

# THE LITTLE RACETRACK THAT COULD

## MICHIGAN HORSEMEN PERSEVERE TO KEEP RACING ALIVE AT HAZEL PARK

By Judy L. Marchman

**M**ichigan's Thoroughbred industry has been struggling to keep its head above water for years now, but last year's return of the breed to Hazel Park Raceway near Detroit provided a welcome respite for the state's horsemen. After the first Thoroughbred meet in 30 years at Hazel Park was deemed a success, all signs looked good for this year, but purse shortages and struggles to level the regulatory playing field have forced horsemen to dig in once again. However, for the past two years, there has been one very bright spot at Hazel Park: Michigan fans will come out to watch and bet on live Thoroughbred racing. And that gives track officials and local horsemen hope for the future.

Courtesy Hazel Park Raceway



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## THOROUGHBREDS RETURN TO DETROIT

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“For a day-to-day type of crowd, we’re one of the top tracks with live attendance,” said Mike Stommen, assistant director of racetrack operations at Hazel Park. “We’ll typically have a few thousand people on a Friday night.”

Business was certainly hopping at the track on the evening of Friday, July 17, with people continuing to arrive throughout the night. The sight of the bustling, happy crowd was bittersweet for both track management and horsemen given the upbeat ending to last year’s meet, which welcomed Thoroughbreds back to Hazel Park for the first time since 1984. The track originally opened in 1949 with a Thoroughbred meet and then started offering Thoroughbred and Standardbred racing in 1953. Returning to Hazel Park offered a chance for Michigan horsemen to come home after years of a nomadic existence both within and outside of the state.

“All Michigan horsemen since the closing of Detroit Race Course [in 1998], all our lives have been in turmoil,” said Mary Ann Barron, Hazel Park’s racing secretary and a lifelong Michigan horsewoman.

After a nine-year stint at Great Lakes Down in Muskegon and then a brief sojourn to Pinnacle Race Course, which failed after hopes for a casino fell through, Michigan horsemen wound up at Mount Pleasant Meadows, a half-mile state fair track, “which was like purgatory,” Michigan HBPA President George Kutlenios said. “But when Pinnacle closed, I realized that if we didn’t find a place to race, or even took a year off, Thoroughbred racing in Michigan would be dead.”

While Thoroughbred racing was secured at Mount Pleasant, Kutlenios wanted to get Thoroughbreds and Michigan’s horsemen back to the Detroit area and to a much larger and more knowledgeable audience. Last year, Hazel Park’s management agreed to bring Thoroughbred racing back to the track, and upon approval from the Michigan Gaming Control Board (MGCB), which regulates horse racing in the state, work began in May 2014 to convert the five-eighths-mile racetrack and make the necessary infrastructure changes.

“We took most of June to convert the track over [from a Standardbred racing surface to a Thoroughbred one],” Stommen said. “We had to move the rails and re-anchor them, and we had to take the banks out of the turns and bring in about four inches of sandy loam.”

The track also did some repairs and made some improvements to the barn area to get it ready for horses again, as the Standardbreds were all ship-ins.

“The entire conversion was all a little over \$300,000,” Stommen added.

Barron pointed out that many of the oak barns that date to the track’s original opening in 1949 were still in good shape, even after going unused for so long. Only about a third of the barn area is left, though, with a training center and a number of barns having been torn down in the intervening years. But for Michigan horsemen, it’s been a chance to return home, at least for a few weeks.

“It was wonderful last year, seeing a lot of old friends,” said Ernesto Scarpetti, who owns a farm in Ocala, Florida, and trains horses for several clients including Kutlenios.

He had eight horses stabled at Hazel Park during the 2015 meet, but as a former jockey, his connection to the track goes much further back.

“I rode here for the first time in 1976, went out west and then came back in 1980 until it closed,” he said.

Hazel Park held its opening night last year on June 27, and more than 10,000 people turned out, greatly exceeding all expectations. The next weekend was Fourth of July with fireworks on that Friday and again another big crowd. But after those two big weekends, no one knew if the people would continue to come. They did.

“We had no idea that every Friday and Saturday night this place was going to be wall-to-wall people; it was like magic,” Barron said.

Even with the challenges of running only two nights a week—getting enough barn help and jockeys to come in to ride were constant struggles—races filled well for the most part, given the lower purse structure (average overnights of \$50,000) than other area tracks.

