



*a California joint powers agency*

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**AGENDA**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**LIVE RACING COMMITTEE MEETING**  
**JOE BARKETT, CHAIR**  
**12:30 P.M., TUESDAY, FEBRUARY 5, 2008**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 12:30 P.M. Tuesday, February 5, 2008. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815.

**AGENDA**

- I. Approval of Minutes from January 9
- II. Report, discussion and action, if any, on Legislative Issues, Referenda and Election Matters
- III. Discussion and action, if any, on a proposal from AMRA for a Mule Starter Series at CARF Racing Fairs
- IV. Report, discussion and action, if any, on Supplemental Purses Program
- V. Report, discussion and action, if any, on distribution of expense related to \$80,000 payment made to California State Fair
- VI. Report, discussion and action, if any, on Out-of-state Horse Recruitment Program
- VII. Update on Contracts for Summer Racing Support Services
- VIII. Discussion and action, if any, on Racing Calendar in 2009 and Beyond
- IX. Executive Director's Report

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*The Web Site of The Sacramento Bee*

This story is taken from Sacbee / Opinion.

## **Daniel Weintraub: How to decide on the Indian gambling measures**

**By Daniel Weintraub - [dweintraub@sacbee.com](mailto:dweintraub@sacbee.com)**

***Published 12:00 am PST Tuesday, January 29, 2008***

Even for voters in a state as accustomed to direct democracy as California, the four propositions involving Indian gambling on the Feb. 5 ballot have to be a bit bewildering. What are these measures doing on the ballot, what would they do if they pass and how should you vote?

In this column I'll provide a primer answering the first two questions. But to answer the third – how you should vote – you will have to apply your own values to those facts. In the end it depends on what you think of gambling and Indian casinos.

Propositions 94 through 97 are compacts signed by four Southern California tribes and Gov. Arnold Schwarzenegger. They spell out the terms of the tribes' gambling operations and their relationships with the state and local governments. The Legislature ratified the agreements last year.

The compacts are on the ballot because opponents gathered enough signatures to force a referendum. A yes vote confirms what the governor and the Legislature did. A no vote overturns their action and leaves the status quo in place.

While the opponents are trying to appeal to voter concerns about the spread of gambling, their own motivations are more complicated.

The campaign against the measures has been funded by horse racing tracks and other gambling tribes trying to fight off competition from the Indian casinos, and by labor unions upset that the compacts don't make it easier for them to organize casino workers.

The four compacts amend agreements these tribes signed with the state in 1999. Those deals limited each of the tribes' casinos to 2,000 Nevada-style slot machines. The tribes had to pay a share of their revenue into two state funds. One aids nongambling tribes; the other pays for gambling addiction programs and casino regulation and to mitigate problems the casinos cause neighboring communities.

Since becoming governor, Schwarzenegger has been working to renegotiate as many as possible of the 58 compacts signed by his predecessor, former Gov. Gray Davis. The Schwarzenegger compacts allow the tribes to expand gambling with more slot machines. In exchange, the tribes have agreed to pay a greater share of their revenue to the state, follow environmental laws and work more closely with their neighbors.

The agreement with the Pechanga tribe in southern Riverside County is typical. Under its current compact, the tribe has 2,000 slots and pays about \$29 million per year to the state. The tribe must make a "good faith effort" to reduce or avoid negative environmental impacts, and the state uses some of the money paid by the tribe for grants to local governments in communities affected by the casino.

The new agreement – embodied in Proposition 94 – would allow the tribe to have as many as 7,500 slot machines. The tribe would boost its payments to the state to a minimum of \$44 million, an increase of more than 50 percent, and then pay even more once the new slot machines were in operation. The tribe would pay 15 percent of its net revenues on its next 3,000 slot machines and 25 percent on any machines beyond that. Pechanga's payments to the fund for tribes that do not have gambling would increase from \$300,000 per year to \$2 million.

On environmental issues, rather than simply hearing concerns and making a good-faith effort to address them, the tribe would have to reach enforceable agreements with Riverside County and any nearby city that would be impacted by the expanded operation.

Finally, local governments would be entitled to "reasonable compensation" for increased costs attributed to the casino, including law enforcement and gambling addiction programs. The parties could demand binding arbitration if they were not satisfied with the local side agreements.

The Pechanga agreement and all of the other proposed compacts would be largely voided if the state allowed nontribal gambling or certain card games at nearby clubs – essentially securing the Indians' monopoly on casino-style gambling in California.

Combined, the four compacts would allow the tribes to add about 17,000 slot machines. Revenue to the state would increase by between \$100 million and \$200 million in the short term and, potentially, hundreds of millions of dollars per year after the expansion is complete, according to the nonpartisan legislative analyst. The agreements expire in 2030. The state's budget is currently about \$100 billion annually.

If the voters defeat these compacts, gambling on the four reservations will be frozen at its current level. But those conditions might not last forever. If the racetracks and unions are appeased, new compacts could allow for even more slot machines, and an expansion of gambling at the tracks.

Still, in the short term, if you are OK with Indian gambling and are comfortable with expanding it in exchange for wider public benefits, you should probably vote yes on these four measures. If you do not want to see gambling expanded, you should probably vote against the agreements.

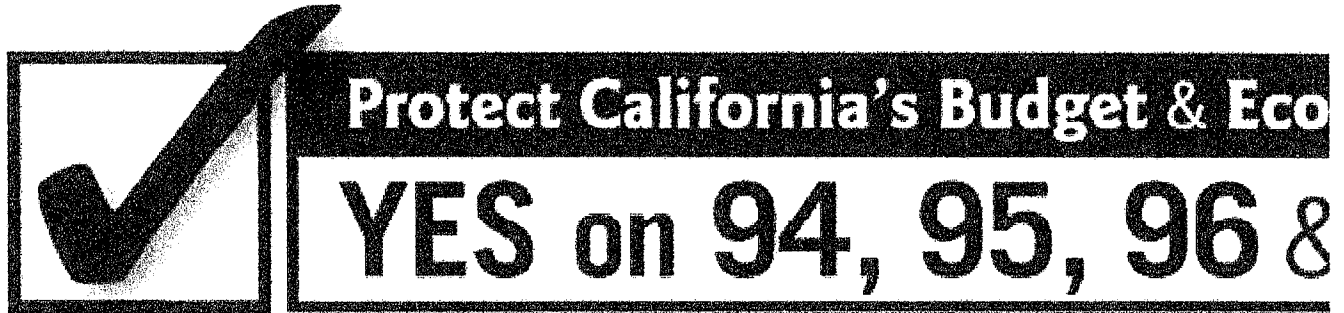
Some people who oppose gambling on principle might also want to support these measures if, to them, the negatives associated with this expansion are outweighed by the greater revenue sharing and the new rules forcing the Indians to address environmental and public impacts.

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Coalition to Protect California's Budget & Economy

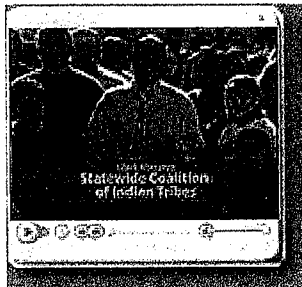


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## **Vote YES on Props 94, 95, 96 & 97 The Indian Gaming Revenue Agreements**

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### **Voting YES gives our state billions in new revenues without raising taxes.**

Under new Indian Gaming Revenue Agreements negotiated by Governor Schwarzenegger and approved by bi-partisan majorities of the state legislature, four Southern California tribes will pay a much higher percentage of their gaming revenues to the state.

At a time when California faces a budget crisis, these agreements will provide hundreds of millions of dollars in vitally needed new state revenues each year. Over the next two decades, they will give California a total of more than \$9 billion to help balance the state budget and pay for public safety, education and other services statewide – without increasing our taxes.

**"These compacts will bring in hundreds of millions of dollars per year to the state in funds for education, health care and public safety."**

**- Gov. Arnold Schwarzenegger**

Voting YES on Propositions 94, 95, 96 and 97 will preserve the new agreements and protect the revenues they provide. Voting NO would undo the agreements and make our state's budget problems even worse.

That's why a YES vote is strongly endorsed by the Governor and a broad coalition of California organizations, including:

- California Fire Chiefs Association
- California Statewide Law Enforcement Association
- California Chamber of Commerce
- Peace Officers Research Association of California, representing 60,000 police and sheriff officers
- California State Conference of the NAACP
- California Hispanic Chambers of Commerce
- Congress of California Seniors
- Gaming and non-gaming Indian Tribes throughout the state

**Voting YES keeps gaming on existing tribal lands in Southern California – while providing benefits to our entire state.**

Props 94 through 97 will allow the Agua Caliente, Morongo, Pechanga and Sycuan tribes to add slot

machines on their existing tribal lands in Riverside and San Diego counties. In return, the tribes will pay up to 25% of the revenues from these machines to the state to help support public services in communities statewide.

**"These agreements contain tough fiscal safeguards – including audits of gaming revenues by state regulators. Props 94, 95, 96 and 97 will provide our state with hundreds of millions each year in essential new revenues."**

**- Alan Wayne Barcelona  
President, California Statewide Law Enforcement Association**

**Voting YES authorizes more state oversight and new protections for the environment, casino employees and local communities.**

Key provisions in the agreements include:

- Increased state regulatory oversight of tribal gaming through audits and random inspections.
- Strict new environmental standards for casino-related projects.
- Binding mitigation agreements that increase coordination between tribes and local governments, and include compensation for police, fire and other local services.
- Increased protections for casino workers, including preserving the right to be represented by unions chosen by secret ballot.

**"These agreements contain strict new environmental safeguards for tribal gaming projects, including provisions that mirror the California Environmental Quality Act."**

**- Linda Adams  
Secretary, California Environmental Protection Agency**

**Voting YES benefits California Indians and the state's economy.**

The agreements will create thousands of new jobs for Indians and non-Indians. In addition, under the new agreements, the gaming tribes will share tens of millions of dollars from their revenues with tribes that have little or no gaming.

**"Tribes throughout California support these agreements. They provide the state with much needed new revenues, and provide smaller, non-gaming tribes with funding to help our people become self-reliant and to fund health care, education and other services on our reservations."**

**- Chairman Raymond Torres  
Torres-Martinez Desert Cahuilla Indians**

**Gaming interests that don't want competition are bankrolling the effort to repeal the Indian Gaming Revenue Agreements.**

State financial reports show that the deceptive campaign against the agreements is funded and led by the owner of a big Las Vegas Casino and two racetracks and other gambling interests that simply want to prevent competition. If they get their way, the agreements will be canceled – and our state will lose

billions of dollars in vitally needed revenues.

**"Voting YES provides California with billions available for education, children's health and many other state services. Voting NO would take away billions, making our budget problems worse."**

**- Jack O'Connell**

**California Superintendent of Public Instruction**

### **How you can help...**

You can help by [joining our coalition](#) to show your support. To join, or for more information, just explore this website at [www.YESforCalifornia.com](http://www.YESforCalifornia.com) or [click here to join now](#).

