



Everything New Orleans

Corporate raider Churchill Downs Inc. needs to reinvest in historic New Orleans Fair Grounds | Jeff Duncan

Jeff Duncan, NOLA.com | The Times-Picayune By Jeff Duncan, NOLA.com | The Times-Picayune

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Like many New Orleanians, I was encouraged when Churchill Downs Inc. bought the New Orleans Fair Grounds in 2004. As a Louisville, Ky., native, I grew up worshipping Churchill Downs, the historic track where horse racing's marquee event, the Kentucky Derby, is run annually on the first Saturday in May. I attended the University of Louisville, only a few furlongs from Churchill's famed twin spires, and like many students would often stop by the track between classes to invest in a daily double.

I believed Churchill Downs Inc.'s experienced management, vast resources and global reputation would be the best thing that ever happened to the Fair Grounds. A return to the track's 19th century heyday as the racing capital of the South was no longer a pipe dream.

But my opinion has drastically changed as I've watched the racing product decline to almost unrecognizable standards under CDI's negligence.

By almost any standard -- purse price, wagering handle, average field size -- racing at the Fair Grounds has declined sharply since Churchill's initial years of ownership. In the past two months, Fair Grounds officials have announced across-the-board purse cuts and the elimination of four stakes races.

Off Track

Churchill Downs Inc. has reported record profits, but is all well at the Fair Grounds, its New Orleans property? This week we take a look at the 142-year-old fabled track and examine every aspect of its operations.

Coming up:

- Saturday: The future

Once one of the premier tracks in the nation, the Fair Grounds now has been reduced to a shell of itself, a second-tier track with mostly second-rate horses running for second-rate purses. It's primary competitors during the winter racing season, South Florida's Gulfstream Park, Arkansas' Oaklawn Park and Tampa Bay Downs, have left it in the dust.

"I was buffaloed, too, when Churchill bought the track," said trainer Tom Amoss, a New Orleans native who splits his time between New Orleans and Louisville. "I'm convinced they just don't care. We're going to be the next Calder."

Amoss is not alone in his discontent. Take a walk on the back side any morning during training sessions at the Fair Grounds and you'll hear a chorus of complaints. And the grievances only multiply when you talk to longtime race-goers during the afternoon.

"We are seeing a deterioration in racing at the Fair Grounds like I have never seen before," Dr. Tom Grimstad of the Louisiana Racing Commission said at the group's meeting last month. "... It is a place that I love. I have been going to it for 30-plus years with my children, and it is painful to see the deterioration that we are seeing in the racing.

"I don't think it is occurring all across the country, from what I see."

The situation reached a nadir during the 2013-14 racing season, the 142nd in Fair Grounds history. Frustrated horsemen, horse players and political leaders are rallying in an attempt to force the hand of Churchill Downs Inc. and save the Fair Grounds from becoming the next Pimlico or worse, Hollywood Park.

CASINO MENTALITY

At the recent meeting of the Louisiana Racing Commission, representatives of the Louisiana Horsemen's Benevolent & Protective Association lambasted Fair Grounds management for the embarrassing state of affairs at the track.

Stanley Seelig, president of the LHBPA, which represents owners and trainers, said CDI's hard-line management was "similar to a slumlord. ... They want to suck out all of the cash they can and send it back to Kentucky."

Rep. Patrick Connick, R-Marrero, has authored two bills in the current Legislative session aimed specifically at preventing CDI from doing so. House Bills Nos. 808 and 848 would require the company to dedicate a portion of the Fair Grounds' slot machine revenue for capital improvements at the track and give the Louisiana Racing Commission more leeway to hold Churchill Downs Inc. accountable if it doesn't improve the conditions at the track.

"(The Racing Commission has) been dealing with these issues and nothing has been taking place (from CDI)," Connick said. "We had to act now. We had to get these bills filed -- enough of the delays and the lip service -- and try to get something done in a positive way. We need to see what can be done to make the place better, to make this racetrack a world-class facility.

"We just want to get their attention," he added. "(Because) over the last few years the place has really gone downhill."

Fair Grounds Off Track: Overview of the issues | Video Sports reporter Rachel Whittaker captures on video details of the Fair Grounds such as the turf course and a decrease in horse racing profits as part of NOLA.com | The Times-Picayune's 'Off Track' series this week.

When Churchill Downs Inc. bought the Fair Grounds nearly a decade ago, it owned seven racetracks that between them hosted more than 650 days of live racing every year. Now CDI has four tracks and half as many days of live racing. And all four of its tracks are in various states of decline.

When asked about the Fair Grounds' issues, Churchill officials cited industry-wide declines in wagering and foal crops. They blame bad weather and "the overall softness of the pari-mutuel industry." They say horse racing -- other than big-event days like the Kentucky Derby -- is largely an unprofitable business and they have an obligation to their shareholders to grow business and enhance the company's bottom line.

What they don't say is they are making tens of millions from their slot machine and video poker operations in Louisiana and have invested scant few of those dollars back into the racing product at the track.

They don't explain why the Stall-Wilson turf course, once an asset, has been allowed to become a liability, why a normal rain shower now transforms the third turn into an unnavigable bog, thus washing out almost half of its scheduled races the past two meets.

Or why a broken video board in the infield has not been replaced in years, an embarrassment that Jack Wolf, the owner of Risen Star Stakes winner Intense Holiday, recently noted in The (Louisville, Ky.) Courier-Journal: "That's why we get all this stuff, to watch it live, and then we're watching people's heads."

Or why other racetracks such as Oaklawn and Gulfstream have somehow managed to thrive despite industry-wide struggles and racing surfaces widely considered inferior to the one at the Fair Grounds.

