

## **Oceanport Task Force on Monmouth Park Racetrack**

Remarks before Senate Legislative Oversight Committee  
The New Jersey Sports and Exposition Authority and Monmouth Park Racetrack  
March 3, 2010

### **Introduction**

Chair Senator Buono and Members of the Senate Legislative Oversight Committee; thank you for inviting me to speak before you today on this important topic. I am Oceanport Mayor Michael J. Mahon. With me is a former colleague of yours, Senator Tom Gagliano. Senator Gagliano is a former Oceanport resident and served on the Oceanport Borough Council. We are here today representing the Oceanport Task Force on Monmouth Park Racetrack.

Oceanport has been home to Monmouth Park since July 30, 1870. Monmouth Park 1 and 2 were located on what became the main post of Fort Monmouth. The Monmouth Park we know today began as the old Rufus West Farm. With a mile racing oval, tree lined grounds, stables, clubhouse and casino;<sup>i</sup> then Elkwood Park, a single short meeting was conducted in 1893. An act of Legislature passed in 1894 prohibited gambling in general and horse racing lay dormant for more than 50 years. It wasn't until 1946 that the Monmouth Park Jockey Club opened the new Monmouth Park Racetrack at the earlier site of Elkwood Park.

The New Jersey Sports & Exposition Authority (Authority) was created by act of Legislature in 1971. In April 1985 the Authority announced an

agreement had been reached to purchase the racetrack for \$45 Million Dollars. Monmouth joined the Meadowlands, already owned by the Authority and built eight years earlier at a cost of \$100 Million Dollars.

Today's Monmouth Park is valued at more than \$90 Million Dollars.<sup>ii</sup>

Our remarks here today will focus on three main points:

1. Understanding the projected deficit of \$22 Million Dollars by the Meadowlands Racetrack and Monmouth Park in 2010.
2. Focus on the Possible by discussing a reduced racing schedule with higher purses, and finally;
3. A Vision for Monmouth Park's future in a continued partnership with the Borough of Oceanport.

### **Understanding the projected deficit**

We must begin by restating the "loss" predicted for Horse racing in 2010.<sup>iii</sup> Current Law allows for the establishment of 15 off track wagering facilities around the state. Licenses currently held by the Authority account for 9 facilities, but only one located in Woodbridge has been built. Still, this facility accounts for \$9 Million in profits not credited to Horse racing. The projected deficit must also take into consideration another credit. Of the \$22 Million projected losses in live

on-track business, \$6 Million Dollars is a charge back for the NJ Racing Commission. The cost for this State commission was shifted from the regular state budget in large measure to the Racetracks under a prior administration. Today, this shift accounts for \$6 Million Dollars of the projected loss in horse racing. With these two amounts included, the predicted loss is \$7 Million Dollars. **With the hoped for addition of the Bayonne OTW in the coming year and a third location in the works, horse racing for the Authority is profitable.**

The Transition Report issued in January by the NJ Gaming/Sports and Entertainment Committee also sites \$8 Million Dollars in payments to Host Municipalities as a contributing factor to the projected deficit. Of this \$8 Million Dollars, \$6 Million is a payment in lieu of taxes or PILOT to East Rutherford. Another \$1.7 Million is a property tax payment to the Borough of Oceanport. As stated previously, Monmouth Park has been a part of Oceanport since 1870 and a taxpayer. A New York Times article<sup>iv</sup> appearing in the May 3, 1894 edition reports the decision of the Township Committee to seize the track property and foreclose for non-payment of taxes in the amount of \$2,300 Dollars. This is one small example of the historical value of the track to the region as a ratable.

When it reopened in 1946, the new Monmouth Park was again a vital asset to the community in terms of employment and property taxes. This continued from the purchase of the racetrack by the Authority in 1986, to the present day. When the State first considered the prospect of purchasing Monmouth, the enabling statute permitted the purchase on the condition

*“that payments equivalent to all municipal, school board, and county taxes due to each entity shall be paid by the authority to the extent and in accordance with the same payment schedule as taxes would have been paid each year, as though the racetrack facility remained in private ownership.”*

Senator Gagliano authored that piece of legislation. As a result, Monmouth Park shares in the support of local and regional services. While Oceanport is a small community of less than 6,000 residents; its population swells with the addition of some 1,000 residents housed in the back stretch from mid April to early December.

### **The Oceanport/Monmouth Park Partnership**

Monmouth Park and Oceanport have long shared a special relationship.

We can take a look back to 1961 when the Monmouth Park Jockey Club

deeded 6 acres<sup>v</sup> to the borough where the Borough Hall, Public Works Garage and Port Au Peck fire station were later built.

