



a California joint powers agency

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AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOE BARKETT, CHAIR
11:00 A.M., TUESDAY, FEBRUARY 5, 2008

Notice is hereby given that a teleconference meeting of the California Authority of Racing Fairs' Board of Directors will commence at 11:00 A.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 current Legislative Issues, Referenda and Election Matters
- III. Report and update on current projects
- IV. Report, discussion and action, if any, on CDFA F&E Funding
- V. Update on conference planning
- VI. 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

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.

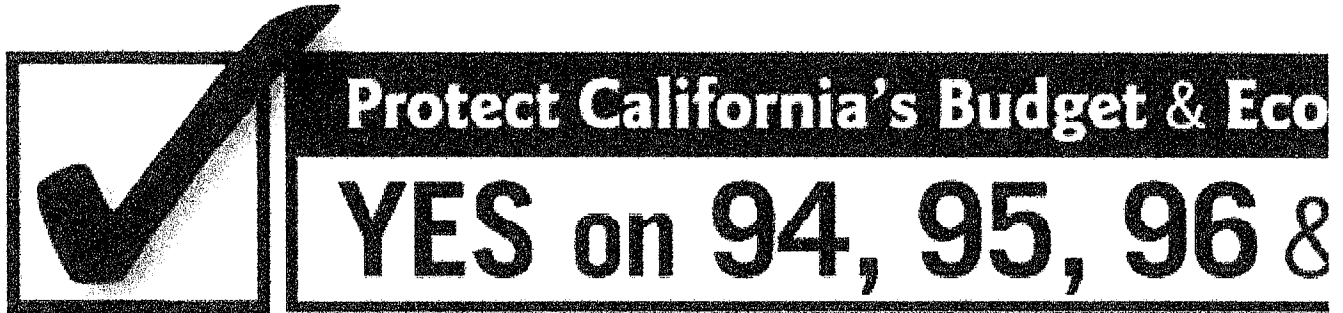
Some people who oppose gambling on principle might also want to support these measures if, to them, the negatives associated with this expansion are outweighed by the greater revenue sharing and the new rules forcing the Indians to address environmental and public impacts.

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Coalition to Protect California's Budget & Economy

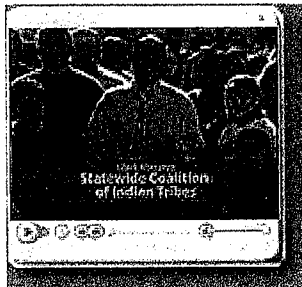


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Vote YES on Props 94, 95, 96 & 97 The Indian Gaming Revenue Agreements


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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 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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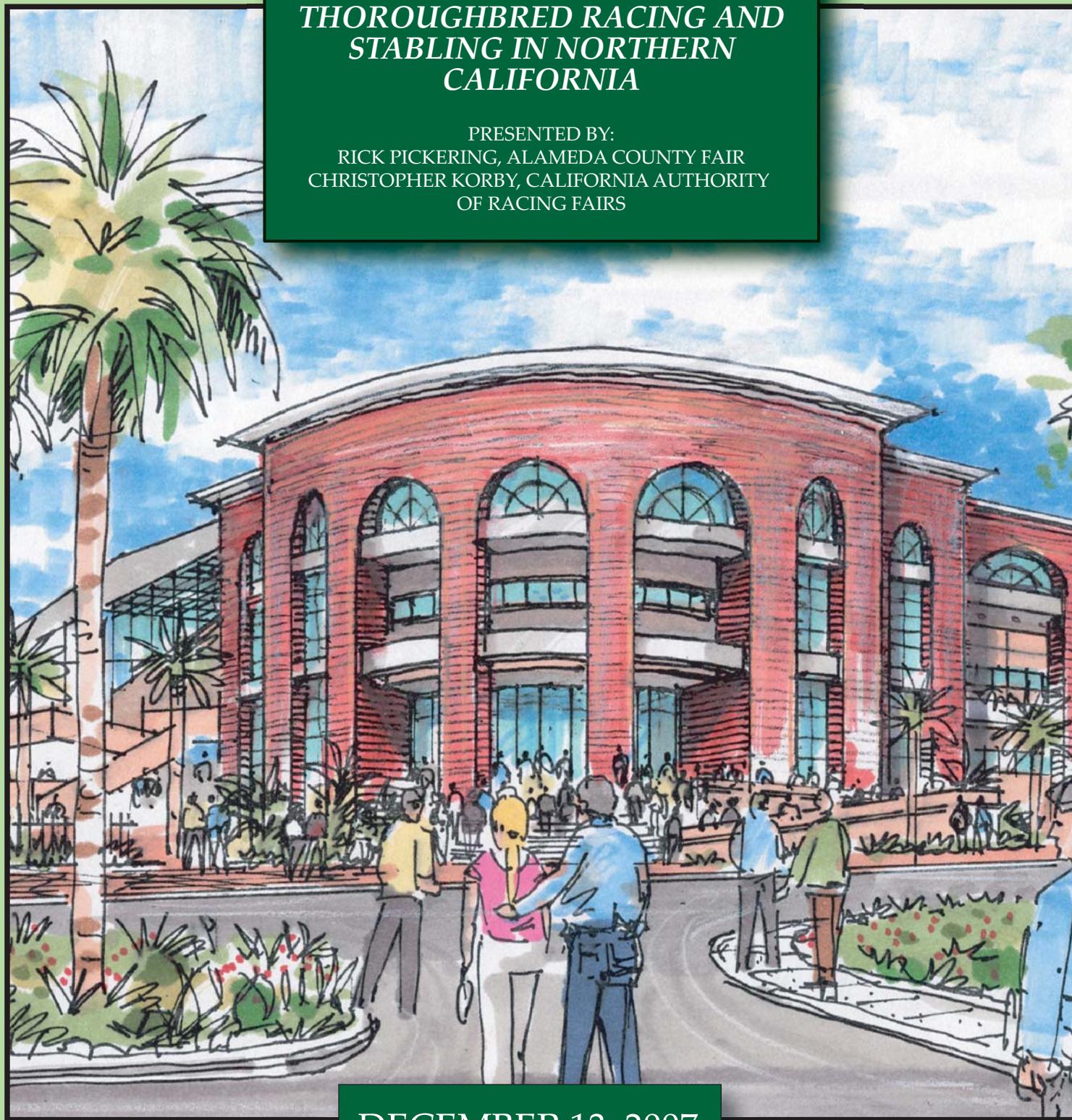
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PRESENTATION

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
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DATE: 08-31-07

