

# Hubbard

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## Racing Commission.

The racing commission, which will award the Dallas-Fort Worth license later this year, not only will examine Hubbard's plans for Grand Prairie, it also will scrutinize his track record in Kansas.

Executive Director David Freeman said commission officials will visit the Kansas racetrack, and all things being equal, Hubbard's effectiveness at operating that track could prove pivotal in the licensing decision here.

"That might be the factor that tips the scale," Freeman said.

Known as The Woodlands, the \$70 million Kansas facility is the only racetrack Hubbard has built from scratch. It was financed with a \$60 million loan from Southeast Bank of Miami, which later failed.

The Woodlands is a unique operation that combines horse racing with dog racing. It opened to great fanfare in September 1989 in Kansas City, Kan.

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Today, the development not only lacks amenities originally promised by Hubbard, but the horse racing season has been cut nearly in half and the facility is losing \$5 million a year.

Hubbard and his associates at Sunflower Racing Inc. also are contesting a \$3.5 million property tax bill — leaving a small public school district in precarious financial straits.

Many angry Kansans accuse Hubbard of killing the state's horse racing industry as quickly as he brought it to life.

Skeptics even suspect that he has allowed The Woodlands to fail intentionally so that he can leverage changes in the industry from Kansas state lawmakers.

"He's been the worst thing that has ever happened to this state," said businessman Bill Dale.

Dale described his own situation as a common illustration of how The Woodlands — still the only horse track in Kansas — has become a cruel trick on the state.

When Dale saw that the racetrack was going to be licensed, he invested nearly \$100,000 to convert his nearby farm into a training facility for racehorses traveling to the area.

Business was brisk the first year, Dale says, but because of the track's shortcomings, horse owners now are bypassing Kansas and his training facility is in mothballs.

"Horse racing is dead out there as long as R.D. Hubbard owns it," Dale said bitterly.

He also said Texas officials should "wake up" to Hubbard's background before issuing him a license.

"I just can't imagine those people down there letting him get hold of that facility," he said.

In seeking the Texas racing license, Hubbard has promised a \$95 million racetrack featuring seven-story grandstands, sky boxes, dining rooms that overlook the track and a garden patio at trackside.

He also has pledged to deliver 140 days of horse racing each season.

The management team he has assembled here includes some top associates from The Woodlands. Citing past experience, Hubbard says Midpointe could "hit the ground running."

But critics in Kansas say Hubbard was a disappointment there before he even left the starting gate.

- He originally promised 101 days of horse racing throughout the summer months. The season has since been whittled down to 63 racing days from mid-August to November.

- He originally promised races at 7 p.m. to allow weekday fans to enjoy night racing. To this day, there is no lighting at the racetrack and no night racing.

- He installed air conditioning only for spectators in the more expensive seats. Critics say other areas of the grandstands become dreadfully hot.

"It's a far cry from the picture that was painted when the license was granted," said Albert Becker, a longtime Kansas horseman and leader of statewide industry groups.

Becker cited widespread fear that The Woodlands is deteriorating so badly that soon there will be no horse racing — only dog racing. He added: "It's put the horse racing industry in complete doldrums."

He also said he was surprised to hear that Hubbard, with all his problems in Kansas, was laying plans to build another facility in Texas.

"I thought he had more than he could handle right now," Becker said.

In addition to building The Woodlands, Hubbard in the past four years has acquired control of horse tracks in California and New Mexico, and a dog track in Oregon.

For the license in Texas, he is competing with a development group that has picked another site in Grand Prairie; a group that has picked a site in Dallas; and Trinity Meadows, a Fort Worth-area track whose owners want to upgrade their operation with the new license.

*"These people would say that Jesus Christ is going to cut the ribbon, if they thought it would get them the license."*

— Mike Jones  
Kansas Racing Commission

Ed Dodwell, president of the Texas Thoroughbred Breeders Association, said his organization of 3,000 horsemen does not plan to make an endorsement in the competition.

