

# GOLDEN GATE FIELDS AND THE CITY OF ALBANY A FACT SHEET AND ACCOMPANYING BACKGROUND

## 1) Summary of City Characteristics

- a) Total City Acreage is 1095 land acres, or approximately 1.7 square miles of land area.
  - i) Residential: 38% (does not include UC Village, which is under “non-taxable”)
  - ii) Commercial/Industrial: 17%
  - iii) Non-Taxable: 25% (includes City, Albany Unified School District, UC Berkeley, State, U.S. Dept of Agriculture, East Bay Regional Park District, Churches/lodges)
  - iv) Other: 20% streets and freeways
  
- b) Park Land and Open Space: There are 164 land acres of park and open space in Albany, of which 78 acres are owned by the City of Albany (including the Albany bulb).
  
- c) The Albany Waterfront is composed of the following three areas: (land acres only)
  - i) Bulb and Waterfront Trail: Approximately 38 acres, City owned
  - ii) Eastshore State Park: Approximately 50 acres in Albany, State/EBRPD owned. This does not include the Bulb, which is designated to be part of the Eastshore State Park. (See Attachment #1 for more information on the Albany bulb, Eastshore State Park, and the Bay Trail Connection.)
  - iii) Golden Gate Fields: Approximately 102 acres, Magna owned
  
- d) City’s assessed valuation: The City’s current assessed valuation is \$1.4 billion. For each \$1 million in debt, the City would need to levy an estimated assessment of about \$6 per \$100,000 of assessed valuation. In other words, a property worth \$500,000 would pay an annual assessment of about \$30 for each \$1 million raised, for a period of 20 years. (These numbers will fluctuate with bond interest rates, the City’s assessed valuation, and size, type and term of the bond issue.)

## 2) Summary of Golden Gate Fields Characteristics

- a) Acreage: Approximately 138 land acres, of which 102 acres are in Albany. Note that most documents cite 154 acres, which still includes area sold to EBRPD for Gilman Fields and the stables area. (See Attachment #2 for geography and access information)
  
- b) Developed and Undeveloped Land Space (acreage based on CAD files)
  - i) Grandstand = 8 acres. The grandstand seats approximately 8000. There is also a clubhouse that seats 4500 and a turf club that seats 1200.
  - ii) Racetrack Area = 46 acres
  - iii) Parking Lot and Access (Albany) = 41 acres (Approximately 4000 parking spaces))
  - iv) Undeveloped = approximately 7 + acres, which includes the salt marsh and Codornices Creek, and the shoreline
  - v) Berkeley = Approximately 38 acres, includes stables, access and shoreline
  
- c) Ownership History
  - i) The property was owned by Santa Fe Railroad/Realty Corporation, which leased it to a racetrack operation in 1939. Golden Gate Fields opened in 1941, but racing did not

really get underway until after WWII. The land was also used for tennis and golf. Catellus, the real estate arm of Santa Fe Pacific, inherited the property in the 1980s, and in 1989 Ladbroke acquired the racetrack business for \$41 million. In 1999 the property was sold to Magna International Inc. Magna acquired both the land and the racetrack business for \$77 million plus shares in Magna's subsidiary, Magna Entertainment Corporation (MEC). (Refer to Attachment #3 for more detailed information on MEC, Magna International Inc., and MI Developments Inc.)

- ii) Prior land sold: In 1998, Catellus sold 30 acres (the plateau) to the State Department of Parks, which is managed by EBRPD and is part of the Eastshore State Park. In 2003, Magna sold 16 acres to State Parks in 2003 for the Gilman Ball Fields. As part of this transaction a license agreement for Bay Trail access was also completed. (See Attachment 1.)
  
- d) Magna Entertainment Corporation (MEC): MEC owns and operates 10 thoroughbred racetracks in the US, and is one of the three dominant entities in the US thoroughbred industry. MEC also operates four other non-thoroughbred racing tracks, off-track betting facilities and a national advance deposit wagering business, XpressBet, which permits customers to place wagers by telephone and over the Internet. MEC owns HorseRacing TV, a television network focused on horse racing, and developed RaceON TV, which broadcasts North American horse races and operates off-track wagering facilities outside of North America.
  
- e) Manager: The current manager is Peter Tunney, who has been with Golden Gate Fields for approximately 20 years.
  