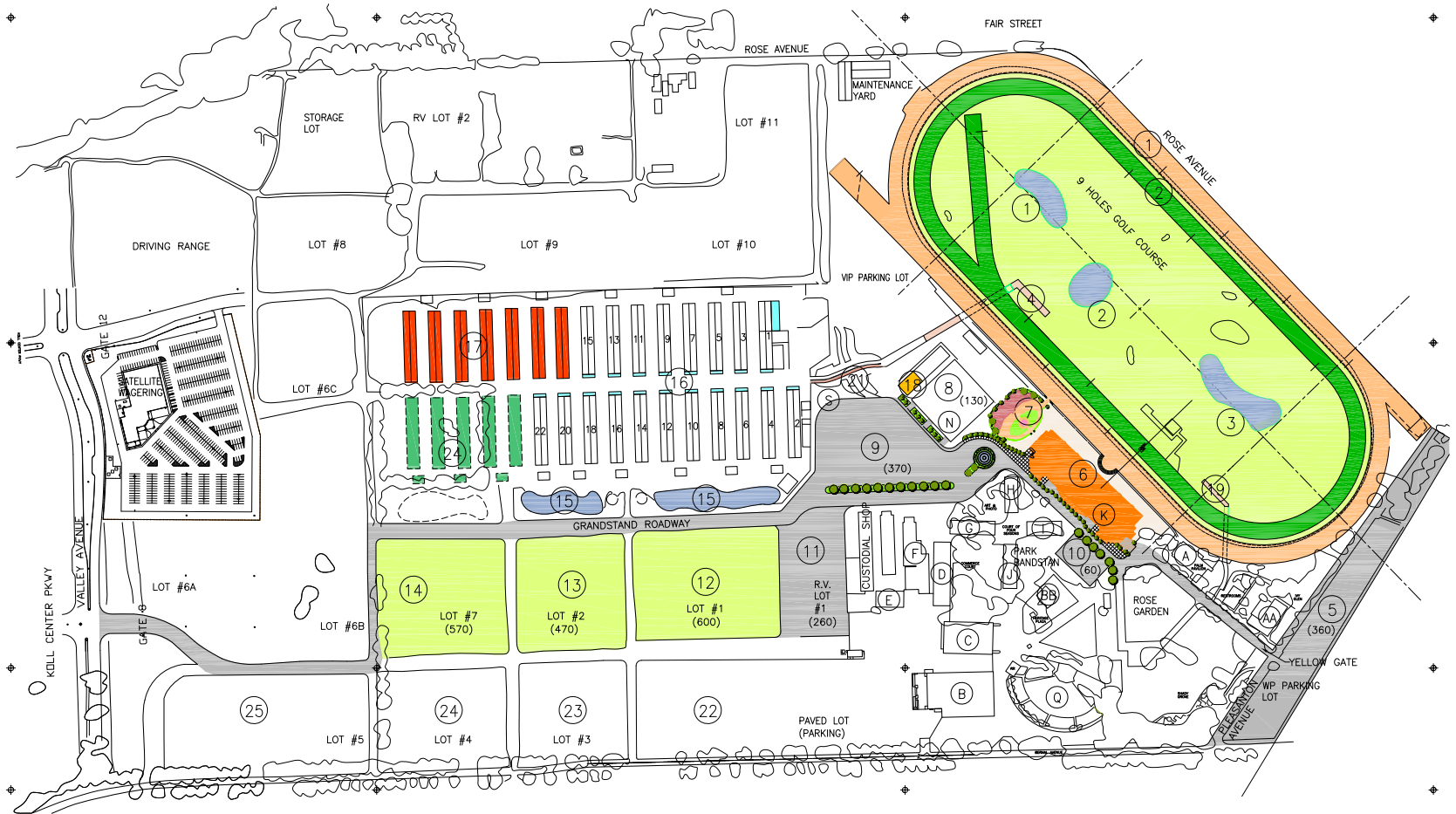
LEGEND

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



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RENOVATION SITE PLAN

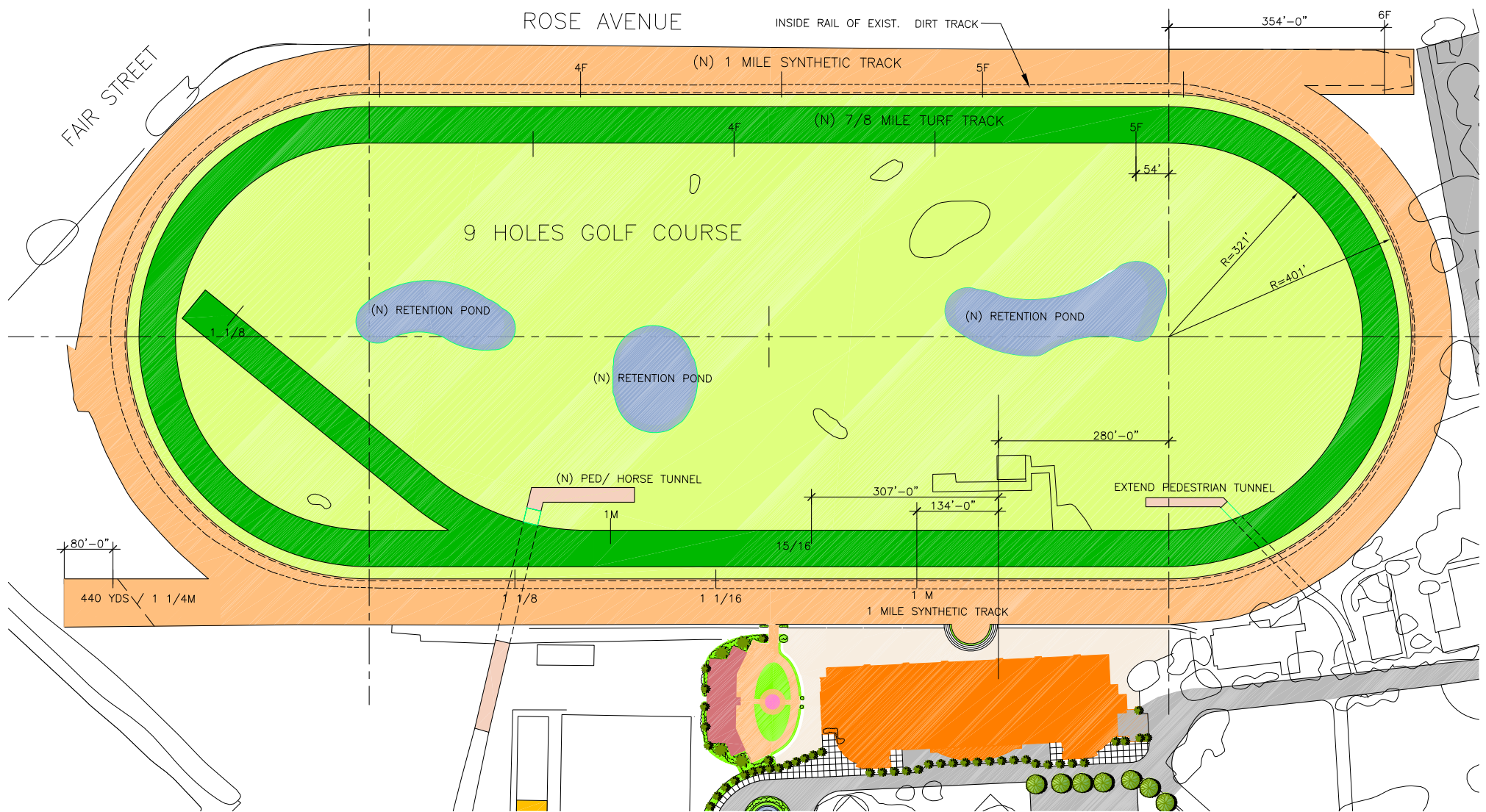
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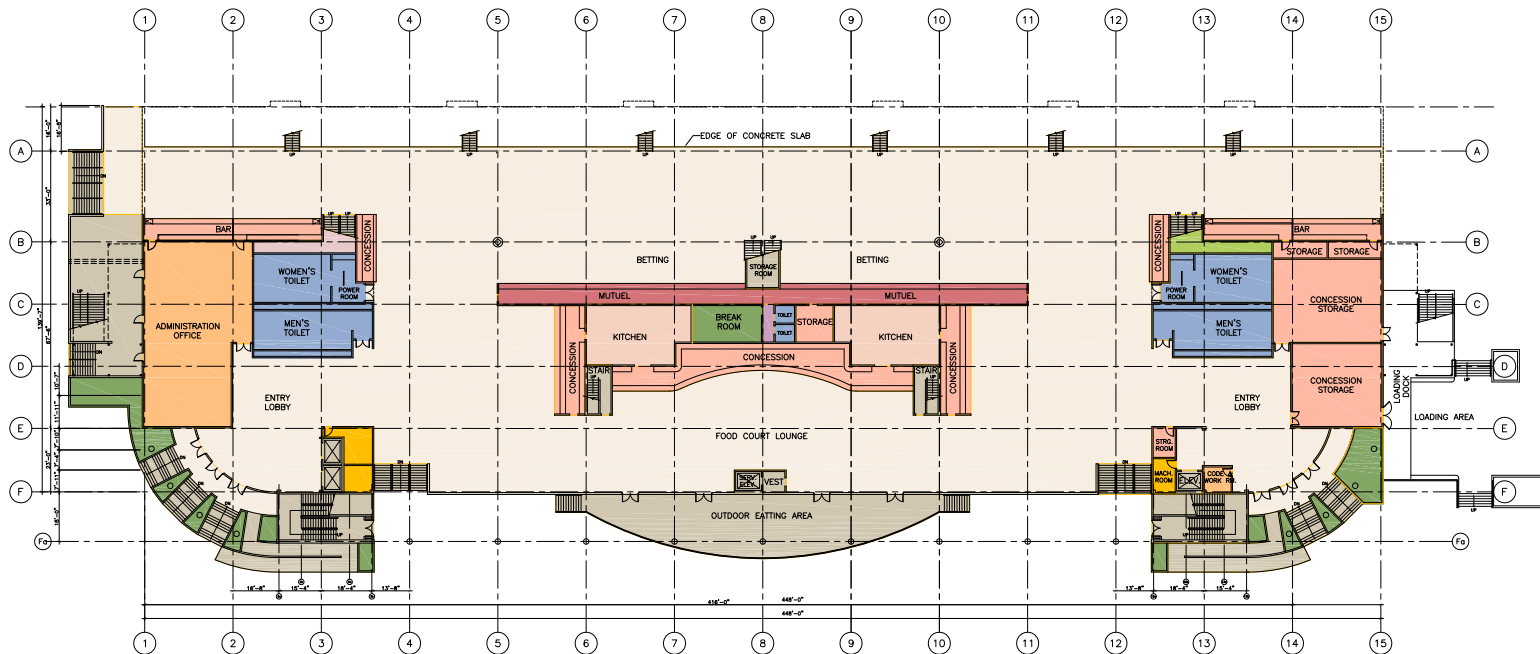
