



Everything New Orleans

Horsemen concerned about growing disconnect between New Orleans Fair Grounds and Churchill Downs Inc.

By Katherine Terrell, NOLA.com | The Times-Picayune

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As Orb romped down the stretch in the slop to win the 2013 Kentucky Derby, he was leading a pack of the arguably best 3-year-olds to come out of Louisiana in years.

Golden Soul, Revolutionary, Normandy Invasion, Mylute and Oxbow followed in order. Palace Malice, after setting the early pace, finished 12th.

All ran in at least one prep race at the New Orleans Fair Grounds in 2013. Mylute and Golden Soul both listed New Orleans as their home base.

Oxbow would go on to win the Preakness. Palace Malice would win the Grade I Belmont.

Nobody knew how good the crop would turn out to be when Oxbow was shipped to the Fair Grounds that January and won the Lecomte by 11 1/2 lengths.

Nor did anyone know the Fair Grounds would be the talk of the Triple Crown trail a few months later.

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:

- Thursday: The competition
- Friday: The institution
- Saturday: The future

But behind the rosy narrative of the Kentucky Derby, which drew a national TV audience of 16.2 million, a storm of resentment was brewing several hundred miles south.

TAKING A BACKSEAT

The Kentucky Derby is one of the races horsemen dream of winning.

But it's also a symbol of the growing disconnect between Churchill Downs Inc. and its New Orleans property, the Fair Grounds.

The 140-year-old Kentucky Derby, arguably the sport's most recognized race, has grown by leaps and bounds. It is, by a sizable margin, the most heavily bet horse race in the country.

A record \$133.1 million was wagered on the Kentucky Derby in 2012. Churchill Downs Inc., which also owns Arlington (Ill.) Park and Calder Race Course in Miami, just extended a deal with NBC to televise the Derby through 2025.

And the company has put a sizable investment into its most famous track. In 2013, it spent \$9 million in renovations at Churchill Downs, including a new seating area called "The Mansion," where ticket prices on Derby weekend ranged from \$7,500 to \$12,000 last year.

This year Churchill Downs will finish installing a \$12 million high-definition video screen, approximately the size of three basketball courts, in time for Derby weekend in May.

"Since 2005 we have invested over \$160 million in improving our fans' experience," Churchill Downs Racetrack President Kevin Flanery said in a statement.

But while Churchill Downs Inc. posted net record revenues of \$779.3 million in 2013, there is growing concern among Fair Grounds loyalists that the money hasn't been invested in the New Orleans track.

"Every press release and everything (Churchill Downs Inc.) writes, millions and millions of dollars seem to go into ... Derby weekend, the boutique seating and the video board," said Fair Grounds leading owner Maggi Moss, who has won three straight owners titles at the track and finished third in the national standings in 2013.

The Fair Grounds has cut purses twice this season and cancelled four stakes races in response to a decline in money wagered (handle), while its competitor, Oaklawn Park in Hot Springs, Ark., has raised purses.

Horsemen have pointed out the problems go beyond the purse cuts, which are ultimately tied to handle. They cited small fields, poor customer service and persistent problems with the Stall-Wilson Turf course, which has been able to run only about half of its scheduled races this season.

All of these problems were pointed out to Fair Grounds management in a tense meeting.

"We are seeing a deterioration in racing at the Fair Grounds like I have never seen before," Dr. Thomas Grimstad, a Louisiana State Racing commissioner, said in Racing Commission meeting Feb. 17. "We are seeing these short fields, the problems with the turf course necessitating

multiple scratches. ... The percentage of favorites winning at the Fair Grounds, I don't know what it is, but it has got to be dramatically above what the national average is. ...

"A week doesn't go by that I don't have people coming to me and telling me how the racing is deteriorating. 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 are reductions in service."

The discourse has traveled beyond talk in the barns, all the way to the Louisiana House of Representatives Appropriations Committee, which sharply questioned the Racing Commission on March 11.

"The condition of the Fair Grounds in New Orleans ... is in need of some repairs and capital improvements," Rep. Patrick Connick, R-Marrero, said to Charles Gardiner III., the executive director of the Louisiana Racing Commission. "Turf races are not being run as it should because the track is in such poor condition."

Rep. John Schroder, R-Covington, said in the meeting that he'd heard numerous complaints from constituents.

"I'm getting phone calls and emails. And you've got some issues," Schroder said. "I represent the horsemen in my district. ... It seems (since Churchill Downs Inc.) has been around, things have gotten steadily worse instead of better."

