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Deal between city and state saves OTB

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In a photo finish, it's OTB by a nose.

Hours before a threatened shutdown, officials from the state and city government struck a deal to keep the city's 68 off-track betting parlors alive.

"The finalization of this agreement is a win for the state, a win for the city of New York and a win for the people whose livelihoods depend on a well-run OTB," said Governor David Paterson.

Under the deal, the state will take immediate control today of the OTB parlors from the city, which in return will receive about \$4.25 million a year in revenue from the operations. The switch is expected to be approved by the state Legislature today. All 1,500 jobs at the city parlors were saved.

The Bloomberg administration had sought to shut the OTBs because, while highly profitable, the parlors were beholden to a state formula that was sending most of that money out the city. The city was on the verge of having to underwrite the parlors, something which Bloomberg refused to do.

Last minute negotiations centered around whether the city would continue to reap a percentage of OTB profit – the city was seeking \$17 million a year -- if the state took over operations.

The deal came after a weekend of bizarre announcements regarding the future of the beleaguered institution.

On Friday, Paterson announced that there was a deal and that "the mayor and I have talked, and he is relieved that there will be a continuance of activity."

Less than three hours later however, Mayor Michael Bloomberg released a statement saying the city still had "substantial legal and economic issues" with a state takeover and that the parlors would closed as planned on Sunday.

Bloomberg was singing a different tune Sunday.

"Although the negotiations went down to the wire, they produced an agreement that truly belongs in the winner's circle," he said. "Working with state leaders, we have put out to pasture a fiscally flawed arrangement with OTB – one that threatened to divert city funds from police and fire protection, public schools, and other essential services."

At The Winner's Circle, an OTB institution in midtown, the real tension for once wasn't coming from the races, but from the branch's dozens of employees who weren't sure for much of the day if they would have jobs.

And for those for whom the Daily Racing Form is a bible and the OTB a community center, the news was greeted with relief.

"Everybody clapped [when they heard the news]" said Jesus Leonardo, 53, of New Jersey, who comes everyday to the OTB and makes his living there. "They can't be taken away. It's between the tracks and the customers. So many people survive by this."

Observers praised the mayor for his hardball negotiating tactics.

"Everybody in Albany learned that this guy is very serious," said Mitchell Moss, a professor of urban planning at New York University. "He had the facts and he had the willingness to go hand-to-hand. The state and the horse racing industry couldn't risk it."

Kathleen Bulson contributed to this story.