

<p><b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p><b>BERTIE WETZLER,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>ROUTT COUNTY BOARD OF EQUALIZATION.</b></p>	<p style="text-align: center;">▲</p>
<p>Attorney or Party Without Attorney for the Petitioner:</p> <p>Name: Bertie Wetzler Address: 4475 Laguna Place #312 Boulder, Colorado 80303 Phone Number: (303) 499-5114 E-mail: Attorney Reg. No.:</p>	<p><b>Docket Number: 39140</b></p>
<p style="text-align: center;"><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on January 28, 2002, Mark R. Linné and Steffen A. Brown presiding. Petitioner, Ms. Bertie Wetzler, appeared pro se. Respondent was represented by John D. Merrill, Esq.

**PROPERTY DESCRIPTION:**

Subject property is described as follows:

**LOT B SUPER 8 SUBDIVISION  
(Routt County Schedule No. R8163972)**

Petitioner is protesting the 2001 actual value of the subject property, a 38-unit lodging facility known as the Bunkhouse Lodge, built in 1998, located off U.S. Highway 40 and behind the Super 8 Motel, Steamboat Springs, Colorado.

## **ISSUES:**

### **Petitioner:**

Petitioner contends that the subject property is overvalued.

### **Respondent:**

Respondent contends that the property is located behind the Super 8 Motel towards the Yampa River, is operated in tandem with the Super 8, and is correctly valued.

## **FINDINGS OF FACT:**

1. Petitioner, Ms. Bertie Wetzler, presented an indicated value of \$1,200,000.00 based on the market approach to value.
2. Petitioner did not present an income or cost approach to value.
3. Petitioner testified that the Bunkhouse Lodge, located behind the Super 8 Motel, is only open 8½ months a year. She testified that the Bunkhouse Lodge feels more like a bed and breakfast than a motel. There are no storage lockers, only a small hot tub, and there are no jacuzzis in each room. The Bunkhouse Lodge is closed most of April, three weeks in May, three weeks in December, and all of November. She testified that they do not operate when rates drop too low, citing competition rates.
4. Ms. Wetzler testified that poor visibility and signage severely impacts the subject, and access from the highway is awkward. She further testified that the city will not allow larger signs or lighting. The property also has limitations because of unusable wetlands.
5. Ms. Wetzler testified that the net income ending December 1999 was \$31,348.00. She also testified that the assessor's projected income for the Bunkhouse Lodge is higher than the actual gross income of \$344,369.00.
6. Under cross-examination, Ms. Wetzler testified that Yampa River Corporation, also known as the Bunkhouse Lodge, is owned by four shareholders: two daughters, a son, and herself. The Super 8 owned all the land, which was subsequently subdivided. Yampa River Corporation paid \$183,000.00 for the land underlying the Bunkhouse Lodge.
7. She testified that even though the Super 8 and Bunkhouse Lodge work in tandem and get overflow business from each other, employees are not mixed and are paid separately according to their particular employer.
8. Under redirect, Ms. Wetzler testified that there is nothing improper about the ownership situation and it should not have an impact on value.

9. Petitioner is requesting a 2001 actual value of \$1,200,000.00 for the subject property.

10. Respondent's witness, Ms. Amy J. Williams a Certified General Appraiser and Routt County Assessor, presented the following indicators of value:

Market:	\$1,710,000.00 to \$1,900,000.00
Cost:	\$1,643,000.00
Income:	\$1,800,000.00

11. Respondent's witness testified that she physically inspected the subject property at the same time she inspected the Super 8 Motel. There is a marquee located on the Super 8 signage.

12. Ms. Williams testified to the strong growth experienced in the Steamboat area, and that four to five motels have been built in the past two to five years. The Steamboat Grand Summit Hotel's impact has been felt but it does not compete in the same market as the subject.

