

<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>ADOBE CREEK NATIONAL, INC.,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>MESA COUNTY BOARD OF EQUALIZATION.</b></p>	
<p>Attorney or Party Without Attorney for the Petitioner:</p> <p>Name: Richard G. Olona, Esq. Address: Olona &amp; Associates, P.C. 7472 S Shaffer Lane, Suite 130 Littleton, Colorado 80127 Phone Number: (303) 433-1614 E-mail: olonalaw@aol.com Attorney Reg. No.: 17940</p>	<p><b>Docket Number: 43672</b></p>
<p><b>ORDER ON MOTION FOR RECONSIDERATION AND/OR CLARIFICATION AND SECOND AMENDMENT TO ORDER</b></p>	

**THE BOARD OF ASSESSMENT APPEALS** received Petitioner's Motion for Reconsideration and/or Clarification on June 3, 2005. The Board did not receive a response from Respondent. The Board has reviewed Petitioner's motion and is issuing this Order to clarify.

The Board hereby amends its Order dated May 20, 2005 as further amended by Amendment to Order dated May 25, 2005 in the above-captioned appeal. Conclusion Number 4 in the Original Order is hereby amended to read:

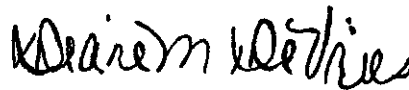
4. The Board finds that Respondent's valuation of the 29 acres of excess land that is un-maintained is appropriate. The water rights associated with the subject property have value and should be included in the land value. The Board was most persuaded by the Petitioner's land sales and by the Petitioner's testimony regarding the current zoning and use of the subject property in determining land value. The Board corrected the sales price for Petitioner's Sale 4 to

\$3,910,000.00 indicating a value of \$9,236.00 per acre for the assemblage of vacant land sales. Based upon all of the documentation and testimony, the Board applied a 40 percent adjustment for severing development rights, the cost of the assemblage and adjustments for location, to conclude to a land value of \$5,500.00 per acre for 377.82 acres or \$2,078,010.00. The 29 acres of excess land was valued at \$250.00 per acre, resulting in a total land value of \$2,085,260.00. The Board was not convinced that Respondent's \$8,500.00 per acre land value was substantiated by land sales with similar zoning or use.

In all other respects, the Order dated May 20, 2005 as amended by Amendment to Order dated May 25, 2005 shall remain in full force and effect.

**DATED and MAILED** this 16<sup>th</sup> day of June 2005.

**BOARD OF ASSESSMENT APPEALS**



\_\_\_\_\_  
Diane M. DeVries

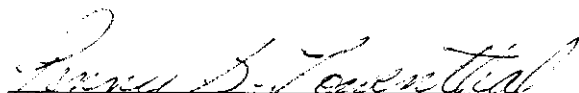


\_\_\_\_\_  
Judee Nuechter

This decision was put on the record

**JUN 16 2005**

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

  
\_\_\_\_\_  
Penny S. Lowenthal

**BOARD OF ASSESSMENT APPEALS,  
STATE OF COLORADO**

1313 Sherman Street, Room 315  
Denver, Colorado 80203

Petitioner:

**ADOBE CREEK NATIONAL, INC.,**

v.

Respondent:

**MESA COUNTY BOARD OF EQUALIZATION.**

Attorney or Party Without Attorney for the Petitioner:

Name: Richard G. Olona, Esq.  
Address: Olona & Associates, P.C.  
7472 S Shaffer Lane, Suite 130  
Littleton, Colorado 80127  
Phone Number: (303) 433-1614  
E-mail: olonalaw@aol.com  
Attorney Reg. No.: 17940

**Docket Number: 43672**

**AMENDMENT TO ORDER**

**THE BOARD OF ASSESSMENT APPEALS** hereby amends its Order dated May 20, 2005 in the above-captioned appeal to reflect that the subject property is described as follows:

**876 18½ Road, Fruita, Colorado  
Mesa County Schedule Nos. 2697-213-00-086, 2697-281-00-272, 2697-282-00-788,  
2697-214-00-087, 2697-281-00-317, 2697-281-00-271, 2697-282-00-786,  
2697-214-00-053, 2697-281-00-280, 2697-213-00-092, 2697-281-00-276,  
2697-214-00-034, 2697-281-00-277, 2697-284-00-361**

In all other respects, the Order dated May 20, 2005 shall remain in full force and effect.

