



Town of Ajax Slots Revenue FACTS

July 13, 2017

Q1. What is the Town's share of the slots revenues?

A1. Under a new agreement that took effect on April 1, 2013, the Town receives a percentage of the total slots revenues, based on the following standardized OLG revenue sharing formula:

Revenue Level	Town Share
\$0 to \$65,000,000	5.25%
\$65,000,001 to \$200,000,000	3.00%
\$200,000,001 to \$500,000,000	2.50%
Over \$500,000,000	0.50%

Q2. How much revenue does the Town receive each year?

A2. The actual amount varies from year to year. In 2016, the Town received \$7,624,000.

Q3. How much revenue has the Town received since the facility opened in March 2006?

A3. The Town has received \$67,135,800 in revenue up to December 31, 2016. Of that total, \$4,073,000 was paid back to OLG, in payment of the Town's loan for the construction of Alexander's Crossing.

Q4. What primary objectives have been established for the use of the revenues?

A4. The following four primary goals and objectives have been approved by Council:

- 1) to keep property taxes low
- 2) provide immediate and long term social benefits
- 3) accelerate the completion of key capital projects
- 4) plan for Town's long term financial strength and stability



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Q5. *How do the slots achieve the objective of keeping property taxes low?*

A5. This is achieved in a number of ways, including:

- 1) **Lowering Long Term Borrowing** - reduces annual debt payments that are paid for by property taxes. By the end of 2014, the Town reduced its borrowing by \$13.6 million, lowered annual debt payments by just over \$1.1 million, saved interest costs of \$4.1 million and eliminated a 2.47% tax increase. The Town continues to allocate 25% of the slots revenue to offset future debt of Audley Community Centre Phase 2.
- 2) **Reducing Impact of Existing Debt** - each year, approximately \$480,900 is used to offset the property tax impact of existing debt payments, which lowers the tax rate by just under 1%.
- 3) **Funding of Grants Program** - the existing grant program was previously funded by property taxes.
- 4) **Funding for Capital Projects** - provides funding for projects that would otherwise be paid for from property taxes.
- 5) **Creating New Capital Reserves** - new capital reserves have been established without having to increase property taxes.

Q6. *What are some examples of the immediate social benefits?*

A6. The Ajax Community Fund was established through the Durham Community Foundation with an initial total contribution of \$200,000 in 2006/2007. The Community Fund, which all residents and businesses can contribute to, provides grants to registered charities that are located in or serve Ajax.

Funds from the first slots payment in 2006 were used to build a new waterfront washroom and a children's splash pad at the McLean Community Centre. Council's continues to commit \$125,000 annual to the Rouge Valley Hospital which has help fund major equipment purchases, patient patio, and The Shoulder Centre.

Q7. How are the slots revenues being spent?

A7. The reallocation of the United Way Grant which began in 2013, and the Financial Sustainability Plan (“FSP”) that came into effect on January 1, 2014, both revised the use of the slots revenues.

1) Infrastructure Maintenance/Rehabilitation:

- a. Roads - includes bridges, streetlights, sidewalks, curbs & gutters, etc.
- b. Buildings - includes parking lots, surrounding grounds, etc.
- c. General - playgrounds, trails, sports fields, walkways, parks, etc.

2) Vehicle/Equipment Replacement:

- a. Operations & Environmental Services - snow plows, trucks, mowers, etc.
- b. Fire - trucks, hoses, firefighting gear (SCBA, Bunker Gear), Auto Extraction
- c. Recreation - fitness, floor care machines
- d. Information Technology – hardware and software

3) Development Infrastructure:

Town’s share of new infrastructure required due to growth; roads, trails, parks, playgrounds, community centres, vehicles and equipment, etc.

4) Strategic Initiatives:

Traffic Calming, New software, Public Art, Community Action Plan, etc.

5) Debt Reduction:

To reduce long term borrowing and offset the impact of existing debt payments

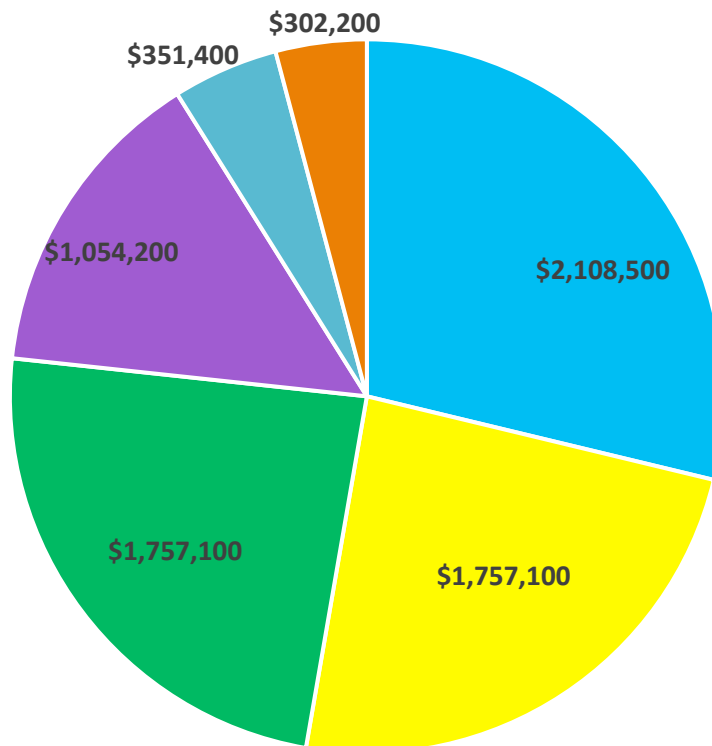
6) Grants and IMPACT Ajax:

- a. Grants - a “grandfathered” program, with grants provided annually to Ajax-Pickering Hospital, Home Week and Road Watch
- b. IMPACT Ajax - Community based programs focusing on child/youth engagement, neighbourhood development and other groups identified in the Town’s Diversity and Community Engagement Plan (e.g. seniors, low income, cultural groups, LGBT, etc.)
- c. Ajax Community Fund – As a result of phasing out the United Way Grant, effective in 2014, a new annual contribution will be made to the fund. The Endowment (Perpetual) Fund will receive 50% of the contribution, with the remaining 50% flowing directly back into the community through direct grants.

Q8. *How are the revenues distributed on an annual basis?*

A8. The 2017 budgeted slots revenues of \$7,330,500 are allocated as follows:

Distribution of Slots Revenues - 2017 Budget



- Infrastructure Maintenance - 29%
- Development - 24%
- Debt Reduction - 24%
- Vehicle/Equip. Replacement - 14%
- Strategic Initiatives - 5%
- IMPACT Ajax and grants - 4%

Town's Use of Slots \$\$ (2014 to 2016):

With the introduction of the Financial Sustainability Plan in 2014, the allocation of the Slots revenue to specific capital reserves was updated. After funding grandfathered grants and IMPACT Ajax, the balance of slots revenue (approximately 96%) is allocated as follows:

- 1) Capital Infrastructure:
Used for the construction of new infrastructure as well as the maintenance / rehabilitation / replacement of existing roads, facilities, vehicle and equipment, etc.

- 2) Debt Reduction:
Used of offset long term borrowing for construction of new building or expansion or major repurposing of existing buildings. Past uses include Operations Centre, Fire Headquarters and Audley Recreation Centre. Recent allocations continue to offset exiting debt and will be used to partially fund Phase 2 of Audley Recreation Centre.

