

The Oldham Era

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Horse Cents



By John Foster

Tucked among rolling hills and black fences is a place most Oldham residents probably don't know about — Highpointe Training Center, one of many local players in an industry that seems far away.

But it's not in Lexington or Versailles where three derby contenders from Winstar Farm trained this spring -- it's at Highpointe. The injured derby favorite I Want Revenge is also in Oldham County, in rehab at La Croix Farm. Oldham County's Hermitage Farm has bred stakes winners the world over. But these examples are just a fraction of an industry that pours about \$48 million into Oldham County's economy, creating almost 400 jobs directly and affecting countless more.

Many of those jobs may be lost, horsemen say, if the industry doesn't receive some help. Otherwise Oldham County and Kentucky's thoroughbred industry may continue to shrink, slowly but surely.

The activity is constant at Highpointe although suited in its muffled tones to the early morning light. The horses' muscles glisten as they sprint down the rail. Trainers talk trash to each other as they watch attentively. Grooms lather

horses after a workout, joking to each other in Spanish as those horses with so much money and hope tied up into them curl their lips around their noses in reaction to the suds, exposing their big horse teeth and gums.

All that activity is down about 10 percent this year, farm manager Jimmy Adams said. More trainers are loading their horses up to race in other states, enticed by the prospect of winner's purses boosted by revenue from local slot machines.

In 2008, Kentucky-based trainers raced horses in 6,759 races out of state, up from 6,211 the year before. The most popular places to go are Hoosier Park Casino near Indianapolis ♦" note the name. 162 trainers took horses there. 135 Kentucky trainers raced at Mountaineer Casino, Racetrack and Resort in the West Virginia Panhandle, according to the Governor's Task Force Report on the future of horse racing. These tracks aren't renowned for their crowds, but they do offer lucrative purses.

Churchill Downs still has competitive purses that have hovered around \$480,000 a day for the last 10 years, according to Equibase Company. But Kentucky's smaller tracks ♦" Ellis Park and Turfway Park, which host much of the lower level races in the state, maintain daily purses around \$140,000. At first glance it doesn't seem like Mountaineer is doing much better, considering they average a little better than \$140,000 a day, but it's more impressive considering they race more than 200 days a year.

One trainer who leaves the state for purses supported by slots is Steve Dunn. He trains about 14 horses at Highpointe. He's a local guy and isn't going anywhere soon. But his horses are. He races quite a bit at Mountaineer Racetrack, Hoosier Park and the new Presque Isle Downs near Lake Erie. A horse that might contend for \$18,000 at Turfway Park or Ellis Park in Kentucky stands to make about \$22,000 at Mountaineer against weaker competition. And that's a Kentucky-bred horse. For his Indiana-bred horses the discrepancy is even greater because of the purse incentives at Kentucky tracks for local horses.

He and many other local horsemen support legislation to bring gambling machines known as video lottery terminals ♦" similar to a slot machine ♦" to Kentucky's racetracks. He says slots aren't ideal ♦" they'd rather have 30,000 in attendance every race day to build up purses, but that's just not happening.

He said he'd rather race close to home, but he has to go where he can make money. And tracks in states where slot machines support horse racing have better purses.

"We either adjust and adapt or we lose," he said.

That's not to say Kentucky's purses are shrinking. Between 2000 and 2007, annual purses grew by about \$1 million. But that was well out-paced by states where purses are supported by slots. Louisiana grew by about 46 million, and West Virginia by about 29 million, according to the task force report.

And that affects jobs in Oldham County. If four horses ship out of state, that's a groom and a hotwalker out of a job in Oldham County, Dunn said. That's not the job of the

millionaire CEO of Churchill Downs or a Saudi Sheik, it's a solid-paying \$25,000 a year job for a laborer. That's \$50,000 worth of money going out of state that would stay in Oldham County in the form of an apartment rental, groceries and car purchases, he points out.

He doesn't have any aspirations for untold wealth or fame either.

"I don't dream about going to the Derby, I really don't." he said. "I dream about raising my kids, getting them to college."

Even if many horses go off to race out of state, Kentucky remains the leader in thoroughbred breeding. Through June 18, 68.8 percent of graded stakes winners were bred in Kentucky, according to Equibase. That doesn't provide a completely current picture though, as it reflects breeding of three or more years ago, since horses younger than that aren't racing yet.

But the tracks are feeling the effects, even Churchill Downs. Their parent company earned \$29.1 million in profit as reported in 2008 to shareholders of Churchill Downs Inc. That money does include a large insurance settlement. The company owns four tracks, one with slots and one with an \$85 million facility in the works. Despite their profits, the track isn't immune to the ills the rest of the state's industry is feeling. They've cut seven race days beneath the spires this spring due to an inability to fill fields. Turfway has cut 36 days since 2007, and Ellis is set to run a paltry 23 days this year.

Both have considered closing for good.

There are more people impacted by the industry beyond the owners, trainers and grooms. Take for instance Ken Heppermann, who runs a Goshen consulting firm to formulate business plans and create equine business partnerships.

He managed a survey for the Oldham County Equine Council of all horse owners in Oldham County. He found 388 jobs directly linked to horses, not including jobs like his, or car dealers who sell trucks to horse farmers or contractors who build their barns.

According to the survey, there are about 3,200 horses in Oldham County ♦" 2,000 are thoroughbreds. All told, they create about \$48 million spent in Oldham County.

In Kentucky, about 52,000 full-time jobs are created by the horse industry with about 320,200 horses in the state, although less than half are thoroughbreds. They create about \$2.3 billion of economic activity in the state according to an American Horse Council study from 2005.

Say No to Casinos spokesman Martin Cothran recognizes the problems facing the horse industry in the state, but proposed legislation instituting video lottery terminals in the tracks isn't the solution, he said.

Most of the money won't go to the small-time horsemen who need it most.

"This is a millionaire's bailout," he said.

Churchill Downs spokesman Kevin Flanery said sure it would be profitable for his track, but all projections show it would be even better for the ailing Turfway, and good for racing as a whole, he said.

Cothran said the solution is to target money specifically at purses and breeding funds instead of only 15 percent of video lottery revenue as proposed. He said the industry needs to attract more people to horse racing, instead of finding a gambling industry to replace horse racing.

He said the main problem with proposals for slots is that Kentuckians did not vote for casinos when they approved the lottery in 1988. And people have good reason not to want casinos in the state.

"I think it would be naive to think you're not changing the state," he said.

He said the new slots would have to attract new gamblers from Kentucky in order to raise the funds they want, not just entice gamblers to keep from going across the river. The money going to slots at the track would be money that's not going into a local community where it would do more good.

Jerry Wade, the owner of Skylight Supply, doesn't care whether a Kentuckian chooses to gamble or not, that's his choice in Wade's opinion. What he does care about is the business he's run for about 25 years ♦" which supports his sons and their children ♦" is suffering because there are fewer thoroughbreds in Oldham County to supply with feed, straw and bridles.

"Boy, when you start talking about a man's way of life and they way he's made a living for the last 20 years, you're gonna have a dog fight," he said.

About 80 percent of his business is thoroughbreds, and he's noticed a decline in that population in the last three or four years. He expects that decline to continue unless something changes.

"I'm not sure slots is the long-term answer," he said, "but this I can tell you, if we don't come up with some sort of extra revenue to make purses competitive we're losing this business, gradually but surely."

E-mail us about this story at: jfoster@oldhamera.com

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