

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**
1313 Sherman Street, Room 315
Denver, Colorado 80203

Petitioner:

ROLLING HILLS COUNTRY CLUB,

v.

Respondent:

**JEFFERSON COUNTY BOARD OF
COMMISSIONERS.**

Attorney or Party Without Attorney for the Petitioner:

Docket Number: 38093

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ORDER

THIS MATTER was heard by the Board of Assessment Appeals on December 6, 2001, Karen E. Hart and Claudia D. Klein presiding. Petitioner was represented by William A. McLain, Esq. Respondent was represented by Lily Oeffler, Esq.

PROPERTY DESCRIPTION:

Subject property is legally described as follows:

**KEY 10 SEC 26 TWN 4 RNG 69 NE4 KEY 8 SEC 25 TWN 4 RNG 69
NW4 (Jefferson County Schedule Nos. 082377, 066346, 203570)**

Petitioner is requesting an abatement/refund of taxes on the subject property for tax year 2000. The subject property consists of an 18-hole private golf course on 164.493 acres of land, known as Rolling Hills Country Club, Jefferson County, Colorado.

ISSUES:

Petitioner:

Petitioner contends that the Respondent has overvalued the property by not properly rating the property and not giving proper consideration to the lower cost construction of the greens, which are the natural push-up type, inferior to USGA modified sand greens used in newer golf courses and used by the county to value the subject property.

Respondent:

Respondent contends that the assigned value is supported by the application of the cost and market approaches to value using data from the appropriate base period. The Respondent is unclear of the value represented by the Petitioner.

FINDINGS OF FACT:

1. The abatement request has been withdrawn for Schedule Nos. 203570 and 066346. The only schedule number considered in this abatement request is No. 082377.

2. Petitioner's witness, Mr. Robert Kinder, Golf Course Superintendent for 20 years, testified that he is familiar with the construction of the golf course due to daily maintenance. The golf course was constructed in 1967. Cost of construction in 1967 was \$250,000.00 (from course designer Mr. Press Maxwell's bid sheet). He testified that the construction method used was basic construction with not a lot of earth moving. The tees and greens are the push-up variety with no drainage systems.

3. Mr. Kinder testified that the typical construction of golf courses today is the USGA green and the California sand green, which is a modified version of the USGA green. These greens have three layers of construction. The USGA green starts with a drainage pond system, is then backfilled with gravel, there is a coarse sand mix on top of the gravel bed, and a grit sand mix is placed on top. This type of green allows for drainage of the green itself. The California sand green takes out the choker layer between the gravel base and the topsoil. He indicated that neither of these represent the construction of the subject. He indicated that he did not know the difference in costs, but that the subject's native soil push-up construction would be cheaper.

4. Mr. Kinder testified that a representative of the assessor's office had visited the golf course on Tuesday of this week. He also testified that there is some application of a sand top dressing to the greens, which is used for leveling the greens and is normal operating procedure. He testified that this is not equivalent to building a USGA green, and that it is impossible to put enough sand quantities in the mix to convert it to a USGA mix.

5. Mr. Kinder testified that the greens and tees are original and have not been rebuilt since 1967. The subject greens are 1,500 square feet, smaller than the USGA recommends. This affects the amount of play that can be done on the greens and the amount of wear and tear on the greens. Mr. Kinder admitted that construction costs are based on square footage, and the smaller tees and greens affect costs.

6. Under cross-examination, Mr. Kinder testified that there are 5 lakes on the subject property, and that nothing needs to be done to maintain the lakes. He testified that there are approximately 10 surface acres of lake on the property used for irrigation. The lakes are fed by the water rights included in the land lease. Mr. Kinder testified that there are 15 bridges that cross the canal; there are no bridges over the lakes. Mr. Kinder testified that the size of the greens are about the same size as Lakewood Country Club and Green Gables, with Lakewood being built in 1910 and Green Gables built in the 1920s and 1930s. These clubs both have push-up greens. Private clubs built before 1970 all have push-up greens, the standard method of construction at that time.

7. Mr. Kinder testified that he reported to Mr. Monroe that the property has 10 surface acres of lakes and 5 ponds, which are unlined. The lakes are dug out clay bottom.