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Coalition to Protect California's Budget & Economy: YES on 94, 95, 96 & 97, Major funding by Agua Caliente, Morongo, Pechanga and Sycuan Indian Gaming Tribes, ID# 1300585  
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## BILL

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(See 19616.51 below)

19615. (a) In order to ensure compliance with Section 19616.51 and in order to ensure reasonable allocation of purses, the board shall

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provide a method for estimating the aggregate handle for each association's proposed race meeting. Estimates may be revised during the course of the meeting. Based upon the estimate, each association shall pay its license fee weekly, and purses shall be reasonably allocated over the period of the association's anticipated race meeting pursuant to a purse program developed by the association in consultation with the horsemen's organization contracting with the association with respect to the conduct of racing meetings subject to approval of the board.

(b) Within seven days after the close of a race meeting, an association shall pay any license fee theretofore unpaid, or shall have refunded to it any excess license fee theretofore paid.

(c) If, at the close of a thoroughbred racing meeting, it is determined that the association conducting the meeting has not made payments to or for the benefit of owners and breeders of horses in an amount equaling the percentages set forth in this chapter, any excess shall be deducted from, and any deficiency not in excess of an amount agreed upon between the association and the horsemen's organization contracting with the association with respect to the conduct of racing meetings shall be added to, the amount the association is required to pay to or for the benefit of owners and breeders of horses at its racing meeting in the following calendar year. Any deficiency in excess of the amount agreed upon shall be distributed as provided in the agreement.

(d) If, at the close of any other racing meeting, it is determined that the association conducting the meeting has not made payments to or for the benefit of owners and breeders of horses in an amount equaling the percentages set forth in this chapter, any excess shall be deducted from, and any deficiency shall be added to, the amount the association is required to pay to or for the benefit of owners and breeders of horses at its racing meeting in the following calendar year.

(e) Any two associations conducting a meeting pursuant to Section 19612 or 19612.6 may, with the approval of the board, combine their excesses or deficiencies from prior meetings if the associations and the organizations representing the horsemen all agree.

(f) Any associations conducting a harness meeting in the northern zone, including an association conducting any meeting pursuant to Section 19549.3, may, with the approval of the board, combine their excesses or deficiencies from prior meetings if the associations and the organizations representing horsemen all agree.

**19616.51.** Notwithstanding any other provision of law, if the total amount paid to the state by racing associations and fairs pursuant to

this chapter is less than forty million dollars (\$40,000,000) in any calendar year, beginning January 1, 2001, and thereafter, all associations and fairs that conducted live racing during the year of shortfall shall remit to the state, on a pro rata basis according to the amount handled in-state by each association or fair, the amount necessary to bring the total amount paid to the state to forty million dollars (\$40,000,000). The amounts due under this section, if any, shall be paid from the amount available for commissions, purses, and breeder awards, and shall be paid to the board prior to March 1 of the year following the year of the shortfall.

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# **COVER SHEET**

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**Proposal**  
**to the**  
**California Authority of Racing Fairs**  
**for a**  
**Mule Starter Series**

**American Mule Racing Association**

**Received**  
**January 30, 2008**

# AMRA Starter Series

## CONDITIONS:

For three year olds and upward, which have started for a claiming price of \$5,000 or less OR in a speed index race of 80 or less in 2007-2008 on the California Fairs.

## SCOPE:

Series of races, one leg to be run each at Pleasanton, Vallejo, Santa Rosa, Ferndale, Sacramento and Stockton. Championship race to be run at Fresno. Each fair to host one race. In case of over fill, the race can be split to make a second race. In this case, equal points would be awarded in each race. In the event a mule is on the also eligible list, it will have preference in the next starter qualifying race.

Mules claimed since starting for \$5,000 or less will retain their eligibility for the new owner (i.e., points go with the mule).

The fair may schedule one \$5,000 starter allowance race to be a qualified leg of the over all series in which starters in the race will garner points. The distance for each leg will be 400 yards, with the exception of Ferndale track, which will have a distance of 660 yards.

The 10 mules with the highest number of points at the end of Stockton will be eligible to enter the Championship race. If one of the top 10 point earners does not enter the Championship race, mules who are also eligible will be considered.

Points will be awarded in each leg of the series as follows:

1 <sup>st</sup>	10 points
2 <sup>nd</sup>	7 points
3 <sup>rd</sup>	5 points
4 <sup>th</sup>	3 points
5 <sup>th</sup>	2 points
Unplaced starter – 1 point	

Mule must break and run in order to be considered a starter.

The official AMRA office will keep track of the points from each leg of the series and report the top 15 mules to the Director of Racing and the Racing Secretary at the Big Fresno Fair prior to their race meet starting.

In the event of a dead heat, points will be divided accordingly (e.g. dead heat for 1<sup>st</sup> ; add points for 1<sup>st</sup> and 2<sup>nd</sup> , divide by 2, then award points equally.)

Each leg at each fair will carry the same point value, so it is of benefit to run in as many of the legs of the series as possible to collect points.

For the Fresno championship race, all qualifying starters will go to the gate with a zero point balance. The champion of the series will be the mule that wins the Fresno race.

The Big Fresno Fair will attempt to have a purse of \$20,000 – pending sponsorships.



Supplemental Purse Funds													
	2005	2005			2006	2006			2007	2007			
	Allocations	Supplementl	Performance	Total	Allocations	Supplementl	Performance	Total	Allocations	Supplementl	Performance	Total	
	Budgeted	Paid	Paid	Paid	Budgeted	Paid	Paid	Paid	Budgeted	Paid	Paid	Paid	
Stockton	105,600	42,147	70,220	112,367	105,600	73,411	89,740	163,151	105,600	0	85,120	85,120	
Pleasanton			84,160	84,160			116,000	116,000			104,825	104,825	
Vallejo			87,930	87,930			118,900	118,900		Wine Country	220,235	220,235	
Santa Rosa			93,760	93,760			133,550	133,550			0	0	
San Mateo			77,300	77,300			107,760	107,760			76,145	76,145	
Ferndale	192,000	176,173	41,960	218,133	192,000	199,895	57,800	257,695	192,000	190,801	51,895	242,696	
Sacramento	0	0	0	0	0	0	0	0	0	0	0	0	
Fresno	288,000	274,630	62,790	337,420	288,000	316,818	102,190	419,008	288,000	374,802	85,060	459,862	
Funds Used	585,600	492,950	518,120	1,011,070	585,600	590,124	725,940	1,316,064	585,600	565,603	623,280	1,188,883	
CARF Admin Fee			22,000				22,000				22,000		
Interest Earned			28,882				63,790				50,363		
Funds Received			1,100,000				1,100,000				1,100,000		
Funds Available			256,867				82,593				22,073		
Performance Purse Per Runner-TB			\$100				\$150				\$130		
Performance Purse Per Runner-Mixed Breeds			\$70				\$80				\$75		
For Internal Use Only													

**Division of \$80,000 Payment to Cal Expo for Conducting Harness Racing During 2008 California State Fair**

**Handle and Attendance Report**

Date Range: 01/01/2007 - 12/31/2007

Race Type: All Races

Hosts: All Northern Fairs

Locations: All Locations

Tracks: All Tracks

\$ 80,000.00

Report By: Host

Host	Num Days	Total Handle	%	Based on Total Handle	Based on Race days
Alameda County Fair	11	33,529,755.47	21.72%	\$17,375	\$11,579
Fresno District Fair	11	7,203,095.10	4.67%	\$3,733	\$11,579
Humboldt County Fair	10	2,218,949.20	1.44%	\$1,150	\$10,526
San Joaquin County Fair	9	23,727,536.85	15.37%	\$12,295	\$9,474
San Mateo County Fair	12	25,318,948.70	16.40%	\$13,120	\$12,632
Wine Country Racing	23	62,384,472.01	40.41%	\$32,327	\$24,211
<b>Total</b>	<b>76</b>	<b>154,382,757.33</b>	<b>100%</b>	<b>\$80,000</b>	<b>\$80,000</b>

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into this 30th day of August, 2007, between Bay Meadows Racing Association ("BMRA"); the California Authority of Racing Fairs ("CARF"); Golden Gate Fields ("GGF") and the California Exposition & State Fair ("Cal Expo").

In recent years, a harness meet has been conducted at Cal Expo on a year around basis except for the months of August and September. Because Cal Expo has historically conducted a fair race meet in the latter part of August extending through the Labor Day Weekend, harness horses vacated Cal Expo during their annual summer break period of approximately 8 weeks.

As a result of the need for a year around harness calendar, Cal Expo agreed to dedicate its facility exclusively to harness racing in order to determine whether the uninterrupted use of the facility would improve the state of harness racing in California. In doing so, Cal Expo maintains that the loss of fair racing will result in an economic loss, and it is desirous of being made whole.

In order to compensate Cal Expo for the anticipated revenue that will be lost as a result of Cal Expo foregoing a fair race meeting in 2007, BMRA and GGF each agree to pay the sum of one hundred and ten thousand dollars (\$110,000.00) to Cal Expo, while CARF agrees to pay the sum of eighty thousand dollars (\$80,000.00) to Cal Expo.

BMRA, CARF, GGF and Cal Expo acknowledge and agree that conducting a harness meet at Cal Expo during the period of the State Fair is not tantamount to the overlap of a fair meet and a private association and, therefore, the provisions of Section 19607.5(b) 2 are not operative.

This agreement reflects the allocation of 2007 race dates made by the California Horse Racing Board. .

BMRA, CARF, GGF and Cal Expo acknowledge these 2007 racing dates are a continuation of the past two years practice and will not be cited by either BMRA, CARF, GGF or Cal Expo against the other in discussions regarding the future allocation of racing dates.

