



City of
Peterborough

To: **Members of the General Committee**

From: **Cynthia Fletcher**
Commissioner of Infrastructure and Planning Services

Meeting Date: **April 8, 2019**

Subject: **Report IPSAIR19-003**
Expanded 2019 Peterborough Air Show

Purpose

A report to request Council's approval to proceed with an expanded 2019 Peterborough Air Show beyond the base show originally planned.

Recommendations

That Council approve the recommendations outlined in Report IPSAIR19-003, dated April 8, 2019, of the Commissioner of Infrastructure and Planning Services as follows:

- a) That the Peterborough Air Show be expanded based on the Business Case as described in Appendix B of Report IPSAIR19-003 dated April 8, 2019 from the Commissioner of Infrastructure and Planning Services and that staff be authorized to take whatever action is necessary to implement the elements of the Business Case;
- b) That the \$225,000 budget previously established for a base Air Show be increased by \$300,000 for a total of \$525,000 with all expenses to be covered from revenues generated by the Air Show; and
- c) That the CAO and Clerk be authorized to execute contracts/agreements and other documents to the satisfaction to the Commissioner of Infrastructure and Planning Services and the City Solicitor as required to implement the Air Show.

Budget and Financial Implications

The 2019 Operating Budget included an amount of \$25,000 for the City's expected share of a small 2019 Air Show. Between the time that the 2019 budget was prepared and late November 2018, the idea of having the Snowbirds at the Air show had started to develop and the City had to commit in late November 2018.

The CAO, through delegated authority, approved a budget of \$200,000 with all expenses expected to be covered from revenues generated by the show. Since that time, an expanded air show has been discussed and although costs are still expected to be offset by revenues and the CAO is supportive of the expanded Air show, the CAO believes Council should now be aware and approve this commitment.

The draft budget as described in Appendix B projects an operating profit of \$100,000. Staff believes this budget is conservative as the expenses are based on actual quotes with contingency and admission revenue has been conservatively estimated. The gala dinner is expected to be funded by admission and sponsors with no financial implications on the operating budget.

Background

The Peterborough Airport's 50th anniversary is this year. As part of the anniversary celebrations, it is proposed to hold a 2-day (September 21 and 22, 2019) Air Show and Gala Dinner.

In response to a request, the Department of National Defence agreed to send the Canadian Forces (CF) Snowbirds demonstration squadron to Peterborough for the two days of the Air Show. The CF Snowbirds are Canada's military aerobatics flight demonstration team whose purpose is to showcase the skill, professionalism and teamwork of Canadian Forces personnel. Securing the CF Snowbirds participation is a major coup for the Peterborough Airport and puts the Air Show on an entirely different level than airport events of the past few years. It will be Air show Outside the Ordinary.

The 2019 CF Snowbirds show dates were announced at the annual International Council of Air Shows conference on December 4, 2018. Accordingly, the City needed to make a decision on the Air Show prior to that date.

Part 9.1.3 of the Purchasing By-law 18-084 delegates authority to the CAO to create a budget where 100% funding has become available, subsequent to the annual budget approval, for a specific deliverable, and where no new full-time staff are required. The Chief Administrative Officer through her delegated authority approved the following recommendations:

- a) That the Peterborough Air Show Business Case as described in the memorandum dated November 26, 2018 from the Commissioner of Infrastructure and Planning Services be approved and that staff be authorized to take whatever action is necessary to implement the elements of the Business Case; and
- b) That a budget of \$200,000 be established for the 2019 Air Show with all expenses to be covered from revenues generated by the Air Show (see attached Appendix A).

The recommendations were based on an estimated budget. The estimated budget was created using a sample budget for a medium sized air show attained from the International Council of Air Shows which was the best information available at the time of the report.

Revised Business Case

Detailed planning of the Air Show and the Gala Dinner commenced in December 2018.

