



*a California joint powers agency*

1776 Tribute Road, Suite 205  
Sacramento, CA 95815  
Office: 916.927.7223 Fax: 916.263.3341  
[www.calfairs.com](http://www.calfairs.com)

**AGENDA**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**BOARD OF DIRECTORS MEETING**  
**JOE BARKETT, CHAIR**  
**12:30 P.M., TUESDAY, APRIL 1, 2008**

Notice is hereby given that a teleconference meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 P.M. Tuesday, April 1, 2008. The meeting will be held at the Kahn, Soares & Conway Sacramento office located at 1415 L Street, Suite 400, Sacramento, California 95814.

**AGENDA**

- I. Determination of Date, Time, and Location of Next Meeting.
- II. Approval of Minutes from March 4.
- III. Report, Discussion and Action, if any, on CMC and Marketing Matters.
- IV. Discussion and Action, if any, on Legislative Matters.
- V. Discussion and Action, if any, on CDFA Funding for CARF Programs in FY 2008-09.
- VI. Discussion and Action, if any, on Implementation of AB 765, Providing for an Additional 1% Take-Out to Fund Fair Racing Facility Improvements.
- VII. Discussion of Northern California Racing Calendar 2009 and Beyond.
- VIII. Update, Discussion and Action, if any, on Current Projects.
- IX. Discussion and Action, if any, on Strategic Planning Summit per Supplemental Agenda (attached).
- X. Executive Director's Report.

###

C A L I F O R N I A   A U T H O R I T Y   O F   R A C I N G   F A I R S



## REPORT TO THE CMC SUB-COMMITTEE CALRACING CLUB – MARCH 14, 2008

OVERVIEW: The CalRacing Club (CRC) was established June 1, 2006. This program replaced the Golden State Rewards Network (GSRN), which at the time had slightly over 2,800 active members. The CalRacing Club is an admission based system in operation at 21 Fair Satellite Wagering Facilities. Patrons of these facilities swipe their card upon admission in order to receive every 7th admission free (Lucky 7). As of March 10, 2008, the program has 7,586 active members who have scanned their card at least once and a NCOA clean database of 6,345 addresses. In 2007 there were a total of 226,549 scans (or admissions) recorded by the system and 31,477 free admissions given to patrons. Currently, 24% of satellite patrons are being tracked through this system.\*\*

\*\* Please keep in mind that Indio does not charge admission and several satellites do not charge admission on specific weekdays (example: Ventura on Thursdays). Patrons ONLY scan their card when they pay full admission. Also, almost all satellites offer a free or reduced admission Senior Day. Patrons will NOT scan if their free day is going to fall on a discounted day, they wait and scan on the next full admission day. These events skew the scan data toward the low end.

### CONTENTS:

- 1) CRC Membership
  - a. Membership (Jan. 2007 vs. Jan. 2008)
  - b. Total Number of CRC Scans by Facility in 2007
  - c. Average Monthly CRC Scans per Facility in 2007
  - d. CRC Scans as a Percentage of Attendance by Facility
- 2) CRC Significant Player Program (subset of larger CMC Significant Player Program)
  - a. Number of CRC Significant Players by Facility
  - b. Total \$ Wagered by CRC Significant Players in 2007
- 3) CRC Voucher Mailings
- 4) CRC Giveaways
- 5) CRC Bus Trips

1 a.) CRC TOTAL MEMBERSHIP

Total Members on Jan. 1, 2007 – 5,027

Total Members on Jan. 1, 2008 – 7,445

2007 CRC New Signups – 2,418

MEMBERSHIP BY FACILITY (as of 3/10/08)

<u>Facility</u>	<u>Active Members</u>	<u>% of Total Membership</u>
Anderson	4	0.05
Bakersfield	52	0.69
Eureka	18	0.24
Fresno	141	1.86
Lake Perris	771	10.16
Lancaster	1,101	14.51
Monterey	116	1.53
Pleasanton	574	7.57
Sacramento	758	9.99
San Bernardino	818	10.78
San Jose	109	1.44
Santa Barbara	26	0.34
Santa Maria	83	1.09
Santa Rosa	506	6.67
Indio	164	2.16
Stockton	499	6.58
Tulare	72	0.95
Turlock	187	2.47
Vallejo	293	3.86
Ventura	544	7.17
Victorville	<u>750</u>	<u>9.89</u>
Total	7,586	100%

1 b. & c.) CRC MEMBERSHIP SCANS

Total Number of CRC Scans by Facility in 2007 (each paid admission qualifies as a scan).

In 2007, satellite patrons scanned their CRC cards 226,549 times, an average of 18,879 scans per month.

<u>Facility</u>	<u>Scans in 2007 **</u>	<u>Monthly Average **</u>
Anderson	58	5
Bakersfield	2,070	173
Eureka	566	47
Fresno	1,427	119
Lake Perris	18,330	1,528
Lancaster	23,357	1,946
Monterey	4,678	390
Pleasanton	22,157	1,846
Sacramento	31,445	2,620
San Bernardino	20,300	1,691
San Jose	5,532	461
Santa Barbara	609	51
Santa Maria	1,559	130
Santa Rosa	22,449	1,871
Indio	242	20
Stockton	19,139	1,595
Tulare	2,942	245
Turlock	6,640	553
Vallejo	15,227	1,269
Ventura	7,459	622
Victorville	<u>20,363</u>	<u>1,697</u>
Total	226,549	18,879



1 d.) CRC SCANS COMPARED TO ATTENDANCE

CRC Scans as a Percentage of Attendance by Facility in 2007 (each paid admission qualifies as a scan).

<u>Facility</u>	<u>Scans in 2007 **</u>	<u>2007 Attendance</u>	<u>CRC San as % of Attn:**</u>
Anderson	58	6,910	0.80**
Bakersfield	2,070	21,692	9.50
Eureka	566	3,772	15.0
Fresno	1,427	21,374	6.60
Lake Perris	18,330	67,403	27.2
Lancaster	23,357	54,422	42.9
Monterey	4,678	18,914	24.7
Pleasanton	22,157	98,080	22.6
Sacramento	31,445	80,890	38.9
San Bernardino	20,300	122,519	16.6
San Jose	5,532	79,992	6.91
Santa Barbara	609	20,586	3.00
Santa Maria	1,559	18,597	8.40**
Santa Rosa	22,449	45,130	49.7
Indio	242	28,267	0.86**
Stockton	19,139	60,768	31.5
Tulare	2,942	14,851	19.8
Turlock	6,640	28,066	23.7
Vallejo	15,227	46,607	32.7
Ventura	7,459	77,187	9.66**
Victorville	<u>20,363</u>	<u>40,562</u>	<u>50.2</u>
Total	226,549	956,589	23.7**

## 2 b.) CRC SIGNIFICANT PLAYER PROGRAM

CRC Significant Player Program (subset of larger CMC Significant Player Program).

Total handle for satellite patrons qualifying for rewards through the Significant Player Program in 2007 was \$2,842,666.

See SM's "2007 Significant Player by Site Analysis" spreadsheets for detailed information.

## 3) CRC VOUCHER MAILINGS

See SM's "CMC Marketing Comps" spreadsheet for detailed information.

## 4) CRC GIVEAWAYS

05/28/07 – Hollywood Park T-Shirt – 333 new member sign-ups

09/03/07 – Del Mar Pint Glass – 294 new member sign-ups

10/06/07 – Bay Meadows Baseball Cap – 324 new member sign-ups

12/26/07 – Santa Anita Calendar

12/30/07 – Golden Gate Fields Calendar

} 54 new member sign-ups\*

\* Patrons were not required to be a member of CRC to receive the calendar giveaways.

## 5) CRC BUS TRIPS

### OVERVIEW:

Reinvigorating the Racing Fan

Victorville to Oak Tree at Santa Anita Park

October 24, 2007

The goal of this promotion was to transport Victorville Satellite Wagering Patrons (CRC members) via motor coach to Santa Anita with the objective of renewing excitement in the satellite patron by exposing, or re-exposing, them to the live racing experience.

