

2010 Tax Budget Invitation to Citizens January 12, 2010

Mr. Mayor, Councillors, ladies and gentlemen, good afternoon. For the record, my name is Stanley Haworth, a resident of Carlisle in Flamborough. Thank you Mr. Mayor for your invitation to comment before this Committee.

Mr. Mayor, I speak for many voters when I commend your efforts to develop the concept of tax credits for those who make cash donations to candidates running for municipal office. Hopefully, dropping the idea due to lack of public support is a deferral only and you will try again. The concept is progressive and should engage the public in the election process.

The City has 346.6 million reserves (albeit down 160 million) and the Deutsches Bank loss, can be w/o. However, I must add in 2008, the City had over 97 million invested in bank and non-bank supported asset backed commercial paper. The market for these securities ceased in mid-2007 and was restructured January 16, 2009. The market value of these securities apparently is only based on assumptions. The City must have taken a sizeable hit on their investments – how did the City treat this and what valuations are given now on the books?

I understand H.E.C.F.I. receives a 5 million subsidy (1% tax impact) and it will run a 395,000 deficit this year. The Operating Budget shows only 2,790,000 for H.E.C.F.I. Please explain? H.E.C.F.I., although its operation is culture and recreation, is not Area Rated. Please explain why not and why am I paying taxes to run a pro hockey team?

I attended the Council debate on Area Rating and have some brief comments on a few notes taken that day. I noted one party held forth that Area Rating is purely political and should not be tolerated. That individual surely did not know that without Area Rating Flamborough would have experienced an average tax increase of 27%. That is a higher tax increase than sparked the American Revolution. Obviously a 27% average tax increase translates Area Rating into a dollar and cents issue, primarily an economic issue, not political.

During the debate, it was inferred that the suburbs should know that CVA is largely responsible for the tax increases since amalgamation. Here are some numbers.

| | | | | | | | |
|--------|------|------|------|------|------|------|------|
| Impact | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Of CVA | 0 | 6.7 | -6 | 0 | -2.8 | 0 | 0 |

| | | | | | | | |
|--------------|------|------|-----|-----|-----|-----|-----|
| Flamborough | | | | | | | |
| Average Levy | | | | | | | |
| Impact | 6.9% | 9.6% | 6.3 | 4.8 | 1.2 | 3.7 | 9.9 |

The numbers show the tax Levy is the main component influencing tax increases since amalgamation.

During the debate, the claim was made that the Old City has been subsidizing the New City long enough and Area Rating should end. Here are some numbers:

In 2000 – amount raised in taxes – 453.17

Hamilton’s share – 70%

Flamborough’s share – 6.3%

In 2008 – amount raised in taxes – 630.1

Hamilton’s share – 62.1% - down 7.9%

Flamborough’s share – 8.5% - up 2.2%

A differential spread in 8 years of 10.1% in favour of Hamilton.

Also, from 2007 to 2008, based on city-wide average residential assessment, taxes in Hamilton increased 3.1%, in Flamborough 9.9%.

These numbers speak with clarity on the subsidizing issue.

In conclusion, most Flamborough residents have bitter memories of the unfair treatment meted out on slot revenues which resulted in an inequitable increase in their taxes. As a consequence of this, and other issues, it is unfortunate, but it is a fact, that most citizens of Flamborough have little confidence in this Council’s understanding, fairness and goodwill toward issues affecting them.

You were wise Mr. Mayor in deferring any final action on Area Rating to the new Council of 2011. Perhaps they will have the political acumen and common sense to deal with the difficult issues of the day facing this divided City.