DATED and MAILED this 25<sup>th</sup> day of May 2005.

BOARD OF ASSESSMENT APPEALS

*Diane M. DeVries*

Diane M. DeVries

*Judee Nuechter*

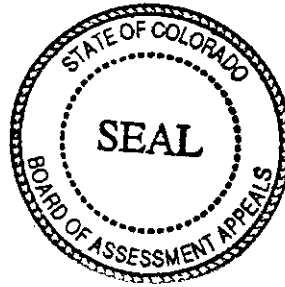
Judee Nuechter

This decision was put on the record

MAY 24 2005

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

*Penny S. Lowenthal*  
Penny S. Lowenthal



<b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203	
Petitioner:  <b>ADOBE CREEK NATIONAL, INC.,</b>  v.  Respondent:  <b>MESA COUNTY BOARD OF EQUALIZATION.</b>	
Attorney or Party Without Attorney for the Petitioner:  Name: Richard G. Olona, Esq. Address: Olona & Associates, P.C. 7472 S Shaffer Lane, Suite 130 Littleton, Colorado 80127 Phone Number: (303) 433-1614 E-mail: olonalaw@aol.com Attorney Reg. No.: 17940	<b>Docket Number: 43672</b>
<b>ORDER</b>	

**THIS MATTER** was heard by the Board of Assessment Appeals on April 6, 2005, Diane M. DeVries and Judee Nuechter presiding. Petitioner was represented by Mr. Richard G. Olona, Esq. Respondent was represented by Ms. Valerie Robison, Esq. Petitioner is protesting the 2004 actual value of the subject property.

**PROPERTY DESCRIPTION:**

Subject property is described as follows:

**876 18 ½ Road, Fruita, Colorado**  
**Mesa County Schedule Nos. 2697-213-00-086, 2697-281-00-272, 2697-282-00-788,**  
**2697-214-00-087, 2697-281-00-317, 2697-281-00-271, 2697-282-00-786,**  
**2697-214-00-053, 2697-281-00-280, 2697-213-00-092, 2697-218-00-276,**  
**2697-214-00-034, 2697-281-00-277**

The subject property is a 27-hole daily fee golf course with a clubhouse, maintenance buildings and a residential dwelling.

## **ISSUES:**

### **Petitioner:**

Petitioner contends that the subject property was overvalued for tax year 2004. Respondent relied on the cost approach, which typically results in a higher value, and made no adjustments to reflect the subject's tangible personal property and intangible property. The subject land is zoned PUD Community Services and Recreation District; no alternative uses are permitted.

### **Respondent:**

Respondent contends that the subject was valued correctly based on the cost approach for the golf course and the market approach for the residence. The Respondent does not believe the income and expenses were stabilized during the base period with the addition of nine new holes to the existing 18 holes.

## **FINDINGS OF FACT:**

1. Petitioner's witness, Mr. Travis Bunkelman, Director of Golf for the City of Grand Junction, Colorado since 1989, testified that it is his job to oversee the city-owned golf courses. He has been a PGA professional for the past 12 years. Since 1994, the Mesa County golf market has struggled for number of rounds played due to competition from at least 10 new courses on the western slope. Golf course income has decreased due to competition and the difficulty with charging higher fees for rounds of golf due to the local economy. The budget for the city golf courses has been decreased immensely just to survive, although operating expenses have continued to increase. Fertilizer costs increased eight percent since last year. Wages and petroleum costs have also increased while greens fees and season pass tickets have only increased four percent. The witness does not anticipate an increase in the number of rounds in the future.