The promotion was deemed an overwhelming success by the patrons, even though attendance was decreased from 110 to 71 due to fire evacuations in the Victorville area.

### Logistical Considerations:

Rental of Motor Coaches - (seats 55 per bus)

Free DRF and program during transport

Showing of the Seabiscuit DVD on the motor coach

Hospitality at Santa Anita Park

- Free Admission
- Group Seating and Wagering Area
- Buffet Lunch
- Named Race for Victorville Group
- Group Picture in Winner's Circle for Named Race
- Paddock Tours
- Replay the following day to include Group Photo

### DRAFT BUDGET:

Transportation - \$2,300.00

Daily Racing Form - \$495.00

Racing Program - \$159.50

Lost Commissions Revenue - \$660.00

Lost Admissions Revenue - \$550.00

Santa Anita Group Package w/ F&B - \$4,070.00

ESTIMATED TOTAL: \$8,234.50

## SURVEY QUESTIONS & RESULTS

Of the 71 Victorville patrons participating in the promotion, 33 filled out a Customer Satisfaction Survey.

1) How often do you patronize the Victorville Satellite Wagering Facility?

- 4 or 5 time a week - 12
- 3 or fewer times a week - 14
- A couple of times a month - 3
- I have never attended the  
Satellite Wagering Facility -4

2) How would you rate the Motor Coach trip?

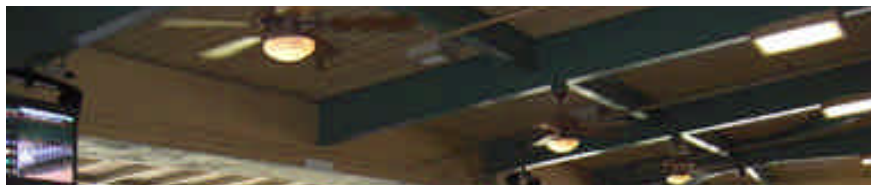
- Very pleasant - 32
- Somewhat pleasant - 1
- Somewhat unpleasant - 0
- Very unpleasant - 0

3) How would you rate the overall coordination of the trip?

- Very acceptable - 31
- Acceptable - 2
- Somewhat confusing - 0
- Unacceptable - 0

#### SURVEY COMMENTS

- Had a great time. Thank you.
- There was nothing that could be done to improve the trip.
- The trip was very nice. Thanks.
- Please give more trips.
- The track personnel should be commended for their service.
- Great day, great food, great service.
- We thank everyone for considering our small facility for this.
- I had a very pleasant day. And the food was great! Thank you very much.
- Had a very enjoyable day. Many thanks.
- I had a very good time. Needs no improvement. Everybody was generous.
- Trip was very enjoyable. Thank you.
- The staff and coordinators were very graceful and pleasant.
- This was a perfectly delightful experience.
- I myself enjoyed the trip.
- Everything was very nice. No improvement needed.





**CMC Promotion**

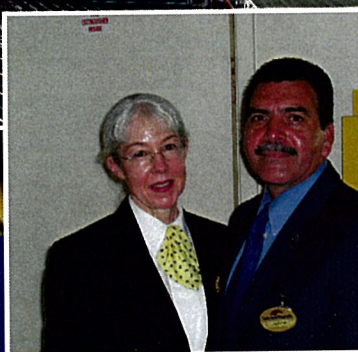
---

**Reinvigorating the Racing Fan**

---

**Victorville Satellite to  
Santa Anita Park**

---



**October 24, 2007**



# PROMOTION TO REINVIGORATE SATELLITE PATRONS WITH THE LIVE TRACK EXPERIENCE

Victorville to Oak Tree at Santa Anita Park  
October 24, 2007

The goal of this promotion was to transport Victorville Satellite Wagering Patrons (CRC members) via motor coach to Santa Anita with the objective of renewing excitement in the satellite patron by exposing, or re-exposing, them to the live racing experience.

The promotion was deemed an overwhelming success by the patrons, even though attendance was decreased from 110 to 71 due to fire evacuations in the Victorville area.

## Logistical Considerations:

Rental of Motor Coach Bus(es) - (seats 55 per bus)

Free DRF and program during transport

Showing of the Seabiscuit DVD on the motor coach

Hospitality at Santa Anita Park

- ⊙ - Free Admission
- ⊙ - Group Seating and Wagering Area
- ⊙ - Buffet Lunch
- ⊙ - Named Race for Victorville Group
- ⊙ - Group Picture in Winner's Circle for Named Race
- ⊙ - Paddock Tours
- ⊙ - Replay the following day to include Group Photo



# BUDGET

DRAFT VICTORVILLE/SANTA ANITA PROMOTION - OCT. 24, 2007				
Category	Estimated Quantity	Estimated Cost per Unit	Estimated Subtotal	Notes
<b>Victorville Expenses</b>				
Motorcoach Transportation	2	\$1,150.00	\$2,300.00	55 people per Motorcoach
Daily Racing Form	110	\$4.50	\$495.00	
Racing Program	110	\$1.45	\$159.50	
Lost Victorville Commissions Revenue	1	\$660.00	\$660.00	2% Comm. Average Wed. Handle
Lost Victorville Admissions Revenue	1	\$550.00	\$550.00	110 people at \$5 Admission
<b>Victorville Estimated Costs Total</b>			<b>\$4,164.50</b>	
<b>Santa Anita Expenses</b>				
Santa Anita Goup Package with Lunch	110	\$37.00	\$4,070.00	
Sponsorship - Named Race	1	\$0.00	\$0.00	
Premium Item	110	\$0.00	\$0.00	
<b>Santa Anita Estimated Costs Total</b>			<b>\$4,070.00</b>	
<b>ESTIMATED MARKETING GRAND TOTAL</b>			<b>\$8,234.50</b>	





## SURVEY QUESTIONS & RESULTS

Of the 71 Victorville patrons participating in the promotion, 33 filled out a Customer Satisfaction Survey.

1) How often do you patronize the Victorville Satellite Wagering Facility?

⊙	- 4 or 5 time a week	12
⊙	- 3 or fewer times a week	14
⊙	- A couple of times a month	3
⊙	- I have never attended the	4
⊙	Satellite Wagering Facility	



2) How would you rate the Motor Coach trip?

⊙	- Very pleasant	32
⊙	- Somewhat pleasant	1
⊙	- Somewhat unpleasant	0
⊙	- Very unpleasant	0

3) How would you rate the overall coordination of the trip?

⊙	- Very acceptable	31
⊙	- Acceptable	2
⊙	- Somewhat confusing	0
⊙	- Unacceptable	0

## SURVEY COMMENTS

- Had a great time. Thank you.
- There was nothing that could be done to improve the trip.
- The trip was very nice. Thanks.
- Please give more trips.
- The track personnel should be commended for their service.
- Great day, great food, great service.
- We thank everyone for considering our small facility for this.
- I had a very pleasant day. And the food was great! Thank you very much.
- Had a very enjoyable day. Many thanks.
- I had a very good time. Needs no improvement. Everybody was generous.
- Trip was very enjoyable. Thank you.
- The staff and coordinators were very graceful and pleasant.
- This was a perfectly delightful experience.
- I myself enjoyed the trip.
- I had a great day.
- Everything was very nice. No improvement needed.



## **CARF FINANCIAL PLAN FOR HORSE RACING**

### Minimum request for funds in 2008:

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 in 2008 that F&E provide \$2.6 million as specified above. The amount earmarked for capital investment will go \$1 million to Pleasanton and \$500,000 to the San Mateo County Fair. CARF also recommends that F&E loan \$3 million from its existing loan fund to Pleasanton. CARF also intends to loan to Pleasanton \$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 Pleasanton 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 requests 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 2008. 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.

