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WROTBC Board Members:

Over the past few years Western Regional Off Track Betting Corporation (WROTBC) has been criticized for some policy and personnel decisions. My senior management team and I have spent the past two months reviewing our current Corporate Policies, Operating Plans, Employment Contracts and Internal Controls. We have found that while some policy changes are necessary and while the staff leadership has made some decisions that have been questioned the overall mission of the Corporation has not been compromised. This report outlines some reform measures that I believe will provide the Corporation with greater accountability, transparency and efficiency. These recommended reforms and policy changes will continue the growth of WROTBC.

Over the past two months we have made some internal changes that will help improve our efficiency and provide better outcomes for the Board of Directors, our member municipalities and ultimately our strong customer base.

New Internal Reforms and Changes made to WROTBC over the past two months:

- Revamped the Sponsorship Review process, by creating a 3-member review committee team for any request under \$1,000. Any request over \$1,000 will now be approved by the President/CEO.
- Monthly reporting of money spent on both Television and Radio advertising will be presented to the Board of Directors.
- Posting on the Website, Committee and Board agendas one week in advance of meetings (we are only required to post 72 hours in advance as per the by-laws).
- Created a hard deadline for receipt of all Departmental Board Resolutions 2 days before posting on the website by the Executive Office Manager.
- Monthly full staff preparation session on the Board Agenda to create a more efficient Board meeting.
- Currently negotiating all vendor fees, already successful in reducing the media buy percentage by 2% (saving approximately \$20,000).
- Established a single point of contact for all media requests, allowing the Corporation to respond with a single voice in a more efficient and timely manner.
- Reformed the employee cell phone use reimbursement approval process.

We also held a meeting with all of our senior staff members to find ways to improve all of our processes and make the necessary changes as we move forward. The reform recommendations in this document include staff ideas and research from my senior staff.

I respectfully request consideration and approval of the reforms outlined in this report.

Respectfully,

Byron W. Brown
President/CEO

WROTBC 2025 REFORM AGENDA

CREATING GREATER ACCOUNTABILITY, TRANSPARENCY AND EFFICIENCY

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REFORM MERIT RAISE PROCESS

ISSUE:

Over the past three years (2022-2024) WROTBC has provided 102 merit raises to employees for a total cost of \$392,166. The current Corporate Policy allows merit raises on an annual basis, one year from the date of their last merit increase or promotion. The percentage of dollar amount of any and all merit increases shall be determined by the Personnel Committee of the Board of Directors. Employees may also receive a special merit increase during the course of the year upon the recommendation of their supervisor and the President and Chief Executive Officer with the approval of the Personnel Committee. Special merit increases include those where a supervisor recommends an increase prior to one year from the date of the last raise.

We have not been able to find approval of the merit raises over the last three years by the Personnel Committee. Also, there is no budget line in any of the WROTBC Operating Plans for merit raises leading to no clear oversight for the Board of Directors. Over the last three years merit raises have totaled:

2022 - \$109,590 (24 raises)

2023 - \$166,920 (50 raises)

2024 - \$115, 656 (28 raises)

KEY RECOMMENDED REFORMS:

Clarify the process for merit raises by including a set amount in the operating plan each year, the average over the past three years was \$130,722. I recommend an annual budget of \$100,000.

Create a transparent process for recommendations and review of merit raise requests. Utilizing our Human Resources information system (BambooHR) to set up a system that allows Department Heads the ability to request a merit raise outlining why they feel the employee deserves the increase. All requests must first be reviewed by the President and CEO who will then make final recommendations to the Personnel Committee for approval.

Establish a clear deadline for approval. Submit all merit raise requests prior to the close of the second quarter on July 1st.

Eliminate the perception of favoritism. Over the last three years five (5) employees have received merit raises in all three years. This past practice has created problems with employee morale as some employees have not received a merit raise at all while others have enjoyed an increase each and every year.

We need to be careful of how many years in a row employees receive merit raises and look clearly at the justification before merit raises are granted in consecutive years.