**Bay Meadows Racing Association**

**California State Fair & Exposition**

By \_\_\_\_\_

By \_\_\_\_\_

**Golden Gate Fields**

**California Authority of Racing Fairs**

By \_\_\_\_\_

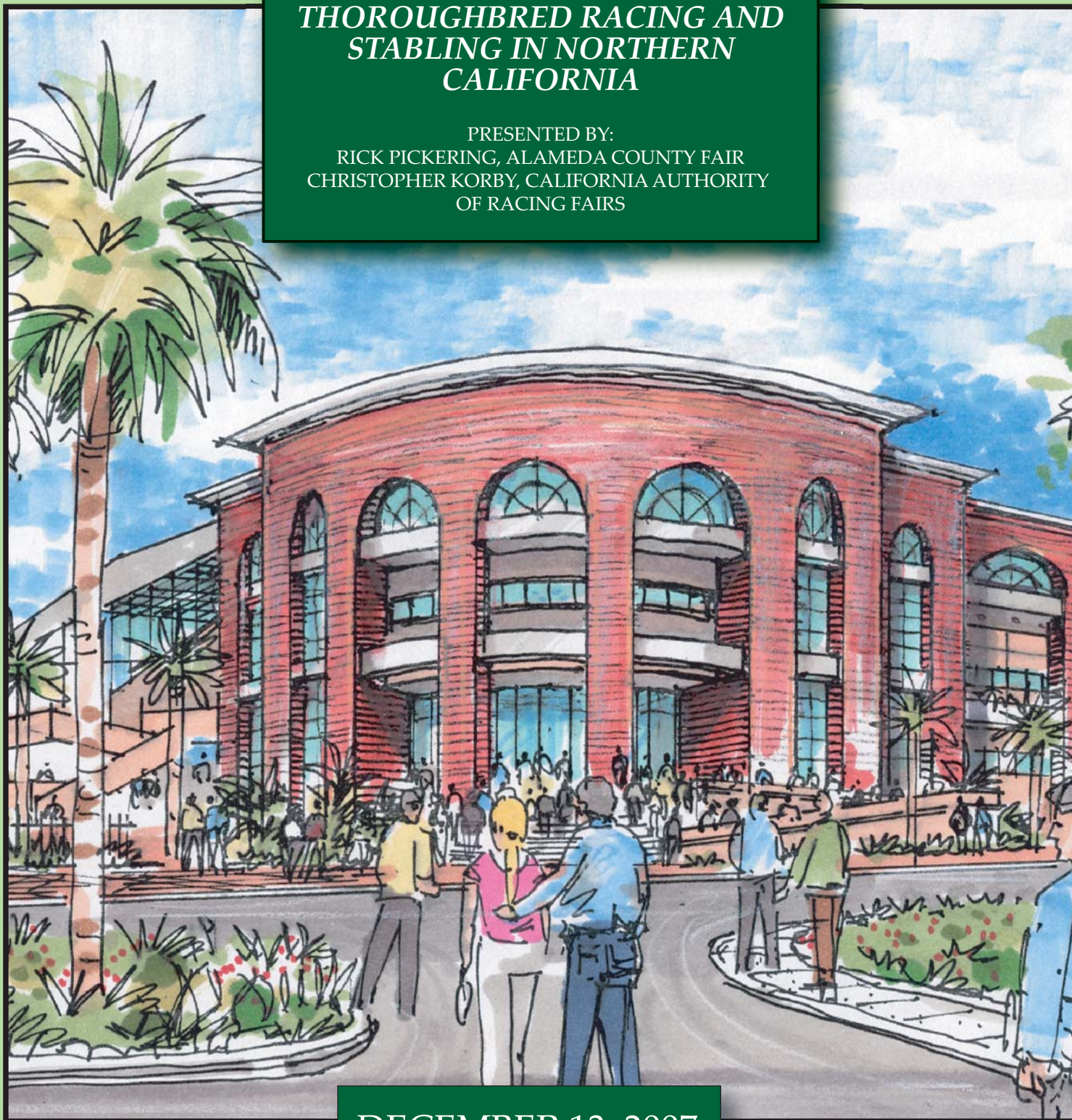
By \_\_\_\_\_

# PRESENTATION

TO THE  
THOROUGHBRED OWNERS  
OF CALIFORNIA

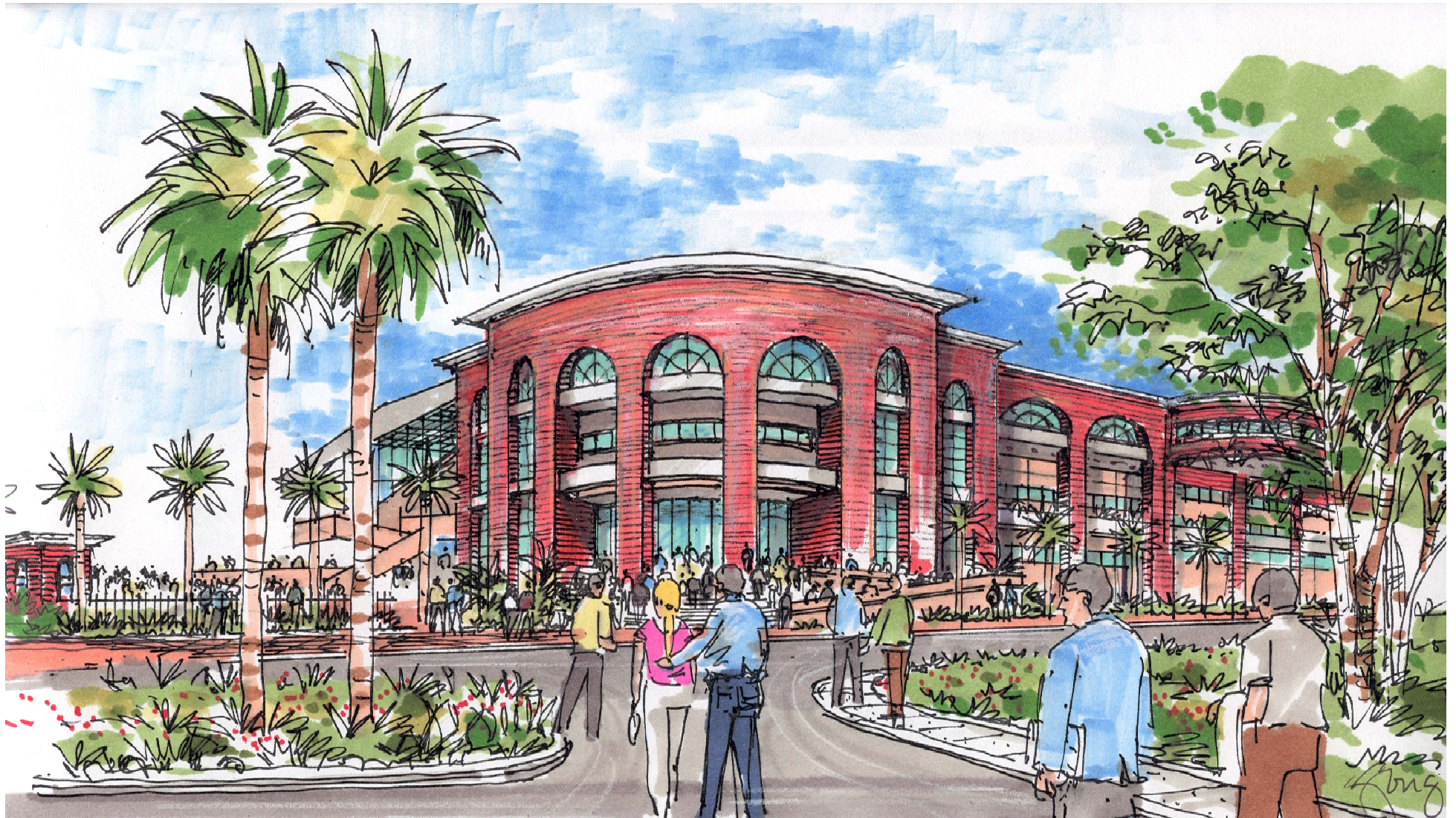
## *LONGER TERM PLANNING FOR THOROUGHBRED RACING AND STABLING IN NORTHERN CALIFORNIA*

PRESENTED BY:  
RICK PICKERING, ALAMEDA COUNTY FAIR  
CHRISTOPHER KORBY, CALIFORNIA AUTHORITY  
OF RACING FAIRS



DECEMBER 13, 2007





Fairground Renovation  
for Thoroughbred Racing  
4501 Pleasanton Avenue  
Pleasanton, California 94566

PERSPECTIVE AT  
GRANDSTAND ENTRANCE

**Fr** Froehlich, Kow & Gong  
Architects, Inc.

969 Colorado Boulevard  
Los Angeles, California 90041

Tel: (323) 257-0277  
Fax: (323) 256-2226

DATE: 08-31-07



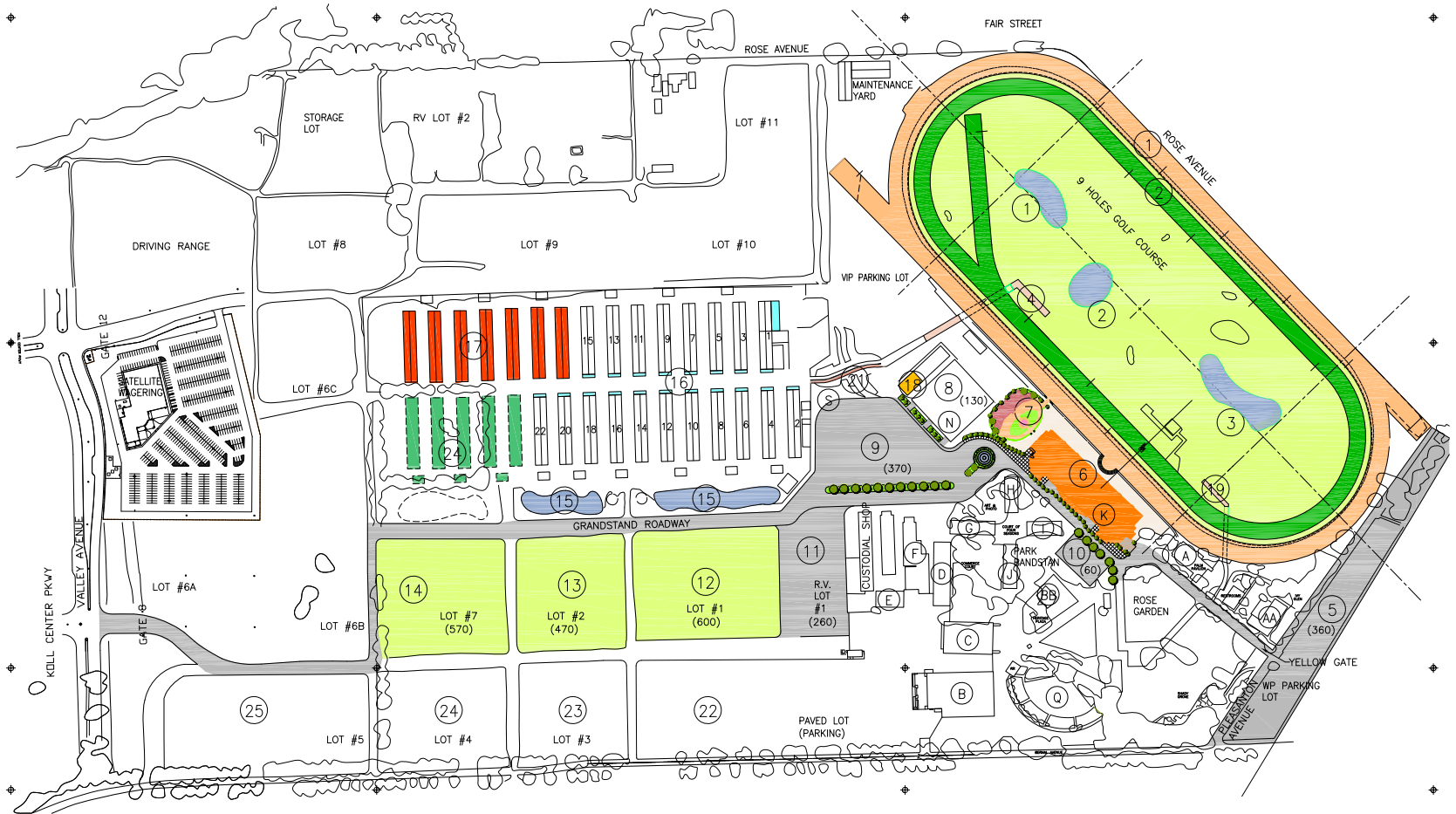
## LEGEND

### EXISTING FACILITY

- (A) CAETERIA
- (B) YOUNG CALIFORNIA BUILDING
- (C) EXHIBITION HALL
- (D) HALL OF COMMERCE
- (E) SPECIAL EXHIBIT BUILDING
- (F) POULTRY
- (G) AG. BUILDING
- (H) MINERAL & GEM BUILDING
- (I) COMMERCIAL BUILDING
- (J) FLORICULTURE BUILDING
- (K) GRANDSTAND
- (N) AMADOR PAVILION
- (O) AMPHITHEATER
- (S) COUNTRY PLAZA
- (AA) ADMINISTRATION OFFICE
- (BB) HERITAGE HOUSE OFFICES