The 2019 Air Show provides an opportunity to celebrate the 50th Anniversary of the Airport and to host the renowned Snowbirds. In order to do so, the budget (expenses and revenues) has increased. The following are notable changes to the November 26, 2018 approved budget:

Revenue Adjustments

1. The Air Show box (attendees viewing area) can accommodate 15,000 attendees each day. To accommodate that number of daily attendees busing from external parking lots is planned. The new admissions revenue is based on a conservative number of 10,000 general admissions each day.
2. A VIP area accommodating 500 people each day was added. VIP areas are very common at air shows, providing complimentary refreshments and premium seating, parking on site at an increased admission fee. The VIP attendance revenue is based on a conservative number of 400 people each day.
3. Merchandise sales increased to correspond with the number attendees.
4. A new revenue line for Program sales
5. An increase in the number of Vendors

Expense Adjustments

1. More performers and aircraft static displays have been added to provide a 2 hour Air Show and an interesting aircraft display.
2. Emergency Services (Fire, EMS, First Aid) added
3. Police services added for traffic control and crowd control

4. Merchandise and Program expense added
5. Busing of attendees from external parking lots added
6. Marketing budget increased to ensure attendance numbers are achieved
7. Increase in Insurance

A significant amount of time has been invested in planning and acquiring accurate revenue and expense numbers for the Air Show. The Air Show Steering Committee is made up of Loomex Property Management (Loomex) Staff and City Staff. Loomex Staff are leading the planning, logistics and operation of the Air Show with a large contribution of in-kind labour. City Staff are leading the administration, financial tracking, marketing and communications.

The City's Corporate Sponsorship Coordinator has generated financial commitments and in-kind commitments and is working towards the target of \$50,000 in sponsorship. The sponsorship attraction is based on daily attendance of 10,000 to 15,000. Sponsors have indicated an interest in advertising the Air Show through their channels and sharing costs to advertise in the GTA.

Appendix B is the revised business case for the 2019 Peterborough Air Show with projected income in excess of \$100,000 over projected expenses.

The CF Snowbirds and other acts will generate much interest locally and will be advertised to surrounding areas from Toronto to Kingston. Our community will benefit through tourism and public awareness of the Airport.

The potential risk is that the weather will not allow the CF Snowbirds and other acts to perform. The Air Show plan includes the air performance lasting approximately 2 hours, aircraft static displays, vendors and information booths. Should the air performance be cancelled due to poor weather, people will still be able to view the static displays, vendors and booths as well as meet the CF Snowbirds and other performers. Tickets will be sold in advance and are non-refundable.

The Gala dinner will be held in a hangar and is projected to be funded by admission and sponsors. Attendance is expected to include the aviation community and dignitaries as well as the air performers. This venue will be used to recognize the efforts of many who contributed to the Peterborough Airport's growth over the past 50 years.

The Airport has held events in the past with static aircraft displays (ground only) in 2017 and 2018. The attendance for these events was from 7,000 to 16,000 people over a two day event with minimal marketing efforts.

Option 2 – Basic Air show

Many of the expenses remain the same for both the expanded Air Show and the basic Air Show. Fencing; emergency crews such as fire services, EMS, first aid, police and busing are required for both shows. The basic show would consist of the CF Snowbirds performance only, lasting approximately 45 minutes with attendance numbers of 7,500 per day. Sponsorship funds would be more difficult to attain due to the reduced scope of the Air Show. All static displays would be eliminated to save in expenses and therefore the plan for a rained out show is far less attractive to attendees. This limited show would make it more difficult to achieve the required attendance to cover the expenses. To host the basic show based on the detailed research which has now been undertaken, the budget requirement would be \$330,000, which is an increase of \$130,000 in expenses to be covered by revenues.

If Council wishes staff to proceed with a basic Air Show instead, motions a) and b) should be changed to:

- a) That the Peterborough Air Show be approved based on the Business Case as described in Appendix C of Report IPSAIR19-003 dated April 8, 2019 from the Commissioner of Infrastructure and Planning Services and that staff be authorized to take whatever action is necessary to implement the elements of the Business Case;
- b) That the \$225,000 budget previously established for a base Air Show be increased by \$100,000 for a total of \$325,000 with all expenses to be covered from revenues generated by the Air Show.