Dodwell, however, said he was pleased to see Hubbard pursuing the license, because Hubbard has won high praise for his management of tracks in California and New Mexico.

Dodwell said although he has heard that Hubbard was having troubles in Kansas, he does not put much credence in the complaints emanating from within that state's racing industry.

"It does not concern me," he said. "Historically, horsemen are unhappy anyway, unless everything is going their way."

Some Kansas critics believe that Hubbard's troubles have been manufactured to make a case for industry reform by the state. Why else, they ask, would he neglect night racing or other amenities that seem certain to improve business?

Former State Rep. Debbie Schauf, who was active in bringing horse racing to Kansas, said Hubbard's original objective was to operate only a dog racing facility.

Horse racing was added to obtain the state license, Schauf said, and now Hubbard and his colleagues apparently are trying to sabotage that side of the business so they can return to their original plan.

"All they really have done is taken full



R.D. Hubbard

advantage of other people's naivete and ignorance," she said.

Rutland, a leader in the Kansas Horsemen's Association, said Hubbard's long-term strategy also seems centered on simulcasting, which is the televising of live horse races from other tracks.

By televising other races — a legislative issue currently being considered by lawmakers in both Kansas and Texas — a track operator can save overhead costs while still attracting racing fans and betters.

Hubbard has hired a Kansas lobbyist who is a longtime acquaintance of Gov. Joan Finney.

"He's there to protect himself and make money," Rutland said. "He's proven that to us."

Actually, The Woodlands already is making money, in a roundabout way. The dog racing has proven quite popular. And because it is less costly to operate than horse racing, that part of the business is turning a profit.

The problem is that most profits must be poured back into the business to cover losses in the horse racing operation.

Those losses reached \$5 million last year, and Mike Jones, chief accountant for the Kansas Racing Commission, predicts that the losses will hit \$8 million this year.

Jones said he does not disagree with skeptics who think Hubbard eventually will try to eliminate horse racing to maximize profits.

Jones called the situation frustrating, particularly in light of studies showing that business would be much better if The Woodlands were built the way it originally was planned.

But Kansas officials, he added, are learning that promises made by business people who seek state licenses frequently are

"skewed."

"These people would say that Jesus Christ is going to cut the ribbon, if they thought it would get them the license," he said.

The five-member Kansas Racing Commission has not wholeheartedly endorsed the changes Hubbard has made since obtaining his license. The latest cutback in the length of the horse racing season, for example, was narrowly approved by a 3-2 vote.

Commission Chairman Phil Martin, who voted against the cutback, said he "could talk for hours" about his reasons for opposing Hubbard's plan.

Martin said he has heard numerous complaints and dire predictions about The Woodlands' future, including his own staff's projections of continued financial problems.

"I hope that they're wrong," he said. "I guess time will tell."

Another part of the financial problem for The Woodlands is an annual property tax bill of \$3.5 million.

A county appraiser has determined that building the racetrack increased the value of the property to \$60 million. Hubbard appealed the appraisal, saying the property was worth only \$35 million.

Jim Davidson, chief counsel for the Kansas Board of Tax Appeals, said Hubbard testified last year that he deeply loves horse racing, but that he is encountering a litany of problems in trying to make his new facility profitable.

"His affinity for horse racing, in some sense, superseded his pocketbook," Davidson said.

The appeal was denied last October. But by that time, nearby Piper School District already was facing serious budget constraints.

School Superintendent Sandra Terril said The Woodlands accounts for nearly 50% of the small school district's tax support. While the facility's tax bill was being debated, the school district scrambled to cut costs and braced for disaster.

Now that Hubbard has filed a lawsuit to take his tax fight into court, the school district continues to face an uncertain future.

The superintendent, however, says she does not criticize Hubbard. She understands the business side of things.

"Do I want The Woodlands to go away? Absolutely not," she said. "They have been a good neighbor in every other way."