Most recently, the Borough of Oceanport supported a \$23.2 Million Dollar loan for construction of a Storm Water Management project at the Track.<sup>vi</sup> This loan is a combination of Bonds sold by the Borough to the NJ Environmental Infrastructure Trust and secured by the full faith and credit of the Borough. Through a Special Assessment Agreement between the Authority and Oceanport, the loan will be repaid over twenty-years. This arrangement was arrived at after several well attended public hearings, project meetings and presentations, engineering and legal consultations leading to unanimous public support for the project. The project seeks to end contaminated runoff into nearby Branchport Creek from the track and stable area. As you can see, the Borough views Monmouth Park as a partner and vital to our mutual success.

At every opportunity, Oceanport has supported efforts by Monmouth Park to expand their entertainment offerings. Be it the Warped Tour, the Jersey Shore Jazz Festival, or perhaps a twilight concert series; Community support for Monmouth Park is strong. For its part, the Authority has long supported Oceanport Non-profits such as the Lions Club Fair and First Aid Squad Circus held annually on the property along with several other events. The Breeders Cup Fan Fest 2007 was

filled with community events such as the Sailing Regatta and Polo Match to name a few, and is another example of the warm relationship between the Track and Oceanport.

We've discussed the local importance of Monmouth Park Racetrack, but it can't go without mentioning the value of horse racing in our County and around the state. Monmouth County has more than 27,000 acres dedicated to equine uses. Almost 5,000 in Farmland Preservation.<sup>vii</sup> Only Hunterdon County has more acres at 29,400 with more than 1,600 in Farmland Preservation. Employment generated is nearly 13,000 jobs. It's easy to see why the horse is New Jersey's State Animal.

### **A Focus on the Possible**

A Plan for Success in Racing – The 50/50. Monmouth Park's thoroughbred schedule would be cut nearly in half, but its purse structure would be tripled to an industry-leading \$1 million a day under a plan to save the state's ailing horse racing industry.<sup>viii</sup> A "Duel Meet" format with reduced racing days beginning with 50 days focused on quality racing and attractive purses; followed by a fall meet of 21 days with at least \$250,000 in daily purses; all conducted at Monmouth Park.

The "Duel" meet format seeks to provide a balanced number of racing days and opportunities for the Horsemen to compete for purses and

improve their stables. At the same time, the 50/50 with the higher purses will improve the quality of each race, increase the on-track handle, and improve payouts. In addition to eliminating two days of operating costs, this plan would leave the Meadowlands for Harness racing and the sports authority would also see a major savings by not having to convert the Meadowlands Racetrack from a surface for thoroughbreds to one for harness racing, as it does every year. The harness racing industry would benefit by being able to choose better late fall dates at the Meadowlands because of the absence of thoroughbred racing. We believe it will also allow for the ‘Highest and Best Use’ of the Meadowlands Racetrack facility by the Authority. Amending the thoroughbred racing schedule will require legislative approval since under law, the Authority, which runs the Meadowlands and Monmouth Park, must race 141 days a year. This is a question that may be considered by this committee and the full legislature in the coming weeks and hopefully enjoys your full support.

No discussion on the sustainability of horse racing in New Jersey is complete without mentioning competition from neighboring states. At every border we are surrounded by gaming opportunities. In many cases, these gaming outlets are more convenient than a trip to Atlantic City and certainly less expensive for travel when distance is a factor. There are currently 10 locations<sup>ix</sup> along our borders with another 2 destinations planned. These gaming destinations are a direct threat to Atlantic City

and the Casino Industry in New Jersey. As a state we can choose to compete by offering gaming destinations of our own outside of Atlantic City, or watch as profits continue to drop. This problem is as much horse racing's as it is the casinos. Introducing slots or video lottery terminals outside of Atlantic City may be the answer for both the casinos and the race tracks. The casino industries sole argument against slots at race tracks in New Jersey is based on the assumption that slots at the tracks would hurt them through a loss of their slot revenue. This position would be very difficult for them to support with facts and something that should be a focus of your investigation. The \$30 Million Dollars the casinos presently use to underwrite the purses and block slots at racetracks could be better spent promoting Atlantic City and investing in a franchise agreement with the Authority to install and operate slots and VLT's at the Meadowlands. The Authority, the Casinos and Horse Racing would all benefit from the resulting synergy such a partnership would create. Opening new markets to the casinos and attracting the convenience player once again to New Jersey gaming. Slots at NJ tracks can draw back the dollars lost to other states racetracks. Give the convenience gamer this choice. "Why drive the miles when you can play the slots at the track while playing the ponies and play both the slots and black jack in nearby Atlantic City?"