LIMIT COSTLY EMPLOYEE CONTRACT BUYOUTS

ISSUE:

Our research has discovered 18 executed Employment Contracts for employees. These contracts have inconsistent lucrative buy-out terms. There is no standard severance pay and benefit package for WROTBC. Severance pay in the executed contracts vary and range from 4 months to 24 months.

- Up to 12 months of severance pay – 13 contracts
- Up to 18 months of severance pay – 4 contracts
- Up to 24 months of severance pay – 1 contract

WROTBC has received criticism from the NYS Comptroller, some state legislators, and several media outlets for the employment contracts and specifically the high cost of buyouts. In fact, currently the Corporation has paid out \$421,000 for two contract buyouts and negotiated a settlement with an officer which allows them to work from home despite the fact that WROTBC does not have a work from home Policy. This employee is receiving \$174,907 paid bi-weekly through November 30, 2025.

It is our understanding that employment contracts were provided to Officers of the Corporation and Department Heads, however an exception was made, and one contract was given to a sales manager.

KEY RECOMMENDED REFORMS:

I recommend that WROTBC create a clear policy, which limits the severance pay time to up to 4 months for all future contracts similar to the recently executed contract with new President and CEO.

If the original process to determine who qualifies for an employment contract was limited to only Officers of the Corporation and Department Heads, I recommend only executing contracts with those employees in the future and I will create an Administrative Policy to reflect this change.

Please note WROTBC has inconsistencies with employee retirement benefits (medical, retirement and life insurance) that could jeopardize retention and recruitment of younger employees. There are currently at least two tiers of medical and health coverage for non-union employees which create confusion and employee concerns. Employees hired before January 1, 2012, only pay 5% of the total monthly premium for the family plan while anyone hired after that date pays 72% for the family plan.

Number of non-union full-time employees	Percentage to be paid for family coverage
38	5%
72	72%

I strongly recommend that we work together to close the gap between employees hired after 2012 and those hired before, or we will have a difficult time retaining our current younger employees and attracting new employees with families that look at our high cost of family health care as too expensive. I recommend that all future employment contracts allow executive staff to be eligible to receive family coverage medical benefits and pay 20 percent of the annual premium.

VIDEO RECORD BOARD MEETINGS

ISSUE:

It is well documented that hybrid and remote options for viewing public meetings benefit older adults, parents, those with disabilities, and others. According to several Good Government groups, during the COVID-19 pandemic, attendance at local meetings rose sharply across New York State as widespread video-conferencing provided a flexible and low-risk method for people to participate in government from their own homes. However, many local and city governments have now moved back to fully in-person meetings, leaving many unable to observe their local government representatives as they once had.

While WROTBC is not a government entity, we do represent 17 member municipalities with some communities over 2 hours away from the location of our Board Meeting. Keeping the public informed and allowing them to observe the Corporation's decision-making process will send a clear message that we are a transparent open public benefit corporation.

KEY RECOMMENDED REFORMS:

I recommend that we video record our Board Meetings and post them on our website within 24 hour of the meeting. It is not difficult or expensive to record these sessions and post video recordings online. This is another example of how the corporation can show how committed we are to transparency. Utilizing technology will continue to be a top priority for us as we strive to become an open and transparent corporation.

I would like to eventually consider livestreaming all Board Meetings and want to use this as the first step in the process.

RENEWAL OF BUFFALO BILLS SUITE

ISSUE:

The contract for a suite at the Buffalo Bills Stadium purchased by the corporation runs out at the end of the 2025/2026 season when the new stadium is expected to open. The suite is a great marketing tool for the Marketing Department to drive traffic to the facility via drawings for tickets and to reward high rollers. However, the cost associated with the new stadium is nearly 2 times the cost that we currently pay. In the past 5 years our costs associated with purchasing tickets for the Bills are as follows:

2019/2020 - \$65,066.00

2020 - \$32,534.00 (Playoffs Only, 9 person Suite for 2 games due to COVID)

2021/2022 - \$100,600.00 (New Suite, with 16 tickets, post suite renovations)

2022/2023 - \$103,200.00 (16 tickets)

2023/2024 - \$100,181.12 (16 tickets)

2024/2025 - \$114,204.64 (16 tickets)

This past year that came out to be \$700 per ticket per game, or \$1,400 per pair.