It's a far cry from the rave reviews Churchill Downs Inc. received when it bought the track out of bankruptcy in 2004. Ten-time leading Fair Grounds trainer Tom Amoss, who races at Churchill-owned tracks throughout the year, was no different.

Trainer Tom Amoss, right, initially was excited about the prospect of Churchill Downs Inc. taking over the New Orleans Fairgrounds but has since had a change of heart. Chris Granger, NOLA.com | The Times-Picayune

"Like a lot of people, when Churchill Downs bought this place, I thought wow, this track has become part of the Churchill Downs family, we've got good things to look forward to," Amoss said. "I couldn't have been more wrong."

(Amoss is the brother of NOLA.com | The Times-Picayune Editor Jim Amoss.)

THE BEGINNING

Churchill Downs Inc. officially closed on the Fair Grounds and its 10 off-track betting parlors in a \$47 million transaction on Oct. 15, 2004.

It was a particularly attractive venue for the company, which sought the property for several years. Churchill Downs Inc., which had seven properties at the time, pursued the Fair Grounds in part because of the potential for installing slot machines.

A temporary slots facility was built at the New Orleans track in 2007, and a permanent gaming area was completed Nov. 14, 2008. There are 600 slot machines installed at the facility.

The Fair Grounds and Calder are the only Churchill-owned tracks allowed to have alternative gaming, but the company recently purchased a casino-hotel-event center in Vicksburg, Miss., for \$145.6 million and a casino in Oxford, Maine, for \$168.6 million. The company is currently pursuing the addition of a downtown casino in Louisville if expanded gambling were legalized in Kentucky.

Figures recently reported by Churchill Downs Inc. in 2013 showed its revenue from slot machines surpassed its racing revenue for the first time.

In an interview with The Times-Picayune on Oct. 17, 2004, Tom Meeker, then-CEO of the company, said the Fair Grounds would not have been an appealing purchase without the possibility of additional revenue from slot machines.

"But the fact is, there are no acquisitions where slot machines are not part of the key, as you well know," Meeker said. "I mean, given the dynamics of what's going on in our business, it has become very important that alternative gaming, in some form ... you just need it for the purse structure."

Initially after the purchase Churchill Downs Inc. quickly went to work on improvements at the Fair Grounds, which included \$4 million in renovations to living quarters for workers on the back side and revamping the structure of the stakes schedule.

"A few spectators criticized the upkeep, not for being shoddy, but rather for being too meticulous, reminding longtime track-goers that this once-local entity is now, essentially, a franchise," The Times-Picayune wrote on Thanksgiving 2004, opening day.

By all accounts, locals felt the future was bright for the track that was struggling in the pre-Churchill years.

"In the long run, it's going to be better off," Fair Grounds patron Hilary Nunez told The Times-Picayune on opening day in 2004. "It's not going to lose its charm; it's going to gain charm. Hopefully, we'll bring in big-time trainers and horses like back in the '80s when this place used to really kick."

Almost a decade later, longtime patron Sammy Toups remembers that afternoon well.

"I felt like a kid in a candy store," he recalled. "The legendary Churchill Downs is buying my track. I thought someday the Breeders' Cup might be here."

He paused.

"Boy was I wrong."

By Louisiana law, slot machines are only allowed at the Fair Grounds if the track holds an 80-day race meet. Slots were intended to subsidize purses, and by all accounts have helped many financially struggling tracks through hard times.

But have they become the main focus?

"What I'm being told is slots are doing well; we're slowly turning away from slots and getting away from racing," Schroder said in the Legislative meeting. "I'm not hearing from fans, I'm hearing from people who eat and pay their bills based on that industry."

"We hear that," Gardiner said. "The commission is very concerned with all the quality of horse racing in the state."

He's not the only one concerned.

"If their business model is to alienate their customers, the horsemen, and the community, I give them a gold star because it's working perfectly," said Amoss, a New Orleans native who has been working at the track since he was 14.

"This is about increasing shareholder equity in the short term at the expense of long-term company growth. You can take a first-year finance course to know that it may help for a little while, but in the end, it's a disaster for your company."

PUTTING UP WITH IT

Despite the problems cited by horsemen, the Fair Grounds remains attractive as a winter venue to many top trainers for one reason: the quality of its dirt track.

