

# MINUTES

## OREGON RACING COMMISSION January 21, 2010

The Oregon Racing Commission met on Thursday, January 21, 2010 in Room 1A of the Portland State Office Building located at 800 NE Oregon Street, Portland, Oregon. Commissioners in attendance were Chair Stan Robson, Vice Chair Chris Dudley, Michael Huber, DVM, Kerry Johnson, and Charles Williamson.

Agenda items were discussed in the following order with resulting actions:

### 1. January 21, 2010 Meeting Agenda

ACTION: MOTION (Johnson) Approve agenda with the addition of the Crooked River Roundup 2009 End of the Meet Report to be added under Old Business as item number six (6).

VOTE: 5 Aye, 0 Nay

### 2. December 17, 2009 Meeting Minutes

ACTION: MOTION (Williamson) Approve minutes as submitted.

VOTE: 5 Aye, 0 Nay

### 3. Proposed Summer Race Meet Dates for 2010

#### a. Eastern Oregon Livestock Show

#### b. Josephine County Fair

#### c. Crooked River Roundup

#### d. Tillamook County Fair

#### e. Harney County Fair

Executive Director Evers stated that after reviewing the applications, he recommended that the commission approved all five of the summer meet applications. He explained that the dates that were requested were consistent with the "in concept" motion the commission made at the last meeting [December].

ACTION: MOTION (Williamson) Approve applications as submitted.

VOTE: 5 Aye, 0 Nay

### 4. Sub-Committee Update Reports

#### a. Advanced Deposit Wagering and Multi-jurisdictional Hubs

Nothing to report.

#### b. Best Practices

Nothing to report.

#### b. Budget and Hub Funds

Commissioner Johnson stated that the subcommittee met and the operational and hub fund budgets were revised and copies had been distributed to each commissioner. The commission had a shortfall in both the operating and racing development budgets, as follows:

## **Operating Budget**

Executive Director Evers explained that the operating budget paid for the commission's expenses, which was primarily staff salary, benefits, services and supplies.

Based on the revenue shortfall, the commission needed to save an additional \$250,000 dollars. The subcommittee came up with a plan to do that by saving half of that money through personnel services. This would include not filling the currently vacant licensing specialist position, reducing the number of veterinarians to one during the summer, and possibly cutting back some resources in the test barn. In addition, they would also be cutting back on some of the in-state travel; reducing the out-of-state travel; cutting down on staff attended training opportunities; and trying to save on some of the attorney general costs. He stated that they anticipated that all together they could save an additional \$ 274,000 that would eliminate the budget hole on the operating budget side at this point in time. Director Evers added that if the revenues changed again, they would have to readjust and come back with a different plan.

⇒ In response to Commissioner Williamson's question as to the cause of the shortfall, Executive Director Evers stated that the primary shortfall was in the pari-mutuel handle. The commission received one percent of the handle from Portland Meadows and, while the reports varied, betting across the country was down between 10% to 17-18%.

He further stated that as they approached the 2011-2013 session, the commission would be revisiting the current licensing fees and the taxes, as follows:

- License fees for individuals, such as owners, trainers and jockeys, had not been raised in at least twenty plus years. The current fee was \$10.00 per year.
- The commission received only one percent of Portland Meadows' pari-mutuel handle while other states received a significantly larger portion from their race tracks.
- As he shared with the Advanced Deposit Wagering (ADWs) companies during their meeting that morning, the current ADW license fees and hub taxes would also need to be revisited.

Executive Director Evers concluded that they would be looking at both the revenue and expenditure side as they go into 2011-2013 and that the commission recognized that these were all very sensitive issues.

## **Racing Development and Hub Fund Budget**

Executive Director Evers explained that the revenues for the hub funds were projected in the summer of 2008 for the 2009-2010 biennium. They anticipated that they would have approximately 2.6 million in hub taxes to allocate to all of the recipients. Based upon a re-projection done two months ago, they projected that they would have \$2,278,000 to spend in hub taxes for the recipients. To balance that hub fund budget, they made the following revisions:

- Last year, the commission's Jockey Incentive Program paid out \$40,000. This year, they would be reducing that to \$30,000. While not ideal, it was still a nice pot of money to act as an incentive for the jockeys to ride at the five summer meets.
- They took 15% from each of the projected funds for the associations, the summer race meets, the jockey insurance, and the Portland Meadows matching marketing funds.
- The budget for Truesdail Laboratories was left alone in light of all of the concern for horse safety.
- The money allotted for the one-time only payout to the new Oregon Greyhound Adoption Group for start-up expenses was already paid out so that could not be reduced.
- After discussing with the fairs about the racing secretary, there was a strong consensus that it was important to keep that budget whole at \$24,450.

The reductions would bring the budget balance down to about a \$20,000 surplus. He reiterated that if the revenues changed or adjusted again, the commission would have to consider how best to respond. He added that he thought these were good projections and felt confident that they could make this current plan work.

⇒ In response to Commissioner Williamson's question regarding the reduction in the jockey insurance, Executive Director Evers stated that he assumed that the fairs would have to pick up the balance of the jockey insurance, but deferred to Doug Smith who was the expert on the jockey insurance.

→ Doug Smith, Crooked River Roundup, explained that last year, the OQHRA no longer wished to contribute to the jockey insurance based on the original plan. In fairness, the fairs did not ask the OTOBA and the OHBPA to contribute, so the five fairs all received an increase in jockey insurance cost last year. The insurance rate for this year would be the same as last year. With an additional \$10,000 reduction from the commission, the fairs would again experience an increase and have to spread it out to \$400 per race day.