The new, lowest cost suite presented to Batavia Downs from the Buffalo Bills is \$200,000 per year for a 12-person suite. This includes a 5% yearly escalator, and the term of the contract is 8 years. This comes to about \$3,300 a pair in year one and goes to \$4,700 per pair by year 8.

KEY RECOMMENDED REFORMS:

The suite has been an effective marketing tool used by the corporation to drive traffic on Fridays and Sundays for drawing nights. And our high rollers are rewarded with tickets and on a limited basis, tickets are also given to local charities to help raise money at various galas and events. This reward program helps raise Batavia Downs' profile and awareness, but the increased proposed new cost of a suite in the new stadium outweighs these positives.

Given the way that the Marketing Department is funded via 10 percentage of the net win, the amount of money a person would have to lose to justify receiving a pair of tickets to a game under the proposed contract would be a number few people would be able to achieve. While using the tickets as prizes on drawing nights during the season, play from many hopeful winners is a more likely way to help to cover the anticipated cost. Giving football tickets to local charities would likely end, given the very high overall value.

It is still very desirable for Batavia Downs to give away tickets to the new stadium, but given the cost and the contract term, the anticipated return on investment would be low. Waiting to see what would be available to the corporation in terms of "club" or regular season ticket seats would be an option. The cost would likely be lower per seat. Furthermore, a regular seat would mean that the corporation would not need to purchase food or drink or send a host to each game. In fact, we spend on average an additional \$1,500 on food and beverages per game. This will result in additional savings for the corporation of \$15,000 to \$18,000 per year. Savings could then be used on other things to drive traffic to the facility, like Cash Drawings, Premium Items and other giveaways.

Also, in 2021, the Board of Directors approved a five-year term ending at the conclusion of the 2025–26 season for a Buffalo Sabres suite. The total cost over the length of the contract is \$870,000. We will closely review the contract before it expires to determine whether we should move forward with it.

UPDATE TRAVEL POLICIES

ISSUE:

WROTBC was criticized this year for what some called, “extravagant” travel. They listed a three-night stay in Las Vegas at a cost of \$3,300, a \$1,600 dinner tab at a top-rated Las Vegas steakhouse, a trip to Saratoga Springs that included a \$2,420 dinner tab and an overnight stay at a four-star hotel in New York City.

Allegations were made that a former employee’s spending at times far exceeded limits set for state employees. Reimbursement for meals is set at up to \$103.25 with gratuity included. Some trips spent an average of up to \$269 to \$320 on meals.

The cap on hotels varies by the city and time of year. The employee was accused of spending \$1,100 a night in Las Vegas while the state limit for that city is \$159.

However, while WROTBC is a state public benefit corporation, it is exempt from the state spending caps, which mirror federal limits.

Mark Johnson, a spokesman for the New York State Comptroller, said: “OTBs, like other public authorities, should implement and enforce policies which are reasonable and in the best interest of the entity and the public.”

According to the recently approved 2025 WROTBC Corporate Policies, a revised policy for employee travel was updated on 12/12/2024 where authorization for all overnight travel and stays must be submitted in writing. All employees shall request approval from their Supervisor. The travel request will then be forwarded to the President and Chief Executive Officer for final approval or in their absence to the Chief Operating Officer. Exceptions may be made for emergencies, as approved by the President and Chief Executive Officer. Meals are permitted to a maximum of \$58.00 for in-state travel a day or \$87.50 for out-of-state or New York City travel per day. Also, employees get reimbursed at that rate regardless of what they actually spend.

KEY RECOMMENDED REFORMS:

In the gaming industry some travel is critically important and necessary since we are in such a competitive environment. Visiting other casino’s, attending conferences, receiving additional training and visiting our State elected officials is crucial to our overall success.

I propose that we implement the following reforms to clarify and ensure that reasonable expenses are approved in a timely manner.

