

Slots cash gone

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After seven years of having their municipal taxes mitigated by Flamboro Slots revenues, residents in Flamborough will no longer reap the lion's share of the \$4-million bonus. Following a heated, sometimes acrimonious, debate Monday, council voted to end the practice and share the revenues equally throughout the City of Hamilton, beginning this year.

The sudden removal of the money from Flamborough taxpayers, rather than the adoption of a less drastic phase-out over five or 10 years, surprised and incensed Flamborough councillor Margaret McCarthy, who described the move as "hypocritical and incredibly insulting." The decision means that Waterdown taxpayers in Ward 15, instead of facing a 5.3 per cent tax hike (the highest in the city) this year, will now be saddled with a 9.8 per cent increase. In rural Flamborough (Ward 14), the loss of the slots money equates to an 8.7 per cent tax increase instead of a 4.2 per cent hike.

Ward 14 councillor Robert Pasuta was equally upset by council's action. "I would like every one of you to be in my ward and see what kind of comments I get" when residents hear the news, he told his council colleagues.

Taxpayers in Hamilton's city wards faced a 3.6 per cent increase, if the slots money was left alone. If the revenues were shared across the city, their hike would drop .5 per cent to 3.1 per cent. Arguing that Hamilton won't gain much from the revenues, McCarthy urged council not to take the slot revenues from Flamborough.

"Put it into perspective. One-half of a per cent (reduction) for the city versus almost 10 per cent (increase) for Flamborough," she said.

But councillors Dave Duvall, Brad Clark, Terry Whitehead and Sam Merulla, who led the charge to put all of the slots money into general revenues, argued that it is a fairness and equity issue. "It's not about one-half of a per cent. Is it proper for the slots revenue not to be put into general revenues?" Duvall asked.

Since amalgamation in 2001, most of the slots revenues went to retire Flamborough's Borer's Creek debt but the remainder was used to ease its tax burden which has been consistently higher than other parts of the city. Last year, with the debt having been paid, councillors agreed that just over \$3 million could be used to ease Flamborough's taxes, another \$500,000 was given to Ancaster to reduce its tax burden and \$268,000 was placed in the general levy.

During successive budget debates, city councillors have consistently argued that the slots money should be shared equally by all city residents, but Flamborough residents have jealously guarded the revenues claiming that they rightfully belong to them.

Clark, however, said the money was "never intended to be a cash cow for Flamborough residents" and "there is nothing in law or anything to make it permanent." He concluded, "It becomes a question of equity."

Whitehead noted that there is no other place in Ontario where casino monies don't go to the whole municipality. He cited Ottawa and Sudbury as examples. Merulla contended that the city of Hamilton has been wrongfully blamed by suburban residents for high property taxes when the real culprit behind the hikes is the Market Value Assessment (MVA) of homes.

As McCarthy tried to defend Flamborough's right to the slots money, the debate became more heated.

After a brief recess to let tempers cool, Mayor Fred Eisenberger suggested that the status quo be maintained for another year and that a phase-out process begin next year.

But when councillors Tom Jackson, Bob Bratina and Russ Powers proposed a motion for a three-year phase-out beginning next year, council rejected the idea. Instead, they voted to take the slots money and put it into general revenues.

"How fast are you going to rip off the band-aid?" Clark asked councillors, agreeing with Whitehead that phasing out the revenues would only prolong the inevitable. He said that with CVA coming back next year, the move to eliminate the revenues in 2009 would then be even more of a hardship.

Voting to eliminate Flamborough's slot revenues were Bernie Morelli, Maria Pearson, Chad Collins, Brian McHattie, Jackson, Duvall, Clark, Whitehead and Merulla. Opposed were councillors Dave Mitchell, Lloyd Ferguson, Powers, Bratina, McCarthy, Pasuta and the mayor.

Earlier in the debate, Ferguson of Ancaster had cautioned council to "be careful not to start this amalgamation debate all over again." In his ward, council's action means that taxpayers will pay a 4.7 per cent tax increase instead of 4.5 per cent.

At the height of the debate, McCarthy also referred to the divisive nature of the decision. "If we are so hard on the City of Hamilton, let us go," she said.

The slots issue was one of the final matters to be resolved before council was scheduled to ratify the city's 2008 budget on Wednesday night following the Review's press deadline. Prior to that meeting, McCarthy scheduled a community press conference at the Flamborough Municipal Centre, where she planned to react to statements made to the press by councillors about her political style.

"He (Whitehead) said I blew it," said McCarthy prior to the press conference. "When used as a basis for punishing an entire community with double-digit tax increases, that'll tell you how dysfunctional and controlling that vote was."

McCarthy noted that she was present for the past six months of "marathon" budget deliberations and that, for the entire period, the \$3.1 million in slots revenue was reserved for Flamborough. "Within the first 30 seconds of the final session, they completely overturned the principles and assumptions that went into the budget," she said. "It's not fair, it's not just, it's not impartial and it is legally challengeable when they suggest that their decision was not based on sound rationalization."

Alluding to a "call for action" ad urging residents to attend Monday's meeting that ran prominently in last week's issue of the Review, McCarthy added, "They didn't like that; they didn't want witnesses to what they were doing.

"After swearing an oath of office to impartially exercise their duties, that is a tenuous thread and most certainly an indefensible position for those councillors to take."

For updated coverage of McCarthy's press conference and the result of this week's council meeting, please visit www.flamboroughreview.com.

-With files from Brenda Jefferies

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