2. Under cross-examination, Mr. Bunkelman indicated that Adobe Creek National (Adobe Creek) built the additional nine holes to satisfy player demand for rounds during special events, which generally utilize only 18 holes.

3. Petitioner's witness, Mr. Paul Graebner, General Manager of Adobe Creek from 2000 to 2001 and from November 2004 to the present, testified that Wilson Golf, owner of Adobe Creek, also owns seven other golf courses in the United States. None of the eight golf courses owned by Wilson Golf are part of a residential golf development. The only interest Wilson Golf has is in golf, not in real estate. Mr. Graebner testified that the national golf market is flat and the Grand Junction market is also flat due to local overbuilding of golf courses. The players at Adobe Creek are

typically locals from Fruita and Grand Junction with some tourists. The golf market is very competitive with most of the new players at Adobe Creek coming from city courses in Grand Junction. He believes there are too many golf courses in this area for the population. The witness designed and built the additional nine holes at Adobe Creek with the help of a local contractor since it was cost-prohibitive to hire an architect. Expenses at Adobe Creek are increasing due to the age of the course and the equipment.

4. Under cross-examination, Mr. Graebner testified that the addition of the nine new holes put Adobe Creek in a different category in the eyes of golfers. The city courses experienced a drop in rounds when their golfers came over to Adobe Creek, which resulted in increased income for Adobe Creek from the new rounds. However, Adobe Creek's income has been decreasing since the nine new holes opened in 2002. Adobe Creek is typically 60 to 70 percent full and the additional nine holes have made prime time slots available to the local golfers.

5. Petitioner's witness, Mr. Tom McElhinney with Tax Profile Services, Inc., presented the following indicators of value:

Cost:	\$1,668,985.00
Income:	\$1,108,447.00
Residential:	\$ 132,210.00
Excess Land:	\$ 200,000.00

6. Mr. McElhinney testified that Tax Profile Services gathers data from golf courses located on the western slope of Colorado to get a feel for what is happening in the golf industry. Since 1999, he has worked only on golf industry issues. The rural environment of Mesa County indicates the entire county should be considered the market for golf. In 1990, the population of the marketplace was 94,000. In 2000, the population increased to 116,500, a 24 percent increase. In 1994, there were 45 available golf holes in the market; by 2000, there were 81 holes. In 2002, the population increased to 123,000 and the number of golf holes increased to 108. Since 1994, there has been a 30 percent increase in population and a 140 percent increase in golf holes. The PGA assumes that it takes 25,000 permanent residents to support each 18-hole facility. The current population of the subject's market can support five courses although there are six courses operating in this market. Golf is time consuming and expensive to play and equip. All of the golf courses in Mesa County display flat revenue, increasing costs to operate, and decreasing rounds. There is intense competition for golf rounds in Mesa County and limited income in the market due to the large number of retirees.

7. Under cross-examination, Mr. McElhinney testified that he prepared the income approach for Adobe Creek, which is a daily fee golf course with a ten-year history, and a stabilized income during the base period for the original 18 holes. He estimated a 15 percent increase in income with the addition of the nine new holes that were constructed in 2000 and 2001. The nine new holes opened for limited play in late 2001. In 2000, 37,600 rounds of golf were played at Adobe Creek. In 2001, 35,700 rounds were played and in 2002, 40,000 rounds were played. The number of rounds played did not increase until there were 27 holes available at Adobe Creek.

8. Petitioner's witness, Mr. Jeffrey M. Monroe, President of Tax Profile Services, Inc., testified that he and his staff prepared the facts and information contained in Petitioner's Exhibits A and B.

9. Mr. Monroe testified that golf courses are limited purpose properties and that the contribution of personal property and intangible property must be recognized to determine the value of the real estate.