- f) Golden Gate Fields Attendance

Year	Annual Attendance on-track	Number of Race Days	Avg. Attendance per Race Day	% Change in Attendance
1999	328,561	105	3,129	
2000	310,020	106	2,925	-6.5%
2001	276,262	103	2,682	-8.3%
2002	263,275	104	2,531	-5.6%
2003	248,761	105	2,369	-6.4%
2004	248,215	105	2,364	-0.2%

g) GGF Revenues: Total Handle, on-Track and off-Track wagering

Year	Total Handle (000s)	Handle on-Track (000s)	Handle off-track (000s)
1999	\$440,110	\$84,639	
2000	\$459,226	\$83,294	\$375,932
2001	\$459,739	\$73,216	\$386,523
2002	\$475,085	\$71,657	\$403,428
2003	\$449,616	\$68,067	\$381,549
2004	\$418,349	\$65,847	\$352,502

3) **The Horse Racing Industry in California** (Information from the California Horse Racing Board Annual Report, FY 2003-2004.)

a) Overview: The best indicators of the condition of the horseracing industry are wagering (handle), attendance, and revenue. In 2004, the situation was mixed. Attendance at racetracks in the state continued to decline, down 1.23% from the previous year. However, increased wagering at more than 100 out-of-state locations on California horse races boosted overall handle by 2.25%. Increases of more than three percent in racetrack commissions and horsemen's purses did occur in 2004 despite the drops in on-track attendance. While the industry has serious concerns about the decline in attendance at live racing, Advance Deposit Wagering (ADW) has grown by more than 40%, showing significant increases in interest via the Internet and television audiences.

The industry also faces challenges related to competition from other forms of gaming, as casinos, card rooms, and other gaming activities increase in number and patronage throughout the country. Racetracks are also interested in hosting alternative gambling, in particular, slot machines. Proposition 68, which would have allowed slot machines at racetracks in California, was defeated in 2004. In Pennsylvania, Oklahoma, and Florida, alternative gaming legislation has passed or is pending that would allow for slot machines at racetracks.

b) The Handle: Racing revenues are based on the "handle" or the total amount of money wagered on a race in legal betting. The handle on a race is composed of the total wagers from all authorized locations, which includes on-track wagering, off-track "simulcast" wagering, and "Advance Deposit Wagering" (ADW) via phone and the Internet, which began in 2002. Prior to simulcast wagering in 1985, virtually 100% of wagering on California races was at the track. Currently, only 18% of wagering is "on-track." The remainder is off-track wagering, of which 8.3% was from ADW. While the on-track handle (in the state) has declined 11% over the past five years (from approximately \$870 million to \$775 million), the total handle has risen steadily, from slightly more than \$3.9 billion in 1999/2000 to \$4.3 billion in 2003/2004, increase of 10%.

c) Take-Out: Of the total handle, 80% to 85% is returned to winning ticket holders. The remaining 15% to 20% is the "take-out" which goes to a variety of sources, such as the

state license fee, breeders and owners' awards, equine research, and other mandated amounts. (See attachment #4 for more detailed information on take-out categories) The remaining funds are divided in a prescribed manner between purses and track commissions.

- d) Golden Gate Fields: Golden Gate Fields and the Pacific Racing Association (which acts as the stakeholder for all pari-mutuel wagers) receive revenues from the take-out, primarily from the track commission, which totaled (for all California tracks) approximately 20% of the total take-out in 2003/2004. It should be noted that the total take-out also includes revenues to other States and other fees that must be paid for off-site wagering. Thus, on-site wagering is still the most profitable for the local track. The higher the percentage of wagers on out-of-state races, the smaller the take-out available to California tracks.

According to MEC, the average profit for Golden Gate Fields over the last four years, after subtracting all expenses, is \$366,387. Also according to MEC, Golden Gate Fields has operated profitably in all but a few years of its entire history and current operations are profitable and are forecasted to remain so, and MEC has stated it plans to continue race operations indefinitely.

- e) Local Government Revenue from Wagering: The City receives .33% of the on-track pari-mutuel handle wagered at Golden Gate Fields regardless of where the race is held. Thus, actual attendance at the track has a significant impact on the revenues for the City, but may not necessarily have as strong an impact for the local track if the off track handle is still strong.
- f) Charity Requirements: By law, each racing association must conduct a specified portion of its race meeting for the benefit of charities approved by the CHRB. Fifty percent is required to be distributed to charitable groups within the horseracing industry. According to MEC, Golden Gate Fields distributes \$33,000 to charitable groups within the horseracing industry, and annual contributes \$2,000 to \$3,000 each to the Albany YMCA, Albany Friends of Seniors, Albany Library, and the Albany Community Foundation. Since 1999, Golden Gate Fields has given a total of \$391,456.00 to all charities.

