



Minutes
Oregon Racing Commission
November 17, 2016

Meeting Detail

The Oregon Racing Commission (ORC) met on Thursday, November 17, 2016, in Room 1D of the Portland State Office Building (PSOB), 800 N.E. Oregon St., Portland, OR.

Call to Order

Chair Charles Williamson called the meeting to order at 1:34 p.m.

In Attendance

Commissioners: Chair Charles Williamson, Vice Chair Jan Palmer, DVM, Commissioner Christopher Dudley, Commissioner Diego Conde, Commissioner Michael Huber, DVM (by phone)

Staff

Jack McGrail, Executive Director, Raul Ramirez, Assistant Attorney General (AAG)

AGENDA ITEMS

Approvals:

November 17, 2016, Meeting Agenda

Action: Approve the November 17, 2016, meeting agenda

Moved by: Commissioner Christopher Dudley

Seconded: Commissioner Diego Conde

Vote: Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

October 20, 2016, Meeting Minutes

Action: Approve the October 20, 2016, Commission Meeting Minutes

Moved by: Commissioner Diego Conde

Seconded: Commissioner Christopher Dudley

Vote: Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

Old Business:

3. Executive Director's Report

Executive Director Jack McGrail reported that the Oregon Fairs Association meeting on October 22 in Albany, moderated by Dean Noyes of the Crooked River Roundup (CRRU), provided a wide-ranging and productive discussion. Priority issues for the Commission concerning the fairs include track surface, starting gates, pre-meet preparation and the tote provider.

Director McGrail stated that his research into starting-gate manufacturers found that United Puett, one of the premier manufacturers, has no used gates available and a new gate runs \$28,000 per stall. He noted that a principal in the company, Noel Cassidy, may be available to consult on gate repair at each fair, adding that Mr. Cassidy's metalworking experience is specific to starting gates. Director McGrail added

that the Commission continues to investigate the purchase of a used gate, but 8-horse gates are hard to find.

On the tote issue, Director McGrail stated the Mr. Noyes had contacted United Tote about possibly providing services to all fairs. He added that United's bid is very close to what the Commission spends now on tote services, and its service would be an upgrade. He expressed hope that the fairs keep the Commission informed about the negotiations.

Director McGrail reported that the ADW licensees are doing well in a competitive environment. ADW Supervisor Connie Winn is scheduling 2017 audits, beginning with US Off-Track and Premier Turf Club in January. He added that it is imperative that the ORC continue to provide a forum for ADWs to look at new products and technologies if the Commission is to retain primacy in this regulatory area.

Director McGrail noted that Portland Meadows' (PM) handle figures are steady, and OTBs are up slightly over last year and the Historic Racing handle is up substantially over a year ago. He added that Sunday crowds for live racing have been good, noting that on-track attendance probably does not offset the wagering loss due to the number of simulcast wagering alternatives on weekends. However, weekend racing is important to local fans.

4. Portland Meadows report

Karsten Hennze, PM General Manager, reported by phone that OTBs were up about 2 percent over last year, with nine OTBs. He noted that the Rialto OTB in downtown Portland is closing at year's end, which will have a significant impact, but PM is looking for other nearby locations.

Instant Racing has been steady in the past quarter, he noted, adding that PM is working with AmTote for another push of game releases in December or January.

Turning to live racing, Mr. Hennze stated it was difficult to make a direct comparison with last year's meet because of the recent switch to racing three days a week, but over 168 races, handle is down about 4 percent, or \$8.8 million. He added there are enough "one-offs" that he would characterize handle as steady. He noted that going to three days has affected field size, which is down, with an average of four scratches daily.

Mr. Hennze concluded by stating there was no update on the sale of the PM property.

5. Future of Racing in Oregon Group (FROG) update

Vice Chair Jan Palmer, DVM, stated that the group met this morning and discussed its social media plan, which has been administered for seven months by Kelly O'Neill. That responsibility is shifting to Karsten Hennze and staff at PM. They will meet with Dean Noyes of CRRU to develop a strategic plan.