All in-state travel shall follow the current process with Supervisor approval first followed by final sign off from the President and Chief Executive Officer. I propose creating a form similar to the current request for out-of-state travel including Name, Department, Dates of Travel, Destination City, Name of Convention/Training, Specific things that will be accomplished there. A separate area with anticipated costs for: Air Travel/Baggage, Car/Taxi, Parking, Meals, Hotel, Wi-Fi/Resort fees not included with Hotel, Tolls, and Miscellaneous charges should be calculated to give an overall cost of the trip.

I will also require that after the employee returns from the training or convention that a recap be provided that outlines the major highlights of the trip.

For out-of-state travel I believe the same process should be followed however, the President and Chief Executive Officer will present the approved request to the Board of Directors for final approval.

Finally, regarding reimbursement of meals, the current process is flawed and regardless of how much you spend you still get reimbursed for a set amount. I propose that employees only get reimbursed from the actual invoices that are submitted. The reimbursement amount should be a daily rate not per meal.

Convention / Training Request Document

Name: _____ Title: _____

Department: _____

Name of Convention/Training: _____

Dates of Travel: _____ to _____ Destination City

Details and Purpose of Trip:

Cost:

Air Travel/Baggage _____

Car/Taxi _____

Parking _____

Meals _____

Hotel _____

Tolls _____

Misc. charges (Explain) _____

Total Estimated Costs: _____

Employee Signature: _____

Supervisor Signature: _____

Authorizing Signature: _____

Board Committee & Date: _____

Board Approval Date: _____

GREATER TRANSPARENCY OF PROCUREMENT POLICY

ISSUE:

WROTBC's procurement disclosure policy applies to the purchase of goods and services paid for by the Corporation for its own use and account. The primary objective of our policy is to assure the prudent and economical use of company monies in the acquisition of goods and services and to guard against favoritism, extravagance, fraud and corruption according to our approved Corporate Policies.

Current procedures for the annual aggregate purchase of commodities, equipment, and goods and services are:

Not to exceed \$5,000.00	No quotes required.
\$5,000.00 - \$10,000.00	Documented verbal quotations from at least two vendors.
\$10,000.01 - \$15,000.00	Written/fax quotations from at least two vendors.
Over \$15,000.00	Public bidding required and subject to Board approval.

The Corporation's Policies also list exceptions to these procedures which include Sole Source Procurements. Sole Source Procurements are defined as a situation where (i) there is only one possible source from which to produce goods and services available in the marketplace, (ii) no other goods and services provide substantially equivalent or similar benefits, and (iii) considering the benefits, the cost to WROTBC is reasonable.

Over the past three years, WROTBC has utilized 127 sole source, 20 single source procurements, 45 RFP's and 70 public bids.

2022: 48 sole sources, 7 single sources, 9 RFP's, 24 public bids
2023: 45 sole sources, 8 single sources, 15 RFP's, 27 public bids
2024: 35 sole sources, 5 single sources, 21 RFP's, 19 public bids

KEY RECOMMENDED REFORMS:

In accordance with New York State General Municipal Law §103, competitive bidding is required on public works contracts exceeding \$35,000.00 and purchase contracts exceeding \$20,000.00.

WROTBC is committed to maintaining the current procedure of any purchase contract or professional service over \$15,000.00 be subject to public bid and the Board of Directors' approval.

WROTBC needs to adopt and annually review our written policies and procedures for procuring goods and services. Our current process is unclear, and we need to clarify the difference and use for when sole source or single source should be utilized.

The NYS Office of the State Comptroller's website lists examples of single and/or sole source awards that we should use as part of our updated corporate policy.

I strongly believe that we should use the Request for Proposal (RFP) process for every item over \$15,000, unless a strong case can be made that is defined as sole source or single source. We also must create a clear "blackout" policy, with all employee's recognition when they are required to not engage with any vendor that is actively pursuing a public bid with WROTBC.