Summary

Both the expanded Air Show and the basic Air Show will require a similar amount of time and effort. Having an Air Show that includes the CF Snowbirds is very exciting for our community. A basic show is projected to break even but with the expanded show there is an opportunity to generate significant revenue and it will be more Outside the Ordinary. The Air Show Steering Committee is committed to making the Peterborough Air Show a great success.

Submitted by,

Cynthia Fletcher
Commissioner of Infrastructure and Planning Services

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Attachment(s):

Appendix A – Peterborough 2019 Air Show Business Case – CAO Approved
Appendix B – Peterborough 2019 Air Show Business Case – Expanded Air Show
Appendix C – Peterborough 2019 Air Show Business Case – Basic Show Revised

Appendix A:

Peterborough 2019 Air Show Business Case – CAO Approved

Peterborough Airport
Profit Loss Projection (based on information provided by
The International Council of Air Shows)

Based on a total of 15,000 people attending over two days:

Income

Sponsorship Income	50,000.00
Admission	187,500.00
Vendor Fees	1,500.00
Merchandise Sales	500.00
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Total Income	239,500.00

Expense

Miscellaneous Operating Expenses	11,000.00
Facilities	50,000.00
Security/Access	5,000.00
Insurance	25,000.00
Promotions	5,000.00
Air Boss	7,000.00
Coordinator	10,000.00
Performer Fees/Expenses	50,000.00
Front Line Pavilion	17,000.00
Volunteer Pavilion	5,000.00
Contingency	15,000.00
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Total Expense 200,000.00

Net Income \$ 39,500.00

Notes:

- Airports have secured insurance for \$5,000.00 for a two day Air Show. A budget of \$25,000 has been allotted.
- Attendance based on 15,000 – family of 4 equals 2 paying guests. This is a low estimate of paying attendees paying \$25.00 per adult
- The operations budget of \$25,000 was not added into the above Profit Loss Statement
- Expenses were estimated on the high end

Appendix B:

Peterborough 2019 Air Show Business Case - Expanded Air Show

Air Show Revenues

Sponsorship Revenue	\$	50,000.00
Admission	\$	535,000.00
Vendor Fees	\$	5,000.00
Merchandise	\$	35,000.00
Total Air Show Revenue	\$	625,000.00

Air Show Expenses

Performers/ Static Displays	\$	107,410.00
Air Boss	\$	3,500.00
Misc Operating	\$	14,700.00
Security	\$	55,000.00
Facilities	\$	49,750.00
Insurance	\$	50,000.00
Labour and Services	\$	72,690.00
Volunteer	\$	15,000.00
Transportation	\$	57,500.00
VIP Area Expenses	\$	23,000.00
Marketing	\$	37,450.00
Merchandise/Program	\$	9,000.00
Contingency	\$	30,000.00

Air Show Gross Expense \$ 525,000.00

Net Gain/Loss \$100,000.00

- Attendance based on a total of 20,000 people over two days. (Admission Fees for 800 VIP, 10,000 adults, 7,500 youth/children. Children 4 and under are free)
- The operations budget of \$25,000 was not added into the above Profit/Loss Statement
- Expenses are based on actual quotes

Appendix C:

Peterborough 2019 Air Show Business Case - Basic Show Revised

Air Show Revenues

Sponsorship Revenue	\$	25,000.00
Admission	\$	310,000.00
Vendor Fees	\$	5,000.00
Total Air Show Revenue	\$	340,000.00

Air Show Expenses

CF Snowbirds	\$	42,700.00
Air Boss	\$	3,500.00
Misc Operating	\$	14,100.00
Security	\$	43,000.00
Facilities	\$	34,960.00
Insurance	\$	25,000.00
Labour and Services	\$	72,690.00
Volunteer	\$	9,000.00
Transportation	\$	31,500.00
VIP Area Expenses	\$	21,000.00
Marketing	\$	15,000.00
Contingency	\$	12,550.00
Air Show Gross Expense	\$	325,000.00

Net Gain/Loss	\$	<u>15,000.00</u>
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- Attendance based on a total of 15,000 over two days. (Fees for 7,500 adults, 5,500 youth/children. Children 4 and under free)
- The operations budget of \$25,000 was not added into the above Profit/Loss Statement
- Expenses are based on actual quotes