### SCOPE OF WORK

- 1 - 1 MILE SYNTHETIC TRACK
- 7/8 - 1 MILE TURF TRACK
- RETENTION POND
- INFIELD TUNNEL
- GRANDSTAND PARKING
- RENOVATED GRANDSTAND
- NEW JOCKEY'S QUARTERS
- V.I.P. COVERED PARKING
- PREFERRED PARKING
- V.I.P. PARKING
- GRANDSTAND PARKING
- GRANDSTAND PARKING
- GRANDSTAND PARKING
- GRANDSTAND OVERFLOW PARKING
- DETENTION POND
- ADDITION OF DORMITORIES
- TO EXISTING STABLES
- NEW STABLES
- NEW 4H BUILDING
- EXTEND PEDESTRIAN TUNNEL
- FUTURE STABLES
- WIDEN BRIDLE PATH
- FAIRGROUND PARKING
- FAIRGROUND PARKING
- FAIRGROUND PARKING
- FAIRGROUND PARKING



**Fairground Renovation  
for Thoroughbred Racing**  
4501 Pleasanton Avenue  
Pleasanton, California 94566

## RENOVATION SITE PLAN

SCALE: N.T.S. (1:400)



**Frøhlich, Kow & Gong  
Architects, Inc.**

969 Colorado Boulevard  
Los Angeles, California 90041

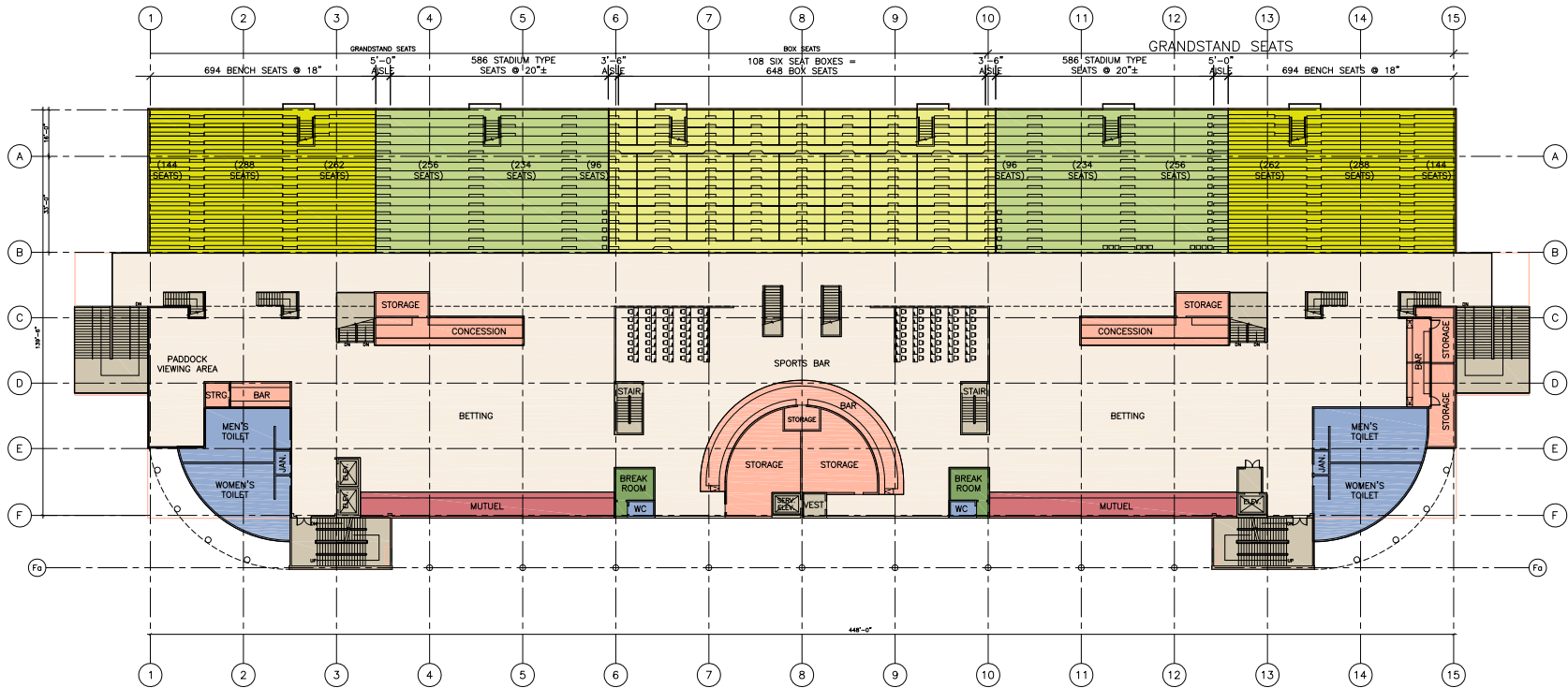
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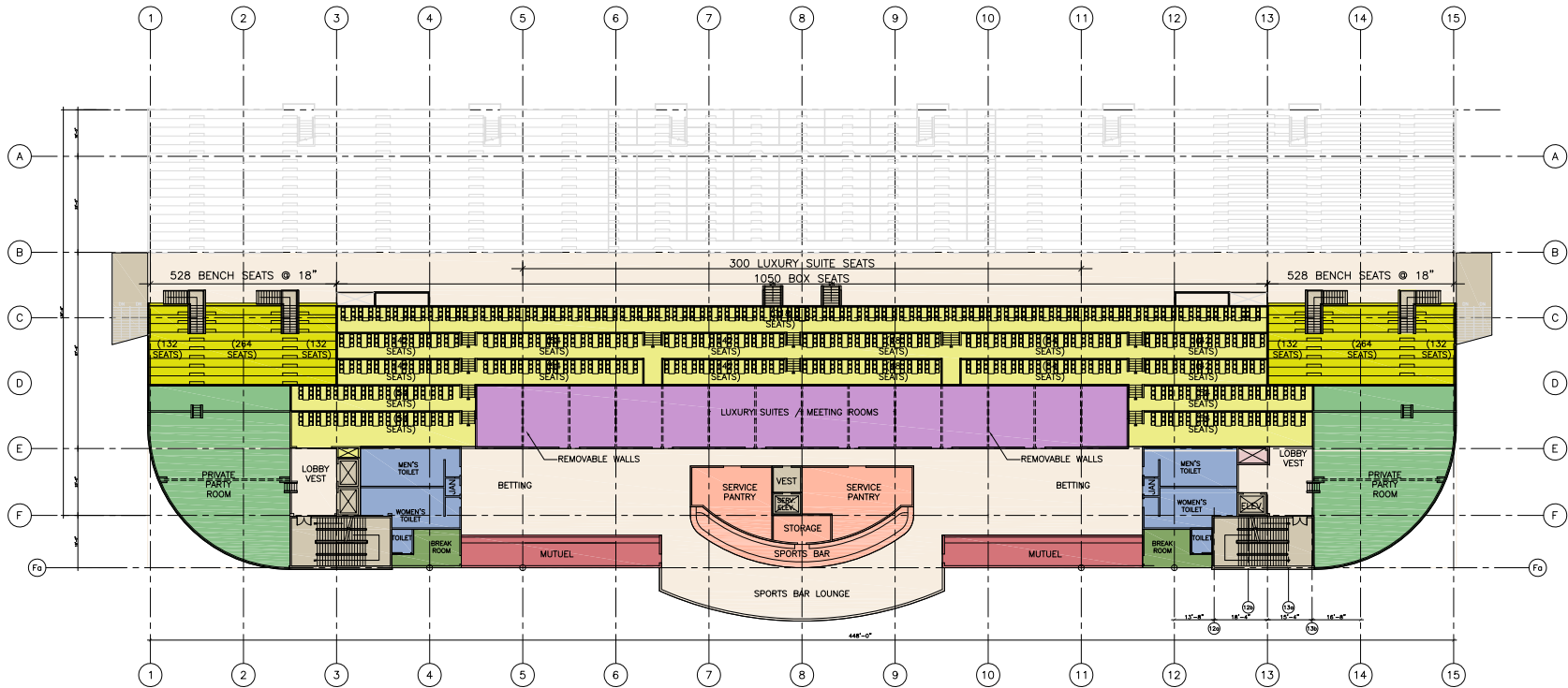
**Fairground Renovation  
for Thoroughbred Racing**  
4501 Pleasanton Avenue  
Pleasanton, California 94566

**SECOND FLOOR PLAN**  
SCALE: N.T.S. (1:400)



**Frøehlich, Kow & Gong  
Architects, Inc.**  
969 Colorado Boulevard  
Los Angeles, California 90041  
Tel: (323) 257-0277  
Fax: (323) 256-2226

DATE: 08-31-07



Fairground Renovation  
for Thoroughbred Racing  
4501 Pleasanton Avenue  
Pleasanton, California 94566

THIRD FLOOR PLAN  
SCALE: N.T.S. (1:400)