Is it any wonder that the Fair Grounds ranked 34th out of 70 major racetracks in the Horseplayers Association of North America annual rankings of best tracks in America for horse players? Only three years earlier, the Fair Grounds ranked 22nd. Now it trails Louisiana's other three major tracks: Opelousas' Evangeline Downs, Vinton's Delta Downs and Bossier City's Louisiana Downs. That's shameful considering CDI's superior resources and profile.

"Until they prove otherwise, I believe CDI's intentions are to suppress racing until they bleed it out, to a point that they can eliminate it," said trainer Steve Asmussen, who has been racing his high-profile stable of horses at the Fair Grounds the past 18 years. "They need to change their name to Churchill Downs Gaming Company, because that's what they are. They're a gaming company."

Keren Henderson, the executive director of Stop Predatory Gambling Kentucky, echoed Asmussen's sentiments in a March 11 op-ed column in the Lexington Herald-Leader.

"Churchill Downs has revealed its hand," Henderson wrote. "No longer able to hide behind Louisville's iconic twin spires is a looming casino, slots and online gambling company. ... Churchill may keep the Kentucky Derby front and center in Kentucky minds, but the company is busy building a casino empire for its shareholders across the U.S."

The latter is a claim Churchill Downs Inc. CEO Bob Evans does not dispute.

"To millions of people worldwide, Churchill Downs means the Kentucky Derby, the Kentucky Oaks, and Churchill Downs means Thoroughbred racing," Evans said two years ago to announce the company's annual earnings. "And while that's what our brands mean, it no longer is our business model."

I'm not sure what the business model is for the Fair Grounds. The only action plan I see involves cuts. In purses. In capital improvements. And in staff, including the track's longtime starter and call-to-the-post bugler.

About the only thing Churchill Downs Inc. hasn't cut at the Fair Grounds are the weeds, which lined the infield rail and littered the lawn in the paddock on Louisiana Derby Preview Day last month.

A CHERISHED INSTITUTION

When you buy a racetrack, especially one as old and tradition-laden as the Fair Grounds, you commit to a public trust. Racetracks are like professional sports franchises. Their fans and patrons develop deep bonds that transcend the typical business/client relationship. Consequently, track owners have an obligation to maintain a quality product. This isn't Mazda or a technology company. The Fair Grounds is an institution, a place where the starting gate and photo-finish camera debuted, where former President Ulysses S. Grant and Gen. George Custer attended races, where great Thoroughbreds like John Henry, Whirlaway, Mineshaft and Rachel Alexandra ran.



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According to research by the Louisiana Horsemen's Benevolent & Protective Association, Inc., CDI has realized annual pre-tax profits of more than \$25 million from its operations in Louisiana. Is it asking too much to reinvest in capital improvement and maintenance?

This month the New York Racing Association announced plans to invest \$8.5 million in capital improvements at its three main tracks: Aqueduct, Belmont and Saratoga. The upgrades -- high-def TV sets, new large-screen video boards, better sound systems, more picnic tables, restroom upgrades and expanded children's areas -- are designed to improve the customer experience at the track.

"We want our guests to have a great experience when they come to Saratoga Race Course," said NYRA President Chris Kay. "We appreciate this treasured venue and are investing in it for all horse racing fans who cherish their visit to Saratoga."

Now there's a cavalier idea.

"A week doesn't go by that I don't have people coming to me and telling me how the racing is deteriorating (in New Orleans)," Grimstad said. "I don't see any marketing per se. Now, maybe I just don't see it. I don't see any innovation at all. All I see it reductions in service.

"I wasn't the first one to say it, but you can't cut your way to prosperity. It doesn't work. I don't know what the answer is going forward, but we are not on the right track as far as racing."

I don't pretend to know the answer to fixing horse racing's problems. Smarter, more experienced people than myself have tried to reverse the seemingly inexorable decline of the Sport of Kings. And certainly Louisiana horsemen and racing officials could do their part to improve the quality of racing by reducing the number of race days required for each meet and writing fewer state-bred races for each card.

But I do know that CDI would not be in the racing/casino business if not for its racetrack holdings, and consequently it owes the sport, its fans and horsemen to provide the best product possible. And they're not getting that at the Fair Grounds. Far from it.

Churchill Downs Inc. brought the Fair Grounds out of bankruptcy in 2004 and presided over a multimillion-dollar recovery from Hurricane Katrina struck a year later. For that, New Orleanians owe CDI a debt of gratitude. But if the company's primary motivation is to mine the site's slots parlor and casino, it did it for the wrong reason.

It's unrealistic to think the track will ever return to its 19th century heyday. But there's no reason it can't compete with Oaklawn, Gulfstream and Tampa Bay Downs.

Hopefully, House Bills Nos. 808 and 848 will give local racing officials the enforceable legal chops needed to hold CDI accountable and spur action. It shouldn't have come to this, but legal threat appears to be the only recourse left for frustrated local constituents to upgrade the racing product at the Fair Grounds.

One of New Orleans' cherished institutions is being plundered.

"I don't want to hear about Mother Nature," Asmussen said. "I just want to see effort. Do you care?"

The Fair Grounds is nothing if not resilient. It "has survived fires, pestilence, Civil War, the crippling Yankee occupation that followed ... two worldwide wars, the Great Depression, numerous floods and hurricanes -- even Louisiana politics," as former Times-Picayune sports editor Bob Roesler noted in his book "The Fair Grounds: Big Shots & Long Shots."

If the Fair Grounds can withstand all this, surely it can survive a corporate takeover and shamefully negligent management.

But the way things are going, I wouldn't bet on it.

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