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SYNTHETIC & TURF TRACKS PLAN
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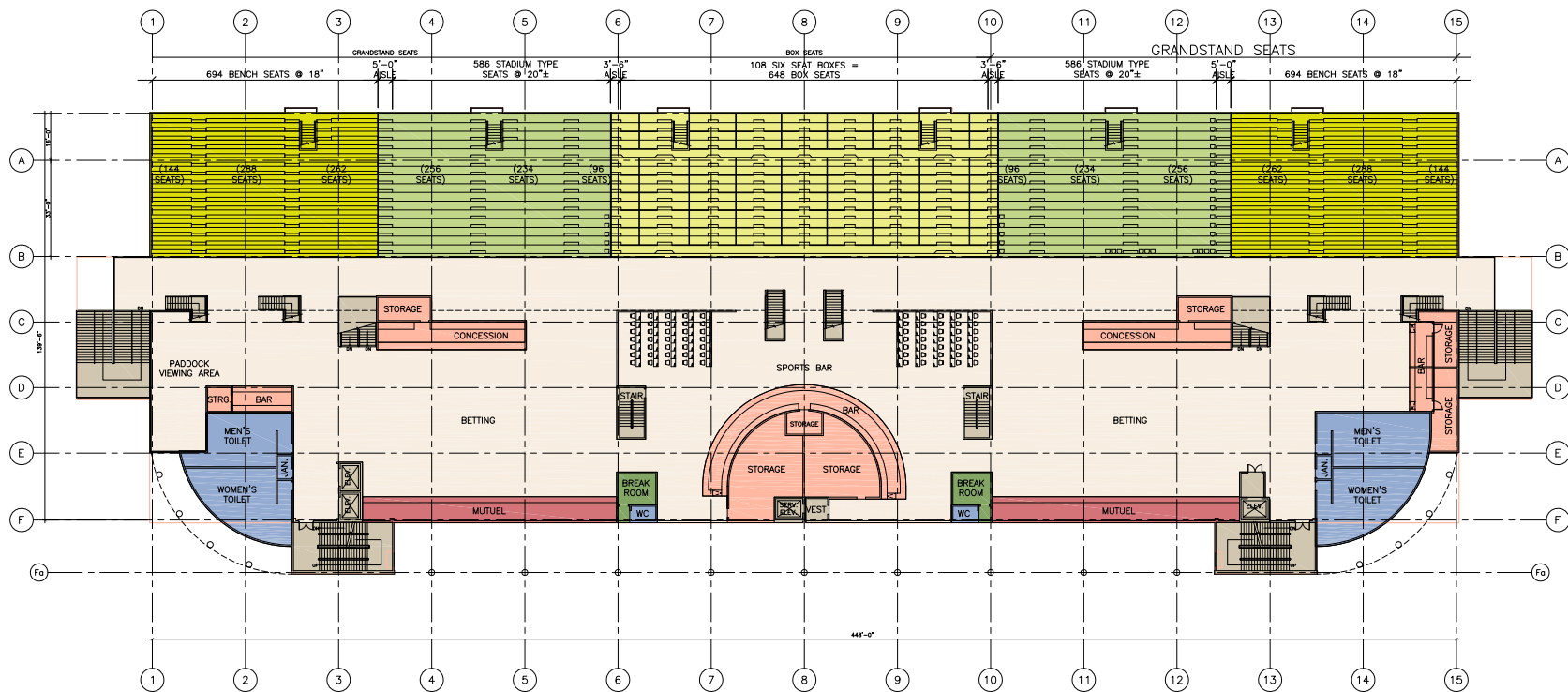
FIRST FLOOR PLAN
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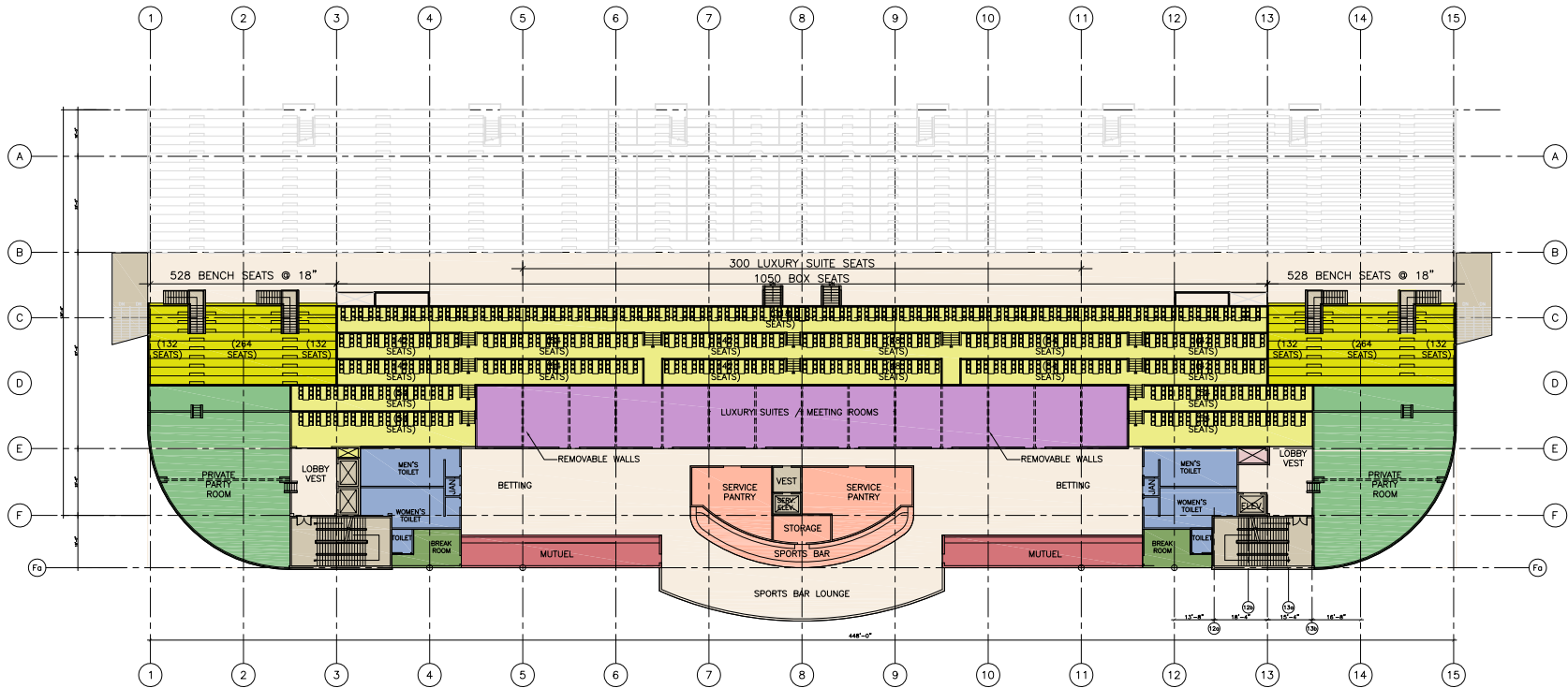
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SECOND FLOOR PLAN
