%	0
<b>Total</b>	<b>1,727</b>			

Given that the detailed breakdown of spending by the above visitors on category, such as transportation, accommodation, etc. is not available from the user, the TREIM utilized the average expenditure of visitors in RTO 13b with characteristics closest to those provided by the user from Statistics Canada's Travel Survey of Residents of Canada and the International Travel Survey to generate the detailed spending as followings ( in dollars ):

Travel Services	\$0
Public Transportation	\$20,178
Private Transportation - Rental	\$25,518
Private Transportation - Operation	\$62,484
Local Transportation	\$1,422
Accommodation	\$41,162
Food & Beverage - At Stores	\$34,893
Food & Beverage - At Restaurants/Bars	\$76,354
Recreation & Entertainment	\$46,802
Retail - Clothing	\$29,021
Retail - Other	\$4,568
<b>Total</b>	<b>\$342,403</b>

This spending is up from 2015 by more than \$40,000. This is accounted for by the increase in spectators as well as drivers. More drivers in particular result in more of an economic impact as they also bring families and crew to the races, and purchase fuel and supplies over and above what spectators contribute.

## **Business Impacts**

The Wawa business community continues to show strong support of this event. Of the 25 event sponsors this year, 20 are local businesses. The Races allow for local businesses to market themselves on a regional and international scale that would not be possible without an event of this calibre occurring each summer in Wawa. These businesses also benefit from the partnerships formed throughout the races, with many sponsors being key suppliers of goods and services used throughout the races. These goods and services are not only used by drivers and spectators, but by the operations of the races as well. Of the money spent on the Wawa Drag Races in 2016, more than \$50,000 remained in the community, providing further benefit to local business.

## **Social Benefit**

The Northern Nationals have a great deal of benefits that are impossible to show with numbers. The community spirit and pride of all the volunteers that work so hard to put on an event of this scale contributes to the social well-being of the community. Every spectator and driver that enters through the gates experiences a hometown race that has gotten the reputation of the friendliest on the circuit. These are all extremely positive outcomes that are invaluable to the continued success of the town. The experiences that people get coming to Wawa for a race translate to many coming back year after year, and choosing Wawa as their summer getaway. That's marketing that really sticks and supports tourism in Wawa. The positive image that is represented through the Races does a great deal to support other tourism initiatives for Wawa and area.

## **Return on Investment**

The Race continues to be an investment on the behalf of the Municipality. However, an investment of \$28,000 for a return of \$342,000 in economic benefits for the town represents a justifiable expenditure in the eyes of Staff. This expense is very similar to other tourism expenses in that it provides a direct and measurable positive impact on the community. This investment also provides a great deal of benefits such as recreation opportunities for residents as well as being one of the top events in Wawa of the year. Moving forward, staff will endeavour to ensure the race becomes sustainable for the long term.

## **Moving Forward 2017**

The Northern Nationals Drag Race was created in 2012, and 2017 is the end of the current five year plan. This plan has seen the race grow from nothing to one of the most popular events in Wawa. Moving forward, the Drag Race Committee and Staff will create the next five year plan, moving out of the Establishment phase of the Race and to the Sustainability phase. This will plan for steady, manageable growth over the next 5 years as well as a balancing of the Budget. In 2017, more sponsorship options will be made available and pursued. The Committee will focus on getting more drivers and maintaining the excellent reputation of the Race. We will also focus on getting spectators from the surrounding communities, with emphasis in Sault Ste. Marie and the Northern United States.