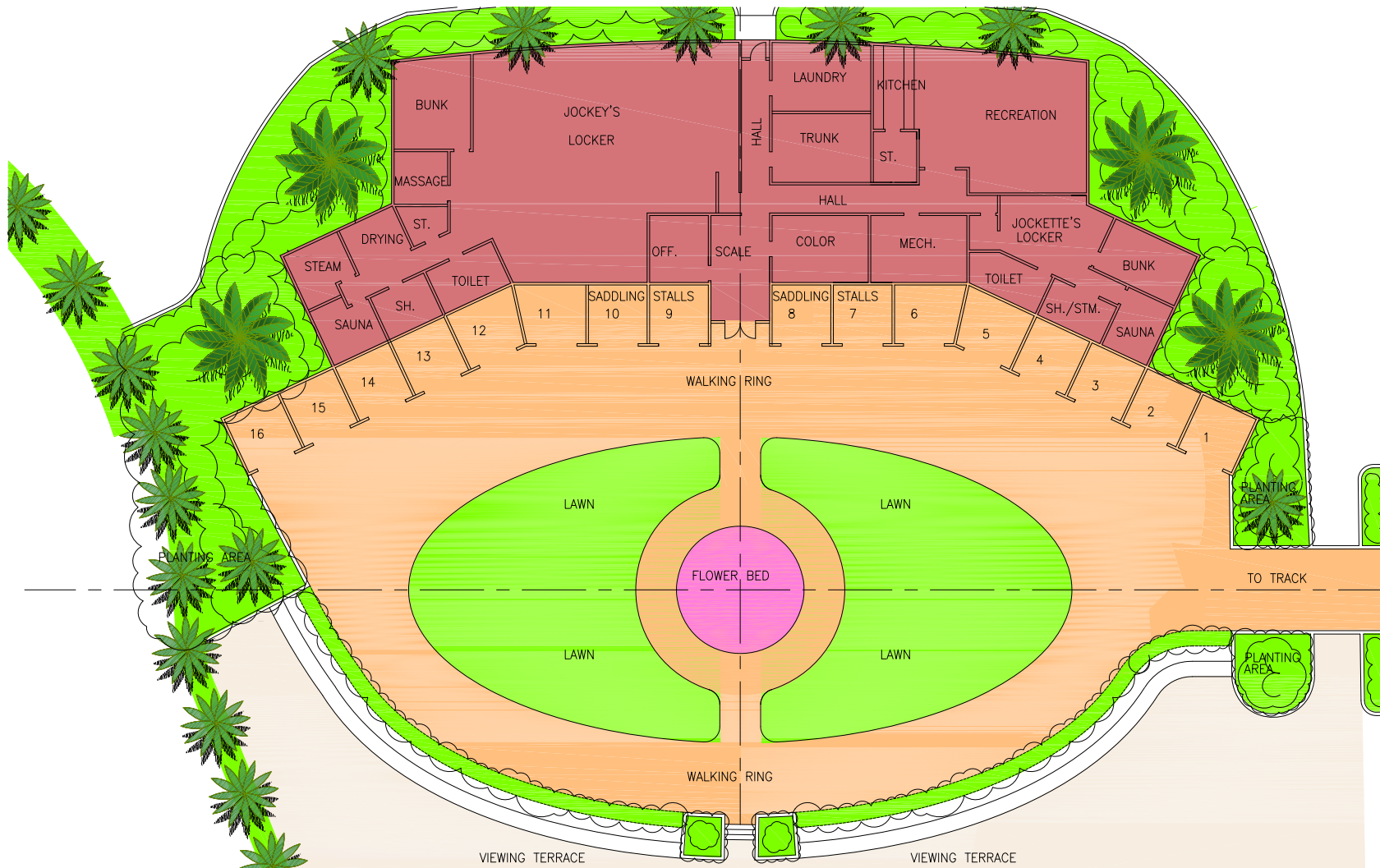


**Frøhlich, Kow & Gong**  
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Los Angeles, California 90041  
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Fax: (323) 256-2226

DATE: 08-31-07

DATE: 08-31-07



**Fairground Renovation  
for Thoroughbred Racing**  
4501 Pleasanton Avenue  
Pleasanton, California 94566

## NEW PADDOCK & JOCKEY'S QUARTERS FLOOR PLAN

SCALE: (1:20)

**Frøhlich, Kow & Gong  
Architects, Inc.**

969 Colorado Boulevard  
Los Angeles, California 90041

Tel: (323) 257-0277  
Fax: (323) 256-2226

DATE: 08-31-07

CALIFORNIA  
STATE BOARD OF FOOD AND AGRICULTURE

MEETING  
AUGUST 29, 2007

*CALIFORNIA FAIRS, HORSE RACING AND AGRICULTURE*

*Testimony  
by*

CHRISTOPHER KORBY  
EXECUTIVE DIRECTOR

CALIFORNIA AUTHORITY OF RACING FAIRS

**CALIFORNIA STATE BOARD OF FOOD AND AGRICULTURE**  
***FAIRS, HORSE RACING AND AGRICULTURE***  
**AUGUST 29, 2007**  
**TESTIMONY BY CHRISTOPHER KORBY, EXECUTIVE DIRECTOR**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**

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Thank you very much for the opportunity to testify before this Board today. I'd like to offer some background on the historical, political and economic connections between horse racing, Fairs and agriculture. I'd also like to describe the forces that are pushing the horse racing industry toward great uncertainty, thereby endangering the future of an important sector of California's agricultural economy. Finally, I will offer a realistic vision for the long-term viability of our industry based on sound public policy and on a strong partnership between the private and public sectors.

Fairs have a grand old tradition of horse racing in California going back over 150 years to the days of the Gold Rush. So when pari-mutuel wagering came along in the early '30s, the Fairs embraced it like an old friend.

Fairs and horse racing share a long political heritage, reflecting a balance of interests that has served the racing industry well since 1933, when support from Fairs helped assure passage of the referendum approving pari-mutuel wagering. That referendum laid the foundation for modern racing in California.

California agriculture and California Fairs also share a long-standing interest in the economic vitality of California racing. The Legislature has recognized the common agricultural connection that links the breeding of horses, Fairs and horse racing. The very first section in Horse Racing Law, B&P Code Section 19401, cites "encouraging agriculture and the breeding of horses in this state" and "supporting the network of California fairs" as important reasons in the legislative intent for allowing pari-mutuel wagering on horse racing. Statute already asserts an affirmative interconnection between agriculture, horse racing, Fairs and the public interest.

Right now, we are lacking an articulated public policy and a coherent, realistic vision for our future that will carry that statutory affirmation forward.

Rounding out the connections to agriculture, the law recognizes Fairs as a vehicle through which the Legislature has chosen to distribute the economic benefits of horse racing to local communities and to the agricultural sector. Revenues derived from horse racing help sustain overall Fair activities, an important part of the fabric of California life. It's more important than ever that this long-standing alliance continue to work for the long-term, best interests of the racing industry in California.

Racing and parimutuel wagering are the economic engines that drive, support and sustain the agricultural components of the industry. These agricultural components are significant. Horse racing represents a multi-billion dollar sector of the state's agricultural economy, employing tens of thousands of Californians on breeding farms, in animal husbandry and related professions, equine medical care, and as suppliers of animal feed. The prosperity of these agricultural enterprises depends on a robust horse racing industry. See UC Davis *Economic Analysis of the California Thoroughbred Racing Industry*, Dr Harold Carter, et al.

There are major changes on the horizon for California horse racing. Planning for these changes will be critically important to its future. We urgently need a vision and a sound public policy that keeps this industry and its agricultural sector economically viable. I'd like to offer some thoughts on this matter from the perspective of the California Fairs.

### ***Background and Perspective***

The economic model that underpins ownership of most Thoroughbred tracks in California is under strain. Real estate on which privately-owned, commercial race tracks sit has appreciated to valuations that no longer justify horse racing as the highest and best use of the asset. Corporate owners, with responsibilities to their shareholders, are compelled to consider development of their property for uses other than racing.

The move to develop race track real estate is already underway at Bay Meadows in San Mateo. Local observers with whom we have spoken estimate 12-18 months until approvals allow demolition and development to proceed. The same land development company that owns Bay Meadows also owns Hollywood Park and has expressed similar plans for that Southern California track. These tracks are pillars of racing in California. Unless we have a plan that provides for replacements, the racing industry in California, and all the attendant economic beneficiaries, will find themselves in a severe crisis.

It's time for industry leaders in racing, breeding, Fairs and in agriculture, leaders who have a major stake in the future vitality of this important sector of California's economy, to step up with a commitment to our industry for the long term. Fairs are making such a commitment.

#### ***Fairs' Commitment to Racing-- Historical Antecedents***

The significant capital investment and the long history of racing at California Fairs is evidence of the commitment that Fairs have to the sport. Racing has been conducted at Fairs in this state since the 1850's. Fairs were instrumental in securing passage of the initiative that created modern pari-mutuel wagering. In fact, the first racing of the modern pari-mutuel era was conducted at Fairs in 1933 because Fairs had the facilities already in place to accommodate it. Fairs went on to build and re-build grandstands and stable facilities at nine venues around the state, from Humboldt County in the north to Del Mar in the south. Fairs are part of the DNA of California racing.

With the advent of simulcasting in the mid-1980's, Fairs stepped up again, investing in a network of twenty-three simulcast facilities around the state. These satellite facilities annually contribute over \$600 million in pari-mutuel handle to California's racing industry. Through Fairs, which are publicly owned, the public sector already has a significant investment in California horse racing.



### *A Vision for the Future*

So how do we pull all these elements together with an eye to the future. We came here today to offer a vision for the future of California racing that is at once practical, realistic, sustainable and familiar. We propose that racing facilities at Fairs expand and improve to fill the industry's needs as privately-owned, commercial race tracks are developed for purposes other than racing. There are examples and precedents of this public/private partnership model throughout major league professional sports; there is an especially successful example in the racing industry right here in California.

I'd like to describe some of the stars that line up in this vision.

- Fairs are California-based and publicly owned by Californians, with a mission to use their profits right here in our state.
- Fairs already have an investment in the racing industry.
- Fairs can issue bonds, secured by future revenues from pari-mutuel wagering, in order to finance facility expansion and improvements.
- As publicly-owned facilities, Fairs are less susceptible to the impact of changing real estate valuations.
- Fairs are already diversified entertainment and commercial enterprises, landmarks in their communities, with year-round attendance measured in the millions.
- Profits from racing at Fairs are re-invested at California Fairs.
- Fairs can be a good political ally with deep roots in the state's agricultural community and a major presence in the Legislature.

Let's take a quick look at the example of major league professional sports.

Partnership between publicly owned venues and privately-owned franchises is a model long evident in major league professional sports. Such arrangements, though they may vary in form and nature in each instance, generally relieve franchises of the financial burden of venue ownership while allowing municipalities to secure and

maintain major league sport franchises. Both benefit: the franchise is more economically viable and the municipality can realize the sense of civic pride and economic benefits attendant to a major league sports franchise. There are examples from baseball, basketball, football and hockey up and down the state in California.

There is a successful, existing example of this model that already works for California racing: the operating partnership between Del Mar Thoroughbred Club (DMTC) and the 22<sup>nd</sup> District Agricultural Association (Del Mar Fair). Del Mar Thoroughbred Club, a private entity, operates one of the finest racing meetings in North America at a public venue financed, built and owned by the Del Mar Fair. The current facility was built 1990-1992 through state revenue bonds secured by revenue from pari-mutuel wagering. Profits are re-invested in the facility. The upshot is a tremendously successful operation that benefits DMTC, the Del Mar Fair, the state and California horsemen. We don't think that the California racing industry could find a better model on which to build a strong, stable future.

So let's recap briefly. We have an industry, horse racing, based in agriculture that generates billions of dollars in economic impact and tens of thousands of California jobs. This ag-based industry is on the brink of crisis due to macro-economic forces outside its control. We have a statutory framework that recognizes the affirmative connections between horse racing, agriculture, Fairs and the public interest. We have a vision of a new economic model for conducting horse racing, a model based on existing, publicly-owned venues, structured to underpin a sustainable future, operating for the benefit of agriculture, horse racing, Fairs and ultimately the state of California. So what are we lacking? We need a sound public policy that recognizes the interconnections of all these elements and creates a strong foundation on which to build a prosperous future for our industry. That's where we need this Board's help.