10. Mr. Monroe testified that Adobe Creek has approximately 407 acres of land; 200 acres are maintained and 207 acres are not maintained. The current zoning is PUD Community Services and Recreational District, which indicates limited uses. For the cost approach, Mr. Monroe presented four comparable land sales that were part of an assemblage. The average price per acre of the four comparable land sales was \$8,778.00. Mr. Monroe then applied an adjustment for the severed development rights, resulting in an average price of \$3,500.00 per acre. As detailed on page 15 of Petitioner's Exhibit B, the 200 acres of maintained land was valued at \$3,500.00 per acre, for a total land value of \$700,000.00. After adjustments for depreciation, vertical improvements were valued at \$217,410.00 and golf course improvements were valued at \$2,014,200.00. After applying a 44.6 percent adjustment to the land and improvements, Petitioner concluded to an indicated value via the cost approach of \$1,668,985.00 for the clubhouse, maintenance buildings, golf course improvements, and 200 acres of maintained land. Mr. Monroe testified that economic obsolescence is based on supply and demand in Mesa County and that the 44.6 percent adjustment for economic obsolescence is appropriate based on the oversupply of golf in this market and the land's restricted zoning.

11. Mr. Monroe testified that Adobe Creek is classified as GCC-2 at mid range based on the quality index adopted by the International Association of Assessing Officers, which equates to a value of \$105,000.00 per hole or \$2,835,000.00.

12. Mr. Monroe testified that he considered the sales comparison approach to value the subject property, but did not rely on it due to the limited number of sales and the per hole costs.

13. Mr. McElhinney testified that five years of income data was used in the income approach, and that Wilson Golf had submitted income data to the Mesa County Assessor's Office. The property changed during the base period with the addition of the nine new holes in late 2001 and 2002. The witness testified that the income approach provides the most accurate valuation for daily fee courses. Adobe Creek's income was considered stable during the base period and provides a good indicator of value.

14. The parties stipulated that the income approach should be based on 2001 income and expenses, as the 2002 figures include six months that were outside the base period. Based on the income approach, Petitioner concluded to a value of \$1,108,447.00 for the clubhouse, maintenance buildings, golf course improvements, and 200 acres of maintained land.

15. Petitioner's witness testified that the residential dwelling on the subject property during the base period was valued at \$132,210.00. The 207 acres of excess land, which is considered rough and fence line, had a market value of \$200,000.00.



16. Mr. McElhinney testified that land developed for any use other than agricultural typically has one water right per acre. Thus, the subject has no excess water rights since there are 407 acres and 524 shares of water. He does not believe the golf course is located in a flood zone.

17. The Petitioner's witness testified that he was not aware that Petitioner's Comparable Land Sales 4a thru 4e were recorded on two separate deeds. He did not know if the sale of the land for Redlands Mesa Golf Course included water rights. To his knowledge, none of the land sales were in Fruita and all of the sales were dry land with rocky and hilly topography.

18. Mr. McElhinney indicated that the irrigation system for the original 18 hole course was 15 years old, which when combined with the irrigation system for the nine new holes, resulted in a blended depreciation rate of 40 percent. The capitalization rate of 13.5 percent was obtained from PricewaterhouseCoopers as well as other sources. He also relied on Adobe Creek data provided by Wilson Golf to determine that expenses were 65 percent of gross, which is higher than usual according to the National Golf Course Owners Association.

19. Based on questions from the Board, Mr. McElhinney testified that he did not know the exact date the additional nine holes were opened to the public, although he believes there was a partial opening in late 2001.

20. Mr. Graebner was recalled to testify that the additional nine holes opened on a limited basis in late 2001 and full time in early 2002, although he was not present during the opening of those nine holes.

21. Petitioner is requesting a 2004 actual value of \$1,622,210.00 for the subject property.

22. Respondent's witness, Mr. Roy Benton Howell, a Certified General Appraiser with the Mesa County Assessor's Office and a Colorado Real Estate Broker, was previously a fee appraiser in San Miguel and Ouray Counties. He testified that Petitioner's Exhibits A and B may not meet the Uniform Standards of Professional Appraisal Practice, although Tax Profile Services personnel contend that their services were classified as a consulting assignment.