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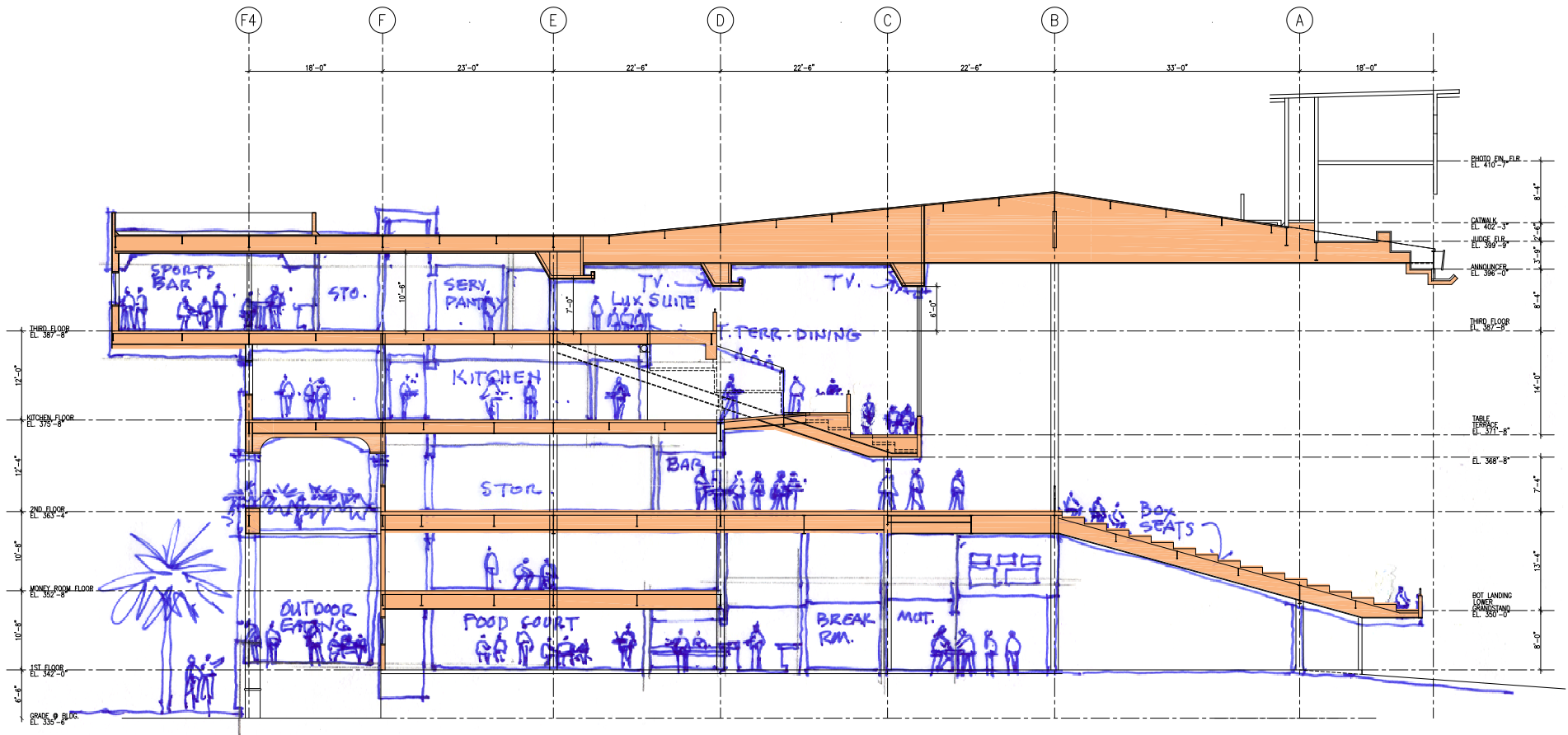
THIRD FLOOR PLAN
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SECTION THROUGH
FINISH LINE
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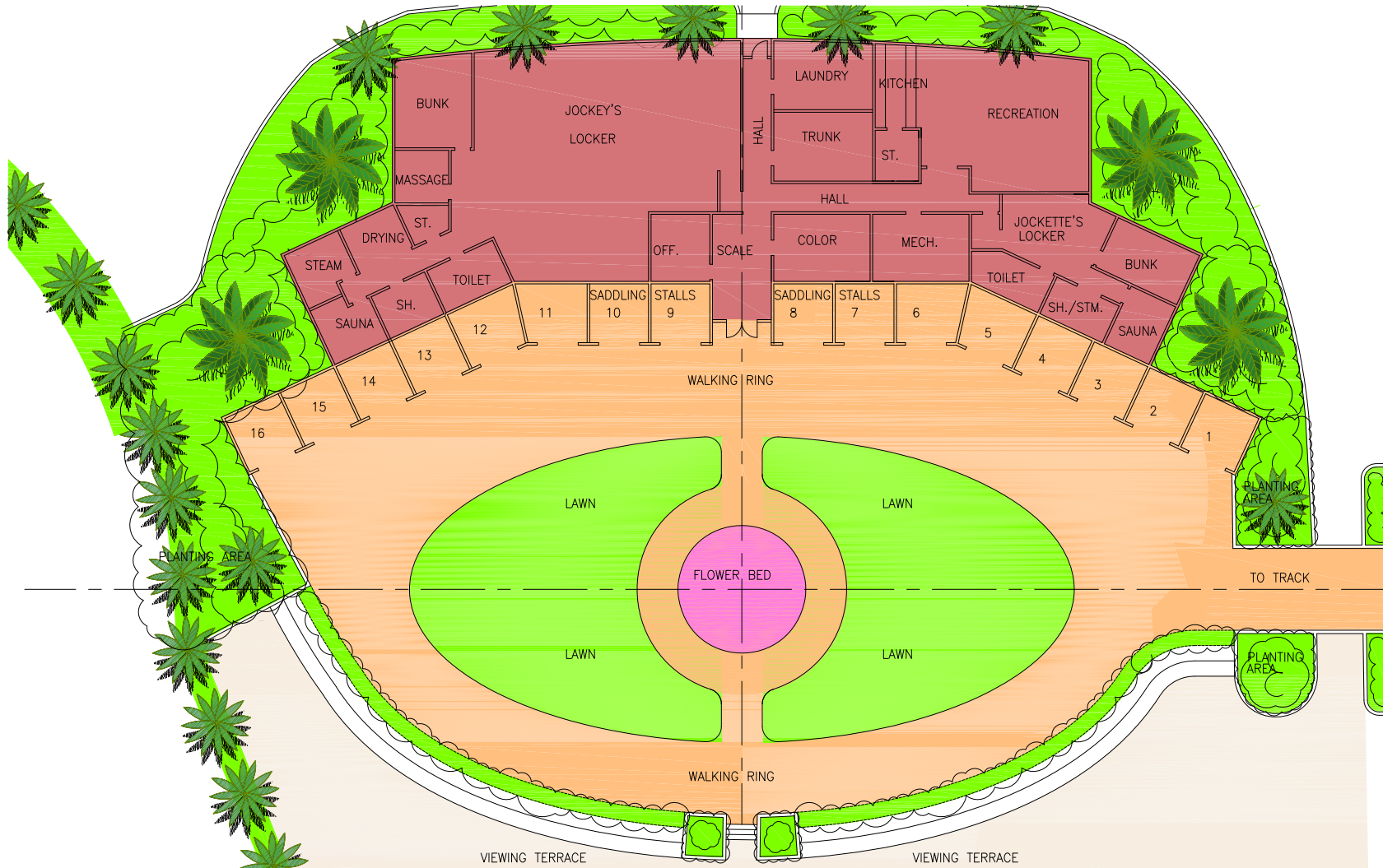