## **CARF FINANCIAL PLAN FOR HORSE RACING**

### Minimum request for funds in 2008:

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 in 2008 that F&E provide \$2.6 million as specified above. The amount earmarked for capital investment will go \$1 million to Pleasanton and \$500,000 to the San Mateo County Fair. CARF also recommends that F&E loan \$3 million from its existing loan fund to Pleasanton. CARF also intends to loan to Pleasanton \$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 Pleasanton 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 requests 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 2008. 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.

**AB 765**  
**EXCERPTS**

---

BILL NUMBER: AB 765      CHAPTERED  
BILL TEXT

CHAPTER 613  
FILED WITH SECRETARY OF STATE    OCTOBER 13, 2007  
APPROVED BY GOVERNOR    OCTOBER 13, 2007  
PASSED THE SENATE    SEPTEMBER 11, 2007  
PASSED THE ASSEMBLY    SEPTEMBER 12, 2007  
AMENDED IN SENATE    SEPTEMBER 7, 2007  
AMENDED IN SENATE    AUGUST 28, 2007  
AMENDED IN ASSEMBLY    JUNE 4, 2007  
AMENDED IN ASSEMBLY    MAY 23, 2007  
AMENDED IN ASSEMBLY    APRIL 11, 2007

INTRODUCED BY    Assembly Member Evans  
                  (Coauthors: Assembly Members Ma, Plescia, Portantino, Price, and  
Torrico)  
                  (Coauthors: Senators Denham, Florez, Negrete McLeod, Wyland, and  
Yee)

FEBRUARY 22, 2007

An act to amend Section 19605.72 of, to amend and repeal Sections 19411, 19590, and 19595 of, and to add Sections 19601.4 and 19604 to, the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 765, Evans. Horse racing.

Existing law requires fairs and racing associations to pay a certain percentage of the handle from races to the state as license fees, and to pay other portions of the handle out for other purposes, as specified.

This bill would authorize certain fairs or associations, or combined entities, to contribute 1% of the total amount handled daily in conventional and exotic pools for maintenance and improvements at a fair's racetrack inclosure, for those fairs that contribute. The money raised would be deposited into the Inclosure Facilities Improvement Fund, which would be created as a special fund in the State Treasury, and that money would be available upon appropriation by the Legislature in the annual Budget Act. The bill would direct the Secretary of Food and Agriculture to appoint a committee to advise on the administration of the funds raised pursuant to the

provisions of the bill, and would require the secretary to report any allocations made pursuant to those provisions of the bill, as specified...

... Under existing law, revenues distributed to the state as license fees from horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.

Because this bill would revise the amount of money deposited into, and distributed from, that fund, it would make an appropriation.

Appropriation: yes.

... 19601.4. (a) Notwithstanding any other provision of law, a fair, combination of fairs, or an association conducting racing at a fair, may, after approval from the board, deduct an additional 1 percent from the total amount handled daily in its conventional and exotic pools. The additional 1 percent shall be deposited into the Inclosure Facilities Improvement Fund, which is hereby created as a special fund in the State Treasury, the moneys of which are available upon appropriation by the Legislature in the annual Budget Act. Any moneys deducted from the handle pursuant to this section shall be used solely for the purpose of facilities maintenance and improvements at a fair's racetrack inclosure for those fairs that contribute to, or for those fairs where an association conducting racing at that fair contributes to, the Inclosure Facilities Improvement Fund.

(b) The secretary shall appoint a committee of not more than five and no fewer than three individuals with expertise in financing, constructing, and managing horse racing facilities, to advise in the administration of the funds. The secretary shall have oversight over the committee. The secretary shall adhere to the same oversight responsibilities as outlined in Section 19620 when administering the funds contributed and disbursed pursuant to this section.

(c) The secretary shall include in the annual expenditure plan required pursuant to Section 19621 any allocations made pursuant to this section.

(d) For purposes of this section, "secretary" means the Secretary of Food and Agriculture.



**SATELLITE WAGERING FACILITY  
SAN MATEO COUNTY EVENT CENTER**

# **DESIGN DEVELOPMENT STATUS REPORT**



---

**PRESENTED TO: THE CALIFORNIA HORSE RACING BOARD**



**PREPARED BY CALIFORNIA AUTHORITY OF RACING FAIRS  
CHRISTOPHER KORBY, EXECUTIVE DIRECTOR**

# OVERVIEW

---

- Project is a joint collaboration by California Authority of Racing Fairs (CARF), California Department of Food and Agriculture and San Mateo County Event Center, with construction managed by California Construction Authority
- This development team has also assembled a financing package of \$4.6 million.

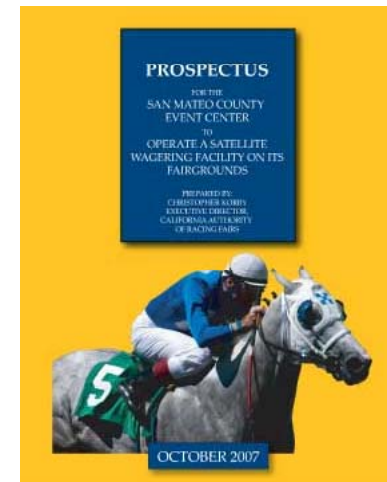
## Joint Collaboration Between:

- California Authority of Racing Fairs (CARF)
- California Department of Food and Agriculture Division of Fairs and Expositions (CDFA F&E)
- San Mateo County Event Center (SMCEC)
- California Construction Authority (CCA)
- Froehlich, Kow & Gong Architects, Inc.