23. Respondent's witness, Mr. Brent Goff, a Certified General Appraiser with the Mesa County Assessor's Office, presented the following indicators of value:

Market:	\$ 162,000.00 (Residential Property Only)
Cost:	\$4,199,000.00 (Residential Property Not Included)
Income:	\$3,250,000.00 (Residential Property Not Included)

24. Mr. Goff stated that the subject property was difficult to appraise as it is a special purpose property, and with the addition of the nine new holes, the income was not stabilized.

25. Mr. Goff indicated that the actual use must prevail in the valuation of the subject property. During October 2001, the nine new holes were open for weekend play only with full play commencing in June 2002. Wilson Golf did not provide the Respondent with cost data for the nine

new holes. Mr. Goff reconciled to the income and the cost approach in determining value for the golf course and related improvements since comparable sales were not available. The residential dwelling was valued by the market approach. Personal property, such as golf carts, are considered a business enterprise value and they add value to the property only through a competent management scheme.

26. Respondent's witness testified that there are five public golf courses in Mesa County. The population growth for Colorado in 1990-2000 was 30.6 percent, which equates to more golfers. Since the 1990s there has been an oversupply of golf courses in order to sell residential lots. In 2000, it became critical and the golf industry lost steam nationally. In 2002, the number of rounds of golf improved slightly. Mesa County and Fruita are considered to have a strong and vibrant economy. The typical golfer in Mesa County, and specifically Adobe Creek, relies on social security benefits or retirement pensions. The Redland Mesa golf course opened in 2001, and with the addition of the nine new holes at Adobe Creek, a more competitive market for golf was established in Mesa County. Adobe Creek appears to have a more competitive edge due to its location adjacent to Interstate 70 and its flat terrain, which is more conducive for retirees.

27. Mr. Goff testified that Adobe Creek encompasses approximately 407.82 acres and owns 524 water shares of Grand Valley Irrigation Company (GVIC) stock, along with associated ditch rights. According to GVIC, the 2002 auction price of the subject's water shares was \$368,372.00. Adobe Creek's water shares can be sold on the open market if they choose. Mr. Goff testified that the other municipal and public courses in Mesa County do not own water rights, which gives a comparative advantage to Adobe Creek and creates a higher property value.

28. According to Mr. Goff, the amount of un-maintained golf course acreage is typically 33 percent in Colorado. Approximately 40 percent or 243 acres of the subject's acreage is un-maintained; therefore, seven percent or approximately 29 acres of the subject is considered excess land and valued at a lower price per acre than the remaining land.

29. Respondent's witness indicated that a portion of the southern part of the subject property is located within the 100-year flood hazard area according to FEMA flood panels. .

30. Mr. Goff testified that the cost approach is the most reliable approach to value the subject property. As indicated on page 75 of Respondent's Exhibit 1, Mr. Goff presented five land sales that were purchased for an assemblage. Respondent's comparable land sales ranged in price from \$7,219.00 per acre to \$22,065.00 per acre and in size from 9.39 acres to 63.45 acres. Mr. Goff determined that the subject land should be valued at the lower end of the range at \$8,500.00 per acre for a total land value of \$3,218,720.00.

31. As Petitioner did not provide Respondent with actual construction costs, Mr. Goff testified that he relied on Marshall Swift Valuation Service to derive an indicated value of \$4,199,000.00 for the golf course (not including residential property) based on the cost approach.

32. Mr. Goff testified that the income approach was less than reliable since it appears some or all of the construction expenses for the nine new holes were included in the expenses for 2001 and 2002 when they should have been categorized as capital improvements. He believes that

expenses for contract labor and grounds labor during the construction of the nine new holes should be disallowed. Respondent used the Petitioner's revenue report since it appeared reasonable. The Petitioner's capitalization rate of 13.5 percent appears substantially higher than his rate of 10.9 percent, which was determined from an investor's service. Mr. Goff also used data from local golf courses and published data sources in order to estimate income and expenses for the subject.