8. Mr. Kinder testified that the greens are very difficult to play due to the undulations Press Maxwell put into the greens. The trend of golf today is for greens to go faster. A stint meter is used to control speed when greens are designed today. The subject has speeds of 7 on the stint meter; speeds on newer courses are 9 to 9.5. The greens are on the borderline of being impossible to prep. It would still be difficult using the USGA method; this is not due to the type of greens construction but to design.

9. Petitioner's witness, Mr. Jeffrey Martin Monroe of Tax Profile Services, Inc. presented the following indicators of value:

Straight Marshall & Swift Approach	\$2,069,577.00
Quality Index Value Approach	\$1,797,480.00

10. Mr. Monroe testified that the quality index value (Exhibit D) is the method of the cost approach recommended by the International Association of Assessing Officers (IAAO). He explained that course acreage is maintained acres. Slope rating is the difficulty rating, which comes from the scorecard and was provided by Mr. Kinder. Mr. Monroe testified that it is difficult to place the property in a range for per hole costs noted in Marshall & Swift. The point system helps with this. He indicated that the subject is in the GCC classification – Class 3, which is a typical country club classification. Course yardage of 6,800 to 7,000 yards ranges from 130 to 140 points; the subject's yardage is 6,906, so he selected 135 points. The course has 48 bunkers; 50 bunkers would be 6 points, so he rounded up to 6 points for bunkers. He gave 15 points for 15 bridges. The point system indicates a cost range of \$77,000.00 to \$106,000.00 per hole. He selected a cost of \$94,000.00 per hole.

11. Mr. Monroe testified that Marshall & Swift states that some items are not included in the segregated costs, such as bridges and lakes. The point system takes some of these exclusions into consideration to develop a more correct value per hole.

12. Mr. Monroe testified that he chose \$94,000.00 per hole due to Marshall & Swift course classifications, and that Marshall & Swift is based on current construction methods (USGA modified sand greens, bunkers, tee box construction).

13. Mr. Monroe testified that in regard to the second approach, it is a straight Marshall & Swift approach. The land value is the Respondent's value. The property is classified as a GCC#4 and valued at \$103,490.00, rounded, per hole for 18 holes. He testified that he did the Marshall & Swift approach prior to the quality indexing. In comparing the subject to the two other golf courses/country clubs in Jefferson County that the subject course competes with, the subject greens are one-third less in size. He actually placed the quality rating of the subject within Class 3, or GCC, but that really does not correctly depict the subject under the Marshall & Swift system. Therefore, for Marshall & Swift he used excellent grade at \$103,490.00, rounded from \$103,488.60. The \$94,000.00 per hole in the quality indexing approach reflects above average grade.

14. Mr. Monroe testified that the depreciation figure used is 30% of the hole costs depreciated at 50% with a 20-year effective life, as recommended by the Division of Property Taxation. Mr. Monroe testified that the assessor's improvement value and land value were not in dispute and were used in this calculation.

15. Under cross-examination, Mr. Monroe testified that the rating index system is chosen by IAAO to rate a course then uses Marshall & Swift for cost estimates. Mr. Monroe indicated no disagreement with the course superintendent's previous testimony that the property is extremely undulated on the back 9 holes then levels down to almost flat for the front 9 holes.

16. Mr. Monroe testified that he disagreed with Mr. Kinder's assessment that the subject has 18 bulkheaded greens, and 18 partially elevated greens. Mr. Monroe's opinion is that the greens and tee boxes are not elevated. Mr. Monroe agreed that 60 points could be added to the ranking if greens were elevated, that 20 points could be added if undulations were ranked as high rather than average, and that 20 points could be added if course conditions were rated as above average, which would result in an index rating of 731 points rather than the 631 he used.