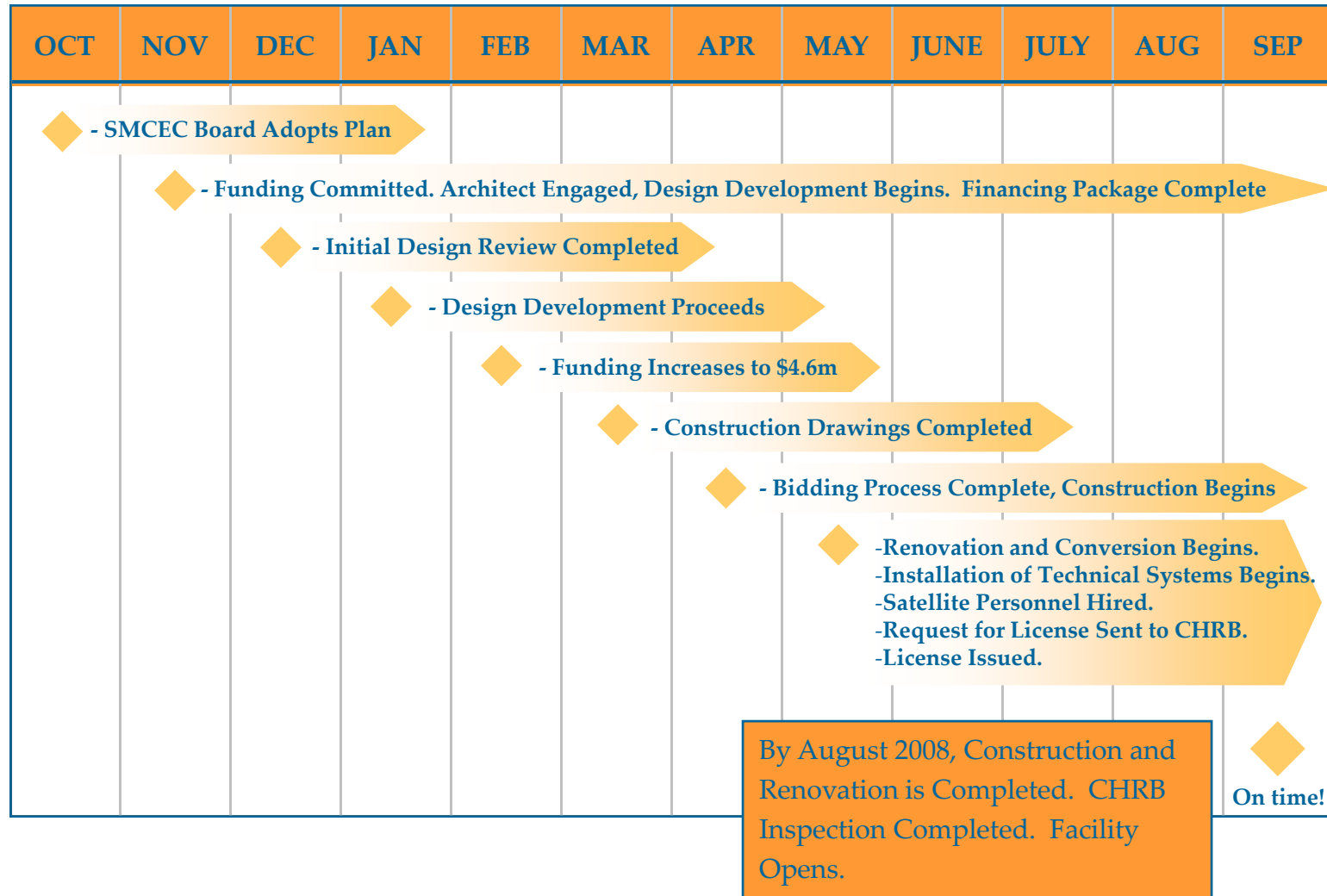
# OVERVIEW

---

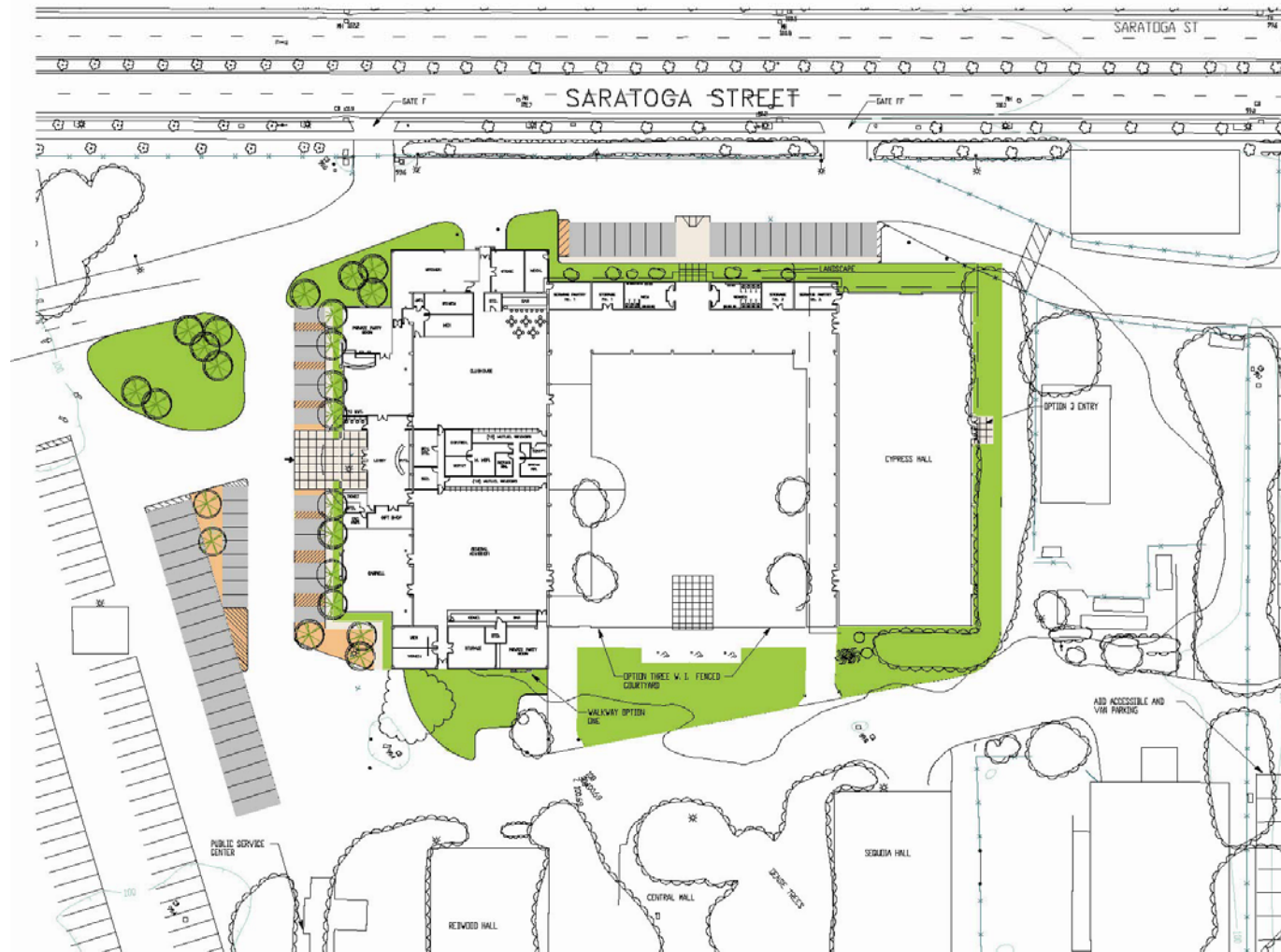
- As a first step, CARF prepared a prospectus describing a plan for the San Mateo County Event Center Fair (SMCEC) to develop and operate a Satellite Wagering Facility on its Fairgrounds.
- This plan envisioned that the Fair, in collaboration with California Authority of Racing Fairs (CARF), California Department of Food and Agriculture Division of Fairs and Expositions (CDFA F&E) and the California Construction Authority (CCA) will renovate, upgrade and convert an existing building into a Satellite Wagering Facility.



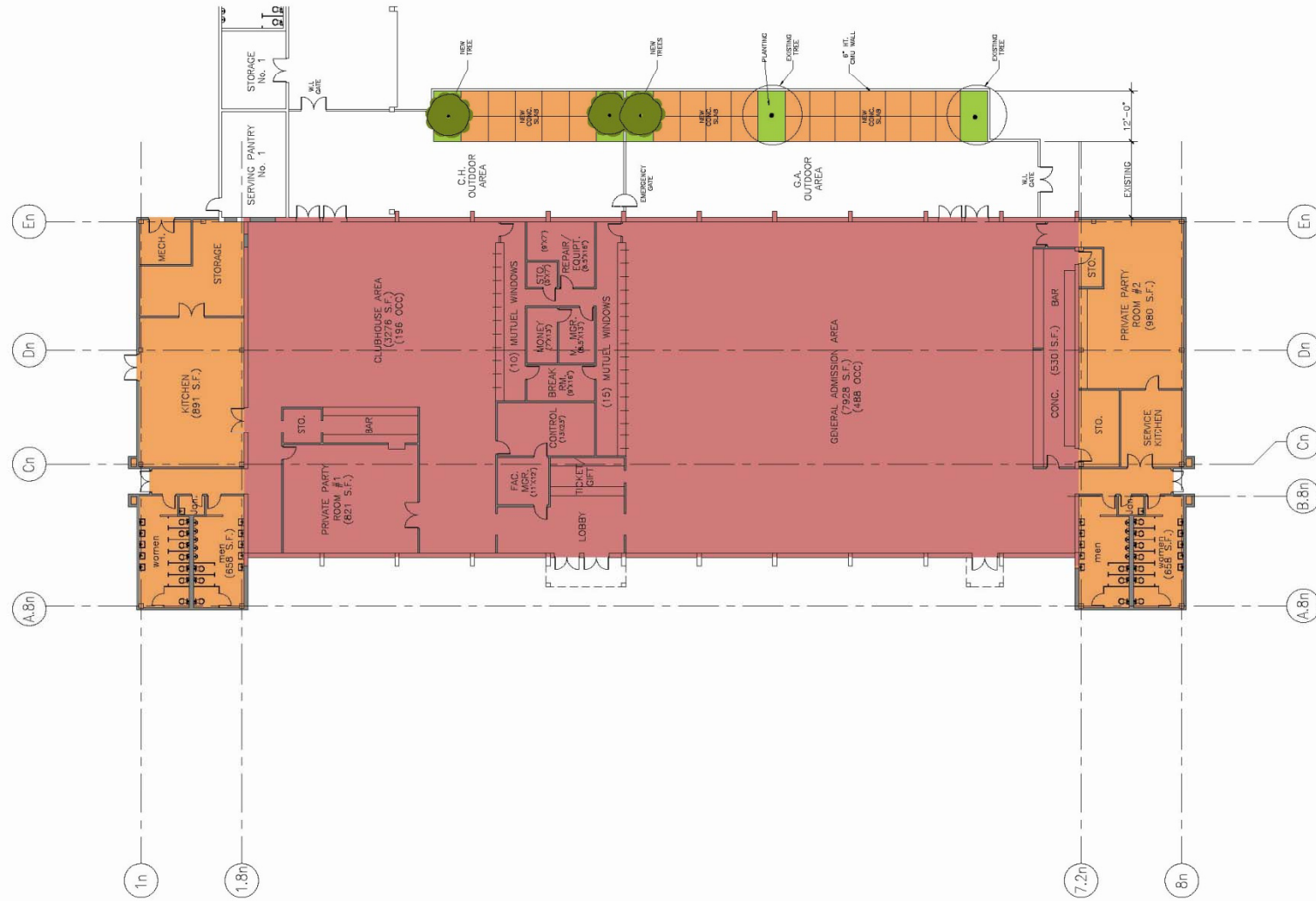
# TIMELINE (October 2007 – August 2008)