33. Respondent's witness testified that Petitioner's Comparable Land Sale 4 was actually reported on two deeds for a total of \$3,910,000.00 and not \$3,360,000.00 as reported by Petitioner. Petitioner's comparable land sales are located in a different city than the subject property with desert topography and no water rights. The subject's water rights affect the land value. One share of water will cover one acre of land adequately and anything more is considered excess. There are 243 acres currently being maintained by irrigation on the subject property and 524 shares of water.

34. Respondent's witness used the income approach to derive a value of \$3,250,000.00 for the subject property.

35. Mr. Goff maintains that the income and expenses for Adobe Creek National were not stable during the appropriate base period. Although Wilson Golf provided 10 years of expense and income information, the addition of the new nine holes upset the stabilization. Two-thirds of Adobe Creek National is old course and one-third is new course.

36. Mr. Goff indicated that only Respondent's Vacant Land Sale 1 had similar zoning as the subject property and the remainder of the Respondent's land sales were open for residential subdivision. Recreational and agricultural land sales would be considered ideal if other golf course land sales were not available. There is an oversupply of golf courses in Mesa County resulting in external obsolescence for the subject property. The Petitioner's external obsolescence rate is within 2 percent of Respondent's.

37. Respondent's witness testified that 11 percent is a typical capitalization rate for golf courses based on investor's surveys and management fees are typically 10.6 percent, not 10.5 percent as shown in the Petitioner's report based on the same survey. Mr. Goff believes that Petitioner loaded the property taxes into the expenses. Respondent included the water rights in the land value as a bundle of rights, whereas the Petitioner did not include the water rights. Based on a Colorado State University study, the total land value is equalized as one value for golf courses.

38. In rebuttal, Mr. Monroe clarified that the Petitioner applied a depreciation schedule for the irrigation system based on Marshall Swift Valuation Service. The original 18 holes indicate eight years of physical depreciation and the new nine holes indicates two years of depreciation. Seventy percent of the replacement cost per hole is based the value assigned for drainage, tees, greens, cart paths, and the irrigation system. The Petitioner applied a 40 percent depreciation rate for the depreciable items. Petitioner also applied economic obsolescence to the land due to the external influence of governmental restriction or the difficulty associated with selling the property. The cost of goods shown in Petitioner's income approach was below the national average of 11 percent. Mr. Monroe does not believe that Respondent used a return on and a return of personal property in calculating their income approach.

39. In rebuttal, Mr. McElhinney testified that the subject property is zoned PUD Community Services and Recreation District, which is a non-residential district. There is no manufacturing, industrial or office use allowed in this district. Community service is the only allowable use for the present zoning. He believes that Respondent's use of a numeric average of capitalization rates is grossly incorrect and misleading. Capitalization rates have been increasing due to fewer lenders, higher requirements for security capital, and the overall risk factor. The subject property is located in a rural environment for lending purposes and has lower median family income. The seasonality of golf and the risk factor typically increases capitalization rates. Las Cruces, New Mexico is most similar to the subject's location, as it does not have a strong resort activity base or a large city environment. Petitioner relied on the Integra Realty Resources Report for the summer of 2002, which showed the stabilized capitalization rate for golf courses in Las Cruces at 12 to 13 percent.

40. Respondent assigned an actual value of \$4,351,919.00 to the subject property for tax year 2004. Respondent is recommending that the 2004 actual value be reduced to \$4,266,000.00.

## **CONCLUSIONS:**

1. Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2004 valuation of the subject property was incorrect.