17. Petitioner is requesting a 2000 actual value of \$2,069,577.00 for the subject property.

18. Respondent's witness, Mr. William B. Stuhlman, a Certified General Appraiser for the Jefferson County Assessor's Office, presented the following indicators of value for all three schedule numbers originally included in this docket:

Direct Sales Comparison:	\$4,860,000.00
Cost:	\$4,484,450.00

19. The Respondent's final value estimate for Schedule No. 082377 is \$2,466,180.00, 1999 litigated value.

20. Mr. Stuhlman presented 13 sales of golf courses in Colorado, which occurred during the time frame from March 1978 through August 1994. Mr. Stuhlman indicated an average unadjusted sale price, based on the four most recent sales, of \$243,155.00 per hole.

21. Respondent's witness used a state approved cost estimating service to derive a market adjusted cost value for the subject property of \$4,484,450.00. This value does not include any depreciation. Again, this value is for all three schedule numbers, two of which have been excluded from this hearing.

22. Mr. Stuhlman testified that no depreciation was taken on items such as the irrigation system, as no building permits are needed for such systems and the effective age is difficult to estimate. He also testified that he did not remember the Division of Property Taxation's recommendations on depreciable items as discussed in Course 230, which he attended in September 1999.

23. During cross-examination, Mr. Stuhlman indicated that the sales used in the direct sales comparison approach included an entire golf course facility, including clubhouses, all amenities, personal property and intangibles, not just the actual golf course. Mr. Stuhlman indicated there were no documents to support how the golf course per hole price is allocated in these totals. He also indicated that no appreciation of trees and landscaping was included in his estimate of value.

24. Respondent assigned an actual value of \$2,466,180.00 to the subject property for tax year 2000.

CONCLUSIONS:

1. Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2000 valuation of the subject property was incorrect.

2. The Board considered all admitted evidence and testimony and has concluded that the Respondent has overvalued the subject property by not allowing depreciation on certain golf course elements, as prescribed by the Property Tax Administrator, and by not considering the outdated push-up green construction.

3. The Board did not agree with the Respondent's value estimate of \$110,000.00 per hole, as there was inadequate support for choosing this value from the data presented. The Board also disagrees with the same figure being used for all golf courses in the county, whether new or existing, private, semi-private or public. The Board also placed little credence in the Respondent's value estimate, as the witness was not involved in the development of these values and could not testify as to how they were developed.

4. The Petitioner's income approach was not considered, as data was included in this approach that was past the base year.

5. The Board placed most weight on the Petitioner's quality index value, which was the only evidence presented which considers the push up green construction versus the USGA green construction. The Board believes the Petitioner's classification and ranking of the subject property is correct as a GCC/3. In light of the additional classification points (100) the Petitioner's witness indicated could be added, the Board disagrees with the Petitioner's value at the mid range of this ranking due to the lack of consideration for the appreciation in the subject's landscaping. The Board concludes the value per hole should be at the upper end of this value range, and estimates the value per hole at \$106,000.00. The Board's calculation for the subject property's value is as follows:

Per Hole Cost	
\$106,000.00 x 18 holes	\$1,908,000.00
Less Depreciation	
(\$1,908,000.00 x 30%) x 50%	<u>- 286,200.00</u>
Depreciated Value	\$1,621,800.00
Add Land Value (Per Assessor)	203,190.00
Add Improvement Value (Per Assessor)	\$ <u>282,990.00</u>
Total Value	\$2,107,980.00

6. The Board concluded that the 2000 actual value of the subject property, Schedule No. 082377, should be reduced to \$2,107,980.00.

ORDER:

Respondent is ordered to cause an abatement/refund to Petitioner based on a 2000 actual value for the subject property Schedule No. 082377 of \$ 2,107,980.00.

The Jefferson County Assessor is directed to change his records accordingly.

APPEAL:

Petitioner may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

If the Board recommends that this decision is a matter of statewide concern, or if it results in a significant decrease in the total valuation of the county, Respondent may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

If the Board does not make the aforementioned recommendation or result of Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

DATED and MAILED this 22 day of February, 2002.

BOARD OF ASSESSMENT APPEALS

Karen E. Hart
Karen E. Hart

Claudia D. Klein
Claudia D. Klein

This decision was put on the record

FEB 21 2002

I hereby certify that this is a true
and correct copy of the decision of
the Board of Assessment Appeals.

Diane Von Dollen
Diane Von Dollen



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