#### **4) Information on Selected Other Race Tracks**

- a) Total number of MEC Tracks: There are 78 thoroughbred and 35 harness racetracks in the United States, including fairgrounds. MEC owns 10 thoroughbred tracks and 4 harness tracks. Within California, MEC owns and operates two racetracks: Golden Gate Fields and Santa Anita. In addition, MEC has proposed the Dixon Downs racetrack.
- b) Dixon Downs: MEC is currently proposing racetrack development in the town of Dixon.
  - i) Completed last of five community meetings in March 2005
  - ii) Draft EIR has been completed and submitted by the City of Dixon; public hearings scheduled to begin in early 2006.
  - iii) Racetrack, barns, and training facilities would be built in first phase. Entertainment, dining, retail, hotel, office and recreation complex under consideration. Subsequent phases of development would include a cumulative total of 1.2 million square feet,

including 750,000 retail (including theatre and restaurant uses); 200,000 offices; 200,000 hotels(240 rooms) and a 50,000 sf conference facility. (The Dixon Web site is [www.ci.dixon.ca.us](http://www.ci.dixon.ca.us) and contains information on the Dixon Downs proposal.

- c) Santa Anita: MEC is working with Caruso Affiliated on a development project at Santa Anita racetrack. The project proposed at this racetrack includes approximately 800,000 square feet of retail, restaurants, entertainment, and 300 units of housing.
- d) Bay Meadows: MEC no longer operates Bay Meadows. Bay Meadows is owned by the Bay Meadows Land Company (BMLC). Historically, the track was run by the “Bay Meadows Operating Company” which changed hands several times over the past two decades, the final owner being MEC, which operated the track until 2004. In 2004, BMLC chose not to renew the MEC lease, and MEC was forced to leave. Currently the track is being operated by the Bay Meadows Racing Association, which is a wholly owned subsidiary of BMLC. BMLC wants to redevelop the 83.5-acre site. Their plans include 1250 residential units, 1.25 million sf of office space, 150,000 sf of retail, 15 acres of open space including a 12-acre park and 2 other smaller parks. The plan has been in discussion for approximately three years, and on September 8, 2005, the San Mateo planning commission voted 4-1 to recommend the plan. Height requirements for development were passed by Measures H and P. Citizen groups have formed both in support of redevelopment and in support of maintaining the racetrack. The first of what is anticipated to be several City Council meetings to discuss the proposal was held September 19, 2005.

## 5) Caruso Affiliated

- a) History: Rick Caruso is an attorney from the Los Angeles area, who founded Caruso Affiliated in 1980. Originally, Caruso Affiliated purchased and leased back land to car rental agencies near airports. However, in the late 1980s the company moved into retail development, specializing in high end retail combined with mixed uses including housing, entertainment and recreation facilities, and parks and open space.
- b) Other Projects: Caruso Affiliated has completed seven Los Angeles area projects to date, including: The Grove, Encino Marketplace, Commons at Calabasas, Village at Moorpark, Promenade at Westlake Village, Burton Place, and Lakes at Thousand Oaks. Projects which are planned for the future (other than GGF) include the Americana at Brand, Marina Waterside, the Village at Playa Vista, and the Shops at Santa Anita.
- c) Caruso Affiliated/MEC Agreement: In April of 2004, MEC signed a letter of intent to explore the possibility of joint ventures between Caruso Affiliated and Magna at both Santa Anita Park and Golden Gate Fields. The agreement expired August 31, 2005, but was extended to October 31, 2005. Currently a more comprehensive agreement is being developed between the two entities and is expected to be completed soon.

## 6) City Controls over Waterfront Development (also refer to City Attorney Memorandum regarding these issues.)

- a) General Plan: The General Plan “Conservation, Recreation and Open Space” (CROS) goals for the waterfront are as follows:
  - CROS 5: Continue to value the importance of the Albany Waterfront area and shoreline as a place of scenic beauty.
  - CROS 6: Develop the maximum feasible park and open space areas in Albany.

CROS 7: Achieve a complimentary mix of private and public uses at the Albany Waterfront, which provide for the maximum feasible open space, recreation and public access to the waterfront area.

(See Attachment #5 for General Plan Policies, information on amending the General Plan, and for Berkeley policies.)