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NEW PADDOCK & JOCKEY'S QUARTERS FLOOR PLAN

SCALE: (1:20)

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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

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 22nd 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

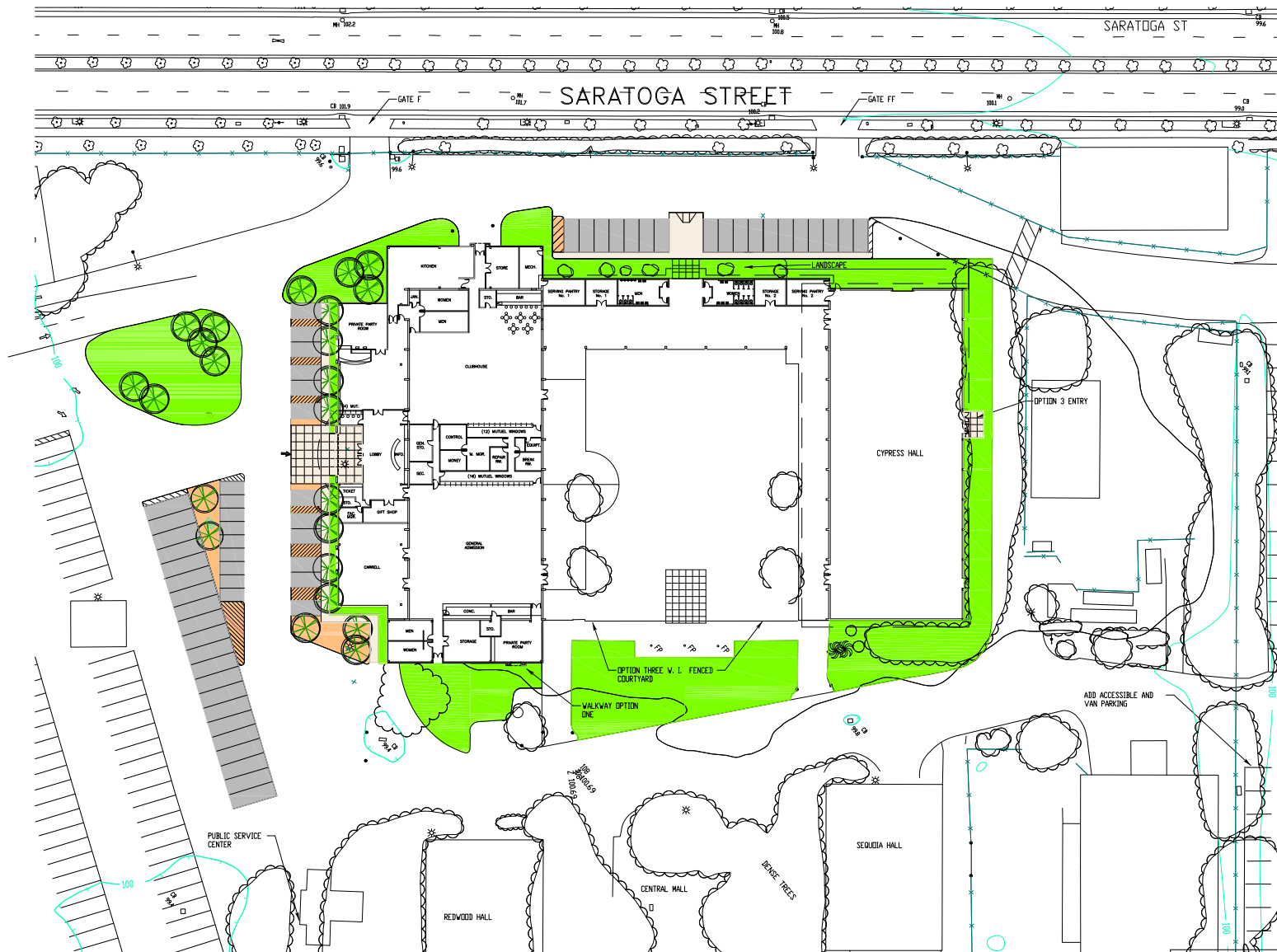
PERSPECTIVE

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



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

CARF FINANCIAL PLAN FOR HORSE RACING

On September 26, 2007, the CARF Board of Directors adopted the following plan for funding of track safety and maintenance, equipment replacement and capital investment:

Expenditure of existing available funds in FY 2006-2007:

Equipment Replacement Fund	\$ 500,000
Capital Investment (Alameda upgrades and San Mateo SWF)	\$ 300,000
Capital Investment (San Joaquin Design Study)	\$ 25,000

Expenditure of allocated funds in FY 2007-2008:

Equipment Replacement Fund	\$ 500,000
Track Safety and Maintenance Program	\$ 600,000
Capital Investment (Alameda upgrades and San Mateo satellite)	\$1,000,000

Minimum request for funds in 2008-2009:

Track Safety and Maintenance	\$ 600,000
Equipment Replacement	\$ 500,000
Capital Investment	<u>\$1,500,000</u>
Total:	\$2,600,000

Bay Meadows is scheduled to race through the first half of 2008 and to remain open for auxiliary stabling through the end of 2008. Thereafter, in 2009 and beyond, it is anticipated that approximately 100 days of racing will shift to Golden Gate Fields and fair race track facilities and that a great majority of these added dates will be run at fair facilities. Significant improvements at selected fair facilities will have to be undertaken immediately in order to meet this need.

CARF has been working on a plan for shifting racing and stabling, currently at Bay Meadows, to publicly owned facilities, i.e., existing fair race tracks, in a way that will best serve the needs of the racing public, fairs and the racing industry in general. In that connection, CARF has agreed to and advocates the following:

1. It is not practical or feasible to attempt to upgrade all fair racing facilities to the same or similar level of quality nor is it practical or feasible to spread all newly available racing

dates among the existing northern California fairs. Racing Fairs are in agreement that they need to cooperate to make the most efficient use of their collective facilities and to share in the risks and rewards of that effort.

2. After considering several sites, CARF has determined that the Alameda County Fair at Pleasanton provides the most practical and feasible location to offer as the primary, although not exclusive, recipient of additional race dates made available by the closing of Bay Meadows. In order to do so, there will have to be a synthetic track and other improvements that are estimated to cost between \$15 and \$25 million, at least \$10,000,000 of which will need to be expended before the 2009 racing season.
3. CARF has determined that the San Mateo County Fair should begin immediately to provide a satellite wagering facility to replace, to the extent possible, the satellite wagering facility at Bay Meadows. CARF has also determined that future San Mateo County Fair race meet dates should be raced at a fair facility.
4. CARF has determined that other Northern California fair live racing facilities, including the facilities at Humboldt, Santa Rosa, Vallejo, Sacramento, Stockton and Fresno, should be upgraded to better meet the needs of racing requirements in the future or in the alternative should be a financial partner in the consolidation of such meets at upgraded fair facilities.
5. CARF has determined that where it is practical and feasible to do so, the facilities of the fair satellite network must be improved and that the satellites should work more cooperatively to accomplish facility and programming improvements that benefit the fan and the racing product.

To accomplish the above goals, it will be necessary to expend tens of millions of dollars. It is unlikely that any new private racing facility will be built in Northern California and with the CARF proposal no such private racing facility is necessary. CARF opposes any new private racing facility in Northern California because such development will most likely result in significant pressure to redirect resources and potential revenues away from fair facilities.

CARF recommends that \$1.3 million in funds currently committed to CARF for the 2006-2007 and 2007-2008 fiscal years be directed to the Alameda County Fair and San Mateo County Fair. In addition, beginning in fiscal year 2008-2009, CARF recommends that the Division of Fairs and Expositions provide a minimum of \$2.6 million as specified above. It is anticipated that at least \$1.8 million in capital funds will go to improvements at Alameda and San Mateo. CARF also recommends that F&E loan \$3 million from its existing loan fund to Alameda. To meet the immediate need, CARF is authorized to loan to Alameda and/or San Mateo up to \$1 million from its equipment replacement fund (this loan to be short term so as not to interfere with timely

replacement of any aging equipment). All of this is contingent on Alameda being responsible for coming up with at least \$5 million from other sources outside CARF and F&E and working cooperatively with CARF and the other racing fairs with respect to consolidation of fair meets where practical and feasible and in the best collective interests of all fairs involved in racing in Northern California. With respect to the San Mateo County Fair, such funding is contingent on the San Mateo Fair working cooperatively with CARF and the other racing fairs with respect to consolidation of fair meets where practical and feasible and in the best collective interests of all fairs involved in racing. For the San Mateo County Fair this means specifically agreeing to commit to racing at a fair facility for reasonable compensation commensurate with that available to other racing fairs that choose to race at another fair facility.

In order to be able properly to implement the early phase of the capital improvement plan CARF request that F&E commit to annual funding for a period of at least five years and at a minimum the level of expenditures requested for FY 2008-2009. After five years, it is anticipated that CARF and F&E will reassess the progress made and any adjustments to the development plan deemed necessary. During the course of the first five year phase, CARF expects that F&E will have the right to reject the specific recommendations for expenditures of the capital investment fund if for any reason F&E determines that the expenditures are not meeting the goals established as set forth in this document. Currently, the following projects are anticipated for 2009 and beyond:

- Santa Rosa backstretch and grandstand improvements
- Vallejo backstretch, grandstand and lighting improvements for year round harness racing
- Stockton track surface improvements
- Fresno track surface improvements
- Humboldt backstretch upgrades.



Weather Woes Plague Santa Anita

by Tracy Gantz

Date Posted: 1/28/2008 6:49:54 PM

Last Updated: 1/28/2008 6:49:54 PM



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

	2005	2006	2007	2007	2007	2007
	Year End	Year End	Preliminary YTD	Budget	Variance	% Budget
Revenue:						
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%
Total Revenue	651,185	617,094	649,439	717,701	(68,262)	90%
Expenses:						
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%
Total Expenses	484,614	528,593	542,142	684,605	142,463	79%
Agency Income (Loss)	166,571	88,500	107,296	33,096	74,201	
Southern Program Income (Loss)	14,344	14,398	(674)	4,652	(5,327)	
Total Balance Sheet Net Income (Loss)	180,914	102,899	106,622	37,748	68,874	

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

	2005	2006	2007	2007	2007	2007
	Year End	Year End	Preliminary YTD	Budget	Variance	% Budget
Program Revenue:						
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%
Total Revenue	66,599	53,545	35,018	39,008	(3,990)	90%
Expenses:						
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%
Total Expenses	0	0	961	5,100	4,139	19%
Operating Income (Loss)	66,599	53,545	34,057	33,908	149	100%
CARF Admin Fee	52,255	39,146	34,731	29,256	(5,475)	119%
Rebate						
Income (Loss)	14,344	14,398	(674)	4,652	(5,327)	-14%

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

	2005	2006	2007	2007	2007	2007
	Year End	Year End	Preliminary YTD	Budget	Variance	% Budget
Revenue:						
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%
Total Revenue	235,310	202,578	196,897	342,118	(145,221)	58%
Expenses:						
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%
Total Expenses	67,238	76,214	79,648	85,867	6,219	93%
CARF Admin Fee	168,072	126,364	117,249	256,251	139,002	46%

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

	2005	2006	2007	2007	2007	2007
	Year End	Year End	Preliminary YTD	Budget	Variance	% Budget
Revenues:						
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%
Total	1,042,388	1,124,744	1,221,570	1,132,490	89,080	108%
Expenses:						
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%
Sub-Totals	257,217	306,128	362,855	290,272	(72,583)	125%
Racing Support Services:						
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%
Sub-Totals	670,085	686,183	711,020	707,800	(3,220)	100%
Total Expenses	927,302	992,311	1,073,876	998,072	(75,804)	108%
CARF Admin Fee	115,086	132,433	147,694	134,418	(13,276)	110%
Net Income(Unbilled Expenses)	0	0	0	0	0	0%

Meeting Handouts



Dear California Fair Alliance Members:

Well, what a great convention we had in San Diego! Wish the weather would have been sunnier on the front end, but nevertheless, the WFA staff rose to the occasion and produced a wonderful event. I learned a lot despite my congested sinuses.

