

Dividing the New York Racing Franchise What Are the Issues?

The Spitzer administration has apparently floated a trial balloon with the Blood-Horse magazine suggesting that the NYRA franchise be divided. See <http://www.bloodhorse.com/articleindex/article.asp?id=38958>. The Aqueduct property would be sold and used for development. The sale would pay off NYRA's debts. Belmont would operate during the winter and be operated by one of the non-NYRA bidders for the franchise. A newly reconstituted NYRA would continue to operate Saratoga during six weeks of the summer.

This trial balloon raises a host of issues which would need to be clarified. Here's a quick look at the more obvious issues.

Aqueduct Closes

1. Queens Racing Jobs - A decade ago, then Assemblyman (now Congressman) Joe Crowley from Queens said "There is a place in racing for Aqueduct... It's important to the economy of the borough and the economy of New York." Almost all elected officials from Queens have viewed Aqueduct and winter racing at Aqueduct as a sacred cow. On the other hand, wouldn't economic development at Aqueduct produce additional jobs?

Most everybody who has a job at Aqueduct in the winter would be expected to hold a similar job at Belmont. If current Aqueduct racing produces jobs for Queens's residents, those jobs will not be going away.

2. Congestion – What is the actual plan for developing Aqueduct? What proportion of the property will be devoted to industrial, commercial, and residential uses?

3. Housing – Will there be housing at Aqueduct? How do you choose the developer? If there is housing, will there be high rise apartment buildings or one/two family homes that would be similar to the current housing stock in the area around Aqueduct. While there is some belief that the area surrounding Aqueduct is Queens/Archie Bunker territory, that is absolutely not the case. The area around Aqueduct is now the melting pot of the 21st century. According to the 2000 Census, the New York City community district that includes Aqueduct is 33.9% white non Hispanic, 16.7% black, 12.8% Asian, 20.8% Hispanic, and 10.2% two or more races non-Hispanic. This 33.9% figure includes the area of Howard Beach which is overwhelmingly white. (Howard Beach is separated from Aqueduct by the Belt Parkway so it would be fair to say that Howard Beach is near but not adjacent to Aqueduct) The census districts in the area directly to the east of Aqueduct are less than 25% white non-Hispanic.

4. Hotels – Assemblywoman Pheffer who represents the Aqueduct area was adamantly opposed to the notion of a hotel at Aqueduct even when it was likely that aqueduct would continue as a racetrack. Are there plans for hotel(s) at /Aqueduct?

5. Politics – Republican Senator Serph Maltese represents the Aqueduct area. He is considered the most vulnerable of the Senate Republicans. Governor Spitzer has been heavily involved in trying to obtain Democratic control over the Senate. If Governor Spitzer attempts to shut down and develop Aqueduct, this might hand Maltese an issue that he could use effectively in the 2008 election against any Spitzer-backed Democrat.

6. Parks – Will there be parks and schools as part of the Aqueduct development?

8. NYRA owns a number of properties in the Aqueduct area that are not part of the racetrack proper but are adjacent to the track. Who takes over the outside NYRA properties?

9. With the loss of Aqueduct, will there enough stall space for racing?

10. How long would it take to develop Aqueduct? What would be done with the track and its facilities during the course of this redevelopment period? Who would manage the track during this redevelopment period?

11. Assuming that the sale of Aqueduct pays off all the NYRA debts in bankruptcy, how do the rest of the proceeds of the sale get allocated?

Belmont

1. Is it possible to develop the property for commercial uses in face of a community opposition and dislike of the existing minor non-racing activities at Belmont such as a flea market and evening softball games?

2. Will there be enough stalls at Belmont to continue racing?

3. How expensive is it to construct a winterized facility? Would you plan to use the existing Belmont Park for the seven month Aqueduct season? The grandstand and clubhouse can barely be used in October due to the lack of heat in the building. Given the size of the building and the limited sunshine on the track in the fall and winter, can the existing Belmont track ever realistically be used in the winter? How long would it take to convert the existing track for winter use?

Would it make more sense to put a smaller pari-mutuel facility at the current Belmont training track to be used during the winter? How expensive would a new facility at the training track be? How long would it take to construct a new facility? Given where the train station is at Belmont, would it ever be possible to have any mass transit connection to the training track?

If the VLT facilities are in the main Belmont plot, wouldn't the absence of machines at the training/winter track, detract from the concept of placing gambling machines at racetracks?

4. Opposition by Nassau County officials and Nassau County OTB in 2001 made it impossible to place VLT's at Belmont. Is there some indication that this prior opposition will be overcome?
5. How will the absence of Saratoga and Aqueduct affect the payment to the State and the other commitments of the winning franchise bidder?

Saratoga

1. If a new reconstituted NYRA runs Saratoga, how does it compete without VLT's and without year round simulcasting against a Belmont facility with year round simulcasting and VLT's? Currently, the purse cushion from NYRA racing in the winter also helps to fund purses at Saratoga. In short, will it be possible for a new NYRA at Saratoga to compete against the potential of much higher purses at Belmont? For example, if the operators of Belmont want to elevate the purse levels of the Dwyer Stakes and the Suburban Handicap in July to extremely high levels, what would that do potentially to fields for the Jim Dandy and the Whitney at Saratoga? Can the Belmont operator effectively "poach" racing at Saratoga?
2. Assuming that an arrangement could be reached under which VLT revenues would be utilized to boost Saratoga purses, doesn't this still place Saratoga/ NYRA at a disadvantage? Without VLT moneys going to the Saratoga operator, wouldn't this still make it difficult for the capital improvements suggested by all the bidders for Saratoga to be completed?
3. Would the new NYRA have the capacity to choose its six weeks of racing in the summer? Would it be possible for Saratoga not to race during the week of Labor Day – which has traditionally been a poor week for attendance and handle?

Blending Questions

1. With NYRA remaining in existence, who owns the trademarks to the NYRA races? Even if you divide up the trade names of races according to the tracks at which they are run, there are some races that have been associated with more than one track. For example, the Woodward Stakes now run at Saratoga was traditionally run at Belmont. The Forego and the Saranac were at times run at the downstate tracks.
2. NYRA has traditionally provided van service between Saratoga and the downstate tracks. This service may become even more important with the absence of stalls at

Aqueduct. How does the van service get continued? How do you insure that each track allows the horses stable at its facility to race at the other New York facility?

3. What happens to NYRA's labor union agreements if there is a new downstate operator?
4. What happens to those non-management NYRA employees who work both downstate and at Saratoga? What becomes of their dual employment? Can one work ethically in the racing office to fill entries for both Saratoga and Belmont?
5. What happens to the NYRA simulcasting agreements which included the downstate tracks? What happens to NYRA's interest in Equibase?
6. What happens to the relationship between NYRA and the new entity (Empceslor) and the various OTB's? Does NYRA/Saratoga become a regional track in the Capital District? Would NYRA be sharing regional commissions with Saratoga Harness and Vernon Downs? What becomes of NYRA's interest in Triple Crown Productions if it no longer runs the Belmont Stakes?
7. How long will it take before all these issues can be decided?
8. How does the thoroughbred breeding fund determine how to allocate purse moneys to the two entities running thoroughbred racing?
9. If the thoroughbred racing is not going to be consolidated, is there any basis under which the OTB's will ever be consolidated?