# RENDERING – SITE PLAN



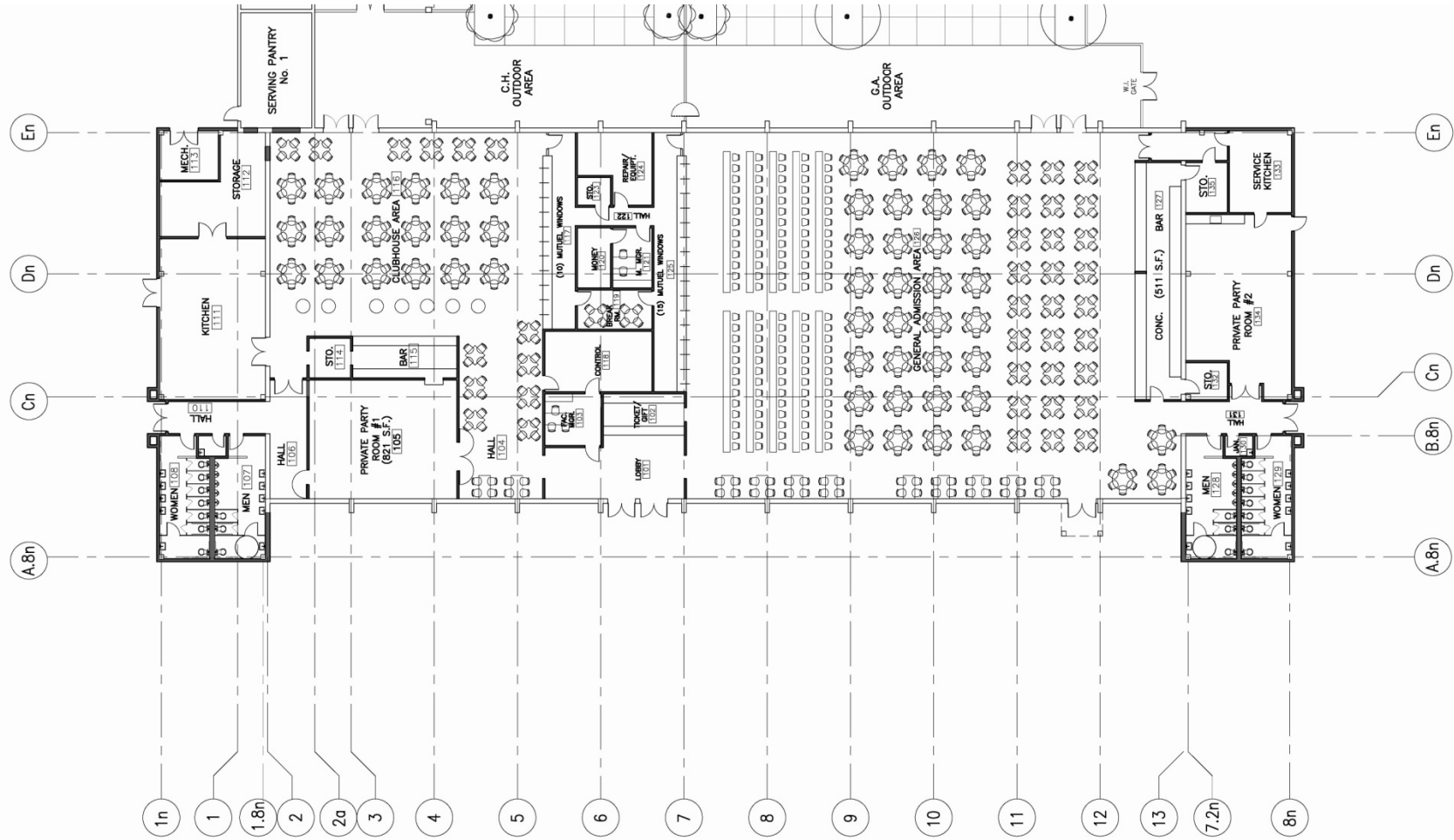




# FLOOR PLAN – ADD ALTERNATE

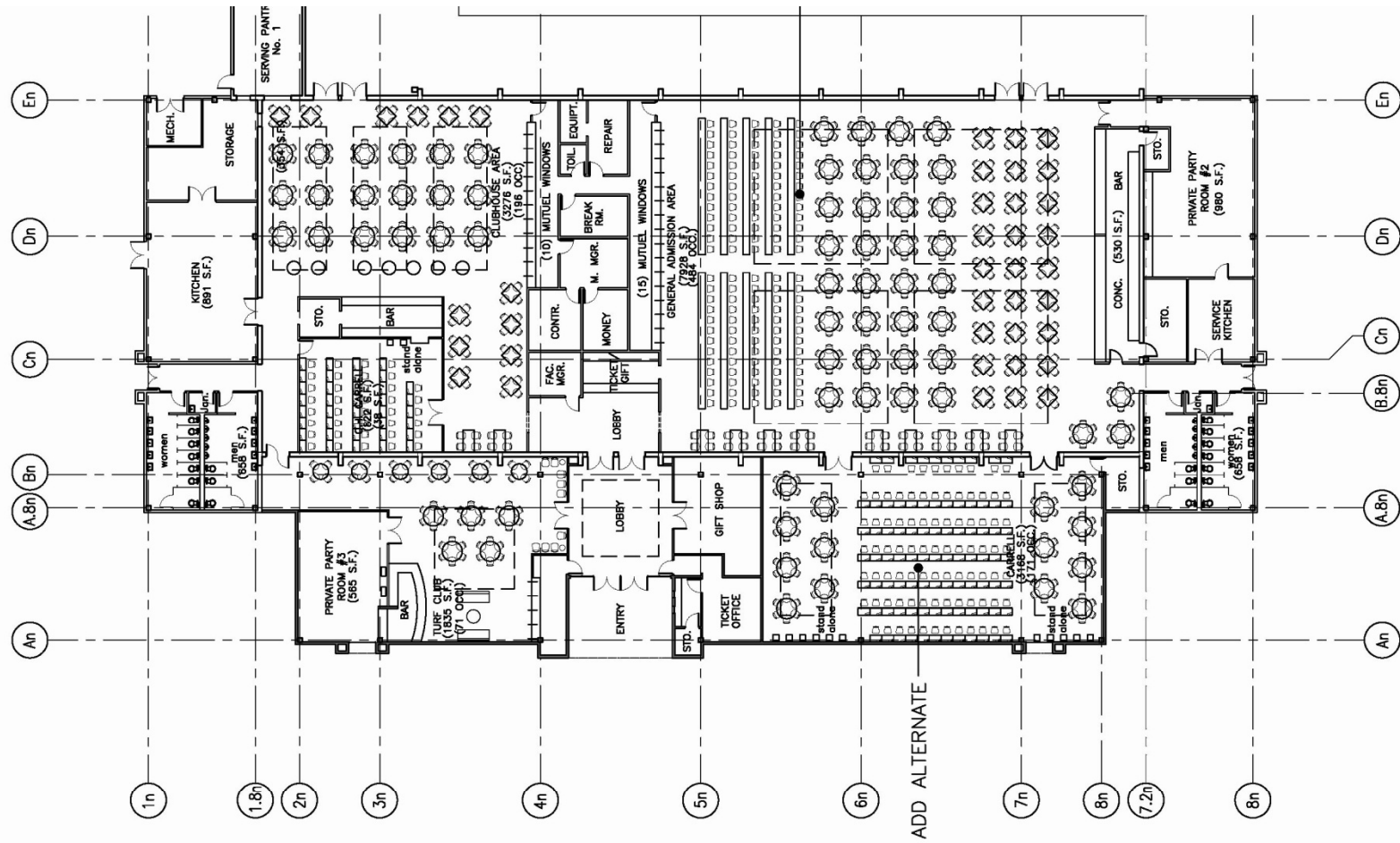


# SEATING PLAN – BASE BID





# SEATING PLAN – ADD ALTERNATE





*a California joint powers agency*

1776 Tribute Road, Suite 205  
Sacramento, CA 95815  
Office: 916.927.7223 Fax: 916.263.3341  
[www.calfairs.com](http://www.calfairs.com)

**SUPPLEMENTAL AGENDA FOR  
CALIFORNIA AUTHORITY OF RACING FAIRS  
BOARD OF DIRECTORS MEETING  
JOE BARKETT, CHAIR  
GEORGE SOARES, FACILITATOR  
12:30 P.M., TUESDAY, APRIL 1, 2008**

Notice is hereby given that a teleconference meeting of the California Authority of Racing Fairs' Board of Directors and the Strategic Planning Members will commence at 12:30 P.M. Tuesday, April 1, 2008. The meeting will be held at the Kahn, Soares & Conway Sacramento office located at 1415 L Street, Suite 400, Sacramento, California 95814.

**AGENDA**

- I. Discussion and action, if any, regarding Fairs' role in the future of horse racing in Northern California, including the following:
  - a. Fair live racing facility upgrades necessary due to closure of Bay Meadows;
  - b. Replacement satellite wagering facility in San Mateo;
  - c. Expansion of Fair satellite wagering facilities in under-served markets;
  - d. Year-round auxiliary training and stabling in Northern California.
- II. Discussion and action, if any, regarding Fairs role in the future of horse racing in Southern California, including the following:
  - a. Fair live racing facility upgrades necessary in the event that Hollywood Park closes;
  - b. Expansion of Fair satellite wagering facilities in under-served markets;
  - c. Year-round auxiliary training and stabling in Southern California.
- III. Discussion and action, if any, on matters related to the future of Harness and Emerging Breed racing.
- IV. Discussion and action, if any, on Racing Calendar for 2009 and beyond.
- V. Discussion and action, if any, on the role of California Department of Food and Agriculture, Division of Fairs and Expositions.

###

C A L I F O R N I A   A U T H O R I T Y   O F   R A C I N G   F A I R S

# *California Fairs and Horse Racing*

## *Planning for the Future of Racing in California*

California Authority of Racing Fairs  
Christopher Korby, Executive Director  
March 5, 2008



# CONTENTS

- 1) Two Scenarios to the Future
- 2) Long History of Political Alliance Between Fairs and Horse Racing
- 3) Fair Connection to Agriculture
- 4) The Current Landscape
- 5) Fair Strengths and Resources
- 6) Let's Look at the Business Metrics
- 7) Opportunities Ahead for Fairs
- 8) DECISIONS
- 9) Challenges We Will Face
- 10) Tasks Ahead
- 11) Forming a Unifying Vision

# TWO SCENARIOS



Two possible routes exist for the future for California Horse Racing:

- 1) Racing Associations rush to secure racing dates for themselves, maintaining a long-standing calendar structure with intense competition for dates. This is a familiar method for the California Horse Racing Board. This method creates long term uncertainties and frustrations for associations, Fairs, fans, horsemen and employees, especially in light of possible land development opportunities.
- 2) Industry leaders cooperate at multiple levels to create a blueprint for the health and future of horse racing in California. This method will prove difficult in the early stages and will depend on the discipline of the participants involved in the endeavor. Coalitions and tactical alliances will emerge to deal with near and long term transitional challenges. New economic models of racing venue ownership will emerge.