I was very sad to have missed our executive director's surprise induction into the WFA Hall of Fame. Congratulations to Steve Chambers, it is a very well-deserved honor!

The CFA Board of Directors met at the convention and we had more attendees than we have seen in a long time. I appreciate all of the board members and other fair representatives who took the time to attend our meeting.

At the meeting, I reported that the WFA Board of Directors had given us its blessing in restructuring our CFA Board of Directors between now and the Fall Conference in November. The draft structure to-date is as follows:

Chair and Vice Chair (2 members)

- These individuals would not be the Area representatives. (Similar to WFA board structure.)
- Chair and Vice Chair would be appointed by WFA Executive Committee or CFA Nominating Committee (outgoing CFA chair would serve on the committee) and serve one two-year term to match the two-year legislative session. The terms would be based on the calendar year, January to December, just like WFA.
- Current Chair Rebecca Desmond and Vice Chair Judy Hostetter, Director, Salinas Valley Fair, will serve through December 2008 which will be the end of the current legislative session.

Board members:

One (1) fair manager representative from each of the seven WFA Areas.

- These members would be elected by the entire area and *not* be the Area representatives on the WFA board.

Three (3) members from the WFA board to serve as liaisons.

- These members would be fair managers and would be appointed by the WFA executive committee. Attention would be given to class sizes not already represented by fair managers.

Three (3) at-large members from the fair boards of any California fair.

- These members would be selected by CFA board managers from a list of fair board members submitted by each Area.

One (1) Service Member representative appointed by WFA service members.

One (1) CARF Member representative appointed by CARF board of directors.

Eleven (11) total board members.

We will be working on implementation of the new structure throughout this year. That way, newly-elected CFA board members will get to serve one year prior to the new structure taking hold. Any input on the new structure proposal is welcomed. Feel free to email me at rebeccad@sisqfair.com with any comments.

In other business, F&E Chief Mike Treacy reported that the Division had received a lot of input after the December 4 meeting regarding the 2008-2009 Expenditure Plan. He said some tweaking of the plan is being done currently and the new plan will be released in the spring. Look for a CFA all-fairs meeting invitation soon announcing the meeting date in late February or early March. Mike said at the spring meeting he will seek consensus on the plan, knowing there most likely won't be 100% agreement on all issues but there will be enough support to move forward. The plan will then be revised again if necessary based on meeting input and then sent to the Secretary of Agriculture for approval and then on to the Joint Fairs Committee of the state legislature, most likely in June.

Silver Dollar Fair CEO Tom DiGrazia asked that the Division show fairs exactly what programs the F&E fund pays for on behalf of fairs. Mike said that was already in the works. Sometime in April the Division will send a report to each fair explaining what fees, programs, costs, etc. that the Division pays for fairs above and beyond the base allocations and optional funding programs. There was some discussion about looking into reducing the annual audits to every-other year to save money for all fairs.

Monterey County Fair CEO Kelly Baldwin reported on the meeting with the Division, CFSA, CCA, the State Fire Marshal's Office, herself and Lake County Fair CEO Rich Persons. She will have a full report out soon but the highlights include the Fire Marshal being willing to relinquish some inspection services to CFSA but not the annual fair inspection. They would like it if CFSA would do the 30-60 day pre-fair inspection which will make the fair time inspection go much faster. The Fire Marshal is also looking at reworking the inspection fees and trying to write off old bills. They are also working on creating a user manual for fairs through F&E.

Our thanks to Kelly and Rich and the entire agency staff who worked on this issue. It's not over yet, but we have made great strides since November.

That's the meeting in a nutshell. Again, I appreciate the great attendance and interest. We'll be seeing each other again soon when the new Expenditure Plan is ready for review.

In the meantime, stay warm, and dry if you can!

A handwritten signature in black ink, appearing to be 'RD' with a long horizontal flourish extending to the right.

Rebecca Desmond, CFA Chair



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Field Poll: Indian casino plan widens its lead

By Jim Sanders - jsanders@sacbee.com

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A \$100 million campaign has four Indian gambling measures riding a wave of voter support, but a separate proposal to alter legislative term limits desperately needs a life jacket, according to a Field Poll released Sunday.

With election day looming on Tuesday, the poll shows that support for the Indian gambling measures has risen consistently in recent weeks, while the term limits measure has fallen dramatically.

Propositions 94 through 97, which would allow four wealthy Southern California Indian tribes to add up to 17,000 casino slot machines, is leading by 47 percent to 34 percent, with 19 percent of likely voters undecided, the Field Poll found.

The term limits measure, Proposition 93, is favored by only 33 percent of voters, while 46 percent are opposed and 21 percent undecided. The numbers represent a steep drop from mid-December, when half the state's voters turned thumbs up.

Mark DiCamillo, Field Poll director, said the two disparate trends reflect the impact of hard-hitting television advertising that has warmed voters to Indian gambling and painted the term limits measure as a power grab.

The TV blitz for the gambling measures has been fueled by more than \$100 million in contributions, roughly three times more than opponents, records show.

DiCamillo said voter sentiment also is influenced by the state's massive budget shortfall and prospects that expanded gambling would produce more revenue – at least \$131 million per year, according to the state legislative analyst.

"They're not reading the details of the deals – what the Indians are getting, how much revenue, they're not into the minutiae," DiCamillo said. "They understand the concept."

In all major categories of voters – Democrats, Republicans, independents – the four gambling measures have more support than opposition. The same is true among men and women, and among voters of every region except the Bay Area, the poll found.

Support for Propositions 94 through 97 has risen eight percentage points since mid-December, and five points since mid-January, the Field Poll found.

Californians also are warming to the general notion of more Indian casinos – not just for the four tribes targeted in Tuesday's balloting.

More voters support than oppose expanded Indian gambling, by six percentage points, and those proponents favor Tuesday's measures by a margin of 9 to 1, the poll found.

Marlene Stoner, a 65-year-old Lincoln Hills retiree, said she's voting yes to raise money.

"California's broke, isn't it?" she said. "I just feel that any way money can come in, we need the money."

But Michelle Hargaray, a 45-year-old Loomis school aid, said she is not a big fan of Indian casinos and is not sold on the gambling measures.

"I kind of got the impression that some of the people that really were going to need (the money), weren't going to benefit from it," she said.

The term limits measure, Proposition 93, is losing in every category studied – Democrats, Republicans, men, women, all age groups, and in every region of the state, the poll found.

The measure has split Democrats nearly in half, with 37 percent supporting it, 39 percent opposed, and 24 percent undecided.