We would like to ask this Board to engage a group of interested parties to develop a public policy recommendation regarding agriculture, horse racing and Fairs. We're here to offer some thoughts on what that would encompass.

The state of California recognizes horse racing as a competitive sport, distinguished from other sports in that its existence depends entirely on the successful breeding, ownership and training of race horses. Breeding, owning, caring for and training horses are elements of the agricultural economy. Therefore, the state of California recognizes horse racing and its attendant equine husbandry as an agricultural activity.

State of California has the sovereign right to permit parimutuel wagering on horse racing. The Legislature exercised this right, in statute, creating the California Horse Racing Board to license and regulate racing's conduct. Acting through the Board, the state grants annual licenses for the conduct of racing to racing associations, which are either private, for-profit entities, not-for-profit entities, and Fairs. The state also requires that racing associations have a valid contract with horse owners (private entrepreneurs) for the payment of purses. This nexus of state's regulatory mission, private enterprise, and the public interest represents a successful partnership between the public and private sectors.

California statute asserts an affirmative connection between agriculture, horse racing, Fairs and the public interest. The Legislature has recognized that allowing parimutuel wagering serves the public interest when it 1) assures protection of the public; 2) encourages agriculture and the breeding of horses; 3) supports the network of California Fairs; 4) provides for maximum expansion of horse racing opportunities in the public interest; and 5) provides for uniformity of regulation for each type of horse racing (B&P Code §19401).

State government has a revenue interest in the economic vitality of horse racing, beyond meeting the costs of regulation, because horse breeding and racing generate both direct and indirect revenues to the public sector and provide economic opportunities for its citizens. Revenues are distributed to horsemen as purse payments, to racing associations as commissions, and to the state as license fees. License fees are distributed by the Department of Food and Agriculture for the

support of Fairs. Other distributions include wildlife restoration, local charities, and an equine veterinary research and teaching facility at the University of California Davis.

Fairs play an important role in the social fabric of their communities. California Fairs and horse racing have a century-long, mutually beneficial relationship. All Fairs and all Californians who attend Fairs, those employed by Fairs, or who participate in Fairs benefit from this economically interdependent connection. In order to support and encourage this activity it is the policy of the State of California to reinvest revenues generated by horse racing in: 1) California Fairs generally; 2) the improvement of racing venues, equipment and facilities on Fairgrounds; 3) horse racing at California Fairs; 4) a competitive California satellite simulcast program; and 5) the interstate and international export of California-produced equines, products and services.

Horse racing represents a multi-billion dollar component of the state's agricultural economy, employing tens of thousands of Californians on breeding farms, in animal husbandry and related professions, equine medical care, and as suppliers of animal feed. The prosperity of these agricultural enterprises depends on a robust horse racing industry. Thus, the policy of the State of California's Department of Food and Agriculture shall be to support and encourage 1) improvements in breeding stock, supported by the well-regulated conduct of horse racing; and 2) increased interstate and international export of California-bred horses.

In conclusion, racing is a majestic sport with a long and cherished tradition in California. We believe that a realistic vision for its future, along with a sound public policy that governs its structure and conduct, will ensure benefits to Fairs, to agriculture and to the people of California for a long time to come.

# Expanded Fairs Offered as Option for California Racing

by Jack Shinar

Date Posted: August 30, 2007

Last Updated: August 31, 2007

California fairs offer a realistic option for horse racing's future at a time when two major racetracks in the state are facing redevelopment and other privately held venues are pressured by stockholders for greater revenue returns amid escalating property values.

Industry leaders brought that message to the California Board of Food and Agriculture Aug. 29 during a meeting at Cal Expo in Sacramento. Racing, they said, has funded the fairs for many years. Now, the industry wants to strengthen its ties to public fair facilities and to agriculture.

The board called the meeting, which lasted 5 1/2 hours, in order to look into why the horse industry is considered recreation and not part of state's agricultural product. No action was taken, though board president Al Montna said he found the disconnect between horses and agriculture "unconscionable."

"Hopefully, we'll come back in September with a strong recommendation to bring horse racing back into agriculture," Montna said.

Racing industry officials pointed to Del Mar's successful merger of public fairgrounds facilities with a private track operating team, the Del Mar Thoroughbred Club. Del Mar, which operates on state-owned land in north San Diego County under the jurisdiction of the 22nd Agricultural District, is among the most successful tracks in the nation, averaging close to 17,000 fans a day. About \$600 million will be wagered during its current 43-day meet.

"Del Mar is a model for what the future of California racing looks like," said Drew Couto, president of the Thoroughbred Owners of California. "The future can be very bright, particularly with the association to agriculture and public facilities."

Couto applauded the conversion to synthetic racing surfaces at the state's major racing venues, noting that Southern California is the first circuit in the nation that will race entirely on synthetic main tracks. He noted that about 7,000 Thoroughbreds started in California in 2006--down 27% in the past 10 years--but the safety factor could help the industry rebound as well as attract interest from out-of-state horsemen.

Racing has wasted too much time fighting Indian tribes for alternative gaming rights when there's no reason to believe that's the answer to the industry's ills, Couto said. Instead, it needs to be strengthening its ties to public facilities and fixing its wagering model, especially account wagering.

"For the past three years, our association has been trying to cultivate a relationship with the tribes," Couto said. "The competitive tension with tribes comes from land developers who own racetracks saying they have to have alternative gaming in order to compete. It's not about saving racing."

Publicly held fairgrounds facilities can provide a stable haven for racing, said Christopher Korby, executive director of the California Authority of Racing Fairs.

"Fairs are already part of the DNA of California racing," Korby said. "We have an ag-based industry on the brink of crisis due to macro-economic forces outside its control. We need sound public policy that recognizes this inter-relationship."

There are nine publicly held facilities operating in the state, seven in the north and two in the south, including Del Mar. Organized horse racing in the state began at fairs in the mid-1850s.

"We propose a model for the future of California racing that is at once practical, realistic, and familiar," Korby said. "We propose that racing facilities at fairs, which are publicly owned, expand and improve to fill the industry's needs as privately owned, commercial racetracks are developed for purposes other than racing."

In Northern California, racing is struggling with the likely closure of Bay Meadows in 2008. Bay Meadows, which would be redeveloped, annually hosts about 120 days of racing.

Rick Pickering, chief executive officer of nearby Alameda County Fair in Pleasanton, sees his venue as the most likely option in the Bay Area, but it would require \$20 million to \$30 million to make a full conversion. More likely, the fair track would initially expand its training facility to fill the void left by the San Mateo track's closure. But investment needed for a makeover that includes a new turf course and synthetic track is two to three years away, he said.

Pointing to a picture of the Del Mar grandstand, he said: "It wouldn't look like this. Del Mar talks about averaging more than 16,000 people a day. The average attendance at Bay Meadows and Golden Gate Fields is more like 1,500 to 1,600 a day."

Said Norb Bartosik, general manager at Cal Expo: "As a model for the future, the public/private partnership works. Cal Expo is trying to take steps in that direction. But we tend to believe that the first movements need to be in the Bay Area."

In Southern California, the redevelopment cloud hangs over Hollywood Park. The Los Angeles County Fair at Fairplex has discussed its potential as a replacement, but it, too, would need two to three years to make the necessary conversion.

Doug Burge, executive director of the California Thoroughbred Breeders' Association, said the same real estate market demand exerting so much pressure on the privately held tracks is also taking a toll on the state's 300 breeding farms. Some, such as the famous Golden Eagle Farm, are selling off much of their property and drastically cutting the size of their operations, or are closing, he said.

The annual Thoroughbred foal crop of 3,700 continues to rank third in the nation while accounting for 11% of the national foal count, Burge said.

"We're seeing a significant reduction in the size of our foal crops," he said. "Overall, this is not a great time for breeding horses in California. What we're experiencing is that states that were never a threat to us are now, due to having alternative gaming, attracting our horses and our horsemen."

## **PLEASANTON SNAP SHOT**

**Pleasanton accounts for 10% to 14% of annual “starts” at Bay Meadows and Golden Gate Fields.**

**Pleasanton was responsible for 147 “starts”, during the 22 days of Northern California racing in November of 2007.**

**Pleasanton loses more than \$400,000 each year on its training operation, even though it charges \$4 per day in stall rent.**

## **PLEASANTON TRAINERS LIST** **(as of December 1, 2007)**

**47 Trainers accounting for 290 Thoroughbreds**

Allen, T.	Layne, B.
Anderson, C.	Ledezma, S.
Anderson, J.	March, R.
Anderson, R.	Marquez, J.
Arreola, A.	Martin, R.
Bellasis, T.	Martinez, L.
Bonde, J.	McDonald, M.
Cabral, D.	McGowan, S.
Chandler, J.	McGuire, M.
Costa, F.	Molinaro, K.
Delima, C.	Morey, W.
Dellenbeck, B.	Murphy, S.
Didio, K.	Nielson, D.
Dingess, C.	Orr, I.
Doyle, C.	Paszkeica, A.
Eaton, T.	Payton, J.
Gilmour, S.	Preciado, G.
Gomes, M.	Puertas, J.
Howard, S.	Rich, E.
Howey, Q.	Rodgers, A.
Johnson, B.	Tagliaferri, G.
Keller, F.	Wallace, R.
Knight, T.	White, R.
Larson, M.	

**Conducted meetings with, or contracted for services from, the following experts:**

**Froehlich, Kow & Gong** – architects for racetracks around the world. Designed the existing Racing Grandstand in Pleasanton. Has provided preliminary design detail & artist renderings for future training & racing at the Fairgrounds.

**Fieldman & Rolapp** – Bond Counsel. Prepared & processed the financing of Del Mar's new engineered track surface.

**Holland & Knight** – handled legal & environmental permitting issues for the installation of the new-engineered track surface at Golden Gate Fields.

**Michael Sellens** – water, hydrology & environmental consultant. Experienced in processing potable water & wastewater projects for the Fairgrounds.

**Michael Dickenson** – TAPETA Track Inventor.

**Richard English** – knowledgeable in racing finances & business plans. Preparing a draft business plan for expanded training & racing at the Fairgrounds.

**O.C. Jones** – master contractor. Installed the new-engineered track surface at Golden Gate Fields. Previously installed a 13-acre parking lot at the Fairgrounds.

**California Construction Authority** – responsible for design, construction, project management at California Fairs, including oversight of the new engineered track surface in Del Mar.

**California Department of Food & Agriculture, Board of Directors**  
– advisory body to the Secretary of Food & Agriculture.

**CDFA, Division of Fairs & Expositions** – responsible for the oversight of all California Fairs & the distribution of State funds to fairgrounds.

**County of Alameda** – official property owners of the Fairgrounds.

**City of Pleasanton** – represents the community that surrounds the Fairgrounds.

**California Authority of Racing Fairs** – obtained unanimous support identifying the Fairgrounds as the location of choice as the primary auxiliary training facility in Northern California when Bay Meadows closes.