Long regarded as one of the safest and most forgiving dirt surfaces in racing, it's one area that has continued to thrive under the Churchill banner.

And that's reason enough for some trainers to allow some of the top Thoroughbreds in America to spend at least part of their winters in New Orleans.

"I've developed some of the best horses I ever had here," said Neil Howard, who conditioned 2003 Horse of the Year Mineshaft. "Our dirt track is second to none."

While many trainers expressed their frustration with Churchill Downs Inc., those same trainers have been making the Churchill Downs and Fair Grounds circuit for decades.

"I'm at Churchill year-round," said trainer Steve Margolis, who was 10th in the Fair Grounds standings as of Tuesday. "I love living in both these cities, and if I had my way I'd keep coming here and going to Churchill. I like it. ... But they do need to support their back side and make other adjustments to try to help this place. ..."

"This place does need a makeover. It needs some help. They just need to allocate the money to do it."

When it comes down to it, high on the list of issues for trainers is the safety of the main track. That's the surface on which all horses, both turf and dirt runners, spend at least a portion of almost every day training.

And while deficiencies have been pointed out in other areas, the main track is something the Fair Grounds has continued to maintain, trainers say.

Give them a safe track and trainers likely will keep coming back.

"At least your horses aren't getting hurt here," said trainer Dallas Stewart, whose filly Unbridled Forever won the Silverbulletday Stakes in January. "The track is good and my good horses are running phenomenal."

Everything else, he said, is just nitpicking.

Ask most trainers around the back side, and they won't hesitate to sing the praises of the Fair Grounds' main surface. In several local trainers' opinions, it is one of the best tracks in the country to train a young horse.

"We'll put up with a lot of crap for a safe track," said trainer Keith Desormeaux, who won the 2013 Risen Star Stakes with 135-1 longshot Ive Struck a Nerve. Perhaps ironically, Ive Struck a Nerve suffered an accident at the Fair Grounds while training shortly after the race that sidelined him for the rest of the year.

Steve Asmussen, who is a finalist on the National Museum of Racing 2014 Hall of Fame ballot, has brought some of his highest quality stock to train on the Fair Grounds' oval in the winter.

Asmussen conditioned two-time Horse of the Year Curlin and 2009 Horse of the Year Rachel Alexandra. Both were stabled at Fair Grounds at one point in their careers.

Had they been available at auction at their peak or post-retirement, both would have likely commanded record prices. That's an extreme rarity as only two Horse of the Year winners, Lady's Secret in 1987 and Havre de Grace in 2012, have been sold at public auction.

Havre de Grace, the 2011 Horse of the Year who also trained at Fair Grounds, commanded \$10 million at auction, a record for a broodmare prospect.

But to Asmussen, who could potentially have the next Kentucky Oaks winner in Untapable, horses like those are essentially priceless. All things considered, the surface is the key.

"I'm here because the surface is good and I have irreplaceable horses. They come out of here the best they're going to be," Asmussen said. "I do this for the next Curlin, for the next Rachel. We're doing this for them."

Rachel Alexandra trained and raced at the New Orleans Fair Grounds in 2010 under Steve Asmussen. Chris Granger, NOLA.com | The Times-Picayune

A "DYING SPORT"?

The sport's problems aren't limited to Fair Grounds.

A 2011 study commissioned by the Jockey Club and conducted by independent management consulting firm McKinsey & Company titled "Driving sustainable growth for Thoroughbred racing and breeding" highlighted a few of those concerns.

Without new growth strategies, Thoroughbred racing handle will decline 25 percent in the next decade, according to the report. And only 22 percent of the general public has a favorable impression of the sport.

The report also cited declining handle, attendance, number of starters, number of race days at tracks, along with an almost stagnant number of new fans.

The big events, such as the Kentucky Derby, have grown their attendance, handle and TV ratings. Day-to-day operations overall, however, have declined.

"There is no secret that there is too much racing in the United States and in the State of Louisiana," Churchill Downs Inc. wrote in a statement. "Industry-wide handle is down 26 percent from 2007. The handle generated at the State of Louisiana tracks is down 32 percent from 2007. In short, the demand for horse racing has fallen dramatically while the supply remains high. ...

"Here in (Louisiana) and in other states there are different factions of our industry pulling in different directions, and that is certainly not helping to reinvigorate the sport. While some horsemen have embraced change and understand the need for a paradigm shift, others are having a difficult time.

"As an industry we have a lot of work to do."

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