Vice Chair Palmer stated that the group also discussed the summer fairs, focusing on starting gates and tote companies.

Chair Williamson noted that tote companies are important because of their potential impact on the respect and faith of bettors. He suggested the Commission come up with standards for tote companies. He noted that at one fair meet, 6 percent of winning tickets were not cashed because of problems with reading them.

Vice Chair Palmer asked if there are currently written requirements for tote companies. Director McGrail responded there is a licensing requirement, but that does not include a technology requirement. He noted that the company licensed for most of the fairs has been licensed since the ORC began licensing tote companies. He added that the suggestion to ramp up licensing requirements is a good one, noting that the timing is tricky because licenses are valid through June. He noted that the issue may be moot, as the fairs

are cognizant that they need a better tote system; nevertheless, the Commission will address standards before the next licensing cycle.

Vice Chair Palmer asked Mutuels Auditor Josh Dieringer to send Commissioners the licensing checklist and rules for review before the next Commission meeting. Mr. Dieringer stated that renewals start arriving in May.

New Business:

6. Harney County Fair Race Meet Director's Report

Rick Paul, interim manager of the Harney County Fair since February, stated he had been involved in fairs for 25 years, most recently as manager of the Multnomah County Fair, but Harney County was his first experience with rodeos and race meets. He stated that the fair board had discussed the no-dog policy, which board members instituted in response to what it believed was the Commission's direction. Following the Oregon Fairs Association meeting, he noted, board members felt certain the ORC's authority extended only over the track area and not to the fairgrounds as a whole. The board is considering reconsidering the no-dog policy to restrict it to the track area, he stated. He added the board is concerned about horse and rider safety.

The board is considering changing the race director. Don Slone has indicated he would like to be race director, which Mr. Paul stated would help address problems.

Mr. Paul stated that as a newcomer to racing, he found track consultant Steve Wood invaluable. The track was in one of the best conditions in years, he stated, and the fair is doing additional work for next year, stockpiling shavings and manure to till into the surface before the meet. Two areas will remain problematic, he noted: transportation areas where equipment, animals and people cross the track, causing the surface to become hard. Mr. Wood left seven recommendations, and the fair will implement most of them, Mr. Paul noted.

Mr. Paul stated that it was not clear what information the Commission wanted in a report and suggested a standardized form would be helpful. He noted the weather was great and 64 horses – not enough – came, adding that reports indicated there actually were 70 horses at the meet.

Vice Chair Palmer summarized the horsemen's unhappiness with the no-dog policy and its enforcement, which she believed led to fewer entries. She agreed the overall verdict was that the track surface had been good. But, she stated, what she wanted to see from the fair is a list of the problems, how they will be addressed, and a timeline for solving them. The number one problem, she stated, is the antiquated starting gate.

Mr. Paul responded that the meet had spent \$1,600 to repair last year's problems with the gate. He stated he thought new problems could be addressed, but he was reluctant to spend more money until it is decided whether all the fairs will share a new gate. He added that the Harney County Fair lost \$30,000 on the races this year and \$17,000 last year. He noted that the community likes the event and supports it, but he has asked the board whether it wants to continue the event in light of the costs.

Vice Chair Palmer stated changes had to be made if the meet is to continue. She cited a lack of security that resulted in a safety issue of people crossing the track while horses were on the track. The Commission is concerned about the health and safety of horses and humans. Merely wishing to hold a race meet without a clear plan and time frame for changes does not mean it will happen, she added.

Mr. Paul indicated that some problems stemmed from a lack of communication among fair workers, as well as with the Commission and the tote company. He added that he was not pointing a finger, because he did not know where to point it. After some discussion about the source of a winners report and

itemized purse breakdown, Assistant Attorney General Raul Ramirez suggested Mr. Paul provide the Commission with a copy of the document so what it is and where it came from can be established.