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The Hazel Park clubhouse (right) and grandstand started to again offer views of Thoroughbred racing last year for the first time in three decades.

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“The live handle was doing very well,” Kutlenios said. “We were averaging \$100,000 a night on live. We had other tracks calling and saying, ‘What are you guys doing out there?’”

## CURRENT STRUGGLES

With the 2014 meeting a success, Hazel Park and the Michigan HBPA applied for and were granted 40 days of racing for 2015. The positive momentum, however, was derailed by a shortage of overnight purse funds of between \$400,000 and \$500,000 that dictated an early end to the 2015 meet. The 2015 Hazel Park meet began with a 7 percent reduction in overall purse money from the previous year, and the track had to reduce starting fees and purses three times through the meet to continue funding overnight purses.

Exacerbating the issue was the loss of expected simulcast revenue from the harness track, Sports Creek Raceway. Standardbred horsemen failed to sign an agreement with that harness track to race in 2015, and the MGCB subsequently shut down Sports Creek on January 1. The closure resulted in a loss of \$400,000 in expected purse money for Thoroughbreds at Hazel Park.

Having to end the meet early was a bitter pill for Michigan horsemen to take, particularly when combined with the lack of assistance from the MGCB.

“We have a regulator that has not been very cooperative for Thoroughbred racing; that makes it difficult,” said Kutlenios, explaining that the racing industry had been under the aegis of the Office of Racing Commissioner under the Michigan Department of Agriculture and Rural Development before being moved under the MGCB, which oversees the state’s casino industry, five years ago.

As a way to save an estimated \$150,000 in purse money, the Michigan HBPA proposed to the MGCB reducing the number of races per day from nine to eight, something that has been done in the past in Michigan and is currently done in other racing jurisdictions such as Illinois and California. The request was denied.

Another avenue the Michigan HPBA pursued was a million-dollar “escrow fund” held by the MGCB. The funds were generated at Hazel

Park from the Standardbred meetings and, by statute, are allocated to Hazel Park for Standardbred racing. However, with Standardbreds no longer running at the track, the Michigan HBPA anticipated that the MGCB would appropriate the funds for the active Thoroughbred and Standardbred meets occurring in the state.

On July 7, the Michigan HBPA and Hazel Park sent a request to the MGCB offering two options: (1) the track closes on August 8 instead of the original September 12, or (2) the funds could be split on a 50-50 basis between the Thoroughbred and Standardbred horsemen, which would allow Hazel Park to finish the full meet.

“Releasing even some of the escrow money would have helped,” Kutlenios said. “It would have gotten us to the 40 days.”

The MGCB’s response came on July 22, declining the request to release the funds and ordering Hazel Park to end the meet early. A press release from the MGCB stated, “According to the Michigan Horse Racing Law of 1995, over \$1 million is available for Standardbred racing should the Michigan Harness Horsemen’s Association sign a contract with Hazel Park Raceway in the future.” The Michigan HBPA currently has a five-year contract with the track for Thoroughbred racing.

“I have to take my hat off to the people at Hazel Park who tried very hard to make this happen and the Michigan horsemen who have stuck with this program, even when it didn’t make economic sense,” Kutlenios said. “They just believed in their home state and believed in the Michigan product enough and they saw the fans here... That’s why it’s so sad to see this meet cut short.

“So that’s where we’re at as for the state of racing right now,” Kutlenios added. “The upside of that is that we’ve spent three years working with our state legislators.”

## SETTING AN EXAMPLE

Hazel Park and the Michigan HBPA have been working closely with state legislators to educate them on Thoroughbred horse racing and its viability as an agricultural product and revenue generator for the state. Kutlenios remains hopeful that those efforts will pay off in the near future in a couple of ways. First, the Michigan HBPA has proposed legislation that would redefine how money earned from racing would be distributed in the state.

“It’s called a breed-specific distribution model,” Kutlenios said.

Money spent on Thoroughbreds would be designated for Thoroughbred purses, and money spent on Standardbreds would go to Standardbred purses. Under the current law, which went into effect when the state had seven Standardbred tracks and two Thoroughbred tracks, the distribution of funds is roughly 60 percent to Standardbreds versus 40 percent to Thoroughbreds.

