

# Golf Study

## Knoxville Municipal, Whittle Springs, and Williams Creek

### September 26, 2023

#### Purpose of Golf Study

To research, analyze, and present options that will increase the probability that the City of Knoxville can provide its residents golf as a recreational amenity that offers value for the patrons on a foundation that optimizes the financial resources allocated by the City.

:

#### The Findings

The City of Knoxville owns three golf courses:

Course	Year Open	Length	Slope Rating	Prime Time Rate
Knoxville Municipal	1983	6,217	118	\$39
Whittle Springs	1932	5,729	112	\$33
Williams Creek	2003	2,869	N/A	\$37

The experience provided by these courses will attract new entrants to the game, recreational golfers, and senior citizens seeking a leisurely round of golf. These golf courses will not appeal regularly to the accomplished avid golfer who prefers longer, more challenging venues.

Knoxville Municipal and Whittle Springs are operated as an "Enterprise Fund." The financial performance of the golf courses is recorded in the Golf Enterprise Fund (000508) and various associated sub-funds.

For the past decade, transfers to support the golf courses have been made from the general fund, capital projects, golf fund, fleet fund, and various intrafund transfers slightly exceeding \$3 million. This financial support has covered professional service fees of \$1,608,517, depreciation of \$706,897, operational losses of \$168,366, and various capital projects.

Over the past decade, a capital investment, preferably from cash flow, should have been invested in Knoxville Municipal and Whittle Springs, totaling \$3,874,000, contrasted to the \$1,181,497 expended, of which 70% was for cart paths.

Knoxville Municipal and Whittle Springs have been managed under contract for the past sixteen years via a third-party agreement with Indigo Sports that expires on December 31, 2023.

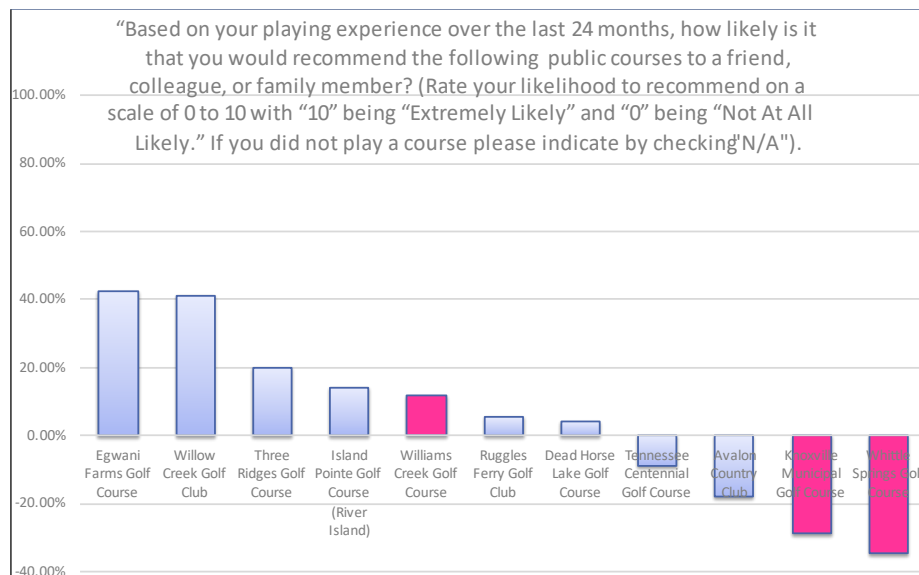
Williams Creek Golf Course is managed by WC Two, a Tennessee 501(c)3 non-profit corporation "doing business as" the Williams Creek Youth Foundation. Their lease to manage the golf courses expires on October 31, 2031.