# POLITICAL ALLIANCES



There is a long history of political alliances between Fair Horse Racing and agriculture:

- Organized Horse Racing in California begins at Fairs in 1850's.
- In 1930's, early efforts to legalize parimutuel wagering fail; Fairs agree to support legalization in return for revenue from wagering.
- Political support of Fairs finally helps carry constitutional amendment.
- First racing of modern pari-mutuel era begins at Fairs.
- Fairs have instrumental in every recent major Legislative development in racing, beginning with simulcasting in 1985.



# AGRICULTURE



There is a long history of political alliances between Fairs and Horse Racing:

- Fairs and horse racing share common roots in agriculture.
- Breeding, training and care of horses are agricultural activities, representing a significant component of California's agricultural economy.
- California Department of Food and Agriculture does not presently consider equine husbandry as formally part of California agriculture
- Fairs, breeders and horse owners, coming together in the context of their shared connection to agriculture, can work for their interest as part of California's powerful agricultural sector.
- CARF has begun working with the State Board of Food and Agriculture to adopt a policy formally recognizing equine husbandry as an agricultural activity.

# CURRENT LANDSCAPE



- Rising real estate valuations are changing the economics of race track ownership.
- For track owners, racing may no longer be the highest and best use of real estate assets.
- Bay Meadows, a pillar of racing for 75 years in Northern California, will close as a race track.
- Departure of Bay Meadows will create opportunity for Northern California Fairs.
- Pleasanton is ideally suited to step into vacuum left by departure of Bay Meadows.
- Re-structured NorCal racing calendar can benefit Fairs.
- Developments in Northern California will be “dress rehearsal” for Southern California.
- Hollywood Park, owned by Bay Meadows Land Company, will probably soon follow Bay Meadows out of the racing business.



# FAIR STRENGTHS



- California Fairs are already a major stakeholder in California horse racing.
- Fairs have a major investment in real property and capital improvements dedicated to horse racing.
- California Fairs own and operate NINE California horse racing venues: Pleasanton; Vallejo; Santa Rosa; Humboldt; Sacramento; Stockton; Fresno; Pomona; Del Mar.
- Cumulative value of real property (hundreds of acres in urban settings) and capital investments dedicated to horse racing at Fairs venues exceeds \$1 billion. (Note: we need a valuation)
- Fairs are far and away the biggest operator of Satellite Wagering Facilities in California with 23 sites.
- Fairs have a strong, grass-roots connection to virtually every member of the California Legislature.

# BUSINESS METRICS



- Horse racing is the biggest single business in the California Fair industry.
- Patrons at the California Fairs' satellite network (23 Satellite Wagering Facilities) wagered over \$630 million in 2007.
- Pari-mutuel wagering from the Fair satellite network annually generates over \$100 million in distributions to a whole spectrum of beneficiaries, including: race tracks, satellite facilities, horsemen in the form of purses, license fees to the state, breeders in the form of breeders' awards, equine research and several other beneficiaries.
- Pari-mutuel wagering on horse racing is the sole source of revenue for Fairs and Expositions' Funds.