Satellite Wagering Facility  
San Mateo County Event Center  
San Mateo, CA

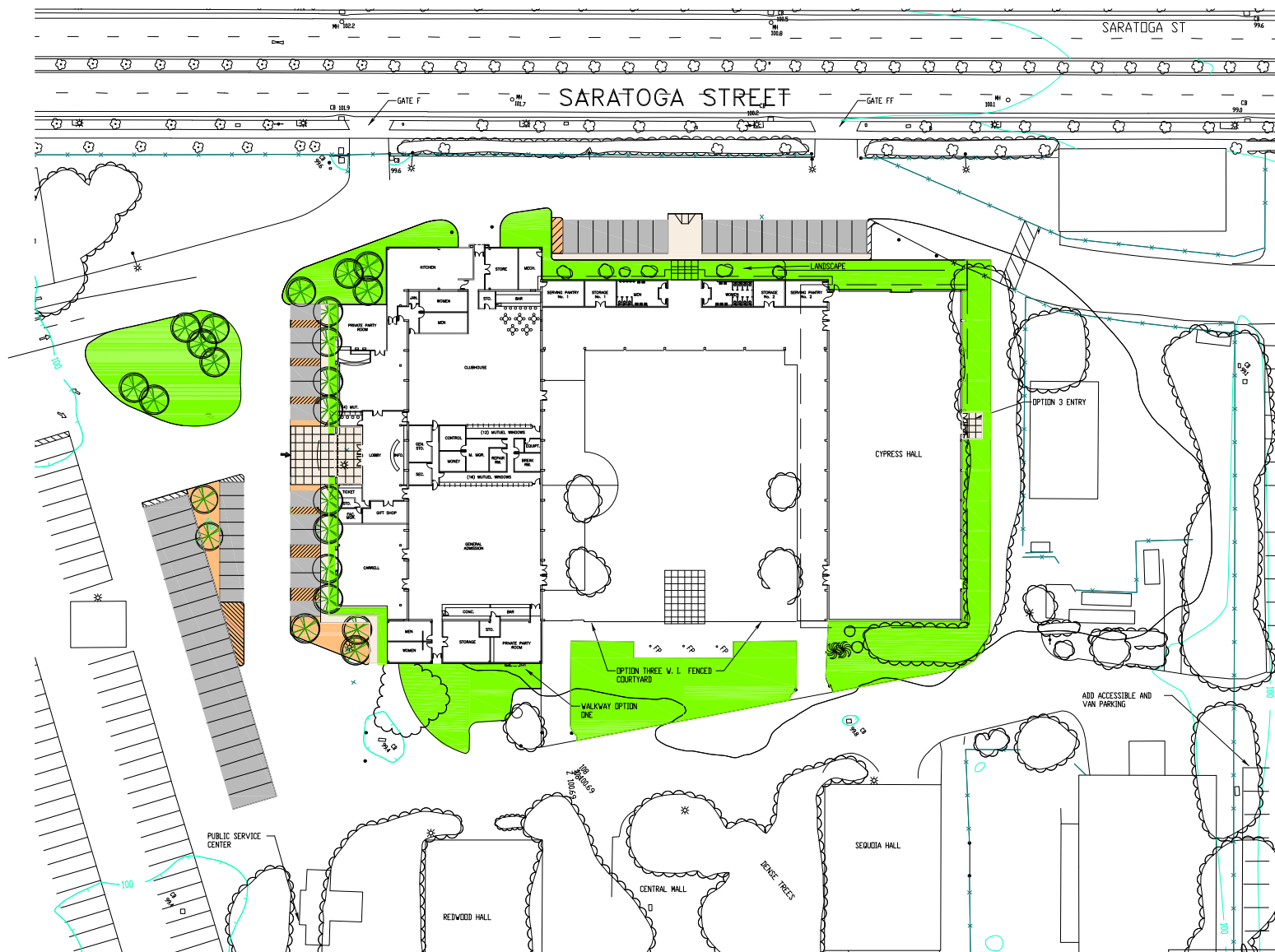
PERSPECTIVE

**FG** Froehlich, Kow & Gong  
Architects, Inc.

969 Colorado Boulevard  
Los Angeles, California 90041

Tel: (323) 257-0277  
Fax: (323) 256-2226

DATE: 01-14-08



Satellite Wagering Facility  
 San Mateo County Event Center  
 San Mateo, CA

SITE PLAN

SCALE: NTS



**F** Froehlich, Kow & Gong  
 Architects, Inc.  
 969 Colorado Boulevard  
 Los Angeles, California 90041  
 Tel: (323) 257-0277  
 Fax: (323) 256-2226

DATE: 01-14-08



#### OAK HALL AND ADDITIONS:

GENERAL WAGERING	5,977 S.F.
CLUBHOUSE	5,245 S.F.
MUTUEL OFFICES/COUNTY	2,847 S.F.
CARRELL	2,128 S.F.
TURF CLUB	1,555 S.F.
PRIVATE PARTY RM. #1	952 S.F.
PRIVATE PARTY RM. #2	744 S.F.
KITCHEN	1,416 S.F.
TOILETS	1,548 S.F.
ANCILLARY	2,468 S.F.
<b>TOTAL</b>	<b>28,265 S.F.</b>

**Satellite Wagering Facility**  
**San Mateo County Event Center**  
**San Mateo, CA**

**FLOOR PLAN**

SCALE: NTS



**Fruehlich, Kow & Gong**  
**Architects, Inc.**  
 969 Colorado Boulevard  
 Los Angeles, California 90041  
 Tel: (323) 257-0277  
 Fax: (323) 256-2226

DATE: 01-14-08



# Calendar for year 2009 (United States)

## January

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### Holidays and Observances:

**Jan 1** New Year's Day  
**Jan 19** Martin Luther King Day  
**Feb 14** Valentine's Day  
**Feb 16** Presidents' Day  
**Apr 12** Easter Sunday

**May 25** Memorial Day  
**Jul 3** 'Independence Day' observed  
**Jul 4** Independence Day  
**Sep 7** Labor Day  
**Oct 12** Columbus Day

**Oct 31** Halloween  
**Nov 11** Veterans Day  
**Nov 26** Thanksgiving Day  
**Dec 25** Christmas Day

Calendar generated on [www.timeanddate.com/calendar](http://www.timeanddate.com/calendar)

# Calendar for year 2010 (United States)

## January

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25	26	27	28	29	30	31

### Holidays and Observances:

Jan 1	New Year's Day	Jul 5	'Independence Day' observed	Dec 24	'Christmas Day' observed
Jan 18	Martin Luther King Day	Sep 6	Labor Day	Dec 25	Christmas Day
Feb 15	Presidents' Day	Oct 11	Columbus Day	Dec 31	'New Year's Day' observed
May 31	Memorial Day	Nov 11	Veterans Day		
Jul 4	Independence Day	Nov 25	Thanksgiving Day		

Calendar generated on [www.timeanddate.com/calendar](http://www.timeanddate.com/calendar)

**California Authority of Racing Fairs  
Agency Income Statement  
December 31, 2007**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>Year End</b>	<b>Year End</b>	<b>Preliminary YTD</b>	<b>Budget</b>	<b>Variance</b>	<b>% Budget</b>
<b>Revenue:</b>						
Other Revenue	255	9,233	145	500	(355)	29%
Interest Income	35,736	48,441	92,352	40,000	52,352	231%
Member Dues	279,780	261,477	257,268	257,276	(8)	100%
CARF Programs Admin Fee	52,255	39,146	34,731	29,256	5,475	119%
CARF Projects Admin Fee	168,072	126,364	117,249	256,251	(139,002)	46%
CARF Live Racing Admin Fee	115,086	132,433	147,694	134,418	13,276	110%
<b>Total Revenue</b>	<b>651,185</b>	<b>617,094</b>	<b>649,439</b>	<b>717,701</b>	<b>(68,262)</b>	<b>90%</b>
<b>Expenses:</b>						
Salaries	200,703	204,210	215,049	277,762	62,713	77%
Employee Benefits	28,803	21,363	17,043	61,108	44,065	28%
Post Retirement Benefits	22,800	27,118	31,509	32,000	491	98%
Payroll Taxes	13,519	11,471	10,018	30,554	20,536	33%
Accounting Costs	16,270	16,965	16,270	16,250	(20)	100%
Advertising Expense	0	800	0	0	0	0%
Audit Services	5,125	4,815	5,875	5,625	(250)	104%
Automobile Expense	357	0	3,728	2,000	(1,728)	186%
Contracted Services	1,928	1,198	2,214	3,000	786	74%
Depreciation	10,853	16,682	13,195	4,385	(8,810)	301%
Dues & Subscriptions	719	30,475	29,509	31,000	1,491	95%
Insurance Expense	35,110	37,763	38,824	38,151	(673)	102%
Legal Expenses	7,419	6,620	5,575	20,000	14,425	28%
Legislative Expenses	51,857	49,888	56,089	60,000	3,912	93%
Meetings Expense	2,901	6,861	3,120	6,000	2,880	52%
Misc. Bank Fees	269	29	17	1,000	983	2%
Office Supplies	14,912	17,074	15,953	15,000	(953)	106%
Postage & Shipping	3,201	3,570	4,168	3,000	(1,168)	139%
Rent (Tribute Road)	33,641	35,777	35,770	35,770	0	100%
Repairs & Maintenance	953	370	359	1,000	641	36%
Telephone Expense	9,437	10,660	10,551	11,000	449	96%
Training	0	0	0	2,500	2,500	0%
Travel Expense	23,835	24,886	27,308	27,500	192	99%
<b>Total Expenses</b>	<b>484,614</b>	<b>528,593</b>	<b>542,142</b>	<b>684,605</b>	<b>142,463</b>	<b>79%</b>
<b>Agency Income (Loss)</b>	<b>166,571</b>	<b>88,500</b>	<b>107,296</b>	<b>33,096</b>	<b>74,201</b>	
<b>Southern Program Income (Loss)</b>	<b>14,344</b>	<b>14,398</b>	<b>(674)</b>	<b>4,652</b>	<b>(5,327)</b>	
<b>Total Balance Sheet Net Income (Loss)</b>	<b>180,914</b>	<b>102,899</b>	<b>106,622</b>	<b>37,748</b>	<b>68,874</b>	