JOB POSTINGS ON WEBSITE

ISSUE:

WROTBC currently has 436 employees located at the Batavia Downs Gaming location and OTB branch locations across Western New York. Over the past three years, an average of 73 job openings have been posted per year. Most of these positions were solely posted internally, while some are also advertised to the public. The current practice is:

INTERNAL POSTINGS

Branch Union Positions:

- Internal Posting: A Notice of Job Opening is posted on OTB branch bulletin boards located within the same county as the vacancy for a period of 5 consecutive working days.
- Filling the Vacant Position: The position must be filled no later than the Monday following the closure of the job posting.
- Priority Order for Filling Vacancies:
 1. The position will first be offered to an employee who applies with a minimum of 1 year experience in the classification directly below the posted position.
 2. If no qualified applicants with the required experience are available, the position will be filled from among the employee applicants who have less than 1 year experience in the classification directly below the posted position.
 3. If there are no candidates from the above categories, the position will be filled from among the employee applicants who are qualified and capable of performing the job.

Batavia Downs Gaming Union Positions:

- Internal Posting: A Notice of Job Opening is posted on the Batavia Downs Gaming bulletin boards located at the south employee entrance, in the secure hallway breakroom, in the Key Watch room, and in the HR hallway breakroom for 7 consecutive days.
- Filling the Vacant Position: The position must be filled no later than the Monday following the closure of the job posting or upon Gaming Commission approval, whichever comes first.
- Priority Order for Filling Vacancies:
 1. The position will first be offered to union employees within the department where the vacancy exists.
 2. If no suitable candidates from within the department are available from among the applications received, employees from other departments will be considered based on their corporate seniority, experience in the new position, and disciplinary record.
 3. If there are no candidates from the above categories, the position will be filled from among any non-union employee applicants who are qualified and capable of performing the job.

Corporate Administrative, Gaming Administrative, and Non-Union Positions:

- **Vacancy Determination and Filling Process:** Consideration will be given to current employees for promotional opportunities and lateral transfers. If it is determined that the positions will be filled by promoting.
 1. For positions available in salary classifications 1-7, the President & Chief Executive Officer shall make the final determination and advise the Personnel Committee.
 2. For positions available in salary classifications 8-15, the President & Chief Executive Officer shall make a recommendation to the Personnel Committee and Board of Directors for final approval.
- **Internal Posting:** A Notice of Job Opening and the corresponding job description is posted on the Batavia Downs Gaming bulletin boards located at the south employee entrance, in the secure hallway breakroom, in the Key Watch room, and in the HR hallway breakroom for 7 consecutive days.
- **Filling the Vacant Position:** The position will be filled after any interviews are held with prospective candidates.

PUBLIC POSTINGS

If a vacant position is not filled from within the Corporation, the job is publicly advertised to attract external candidates.

Job Posting Locations:

- **Indeed:** The open position and its job description are posted for a minimum period of 7 days on Indeed.
- **LinkedIn:** Though used less frequently, LinkedIn has also been used in the past to post open positions.
- **Batavia Downs Gaming Facebook Page:** Open positions are advertised by request on the Batavia Downs Gaming Facebook page to reach a broader audience.
- **Batavia Downs Gaming Website:** The Careers page on the Batavia Downs Gaming website features a general online application form that is submitted directly to the Human Resources email address (hr@westernotb.com). The page also links to the Indeed platform, where all open positions are listed.

KEY RECOMMENDED REFORMS:

This reform proposal aims to streamline and improve the current external posting practices. By ensuring transparency, fairness, and efficiency in the hiring process, the organization can better promote from within, provide employees with opportunities for advancement, and attract qualified external candidates.

The general application form located on the Batavia Downs Gaming Careers page lacks clarity and organization, as it does not provide applicants with direct access to current, detailed job listings unless they follow the link to the Indeed platform. By listing each job individually, applicants will have easy access to information about the specific position, including job responsibilities, qualifications, and required experience. This will ensure that potential candidates understand the position they are applying for and can submit more tailored applications.

The general online application form should also be replaced by an editable pdf version of the OTB application that is required to be filled out in order to be considered for employment. The application process on the website should also include options for uploading resumes, cover letters, and additional documents, ensuring that applications are complete and easy to review.

In order to increase visibility and reach, any and all publicly advertised positions should also be consistently posted on Batavia Downs Gaming's Facebook page, Western OTB's Facebook page, and any company-run LinkedIn pages. All social media posts should include a link directly to the Careers page on the Batavia Downs website.