Michigan horsewoman Julie Atwood and Michigan HBPA Executive Director Gary Tinkle are among those fighting to keep Thoroughbred racing going in the state.



Judy Marchman

“And right now, about 62 percent of all money in Michigan is bet on Thoroughbreds, and 38 percent is bet on Standardbreds,” Kutlenios pointed out. “We just want to fix that to make it realistic and reflect today’s market.”

Also on the wish list is to finally get advance deposit wagering (ADW); a pilot product at Hazel Park has been awaiting approval from the MGCB for more than a year.

“We’re one of the few states that doesn’t have an active ADW program in place,” Kutlenios said.

The upside to closing early, Kutlenios pointed out, is that they would be able to fill the purse pool for next year. In addition, the Department of Agriculture’s enacted 2015-16 budget provides an additional \$600,000 to the state’s Agriculture Equine Industry Development Fund for horse purse supplements, and 60 percent of that (\$360,000) is expected to be earmarked for Thoroughbred racing.

“We’re still here, and we’re still fighting,” Michigan HBPA Executive Director Gary Tinkle said. “Our horsemen have just been unbelievable, being dedicated to spending the money to keep themselves going in anticipation of something happening, and I just can’t give enough praise for that. It helps us do our job when we know we can depend on our horsemen to support what we’re trying to do.”

“Michigan has struggled, but you know what? The horsemen have just not given up. It’s been a struggle for several years with the purse money, and yet the perseverance has just been incredible,” said Julie Atwood, a Michigan native who has been in racing for 12 years as an owner and, as of this year, as a trainer with a string at Hazel Park.

In the meantime, Hazel Park officials are proud—and rightfully so—of the public response to the live racing program.

“We are getting a younger demographic,” Stommen said. “The young professionals seem to be starting to come.”

Upstairs in the clubhouse, veteran horseplayers can hunker down for an afternoon and/or evening of betting, keeping an eye on the wall of TVs broadcasting races from all over. But on Friday and Saturday evenings during the live meet, the rest of the plant is dedicated to drawing in and entertaining a broader audience, from those curious

about horse racing to families looking for an economical night out to office groups or friends having a party. Fridays are \$1 nights (\$1 popcorn and sodas, \$2 beers, etc.) and also include the Action on the Apron program, with activities and music, as well as the important beer and hot dog stands.

A big believer in customer education and word-of-mouth promotion, Stommen has put together a popular program called Night at the Races, which includes a tour of the facility and backside (which he usually conducts), a food voucher, a betting voucher, programs and some betting instructions for newcomers. The visit to the backside has been especially well received.

“We have my superstar horses back there who are really good with people. They all take pictures and have a great experience with the horses,” he said, adding that getting people in touch with the horses is what sets the racetrack experience apart from casinos. “Many people have never touched a horse.”

He has also reached out to local businesses for sponsorship opportunities. One such example is Valentine Distillery, which sponsors the Paddock, the open area underneath the clubhouse where party suites have been set up for groups to reserve for the evening. In early August, mobile wagering on live and simulcast races was approved, which Stommen thinks will appeal to the younger demographic as well.

“It keeps people from having to interrupt their conversations with their friends to go bet, so hopefully the younger crowd will get into that,” he said. “We have to face that it’s a changing market, and we’re in the entertainment industry now.”

Kutlenios echoed Stommen’s remark about the changing market of racing, from bringing in other forms of entertainment to making the sport more understandable for new fans.

“I would hope other states would stop looking in the past at what racing used to be and be realistic and accept horse racing for what it is today,” he said. “We won’t ever run 160 days of live racing in Michigan again, but whatever days we do run, we should make them productive, profitable and entertaining and safe. Those are the important things moving forward.”

Even through all the purse and regulatory struggles, knowing that Michigan fans have responded so enthusiastically to live racing keeps Hazel Park and Michigan horsemen motivated to ensure a live meet for 2016.

“If there’s an upside to this whole story, it’s that I think we’ve built a case that Thoroughbred racing is still a popular fan sport,” Kutlenios said. “Hazel Park certainly proves that. We bring people out every Friday and Saturday to watch these magnificent horses run without additional incentive, such as slots, and I think that’s important.” 

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Although Michigan racing does face its share of challenges, attracting fans to Hazel Park does not appear to be one of them.

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