- b) Zoning: In 1978, a comprehensive zoning ordinance was adopted, and Golden Gate Fields property was zoned “Waterfront” or WF District.
  - i) Permitted Uses include gaming and associated uses
  - ii) Conditionally Permitted Uses (must obtain City approval) include the following:
    - (1) Commercial recreation, such as horse racing, golf, tennis, swimming, and other commercial or spectator activities
    - (2) Waterfront and sports related commercial sales/service
    - (3) Restaurants/bars
    - (4) Commercial parking lots
    - (5) Marinas, boat launching ramps, and related uses
    - (6) Parks, golf courses, open space and other recreation facilities
    - (7) Public utility and public service structures and installation
- c) Current uses include a grandstand and racetrack; simulcast facility, offices, dining, parking lots, and maintenance area. Ten special events per year are allowed under a City approved conditional use permit.
- d) Measure C: Citizen’s Waterfront Approval Initiative
  - i) Measure C is a citizen initiated ballot measure approved by the voters in 1990. It effectively froze the zoning on the GGF property, and established voter approval requirements for development
  - ii) The options for the development process under the provisions of Measure C are addressed in the City Attorney’s memorandum.
- e) Elections Under Measure C
  - i) An election can be called by the City Council or can be initiated by a Citizens Initiative.
    - (1) For an Initiative Measure, the proponents must collect 10% of the voters of the city, according to the last report of registration by the County.
  - ii) An election is required for any of the following:
    - (1) An application for a use not authorized in the WF zoning district
    - (2) Any amendment to the General Plan land use designations
    - (3) Any material amendment to the Waterfront Master Plan or other specific plan (although such plans do not exist.)
    - (4) Any text/map amendment to zoning ordinance for WF area
    - (5) Any development agreement and/or material amendment to an existing development agreement for the WF area.

7) **PRIOR DEVELOPMENT PROPOSALS AT GGF** (also refer to City Attorney Memorandum regarding these issues.)

- a) Santa Fe Realty/Catellus EIR: In the late 1980's, Santa Fe Realty asked the City to undertake an EIR process to study possible development options. The EIR began in 1985 and the process continued for approximately five years, costing Santa Fe/Catellus approximately \$500,000. The EIR evaluated alternatives ranging from "no project" to development of 4.2 million SF of retail/commercial/residential. A park alternative was one of the options. No specific development application was ever filed. Concerns about the potential for development led to Measure C, which passed in June of 1990.
- b) Ladbroke/Cardroom proposal: In the early 1990's Ladbroke proposed the development of a card room at GGF. The proposal required voter approval to adopt a gaming ordinance, a development agreement, and zoning amendments. Measure F, including these items, was passed by the voters in 1994, but the result was challenged by a citizen's group and subsequently overturned in the court of appeals.

**8) Financial Information**

- a) City Revenues (estimated) from GGF. *Note: Sales tax information is confidential information that may be released only with the permission of the business; Golden Gate Fields gave its permission for the information to be released.*

SOURCES	FY04/05	FY03/04	FY02/03
Property taxes – fees/assessments	\$264,059	\$263,192	\$240,043
Property taxes, special purpose	\$57,569	\$57,775	\$40,907
<b>Property Taxes--Special Funds</b>	<b>\$321,628</b>	<b>\$320,967</b>	<b>\$280,950</b>
Property Taxes, County (General Fund)	\$83,124	\$81,600	\$80,000
Sales Tax (GF)	\$61,664	\$91,558	\$72,462
Racetrack Wagering Revenue (GF)	\$431,437	\$479,597	\$488,115
<b>All Taxes - General Fund (GF)</b>	<b>\$576,225</b>	<b>\$652,755</b>	<b>\$640,577</b>
<b>TOTAL REVENUES, Special + GF</b>	<b>\$897,853</b>	<b>\$973,722</b>	<b>\$921,527</b>

CITY GENERAL FUND REVENUES	\$11,209,516	\$10,298,079	\$9,709,901
GGF General Fund revenues as % of total City General Fund revenues	5%	6%	7%

- b) Albany Unified School District revenues from GGF: The GGF property pays assessments that are levied by the school district on their parcels. For a commercial district these are based on square footage of the actual parcels. The School District's bond measure is an ad valorem tax that is paid by all property owners. The higher the assessed valuation of GGF, the greater amount of the debt service will be paid by GGF, thus lowering the debt service tax levy for other taxpayers; likewise a reduction in the assessed valuation increases the debt service tax levy for other taxpayers.

SOURCES	FY04/05	FY03/04	FY02/03
Property taxes, assessments	\$ 280,396.00	\$ 278,693.00	\$ 271,751.00
Property taxes, ad valorem	\$ 68,956.00	\$ 55,129.00	\$ 61,009.00
<b>TOTAL</b>	<b>\$ 349,352.00</b>	<b>\$ 333,822.00</b>	<b>\$ 332,760.00</b>

## ATTACHMENTS

1. Information on the Eastshore State Park, the Bay Trail and the Albany Bulb
2. Physical Characteristics of GGF: geography and access
3. Back Ground Information on Magna International Inc.
4. Information from California Horse Racing Board on Take-Out and Handle
5. General Plan Information, including how to amend the General Plan, and Berkeley policies
6. Measure C
7. Aerial Photo with property and jurisdiction boundaries