If holding the rodeo and races concurrently is a problem, Vice Chair Palmer stated, perhaps the dates should be changed to eliminate the conflict. That would also be more convenient for horsemen; instead of traveling from Prineville to Tillamook to Burns, a more efficient route might be Prineville to Burns to Tillamook. Mr. Paul reported the Harney County Fair board chairman did not favor that proposal.

Noting that Mr. Paul stated the fair had lost \$17,000 last year and \$30,000 this year on the race meet, Commissioner Dudley asked how that was paid. Mr. Paul stated it was made up through the rest of the fair, noting the fair was \$56,000 in the hole when he took office in February, but ultimately made a profit, for the first time in five years. He explained that his records are broken out so he knows how much each event – race meet, rodeo, demolition derby, children’s play day – costs.

Mr. Paul added that he received no community support for purse supplements, but did receive \$6,500 in sponsorships – that was not net cash because the cost of making banners, etc., was subtracted from it. Mr. Paul noted gaining sponsorships is a goal, but the community consists of about 100 businesses, many of them small, and those businesses are approached repeatedly during the year for event support.

Mr. Paul noted that attendance revenue was up, from \$49,000 last year to \$51,280 this year. Some of that, however, may be due to the fact that fewer gate passes were distributed this year.

Chair Williamson stated that the Commission and horsemen want Harney County to have a race meet, but they want to ensure it is safe.

Mr. Paul stated he is a fiscal conservative unaccustomed to spending money he doesn’t have. He added that Harney County had a difficult last year, citing the armed occupation of the Malheur National Wildlife Refuge in January, and is not willing to underwrite the fair to the same extent it has in the past. He noted that in the spirit of healing the divided community, he had focused on events for kids, and perhaps other parts of the fair did not get the attention they required. About 20,000 people attended the fair, he noted, adding that people plan family and high school reunions to coincide with the event and school is let out for two days. The community values and supports the fair.

Vice Chair Palmer noted that the Commission also wants to support the community and is not concerned about the handle or the \$116,000 spent in the last biennium, but problems have to be fixed. She urged Mr. Paul to reach out to Mr. Noyes, Director McGrail and Randy Evers of the Oregon Horsemen’s Benevolent & Protective Association, as well as to his fair board, and to come up with a follow-up letter listing the problems and how the fair plans to address them in the coming year.

Regarding financial responsibility, Chair Williamson noted that the Commission fears that someone will be hurt, everyone will be sued and it will be a financial disaster in addition to the personal harm done.

Commissioner Huber asked for details on the source of the \$30,000 race meet deficit. Mr. Paul listed expenditures, including 200 bales of shavings (\$1,200), hay and alfalfa, a barbecue (\$500), gate repair (\$1,624), gate tires (\$625), and awards such as belt buckles (\$1,074) and halters (\$634) – things like that make up the \$30,000. The handle was only \$3,975 net, he stated. He added that the Commission is very generous.

Mr. Paul stated that the fair’s allocation for the race meet was \$84,000 last year and \$76,000 this year, and race expenditures were \$103,000. He noted that the fair also has a deficit of about \$30,000 on the rodeo.

Commissioner Conde asked Mr. Paul what the fair board's interest was in continuing to hold the event. Mr. Paul stated that he had not asked that question, but noted the board had appointed two additional rodeo directors, for a total of three, and had asked Mr. Slone to join Mary Wright and Fred Robertson as racing directors. He noted that the board could have left those positions vacant if they were not interested in continuing the rodeo and race meets. In response to a follow-up question from Commissioner Conde, Mr. Paul stated he would ask the board for an official statement. Vice Chair Palmer asked for that statement to reflect the board's desire to have a race meet (or not), who would be in charge, the problems and how they would be addressed next year.

Mr. Paul stated he would be glad to do so, adding that fair representatives did not perceive as many problems as the Commission does. Director McGrail noted that the fair manager had not addressed issues listed in the Commission's letter of Oct. 6, nor had he filed a detailed financial report as requested. Mr. Paul expressed uncertainty about exactly what information was sought.