INSTITUTION OF TIPPING **CORPORATE POLICY**

ISSUE:

Surprisingly, WROTBC does not currently have a formal written corporate policy or procedure regarding tip distribution and tip pooling that takes place at 5 different areas. This can lead to several operational, legal, and employee-related issues. These can include but are not limited to legal risks and compliance issues, employee disputes and low morale, financial and tax complications, and risk of lawsuits. The lack of a clear policy has created several legal issues and grievances for the Corporation. As the hospitality industry becomes increasingly focused on providing equitable compensation for service staff, it is essential that our business outlines clear, transparent, and fair methods of tip distribution.

CURRENT PRACTICE

1. Events Administrative Fee Tip Pool

- a. Booked events are charged an automatic 20% administration fee—18% is distributed to the staff members that work the event, 1% is distributed to the sales staff, and 1% is distributed to the bar back that stocked the bar for the event.
- b. A cash tip jar is located on the bar top for events where that practice is allowed, these tips are given directly to and split evenly among the bartending staff. Prior to January 2025, the tips from the bar top were added to the 18% administrative fee, and the total sum was distributed to all of the employees working the event. The bartenders take these tips home at the end of the event.
- c. An event sheet is generated by the Catering Operations Manager detailing which staff members worked at the event and how many hours they worked, and the administrative fee is then split among them based on how many hours they worked for the event. This report is given to the finance department to process the tip payments for payroll. All tips from the administrative fee are paid through employees' paychecks and taxed according to their tax withholdings.
- d. The finance department calculates the Gaming Industry Tip Compliance Agreement (GITCA) rate for the cash tips taken home by the bartenders based on their hours worked times a predetermined rate per hour that is set by the IRS. These tips are reported in the bartenders' pay checks and they are taxed according to the IRS GITCA rate.

2. 34 Rush Bartender Tip Pool

- a. Bartenders and Lead Bartenders working in 34 Rush are subject to a tip pool for any tips received at the bar. Tips are split evenly between all bar staff working and are taken home at the end of their shift.
- b. The finance department calculates the GITCA rate for the cash tips taken home by the bartenders based on their hours worked times a predetermined rate per hour that is set by the IRS. These tips are reported in the bartenders' pay checks and they are taxed according to the IRS GITCA rate.

3. Customer Relations Department Tips

- a. Customer Relations staff are not allowed to accept tips. If they are releasing a jackpot or are in a position where a tip is handed to them, they are to announce on the radio that they are bringing a tip to the cashier's cage. The staff member takes the tip money to the cage, where it is deposited in the tip jar for the floor and cage staff.

4. Floor and Cage Employee Tip Pool

- a. Customers frequently give cash tips to floor and cage staff, which are put in a jar located inside the cage area. In 2023, the total tips were \$429,814.49, and in 2024, they were \$493,688.92.
- b. The tip jar is regularly emptied, and all cash is turned into the vault to be counted each night. The vault completes a log of the cash amounts, and the money is deposited on a bi-weekly basis to coincide with the payroll schedule.
- c. A report is generated by Manager- Video Gaming Operations and the Cage Manager detailing which staff members worked for the pay period and how many hours they worked, and the total tips received for the week are split among them based on how many hours they worked. This report is given to the finance department to process the tip payments for payroll. All cash tips collected at the cashier's cage are paid through employees' paychecks and taxed according to their tax withholdings

5. Summer Concert Series Bartender Tips

- a. There is one indoor bar, and several outdoor bars are set up for each concert. The indoor bar is staffed by Batavia Downs employees, the outdoor bars are staffed by contracted bartending staff.
- b. The indoor bar staff are subject to a tip pool for any tips received at the bar. Tips are split evenly between all bar staff working and are taken home at the end of their shift.
- c. If each member of the indoor bar staff does not make at least \$100 in tips for the night, the Controller- Batavia Downs Gaming- Operations supplements their tip money with drink ticket sales money to ensure they take home \$100 for the night. For example, if the bartenders each receive \$80 in tips, they would be given \$20 each from the drink sales money to make their total tips \$100 for the night.
- d. The finance department calculates the GITCA rate for the cash tips taken home by the bartenders based on their hours worked times a predetermined rate per hour that is set by the IRS. These tips are reported in the bartenders' pay checks and they are taxed according to the IRS GITCA rate.
- e. The outdoor bar staff follow the same process as the indoor bar staff regarding tip pooling. A member of the audit staff is present when they count their tips, and if they do not make \$100 in tips for the night, their tip money is supplemented with drink sales money to make their total tips \$100 for the night.