**California Authority of Racing Fairs**  
**Southern Region Income Statement**  
**December 31, 2007**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>Year End</b>	<b>Year End</b>	<b>Preliminary YTD</b>	<b>Budget</b>	<b>Variance</b>	<b>% Budget</b>
<b>Program Revenue:</b>						
Program Sales	696,535	493,939	463,076	390,075	73,001	119%
Other Revenue	0	0	0	0	0	0%
Royalties/Fees Due Host	(629,936)	(440,394)	(428,059)	(351,067)	(76,992)	122%
<b>Total Revenue</b>	<b>66,599</b>	<b>53,545</b>	<b>35,018</b>	<b>39,008</b>	<b>(3,990)</b>	<b>90%</b>
<b>Expenses:</b>						
Legal Expenses	0	0	0	2,500	2,500	0%
Meetings Expense	0	0	539	1,000	461	54%
Misc Exp.(Storage)	0	0	0	1,000	1,000	0%
Postage & Shipping	0	0	0	100	100	0%
Telephone Expense	0	0	0	500	500	0%
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>961</b>	<b>5,100</b>	<b>4,139</b>	<b>19%</b>
<b>Operating Income (Loss)</b>	<b>66,599</b>	<b>53,545</b>	<b>34,057</b>	<b>33,908</b>	<b>149</b>	<b>100%</b>
 CARF Admin Fee	 52,255	 39,146	 34,731	 29,256	 (5,475)	 119%
Rebate						
<b>Income (Loss)</b>	<b>14,344</b>	<b>14,398</b>	<b>(674)</b>	<b>4,652</b>	<b>(5,327)</b>	<b>-14%</b>

**California Authority of Racing Fairs  
Project Management Income Statement  
December 31, 2007**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>Year End</b>	<b>Year End</b>	<b>Preliminary YTD</b>	<b>Budget</b>	<b>Variance</b>	<b>% Budget</b>
<b>Revenue:</b>						
CARF Admin Fee	168,072	126,419	117,249	256,250	(139,001)	46%
Project Management	67,238	76,158	79,648	85,868	(6,220)	93%
<b>Total Revenue</b>	<b>235,310</b>	<b>202,578</b>	<b>196,897</b>	<b>342,118</b>	<b>(145,221)</b>	<b>58%</b>
<b>Expenses:</b>						
Salaries Expense	47,563	56,190	58,942	51,592	(7,350)	114%
Employee Benefits	5,936	6,595	7,510	11,350	3,840	66%
Payroll Taxes	2,928	3,065	3,060	5,675	2,615	54%
Accounting Costs	6,500	6,780	6,500	6,500	(0)	100%
Audit Services	2,050	1,870	2,350	2,250	(100)	104%
Automobile Expense	290	0	0	4,500	4,500	0%
Contracted Services	0	0	0	1,000	1,000	0%
Telephone Expense	1,351	1,015	647	2,000	1,353	32%
Travel Expense	140	144	85	500	415	17%
Misc. Storage	480	555	555	500	(55)	111%
<b>Total Expenses</b>	<b>67,238</b>	<b>76,214</b>	<b>79,648</b>	<b>85,867</b>	<b>6,219</b>	<b>93%</b>
<b>CARF Admin Fee</b>	<b>168,072</b>	<b>126,364</b>	<b>117,249</b>	<b>256,251</b>	<b>139,002</b>	<b>46%</b>



**California Authority of Racing Fairs  
Live Racing Income Statement  
December 31, 2007**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>Year End</b>	<b>Year End</b>	<b>Preliminary YTD</b>	<b>Budget</b>	<b>Variance</b>	<b>% Budget</b>
<b>Revenues:</b>						
Change Fund Admin Fee	25,426	42,690	53,293	40,000	13,293	133%
Racing Fairs Admin Fee	67,660	67,743	72,402	72,418	(16)	100%
Supplemental Purses Admin Fee	22,000	22,000	22,000	22,000	0	100%
NCOTWINC Reimbursement	29,000	29,000	29,000	29,000	0	100%
Racing Fairs Reimbursement	894,677	959,886	1,040,048	965,572	74,476	108%
Advertising Revenue	3,625	3,425	4,827	3,500	1,327	138%
<b>Total</b>	<b>1,042,388</b>	<b>1,124,744</b>	<b>1,221,570</b>	<b>1,132,490</b>	<b>89,080</b>	<b>108%</b>
<b>Expenses:</b>						
Salaries	119,133	137,045	138,623	116,281	(22,342)	119%
Employee Benefits	28,745	32,501	35,050	30,000	(5,050)	117%
Payroll Taxes	7,950	9,178	23,536	12,791	(10,745)	184%
Accounting Costs	42,250	44,070	42,250	42,250	0	100%
Audit Services	13,325	12,155	15,275	14,950	(325)	102%
Automobile Expense	2,846	811	4,065	3,000	(1,065)	136%
Dues & Subscriptions, NTRA	150	28,125	28,125	30,000	1,875	94%
Legal Expenses	1,339	9,232	23,520	6,000	(17,520)	392%
Meetings Expense	5,722	3,429	3,643	5,000	1,357	73%
Misc. Exp (Storage,Bank fee)	5,264	0	0	3,000	3,000	0%
Telephone Expense	1,671	932	582	2,000	1,418	29%
Travel Expense	28,822	28,650	48,187	25,000	(23,187)	193%
<b>Sub-Totals</b>	<b>257,217</b>	<b>306,128</b>	<b>362,855</b>	<b>290,272</b>	<b>(72,583)</b>	<b>125%</b>
<b>Racing Support Services:</b>						
Announcer	68,824	33,513	24,870	40,000	15,130	62%
Condition Bk/Program Cover	17,285	19,540	15,237	23,000	7,763	66%
Racing Operations Support	19,498	73,176	74,441	68,000	(6,441)	109%
TC02 Testing	42,511	50,341	56,200	51,000	(5,200)	110%
Marketing	3,769	2,095	3,432	20,000	16,568	17%
Network Management	2,666	2,748	4,817	5,000	183	96%
Paymaster	3,961	8,860	5,160	10,500	5,340	49%
Program Production	164,799	169,347	196,134	160,000	(36,134)	123%
Racing Office System	62,441	60,889	56,097	60,000	3,903	93%
Recruitment	11,649	13,257	16,385	10,000	(6,385)	164%
Jumbo Screen	179,350	151,025	137,700	175,000	37,300	79%
Supplies	12,444	17,968	15,316	9,500	(5,816)	161%
Tattooing	22,002	16,724	21,741	16,800	(4,941)	129%
Timing/Clocker	39,541	29,472	26,010	30,000	3,990	87%
Transportation	3,050	3,350	4,660	4,000	(660)	117%
TV Production/Simulcast	16,296	33,879	52,822	25,000	(27,822)	211%
<b>Sub-Totals</b>	<b>670,085</b>	<b>686,183</b>	<b>711,020</b>	<b>707,800</b>	<b>(3,220)</b>	<b>100%</b>
<b>Total Expenses</b>	<b>927,302</b>	<b>992,311</b>	<b>1,073,876</b>	<b>998,072</b>	<b>(75,804)</b>	<b>108%</b>
<b>CARF Admin Fee</b>	<b>115,086</b>	<b>132,433</b>	<b>147,694</b>	<b>134,418</b>	<b>(13,276)</b>	<b>110%</b>
<b>Net Income(Unbilled Expenses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>



## Weather Woes Plague Santa Anita

by Tracy Gantz

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**Drainage problems have closed Santa Anita throughout January.**

Photo: Benoit

Rain that hit Southern California before Santa Anita had a chance to apply new materials to its Cushion Track synthetic surface forced several more days of cancellations. Santa Anita lost Jan. 24, 25, 27, and 28 due to weather, but a 24-hour break allowed the track to host its half of the Sunshine Millions program Jan. 26 (see page 724).

Because rain had been forecast for the night of Jan. 23, a scheduled dark day, track superintendent Richard Tedesco and his crew had attempted to seal the surface in the hopes racing could proceed Jan. 24. However, hail that pelted the track at 5 a.m. ended any thoughts of being able to run.

"That just doomed us," said a frustrated Ron Charles, president of Santa Anita. "It hit and then melted down into a surface that doesn't drain."

Santa Anita has battled the drainage problems posed by the Cushion Track since December, when crews undertook a three-week renovation project. The track opened on schedule Dec. 26, but then rain forced cancellation of the Jan. 5-7 cards when moisture still didn't drain through the fine sand and asphalt base.

Management decided to add new material from Pro-Ride Racing of Australia with the help of Pro-Ride's Ian Pearse. However, the material had not arrived by the time the next heavy rainstorm hit the area. The material includes a liquid binder and is expected to solve the drainage problems.

Once the track lost the Jan. 24-25 programs, management worked on contingency plans for the Sunshine Millions card. It proved logistically difficult to move tote boards, tote equipment, and money across town to possible venue Hollywood Park, and the weather reports were forecasting sun for Sunshine Millions day.

"It's doubtful we could get the tote board across town on one day's notice," said George Haines, Santa Anita's vice president and general manager. "The funds to operate a mutuel department are astronomical, and to move that money across town, which is insured at Santa Anita but may not be insured at Hollywood, is a very big risk for us."

As it turned out, Santa Anita was able to conduct the Sunshine Millions card in beautiful weather, with 28,414 in attendance on track and all-sources handle of more than \$17 million. Clouds moved in before the end of the day, though, and rain began falling that evening. On the morning of Jan. 27,

track management canceled the cards for Jan. 27-28.

The loss of the Jan. 27 card meant the postponement of the \$250,000 Santa Monica Handicap (gr. I), which racing secretary Rick Hammerle rescheduled for Feb. 2.

Charles said the track would be re-leveled during its regular dark days, Jan. 29-30, and racing was to resume Jan. 31-Feb. 3 with a dry forecast.

"We plan at this point to run through Sunday, Feb. 3, and we hope to begin the process of amending the surface at that point with the synthetic Pro-Ride polymer binder and fiber," Charles said. "If conditions allow us to begin work at that time, we would cancel live racing Monday, Feb. 4."

Under that scenario, Santa Anita would also likely lose its Feb. 7 card and re-open for live racing Feb. 8.

"We realize a lot of people are being inconvenienced by the changes we have had to make," said Charles. "The owners and trainers, along with our fans, are right at the top of the list."

Many in the industry have discussed the possibility of moving all or some of Santa Anita's dates to Hollywood Park. That track is renovating its turf course for its upcoming spring meeting, and so any move across town would have been without turf racing.

"We have been in consultation with the CHRB (California Horse Racing Board) regarding the races and dates we've had to cancel," Charles said, "and we're confident we will be able to make up most, and likely all, of these dates and races at this meet. Once we are able to get to work amending the main track, we are very hopeful we can get back on schedule and get back to business as usual here."

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# Meeting Handouts



**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**2008 NORTHERN CALIFORNIA FAIR RACING SCHEDULE**

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***Alameda County Fair, Pleasanton***

Wednesday, June 25 through Sunday, July 6

Dark: TBA

***Sonoma Solano Wine County Race Meet***

Wednesday, July 9 through Sunday, July 20

Wednesday, July 23 through Monday, August 4

Dark: TBA

***San Mateo County Fair, San Mateo***

Wednesday, August 6 through Monday, August 18

Dark: TBA

***Humboldt County Fair, Ferndale***

Thursday, August 7 through Sunday, August 17

Dark: TBA

***California State Fair, Sacramento***

Wednesday, August 20 through Monday, September 1

Dark: TBA

***San Joaquin Fair, Stockton***

Wednesday, September 3 through Sunday, September 14

Dark: TBA

***The Big Fresno Fair, Fresno***

Wednesday, October 1 through Monday, October 13

Dark: TBA