2. Ms. Robison objected to the admission of Petitioner's Exhibit B pursuant to §12-61-712 C.R.S., unlawful acts. Mr. Monroe responded that he is an advocate for the Petitioner, and that Petitioner's Exhibit B is an opinion of value, not an appraisal. The Board accepted Mr. Monroe as an expert in the valuation of golf courses. The Board further admitted Petitioner's Exhibit B for the data contained therein. The Board finds that whether or not Exhibit B is an "appraisal" pursuant to §12-61-712 is not relevant to its admissibility before the Board, except as it affects the weight placed on the various elements of the exhibit. The Board did not place any weight on the overall conclusion of value contained in Petitioner's Exhibit B. The Board relied on Mr. Monroe's testimony and specific data elements contained in Exhibit B to assist in making an informed decision regarding the correct value of the subject property.

3. The Board agrees with both parties that since there were limited golf course sales, it is not possible to derive a reliable conclusion of value based on the market comparison approach. However, pursuant to Colorado Revised Statutes, Respondent did value the residential portion of the subject property based on the market approach and the Board concurs with the concluded value of \$162,000.00.

4. The Board finds that Respondent's valuation of the 29 acres of excess land that is unmaintained is appropriate. The water rights associated with the subject property have value and should be included in the land value. The Board was most persuaded by the Petitioner's land sales and by the Petitioner's testimony regarding the current zoning and use of the subject property in determining land value. The Board corrected the sales price for Petitioner's Sale 4 to \$3,910,000.00 indicating a value of \$9,236.00 per acre for the assemblage of vacant land sales. Utilizing the Petitioner's 60 percent adjustment for severing development rights, the cost of the assemblage and

adjustments for location, the land value is reduced to \$5,500.00 per acre for 377.82 acres or \$2,078,010.00. The 29 acres of excess land was valued at \$250.00 per acre, resulting in a total land value of \$2,085,260.00. The Board was not convinced that Respondent's \$8,500.00 per acre land value was substantiated by land sales with similar zoning or use.

5. The Board was convinced that the cost approach was the most reliable method of valuing the subject property since the income and expenses were not stabilized during the base period. The Petitioner's cost approach calculations and depreciation schedule were most convincing. The parties convinced the Board that golf courses, including the subject property, suffer significant economic obsolescence. The Petitioner improperly applied obsolescence to the land as well as the improvements. The cost approach is adjusted and summarized as follows:

Improvement Costs Less Physical Depreciation	\$ 217,410.00
Golf Course Improvements Less Physical Depreciation	<u>\$2,014,200.00</u>
Total Costs Less Physical Depreciation	\$2,231,610.00
Less Economic Obsolescence at 44.6%	<u>\$- 995,298.00</u>
Total Depreciated Cost	\$1,236,312.00
Plus Land Value	\$2,085,260.00
Plus Residential Dwelling (Market Approach)	<u>\$ 162,000.00</u>
Indicated Value	\$3,483,572.00

6. The Board agrees with the Respondent that some of the expenses for the nine new holes may have been included in the Petitioner's expenses for the base period and should have been reported as capital expenditures. Based on the revenue and expenses provided by the Petitioner, the Board is not able to ascertain those specific expenses in order to accurately show the direct golf course expenses and determine a more accurate income approach. The Respondent did not use actual income but relied on estimates in their income approach. The Board does not find that either Petitioner's or Respondent's income approach is appropriate to use as a test of reasonableness.

7. After careful consideration of all of the testimony and evidence presented, the Board concluded that the 2004 actual value of the subject property should be reduced to \$3,483,572.00.

**ORDER:**

Respondent is ordered to reduce the 2004 actual value of the subject property to \$3,483,572.00.

The Mesa 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 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 20<sup>th</sup> day of May 2004.

**BOARD OF ASSESSMENT APPEALS**

*Diane M. DeVries*

Diane M. DeVries

*Judee Nuechter*

Judee Nuechter

This decision was put on the record

**MAY 20 2005**

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



*Penny S. Lowenthal*

Penny S. Lowenthal