ACTION: MOTION (Johnson) Adopt the revised budget with the caveat that if revenues changed, additional adjustments might need to be made.

VOTE: 5 Aye, 0 Nay

### **c. Medication and Horse Welfare**

Commissioner Huber reported that the subcommittee met that morning. He, along with Vice Chair Dudley, Dr. Corriher, DVM, and State Stewards Marty Hamilton and Mike Twiggs, reviewed the results of their efforts to try to minimize the number of catastrophic injuries associated with horse racing per 1,000 race starts. He stated that the number had reduced to 2.4 based on a total of seven (7) catastrophic injuries at Portland Meadows per 2,945 starters. While still above the bench mark [1.5], they were making progress. He cautioned that the number could change

drastically with just one or two additional catastrophic injuries.

Commissioner Huber stated that they felt the two biggest factors attributing to the reduction in injuries were the improved track surface and the pre-race exams. He explained that Portland Meadows' efforts to maintain the track with sand applications, measurements and appropriate management of the track surface was resulting in the veterinarians on the back side noticing that after racing, the horses were less painful and not experience as much muscle soreness. Also, the general consensus from the track surface committee meetings was that the jockeys, trainers and stewards were pleased with the status of the track.

He continued to explain that the ORC veterinarians were randomly examining horses prior to racing during the pre-race exams. This provided them with an additional opportunity to examine a horse and know which ones to keep an eye on if questionable. It also created a heightened awareness for the trainers to decide whether a horse was comfortable and running well and should actually be entered into a race.

He added that the results of the OSU necropsy program to date had not revealed any specific reasons as to why the catastrophic injuries might be occurring. The majority of the injuries involve the right or left front fetlock joint. On some horses, they had noticed that the horse had experience other injuries, but they were totally unrelated to the site of the catastrophic injury.

He concluded that they would continue to investigate the causes of the catastrophic injuries, including looking at the timeframe between races when an injury occurs.

## **5. Portland Meadows Report**

Will Alempijevic, General Manager of MEC Oregon Racing, Inc., dba Portland Meadows, was present to answer questions. He provided copies of a statistical report to each of the commissioners. Information and discussions included the following:

After 40 days of racing, including one partial and one full cancellation due to inclement weather; they averaged 7.89 runners per race, up 3.25% from last year; total purses per race day averaged \$43,130, an almost 10% reduction from the \$47,846 last year, which could be attributed to the altered stakes schedule; on track handle averaged \$25,800, a drop of 13.5% from last year's \$29,859 per race day; their OTBs averaged \$35,053, a drop of 10% from \$39,028 last year; export wagers, averaged almost \$700,000 per day on Portland Meadows' races, an increase of 36% from last year's \$511,000; the total average handle per race day was \$731,733 compared to \$550,000 from last year; and in state wagering was 12.4 million compared to the 14 million wagered last year, an 11.5% drop.

⇒ Executive Director Evers commented that Portland Meadows was up 36% on their product and he viewed that as a huge bright spot for the industry. He stated that people across the country were choosing to wager on Portland Meadows' races and acknowledged that some of that could be attributed to the Monday, Tuesday, Wednesday racing schedule.

**6. Crooked River Roundup – End of the Meet Report for 2009 by Doug Smith**

Doug Smith, Director of Racing, Crooked River Roundup was present to answer questions. Information and discussions included the following:

Crooked River Roundup 2009 was a very successful meet. They ran 39 races; 268 horses; average field size 7.1, incredible considering their gate only held eight; average purse \$3,397; average daily handle \$54,200, down a little although they had record crowds all four nights.

They were looking forward to another great year in 2010, but he had not had a chance to fully understand the new budget reductions just presented by the commission.

Mr. Smith stated that next year they had some real challenges with the budget reduction and the change of dates. [Based on the commission's "in concept" race meet schedule passed in December 2009, Crooked River Roundup changed their race dates from the second week of July to the third week of July.] He wanted to be sure the commission understood the challenges they faced by changing their race meet dates. He explained that their meet was a one week community event and that they had built alliances with others, such as the Sisters' Quilt Show. The Crooked River Roundup was a point of attraction for the husbands of the quilt show attendees so the quilt show would promote the fair meet. He added that some newspapers had already put Crooked River Roundup in their event calendars and on the Internet because their dates had always been the same since they started running pari-mutuel racing in 1967.

While they were now rebuilding alliances, it was a real challenge for a small community which was why he had submitted a request for additional hub funds to help support them this year during the transition.

He concluded that he was very appreciative of the racing commission and the support that Crooked River had received over the years. He stated that he believed that they had done as good a job as anyone in taking the hub funds they'd received and transforming it into paychecks written to jockeys, trainers, owners and building the name of racing in Oregon.

**7. Action on Final Order by Default for Kenneth D. Skaggs**

ACTION: MOTION (Huber) Adopt the Final Order by Default as drafted with the condition that Mr. Skaggs not be able to apply for a license for three years.

VOTE: 5 Aye, 0 Nay

**8. Confirmation of Next Commission Meeting – February 18, 2010**

Commissioner Williamson stated he would not be able to attend the meeting; all others indicated they would be present.

**9. Public Comment**

None.

There being no further business, the meeting was adjourned.