# OPPORTUNITIES



- California racing is at a tipping point, on the verge of a generational re-structuring.
- Fairs have an opportunity to expand their role in an industry with which they have been closely associated for years and which provides critical revenues for the Fair industry.
- Fairs have an opportunity to participate from the inside in a re-structuring of the economic model on which racing is based, helping re-shape it to their benefit.
- Not-for-profit racing associations operating at publicly owned venues will assure the long term economic vitality of horse racing.
- Racing is a proven and predictable generator of revenue; moving now to consolidate an expanded role will ensure a proven revenue source for years to come.
- We must grasp this opportunity now!

# DECISIONS



- Will Fairs work together to take advantage of the opportunities ahead?
- How will Fairs work together to take advantage of the opportunities ahead?
- CARF model of cooperation: great strides made; still evolving.
- Consensus amongst Fairs for Northern California racing calendar 2009 and beyond.
- Consensus amongst Fairs, Magna and TOC in support of racing calendar for 2009 and beyond.
- Support additional Fair satellite wagering facilities (SF; LA; mini's) to grow the overall business.
- Role of CDFA and F&E: Develop policy regarding horse racing, Fairs and agriculture; provide support for financing of necessary racing venue improvements, as was done for the \$85 million Del Mar Grandstand project in the early 1990's and for the Fair satellite network in the mid-1990's.

# CHALLENGES



- Structure effective alliances amongst: Fairs; horsemen; private racing associations; breeders.
- Persuade and educate CHRB.
- Secure support of key legislators.
- Secure financing for necessary improvements and upgrades to Fair racing venues.
- Create model for effective working relationships between venue owners and racing management entities (e.g. RTLC/DMTC/22<sup>ND</sup> DAA)
- Re-structure management and purpose of Stabling and Vanning Fund.
- Secure support of local municipalities and counties.

# TASKS AHEAD



- Secure financing for Phase I at Pleasanton (\$12 million, including engineered racing surface); proceed with design and permit efforts for installation of synthetic surface and barn area improvements.
- Add San Francisco and LA Basin Fair satellites, along with miscellaneous mini-SWF's, to increase overall California handle.
- Secure agreement between CARF, Magna and TOC on 2009 Racing Calendar and re-structuring of Stabling and Vanning Fund for Northern California.
- Work with LA County Fair to begin planning for design development, cost estimates and financing for improvements to their facility; focus initially on training operations; secure financing.
- Plan logistics for migration of primary auxiliary training facility to Pleasanton, effective January 1, 2009.



# UNIFYING VISION



- Privately-owned race tracks in California are going out of business as real estate values no longer justify racing as the highest and best use of their real estate assets.
- California horse racing is at an historical tipping point, sitting on the verge of fundamental re-structuring.
- The long-term economic health and vitality of California racing is being challenged by competition from tribal gaming, rising costs and competition from out-of-state racing subsidized by slot machine revenues.
- Racing sustains tens of thousands of acres of agricultural green space and provides over 30,000 jobs in California.
- California racing and Fairs share a long history of alliance and deep roots in agriculture.
- Racing is an important source of revenue for all Fairs.
- Fairs are poised to lead the way in creating a new economic model for horse racing that will ensure its vitality and protect its revenue generation into the future.

# Meeting Handouts



*a California joint powers agency*

1776 Tribute Road, Suite 150  
Sacramento, CA 95815  
Office: 916.927.7223 Fax: 916.263.3341  
[www.calfairs.com](http://www.calfairs.com)

---

TO: Live Racing Fair Managers  
SUBJECT: 2008 Live Racing Fair Marketing/Advertising  
CC: Shannon McDonald  
DATE: April 1, 2008 PAGES: 4

---

**CMC MEDIA/ADVERTISING MATCH:**

The California Marketing Committee will match \$40,000 of **LIVE HORSE RACING ADVERTISING ONLY** (to include Television, Radio and Print Advertising). If your Fair does not produce TV or radio spots specifically for racing, the NTRA and CMC have creative available. All spots can be tagged with Fair information and the NTRA radio spots have won several National advertising awards. The radio spots also make a great addition to your Fair PA system for promoting your racing (as used by Pleasanton).

**CMC MATCH: \$ 5,000**  
**FAIR MATCH: \$ 5,000**

Participating Fairs - Pleasanton, Vallejo, Santa Rosa, San Mateo, Ferndale, Stockton, Sacramento and Fresno -- for a total of seven fairs.

**SUBMITTING YOUR INVOICE:**

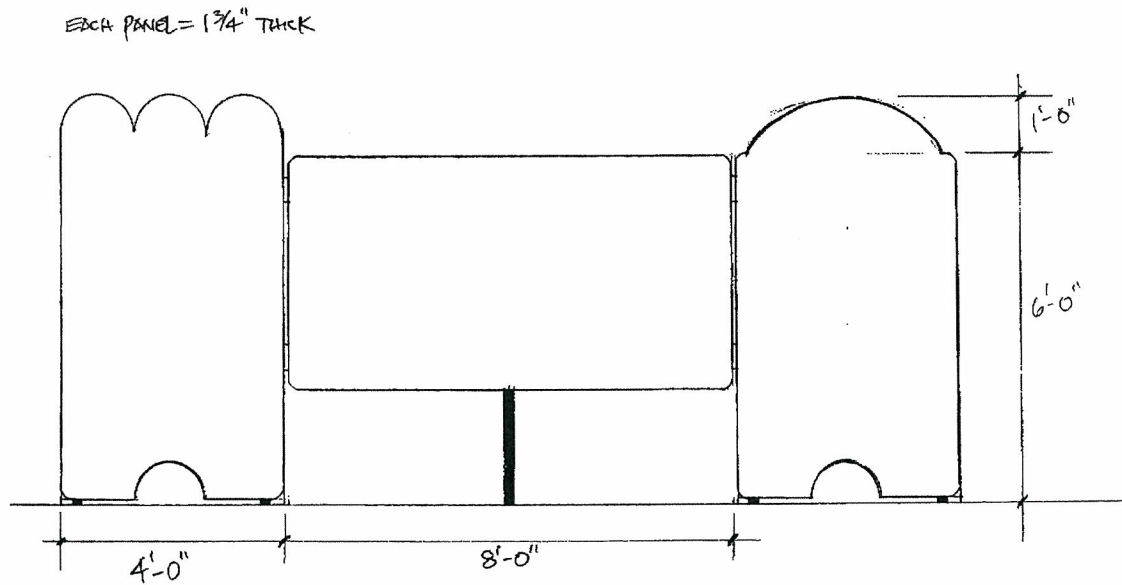
Please use the following guidelines when submitting an invoice:

1. An official invoice must be submitted. Please include:
  - Date
  - Invoice Number
  - Fair or Satellite Name and Address
  - A complete description of each expense item. For example: "Vallejo Times Racing Ad - 7/5/07," instead of "print ad."
  - Copies of ads and TV/Radio scripts
  - Total amount due listed on the invoice.
2. Please attach legible copies of vendor invoices and appropriate documentation.

All information can be submitted to:

California Authority of Racing Fairs  
Attn: Heather Haviland  
1776 Tribute Road, Suite 205  
Sacramento, CA 95815  
Fax – 916/263-3341  
E-mail – [heather@calfairs.net](mailto:heather@calfairs.net)  
Phone – 916/837-8427

**RACING EDUCATION DISPLAY (2 DISPLAYS ARE AVAILABLE FOR EACH FAIR):**



The Racing Education Displays Include:

- Graphical Information on Basic Wagers
- Parts of the Horse and Tack
- How to Read a Ticket
- How to Read the Daily Racing Form

The Display also has the follow piece of tack that can be picked up and touched:

- Saddle (12 oz)
- Bridle
- Blinkers
- Shadow Roll
- Bits
- Whip
- Jockey Boots
- Goggles
- Halter







## **HANDICAPPING SEMINARS**

As in years past, we will be providing giveaway items and coordination for your handicapping seminars hosted by the track announcer.