Vice Chair Palmer further suggested that Mr. Paul contact Mr. Evers at the OHBPA to find out what the horsemen see as problems in order to gain their attendance at the meet. She summed up that the goal is to support and draw the community together – regardless of whether the net financial was a loss or gain – but not at the expense of a person or horse being hurt.

7. Discussion & Possible Approval of Proposal to Allow All ORC Sub-Committee Members to Vote

Noting that the current sub-committee roster had been distributed, Chair Williamson explained that the proposed change would do away with all *ex officio* non-voting members on sub-committees so that all members have a vote. This change would make it possible for the two Commissioners on each sub-committee to talk outside of a sub-committee meeting without being in violation of the public meetings law.

- Motion:** Approve the sub-committee roster with the provision that all sub-committee members will vote on recommendations and other business of the sub-committee
- Moved by:** Commissioner Diego Conde
- Seconded:** Commissioner Christopher Dudley
- Discussion:** Commissioner Dudley clarified that none of the sub-committees was empowered to take action without Commission oversight.
- Vote:** Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

8. Best Practices

Commissioner Dudley noted it was time for the Executive Director's evaluation, a process carried out by the Commission's vice chair with a second Commissioner of her choosing. That pair will meet with the Executive Director, then meet with the rest of the Commission in Executive Session. The whole Commission then meets with the Executive Director in Executive Session. The Executive Director prepares a list of goals for the coming year, which is adopted in open meeting.

Commissioner Dudley added that Department of Administrative Services requires the board also to perform a self-evaluation using 15 criteria. Commissioner Dudley requested that those evaluation forms be distributed to the Commissioners with a return deadline of the first of the year, so that a follow-up work session can be scheduled.

Chair Williamson noted that some groups use a "360 Degree" evaluation, which includes feedback from staff and stakeholders. Commissioner Dudley responded the Commission had never done that, and it would require identifying potential evaluators. He stated Vice Chair Palmer would be in charge. She selected Chair Williamson as her cohort.

Commissioner Huber offered that 360-degree evaluations were the latest trend, and he was not convinced that was the best way to proceed. He wondered why the Commission would use the 360-degree evaluation.

Commissioner Dudley noted that the concept was the evaluation provided an outside, broader look at performance. Commissioner Huber noted that he had used it, and that's why he questioned it – adding that it could result in feedback from individuals who were not adequately informed about what they were commenting on. Commissioner Dudley noted that perhaps the Commission should find out what people outside the Commission felt about their performance. One of the evaluations' purposes, he stated, is to discover festering issues so they can be addressed early. The 360 aids that, he noted, acknowledging the two Commissioners on the sub-committee must provide a filter by understanding the context in which feedback was offered.

Contested Cases:

None

Other Business As May Properly Come Before the Commission:

Dean Noyes, Director of Racing for the Crooked River Roundup (CRRU), offered supplemental information to the Race Meet Director's Report he presented at the October Commission meeting. He stated the meet drew more than 250 horses. His report also included information on purses, handle and historic information, as well as web links to two articles that ran in the Bend Bulletin newspaper.

He added that the budget for the 2017 meet included a \$9,000 increase in purses to a minimum of \$140,000. He noted that included a planned amendment to his requested \$2,000 purse match allocations. He added that the CRRU provides more than \$20,000, and the goal is to have every race offer a minimum purse of \$3,000.

Public Comment:

None

Confirmation of the Next Commission Meeting:

The next ORC meeting will be at 1:30 p.m. Thursday, December 15, 2016, in Room 1A of the Portland State Office Building, 800 N.E. Oregon St., Portland, OR.

Action: Motion to schedule the next Commission meeting for 1:30 p.m. December 15.

Moved by: Commissioner Christopher Dudley

Seconded: Vice Chair Jan Palmer, DVM

Vote: Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

Adjournment:

Action: Motion to adjourn.

Moved by: Commissioner Diego Conde

Seconded: Commissioner Christopher Dudley

Vote: Commissioners Williamson, Palmer, Dudley, Huber and Conde voted AYE, and the motion carried unanimously (5:0).

There being no further business, the meeting was adjourned at 2:40 p.m.