## **A Vision for Monmouth Park**

Monmouth Park is an underutilized facility and can easily support multiple uses as an entertainment destination. These alternate / compatible uses should be geared to maximize the facility in and out of season. This is true in the current 93 days over 5 months, or a possible 71 days over 7 months. In either case the facility is capable of supporting a variety of uses within its current configuration; or with minor alterations to accommodate these uses. Exposition or Conference Space can be easily carved from within the current facility. Minor additions would allow for performance venues, night clubs, retail and restaurant uses. A new Monmouth Park Hotel is a possible; duplicating the 1890's vision of Monmouth Park as a destination. All of these are possible through public private partnerships (PPP's).

In addition, Monmouth Park might be able to support expanded stabling through winterization. A training facility located nearby, perhaps at Fort Monmouth, would permit trainers and owners to ready horses for the new racing calendar and fill the those 12 races daily with quality horses from opening day to closing day. Twilight racing offers another option for beach goers and the traditional Friday exodus to the Jersey Shore with post times that don't compete with the sand and sun.

## **In conclusion**

Let me restate the main points:

1. Understanding the projected deficit. Off Track Wagering is a success story and should be repeated with additional locations quickly.
2. Focus on the Possible. A Plan for Success in Racing – The 50/50. The Legislature may be asked to consider a plan that doesn't count the days, but emphasizes making the days count.
3. A Vision for Monmouth Park. Public Private Partnerships to expand uses and maximize the facility.

The Borough of Oceanport recently assembled the Monmouth Park Task Force. This group consists of elected officials, past and present; local horsemen, business leaders and residents. It is with their assistance that we present testimony before this committee. The Monmouth Park Task Force will continue to offer advice and support those efforts underway by the Oversight Committee; and the Governor's Gaming, Sports and Entertainment Advisory Commission.

The underlying benefit to the state that must be considered by this committee as part of its research is the benefit of jobs and open space throughout our state owed in large measure to horse racing and the equine industry. Monmouth Park Racetrack directly and indirectly

employs 3,000 people. These include building trades, horsemen, concessionaires, mutual clerks, service workers, valets, veterinarians, trainers, owners and managers to name a few. Each of these jobs contributes to the local economy by patronizing businesses from barber shop to hotels in surrounding communities. Each pays their share of income taxes and contributes to the states revenue.

Only 4 of New Jersey's 21 counties are without a preserved horse farm supporting the equine industry. The Rutgers Equine Science Center<sup>x</sup> reports of 2007<sup>xi</sup> and 2009 related to the Equine Industry contain data related to economic impact across the state. These are important resources for the committee.

An act of Legislature passed on March 21, 1894 prohibited gambling in general and caused the closure of Monmouth Park. As a result, racing lay dormant for more than 50 years. Coincidentally, an act of the Legislature in March of 2010 may hold the key once again to the survival of horse racing in New Jersey.

We hope these contributions of the Oceanport Task Force on Monmouth Park Racetrack have informed and influenced your perspective on this important issue. Thank you for the opportunity to speak before this committee.

## References

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- <sup>i</sup> “Oceanport in Retrospect” Copyright 1970 by the Borough of Oceanport Historical Society
- <sup>ii</sup> Office of the Tax Assessor; Borough of Oceanport
- <sup>iii</sup> Transition Report – New Jersey Gaming/Sports and Entertainment Committee 05Jan10
- <sup>iv</sup> “Monmouth Park’s Troubles” NY Times article dated 3May1984 Archive #109719648
- <sup>v</sup> “Oceanport in Retrospect” Copyright 1970 by the Borough of Oceanport Historical Society
- <sup>vi</sup> GluckWalrath, LLP Memorandum to Oceanport Mayor Dated 22Feb10
- <sup>vii</sup> Map of NJ – Total Equine Facility Acres Compared to Equine Acres in Farmland Preservation
- <sup>viii</sup> “State’s Cure for horse racing call for triples purses, fewer racing days at Monmouth Park” Tom Luicci / The Star-Ledger 25Feb10
- <sup>ix</sup> Map of Casino Gaming in the Northeast U. S.
- <sup>x</sup> “The New Jersey Equine Industry 2007-Economic Impact” Rutgers Equine Science Center 2007
- <sup>xi</sup> “Impact of Slot Machines/VLT’s on the Economy, Horse Racing and Breeding Industry, Agriculture and Open Space in States/Provinces where they Exist: Why is this Important for New Jersey?” Rutgers Equine Science Center 2009