## **PROGRAM COVERS & ADVERTISING**

Our racing program is 4" wide by 9" high. To ensure the best possible quality, we would like to receive your program ads 2 weeks prior to your opening day. Please provide the ads electronically (either as PDF files or as a high resolution JPEG). To change or add an advertisement to the program, we need the ad a minimum of 48 hours prior to the run date. We will distribute detailed information closer to the beginning of your meet.

Each year CARF provides program art for your consideration. We can coordinate printing with either the program cover we provide, or art provided by an individual Fair. Please contact us for pricing.



**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Racing Operations**  
***Management Services and Contract Administration***

**Racing Operations**

- Works with Racing Fairs on preparation, submission and presentation of CHRB License Applications
- Provides Racing Office computer system (all computer hardware/ peripherals) and application software (Equibase) and manages service, technical support and transportation
- Provides and manages Paymaster services, including Paymaster (CARF employee) bank accounts, audits, payment of all purse moneys to owners and all other distributions of payment to various recipients
- Telecommunications: provision of voice, fax and data lines necessary to support racing, totalisator and simulcast operations
- Provides accounting, reconciliation and distribution of all parimutuel commissions, purse, license fees and other distributions
- Coordinates development and management of purse schedule through Fair Circuit in cooperation with Fair Racing Secretaries
- Provides Supplemental Purse Fund management and accounting
- Provides marketing coordination through circuit
- Manages contracts for daily racing program production, printing and distribution
- Manages Condition Book production and distribution
- Manages contracts and logistics for provision of Jumbo Video Screen
- Starting Gate
- Photo Finish
- Total Carbon Dioxide (TCO<sub>2</sub>) testing
- Furnishes electronic timing system with operator
- Oversees TV Replay System for Officials
- Manages provision of Temporary stalls
- Mobile offices
- Daily, on-site management and oversight of all operations above, along with management, coordination and disposition of other matters that may arise from time to time in the course of conducting racing at Fairs
- Active liaison, representation and advocacy with on-track Stewards and with senior CHRB officials

**Contracts with Horsemen's Associations**

- Negotiate contracts with horsemen's associations, as required by statute.
- Thoroughbred Owners of California
- Cal Western Appaloosa
- Pacific Coast Quarter Horse Association
- Arabian Racing Association of California
- Racing Mule Association
- California Thoroughbred Trainers

### **Racetrack Safety and Maintenance Program**

- CARF developed this program and provides management oversight throughout Fair circuit.
- Works with Division of Fairs and Expositions to maintain funding support
- Contracts with Steve Wood, Trackmaster, Inc., to provide expert consultation and oversight of Fair track maintenance
- Carries lease agreements for John Deere tractors
- Owns and provides custom-built water truck (2001 Sterling).
- Owns and provides rock-picker (added 2003).
- Owns or provides harrows, floats, and other miscellaneous equipment required for track maintenance.
- Manages all transportation and logistics
- Provides daily, on-site management, key personnel and oversight
- No direct cost to Racing Fairs.

### **Recruitment Program for Out-of-State Horses**

- Organizes and conducts out-of-state recruitment of horses to run at Northern California Fairs
- Manage payment of incentives
- Track and report on results of Recruitment Program

### **Wagering Operations**

- Maintains totalisator contract
- Parimutuel labor contract
- NOTWInc agreement for Northern California simulcast network
- You Bet.com Advanced Deposit Wagering
- TVG Advanced Deposit Wagering
- Xpress Bet Advanced Deposit Wagering
- Provide all accounting, reconciliation, banking for ADW wagering operations

### **Simulcast Operations**

- Manages Satellite Transmission and Encryption Services
- Manages TV Production for simulcast coverage
- Manages telecommunications support: provision of voice, fax and data lines necessary to support simulcast operations
- Furnishes back up electrical generators
- Provides accounting, reconciliation, banking for simulcast operations
- NOTWInc contract for Northern California simulcast network
- Manages contracts for out-of-state simulcast sites and distribution of daily racing programs and other simulcast information
- Payment of commissions, purses, license fees and all other distributions from simulcast operations

Korby - March 2008

## Satellite 2% Commisssions Due From Sacramento Harness Association

[illegible]

SHA owes the District \$9084 - 2006 Satellite Wagering Night Operating Loss; \$8977 - 2007 Satellite Wagering Night Operating Loss
--

SHA has not paid Jan or Feb 2008. Monies owed in Jan - \$693.62; owed in Feb - \$725.10

## Margot Wilson

---

**From:** Margot Wilson [margot@calfairs.net]  
**Sent:** Thursday, March 13, 2008 2:33 PM  
**To:** Anthony Leo; Barbara Boester-Quaid; Bill Blair; Chris Workman; Dan Jimenez; Daniel Jacobs; Daryl Shippy; Dennis Pearson; Forrest White; Geoff Hines; Joe Barkett; John Alkire; Kelly Baldwin; Ken Alstott; Lawrence Ford; Rick Pickering; Scott Grieve; Tawny Tesconi; Tim Fennell; Vince Agnifili; 'Bill Connolly'; 'Bob Willoughby'; Cindy Caruso (horseplace@socalfair.com); 'Claudia Christy'; 'Dan White (E-mail)'; 'Debbie Cook'; 'Debi Hartzler'; Dian Tootle; Heione Tautuaa; 'J. Wasserman'; 'Jeanne Wasserman (E-mail)'; 'Jeanne Wasserman\_Satellite'; 'Larry Jacobsen (E-mail)'; 'Linda Jenkins'; 'Lloyd Santos (E-mail)'; 'Olivia Perez (E-mail)'; 'Rene Edens'; Sarah Cummings; 'Susie Merkler (E-mail)'; 'Terry Mann (E-mail)'; 'Winners at the San Joaquin Fair'  
**Cc:** Chris Korby (korby@calfairs.net); Mike Treacy; Kirk Breed; Richard Bon Smith; Dick Feinberg  
**Subject:** IMPORTANT ALERT TO CARF SATELLITES REGARDING HARNESS 2% PAYMENTS!  
**Attachments:** Sac Harness Commissions Generated CARF SWFs Dec 07-Feb 08 inc ADW-080311.xls; Memo-CARF Alert-Payment of Sac Harness 2% SWF Commissions-080312.doc; SHA 2% Commissions Form.doc  
  
**Importance:** High  
**Categories:** Important

### ----HIGH PRIORITY----

**To:** All CARF Member CEO's  
All CARF Member Satellite Facility Supervisors  
**From:** Christopher Korby  
**Date:** March 12, 2008  
**Re:** Satellite 2% Commissions Due from Sacramento Harness Association

As you may know, the Sacramento Harness Association (SHA) has discontinued night harness racing at Cal Expo.

Based on public testimony before the California Horse Racing Board, we have reason to be concerned about the financial condition of this association, specifically its ability to pay 2% commissions to satellite facilities. I have expressed my concerns both to the California Horse Racing Board and to Dick Feinberg, General Manager of Sacramento Harness Association. I told both Mr. Feinberg that this is a statutory obligation and that we consider that it has a senior priority for payment. Mr. Feinberg told me that there should not be a problem with payment of the 2% moneys due CARF satellite facilities.

Nevertheless, we want to take steps to assure that CARF member Fairs are paid. To that end, we are asking that you send us information regarding the date of SHA's last commission payment, the amount of that payment and the period it covered.

We are attaching a form to simplify the reporting. Please complete, sign and send the completed form to Margot Wilson at the CARF office in Sacramento via FAX 916-263-3341 or via e-mail [margot@calfairs.net](mailto:margot@calfairs.net). Please forward this information to us ASAP in order to assist our efforts in ensuring this payment.

In addition, I'm forwarding a report that shows 2% commissions, including ADW, generated by Sacramento Harness Association for December 2007, January 2008 and February 2008. Use this as a reference to track commission payments due your satellite.

Thanks for your help and cooperation.

Cc: Dick Feinberg, Sacramento Harness Association  
Richard Bon Smith, CHRB