Republicans now reject Proposition 93 by a margin of more than 2 to 1, marking a reversal from mid-October, when GOP voters favored it by a 2-to-1 margin.

California's term limits currently allow up to eight years in the Senate and six in the Assembly.

Proposition 93 would cut maximum service from 14 to 12 years, but allow all to be served in one house. It also would permit three extra terms for current Assemblymembers and one for current senators.

Stewart Guthrie, 40, a self-employed Roseville Republican, said he sees Proposition 93 as an attempt by legislative leaders to retain power.

"I'd rather stir the pot and take my chances with a new batch," he said of lawmakers.

Mun Vingan, 75, a Sacramento retiree, supports term limits but likes the idea of letting lawmakers serve all their time in one house, gaining expertise.

"I believe that our legislators get in there and don't do the work they're supposed to be doing," said Vingan, who favors Proposition 93.

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Q&A With Pro-Ride's Pearse

by Tracy Gantz

Date Posted: 2/5/2008 10:02:29 AM

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Ian Pearse, founder and president of Pro-Ride Racing Australia

Photo: Benoit

Ian Pearse of Melbourne, Australia, is receiving plenty of attention these days as the man expected to fix Santa Anita's troubled Cushion Track synthetic surface. Founder and president of Pro-Ride Racing Australia, Pearse this week begins what is expected to be a four- or five-day renovation of the Santa Anita main track in an effort to cure the drainage problems that have plagued the surface whenever rain hits.

Question: How did you become involved with developing synthetic racetracks?

Answer: The whole thing started because I wanted a dressage arena at home. You can get dirt, but we wanted something that you could ride on in the winter. In 1985 I started my first company in equestrian surfaces in Australia, where we did a lot of dressage arenas and show jumping arenas. We've always been into the

horses, first involved in dressage and then eventing. I do reining now.

That's where we started to learn all the things about equestrian surfaces—takeoff, landing positions, the sideways movement, how the horses reacted to ground. In indoor schools, we were using a wax-based product—wax, sand, and fiber.

Q: Why did you switch from a wax-based surface to your liquid polymeric binder?

A: In about mid-1995 we started looking into racing. I put in our first two training tracks, which were at Lindsay Park (in Angaston, South Australia, affiliated with trainer David Hayes). I used the technology that I used in the equestrian arenas, which was wax, fiber, sand. I soon found after my first two tracks that in the Australian climate, wax has had some problems. It got too hot. It would start stripping off the sand, and it would create a problem in the bottom of the track.

I designed this elastic binder—it's like a rubber band. Then you melt it and you put it onto the sand, and it makes sand-like putty. I have to heat it up to turn it to a liquid, and then that gets sprayed onto sand. But to take out the hot process, I've emulsified it. I've turned the hot liquid material into a cold liquid—easier to transport, easier to work with, easier to store.

We can go probably from -15 to 45 degrees Celsius (about 5 to 113 degrees Fahrenheit)—a broad spectrum of temperatures. If you're using a wax, it goes from a solid, like a candle, but it can instantly turn to a liquid, depending on what temperature it gets to. When you put a hot wax on cold sand, they repel from each other. It's like putting oil in water. It doesn't bond to itself.

That is the main reason why we can fix this where the others can't because they all use hot binders. You can't put a hot binder on wet sand. But you can put a liquid binder like this on wet sand.

(Our product) doesn't melt and then migrate. What happens with the wax is once the heat hits and it gets a certain temperature, it will slowly strip off and go to the bottom of the surface. That's why a lot of them will get harder and harder on the bottom and softer and softer on top.

Q: Why have you put in 15 training tracks in Australia and now one in Kentucky, but as yet no racetracks?

A: In 1999 we installed our first training track. In Australia, the synthetic tracks haven't gone into the racing environment, which has been all turf. They've gone all training tracks for all the testing and to get all the trainers and jockeys and everyone used to them. Then they'll step into racing.

In Australia and everywhere else in the world it's harder to put in a training track because it's just getting hammered seven days a week. When you're holding a race meeting, you've got (only) a hundred horses for the day going over the track.

In Australia they (installed synthetic training tracks) because of water. The whole motivation is water saving.

Q: In the U.S. the primary reason behind the installation of synthetic surfaces has been to reduce injuries. How well does Pro-Ride perform in this regard?

A: All our tracks in Australia, we are seeing at least a 70% reduction (in injuries). By rights and in most places around the world, good synthetic training tracks or racetracks do reduce injuries greatly. If they're not, there's something wrong with the track.

Probably the #1 big difference from the way we do it to the way the others do it is, with our product, the whole surface is the cushion. (At Santa Anita), we're going to have 6-6 1/4 inches as a compacted layer, the same as a dirt track. What will happen if you harrow that, it would expand incredibly, from 6 to 9 inches or even greater.

Q: Have you found a reduction in one type of injury but an increase in another type, say, fewer chipped bones but more hind-end problems?

A: We just haven't had that experience. Perhaps it is because we (in Australia) are turf racing and not dirt racing. There's an argument over here to say that horses bred for running on dirt are more on the forehand. I think there's something in putting dirt horses on synthetic tracks. I think it's going to take a little bit of time because (horsemen may) have to change their training techniques.

Q: Santa Anita was re-leveled Jan. 29-30 before three days of racing to ready it for your renovation. Why was that done, and what will be your procedure in the renovation?

A: All of this is done on percentages, an exact formula. We had to balance the track out first so that it's the right thickness everywhere. Then the same amount of material gets applied over the whole track, and you get the right result.

We'll harrow the track and break up the hard material underneath (below the Cushion Track and above the asphalt). Then we'll be applying the liquid (binder).

There will be three applications of the liquid applied to the track, about 120,000 gallons. That liquid will then all be mixed in so that it coats the granules of sand. After that's done, we'll put in about 480 tons of fiber.

Q: Santa Anita has an asphalt base. Has that been part of the problem?

A: The problem is not the asphalt layer. The problem is with the sand being a fine-particle sand.

We've done them with an asphalt layer and without an asphalt layer. It's generally a money issue (asphalt being more expensive). If I put an asphalt layer in Queensland, I'd make it very open, very porous so that it would accommodate whatever amount of rain. (Asphalt) is the better way of going because it's an exact level. But you've got to make sure it's very open.

Q: Once your renovation is completed, will materials have to be re-applied?

A: The horses take a small percentage (of material away), and a small percentage evaporates. The more the machinery is on it—that's really what does most of the damage. With these (tracks), the less maintenance you do, the better off you'll be in the longer term.

But having said that, they are synthetic tracks, and whether it's a wax or whether it's binders or fibers, over time you will have to add small percentages of new material just to rejuvenate it. We add maybe 1% or half a percent every year or every six months. In this environment, where you're doing 1,500 or 2,000 horses a morning and then racing, you probably would do it before the meet and at the end of the meet. But that has to be worked out yet as to when is the best time to do it.

Q: How confident are you that this solution at Santa Anita will work?

A: At the end of the day, we're trying to work with a very, very damaged product. The way I look at it is that everybody else in the world does wax. We're the only ones who have gone down this path. Everybody else is going with basically the same formulation, and they've all got problems.

I'm sitting out there on a limb all by myself, and I've been following this technology for a lot of years now. If I say that I can fix it to get it to drain and give it some cushion, somewhere along the line you've got to stand up to the plate, don't you? If we couldn't rectify this, we wouldn't be here.

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