KEY RECOMMENDED REFORMS:

This reform proposal aims to create an official set of written tipping policies and procedures. These should clearly outline which staff members are entitled to receive tips, the process of turning in and distributing tips, and the procedure for taxing and reporting tips for payroll purposes. Currently Supervisors are receiving tips for booked events where we charge an automatic 20% administration fee with a guaranteed 1% for working an event. This practice has to end, Supervisor's should not be receiving tips.

Also, the carve out for one individual employee to receive 1% of the tips as the bar back that stocks the bar for the event needs to be canceled and the full 20% administrative fee needs to be evenly distributed to all of the non-supervisory staff.

A formal policy will help promote transparency and consistency while providing clear guidance to both employees and management on the process of tip distribution and pooling, and will establish a fair method of distributing tips, ensuring that all employees are treated equitably in terms of compensation for their efforts.

CREATE A FREE PLAY POLICY

ISSUE:

Free play in casino gaming is essentially a form of credit that allows guests to enjoy games without using their own money. It's an ideal marketing tool to encourage people, risk-free, to experience the excitement of various casino games.

We spent \$12,362,794.75 on Free Play in 2023 and \$13,410,346.01 in 2024.

Currently, coupon free play is given out at the discretion of the people authorized to do so. This includes Officers down to front line Customer Relations Staff. In the casino industry, free play is given to get a guest to sign up for a Player's Club Card, incentivize them to return to the property and if given during their visit, to keep them playing longer. Free Play also helps build loyalty with guests. For frontline staff who have access to the Player Tracking system, any free play enrollments are made in accordance with the guest's play and are logged and tied to that employee. In order to help further track these coupons, a uniform system of how these free plays are created, marked and accepted needs to be adopted. Coupon amounts range from \$10 to \$50.

Current Free Play



Proposed Free Play



KEY RECOMMENDED REFORMS:

We need to create a standardized Free Play Coupon that will be signed by the authorizing person and require a signature. Upon redemption, staff will write in the notes section in the computer system enrollment of who issued the free play. This way any auditing by our team can clearly see who authorized the coupon.

Going forward all coupon denominations will only be \$10, \$15, \$25 and \$50 and no more than two of any coupons can be redeemed by a player on a given day.

After March 15th, only coupons that are signed by a current, authorized member of the Batavia Downs Corporation will be accepted. Coupons that are unsigned or signed by a person no longer authorized will not be accepted.

GIFT CARD TRACKING

ISSUE:

Gift Cards are used throughout the casino industry as an incentive to return to the facility. As of now, all gift cards received by our Marketing Department are logged upon arrival and a tally sheet is maintained for all gift cards as they are given out.

Grocery and Gas Gift cards are used to incentivize the booking of hotel rooms. In 2024, Batavia Downs purchased \$160,000 in Gas/Grocery Gift Cards. The \$20 gift card was put into the cost of the room, so it was not an overall cost to our corporation.

Other Gift cards are sometimes given to the Hotel for various hotel packages or can be requested from the marketing department by officers or department heads for the purposes of rewarding staff members for work done above and beyond their duties. While the giving of these gift cards is logged, there is no current approval process or tracking system by any officers.

KEY RECOMMENDED REFORMS:

The Marketing staff will continue to maintain all tally sheets for a complete accounting of gift cards and their use. However, in the case of any requests made by officers or department heads for gift cards, a Gift Card Request will be filled out and reviewed by the Marketing Department and the Chief Administrative Officer. Once approved, those gift cards will be given to the requesting manager, the gift cards will be logged, and the signed request will be retained by Marketing for any future auditing purposes.