13. Respondent's witness used a state-approved cost estimating service to derive a market-adjusted cost value for the subject property of \$1,643,000.00. She testified that some weight was given to the approach and she considered it reliable, since the subject was a newer property and therefore she was better able to estimate depreciation.

14. Respondent's witness presented two comparable sales ranging in sales price from \$1,890,000.00 to \$2,550,000.00 and in size from 14,020 to 22,781 square feet. After adjustments were made, the sales ranged from \$1,170,000.00 to \$2,550,000.00.

15. Ms. Williams further testified that there were only two sales available and adjustments were qualitative and not quantitative. She placed little weight on this approach due to the sale dates being old.

16. Based on the market approach, Respondent's witness presented an indicated value of \$1,710,000.00 to \$1,900,000.00 for the subject property.

17. Respondent's witness used the income approach to derive a value of \$1,800,000.00 for the subject property.

18. Ms. Williams testified to several sources for rental rates and occupancy ratios using data from 10 lodging properties in the downtown Steamboat Springs and Highway 40 market areas.

19. She testified that closing the subject lodging for 2½ months was atypical for this market and all her figures are projected for 12 months.

20. Ms. Williams testified that a capitalization rate could not be extracted from sales, but that the overall capitalization rate for typical lodging properties in the comparable area, as well as other commercial properties including investment survey publications, was 12%. Also used were rates published by Integra Joseph Farber and Company where rates ranged from 10% to 14%. Other rates from Steamboat Springs' commercial real estate ranged from 8% to 10.5%, but property taxes were not included as an expense; therefore, 1.6% is loaded into the capitalization rate, resulting in a range from 9.5% to 12%. Using this data, the assessor concluded a 12% capitalization rate.

21. The Board questioned Ms. Williams' use of a 65% expense ratio being used across the board, and her response was that this figure is used in all mass appraisals.

22. Respondent assigned an actual value of \$1,680,700.00 to the subject property for tax year 2001.

23. In rebuttal, Ms. Wetzler said that the Bunkhouse Lodge is closed for the time previously testified to due to a lack of business. She said that there are no "jets" in the bathtubs, and the market is very soft in the Steamboat Springs area; there is no vitality.

## **CONCLUSIONS:**

1. Respondent presented sufficient probative evidence and testimony to prove that the subject property was correctly valued for tax year 2001.

2. The Petitioner presented and commented on two sales of lodging facilities but had no adjusted sales prices. The Board did recognize them, but they are aged sales and may not be representative of the current market.

3. While the Board might agree that access and visibility may be less than optimal, the Super 8 Motel, which is also owned by the Petitioner, can and does send any overflow to the Bunkhouse Lodge.

4. The Board considered the Petitioner's testimony about the Bunkhouse only being open 8½ months a year, but agrees with the Respondent that being closed due to the lack of business is atypical in the lodging industry, and this is an owner's choice. Respondent properly valued the subject property based on typical lodging practices.

5. The Petitioner included actual income and expenses from the operation of the property but did not present a value conclusion by the income approach, which the Board believes is the most important approach to value for lodging facilities.

6. The Board has carefully considered all admitted evidence and testimony and agrees with the Respondent that the income approach is the most reliable approach in valuing the subject property because it is an income-producing property. Purchasers are more likely to rely upon this approach if there is sufficient reliable data to support the estimated income and expenses. The Board finds the Respondent's evidence most credible and affirms Ms. Williams' appraisal value of \$1,800,000.00, which the Board notes is lowered to the assigned value of \$1,680,700.00.

**ORDER:**

The petition is denied.

**APPEAL:**

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

If Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 30 days from the date of this decision.

**DATED and MAILED** this 17<sup>th</sup> day of April, 2002.

**BOARD OF ASSESSMENT APPEALS**

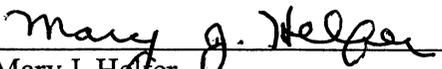
  
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Mark R. Linné

  
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Steffen A. Brown

This decision was put on the record

**APR 16 2002**

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

  
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Mary J. Heller