Today, Williams Creek is partially financially supported by the \$8 million Parks and Recreation Department budget, which is part of the General Fund. Since FY 2001, the City of Knoxville has invested in Williams Creek \$2,688,348 allocated as follows:

Items	Amount
Foundation Support according to the original agreement	\$300,000
Capital Investment	134,675
Operational Support, Including Maintenance Equipment (July 1, 2007 – December 31, 2022)	620,000
Labor Support: Superintendent (November 1, 2016 - December 31, 2022)	92,500
Other Utilities, Including Water from 2007 through 2022	1,541,173

## Deferred Capital Impacts Customer Loyalty

The lack of proper capital investment over the past twenty years in the golf courses has eroded the quality of the experience provided to the golfers and their loyalty, as shown here:



The deferred capital for the courses is substantial:

	Critical	Competitive	Comprehensive	Total
Knox Municipal	\$1,050,000	400,000	1,000,000	2,450,000
Whittle Springs	1,500,000	350,000	980,625	2,830,625
Williams Creek	500,000	476,000	2,844,700	3,820,700
<b>Total</b>	<b>\$3,050,000</b>	<b>1,226,000</b>	<b>4,825,325</b>	<b>9,101,325</b>

While these numbers look daunting unto themselves, the level of investment does not address the critical safety issue on Whittle Springs 10<sup>th</sup> to 12<sup>th</sup> holes where damages to homes and cars repeatedly are extensive, and this level of investment does not incorporate the capital required for the sorely needed clubhouse renovations, particularly at Whittle Springs and Williams Creek.

To render the City's golf courses current by undertaking the issues listed above might require upwards of \$15 million.

## The Harsh Reality

The harsh reality is that the City of Knoxville could shutter all three facilities and avoid the potential capital investment of \$15 million and the annual capital subsidy of \$400,000. Residents could still play golf on the area's twelve other public golf courses.

## Operational Challenges

The City of Knoxville golf courses have little chance of being fiscally self-sustaining due to four factors: typography challenges with the existing sites, revenue constraints influenced by demographics, historical operating cost constraints, and accelerated expenses to support the new capital investment.

## Where to From Here?

The status quo is always a choice.

However, suppose the City of Knoxville's golf courses were privately owned. In that case, the most viable financial option is to sell Knoxville Municipal and Whittle Springs to address the critical housing shortage within the City.

Recreational golf would still be provided by the City as Williams Creek is a delightful 18-hole par three golf course that serves a vital community need, providing an entrance door to the game of golf for the disadvantaged and disenfranchised. The continued capital commitment from the City, the County, corporate benefactors, and the Tennessee Golf Foundation is very pragmatic.

The viable options for Knoxville Municipal and Whittle Springs are less clear. A comprehensive architectural analysis of each golf course was undertaken as part of this Golf Study by Trey Kemp, ASGCA. Those reports along with appropriate supporting research related to this Golf Study, including an analysis of Williams Creek, are available online.

A partnership could be explored with Knox County considering Knoxville Municipal's location was acquired in 1967, annexed into the City and is surrounded by land governed by Knox County. Converting Knoxville Municipal Golf Course into a nine-hole facility, adding a driving range and an athletic complex (baseball, lacrosse, and soccer fields) and branding the facility as the Sports Capital of Tennessee comparable to the designation that Round Rock has successfully implemented in the suburbs of Austin, Texas is an option.

For Whittle Springs, there are a few options – none will render the facility financially self-sustaining, certainly not within the next five years, and none without significant capital investment. Safety issues with the adjacent neighbors exist on the 10<sup>th</sup>, 11<sup>th</sup>, and 12<sup>th</sup> holes. Current homeowners are considering forming a class to file an action against the City.

The practical solution comes at a high cost.

The conversion of the facility to a "community center" concept incorporating a nine-hole golf course, a driving range with Top Tracer, perhaps a miniature golf course, and a respectable clubhouse with a sports bar motif and comparable food options would create a lively gathering facility for nearby residents. Most importantly, it would make a greenway around the property, providing safety to homeowners bordering the course on holes 7, 10, 11, and 12.

Depending on the options selected, the investment would be no less than \$3 million and more than likely approach \$6 million and require a minimum of three years to complete.

What is clear is transitioning Knoxville Municipal and Whittle Springs from an Enterprise Fund to the General Fund is practical.

Finding the best solution for a municipal asset must contain five elements: physically possible, financially feasible, legally permissible, maximize efficiencies and politically viable. The highest hurdle is often the political viability of a solution.

Ultimately, City Administration and City Council must define the vision and future of the golf courses.