

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>COBBLE CREEK GOLF COMMUNITY LLC,</p> <p>v.</p> <p>Respondent:</p> <p>MONTROSE COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 44721</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on September 20, 2006, MaryKay Kelley and Debra A. Baumbach presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Patricia Crossley, Esq. Petitioner is protesting the 2005 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**699 Cobble Drive, Montrose, Colorado
Montrose County Schedule No. R16384**

The subject is a daily fee 18-hole golf course with a 3,187 square foot clubhouse, a 3,200 square foot maintenance building, tennis courts and parking lot.

FINDINGS OF FACT:

1. Petitioner’s witness, Mr. Jeffery M. Monroe, a Registered Appraiser with Tax Profile Services, Inc., indicated that the subject greens are 60 percent smaller than other regulation courses and are modified sands construction.

2. Mr. Monroe stressed the importance of comparing the number of golf courses to the population to arrive at the potential play on the course. The evidence indicates that 25,000 residents

are required to sustain one 18-hole course. There are 13 golf courses within a one-hour drive from Montrose. Montrose has two 18-hole regulation courses and one 9-hole par 3 course. The population is insufficient to adequately support the current supply of courses.

3. Petitioner presented the following indicators of value:

Cost Approach:	\$1,893,279
Market Approach:	\$1,100,300 - \$1,259,600
Income Approach:	\$1,216,667 (actual) \$1,909,500 (pro forma)

4. Although Mr. Monroe considered all three approaches to value, he relied on the income approach as the best indicator of value.

5. In the income approach (actual), Mr. Monroe utilized total revenue of \$700,000.00, 70% for operating expenses and 12% for return on personal property. The net operating income was capitalized at 12 percent, and then \$200,000.00 was deducted for return of personal property and \$133,333 was deducted for intangible business value to conclude to an indicated value of \$1,216,667.

6. In the cost approach, Mr. Monroe estimated land value at \$870,000.00 or \$5,000.00 per acre. The land improvements were valued at \$1,769,470.00 and the vertical improvements were valued at \$571,324.00. After depreciating the improvements and applying 50% for economic obsolescence, Mr. Monroe concluded to an indicated value of \$1,893,279.00.

7. Petitioner placed little weight on the market approach to value the subject property.

8. Petitioner is requesting an actual value of \$1,217,000.00 for tax year 2005.

9. Respondent's witness Mr. Bradley Hughes, a Certified General Appraiser with the Montrose County Assessor's Office, did not perform an income approach as the subject's income and expenses were not stabilized. Mr. Hughes did not believe the market approach would provide a reliable indication of value due to the aggressive adjustments that would have to be applied to the comparable sales.

10. Mr. Hughes presented the following indicator of value:

Cost Approach:	\$2,356,460.00
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11. Mr. Hughes concluded to a land value of \$870,300.00 or \$5,000.00 per acre based on agricultural land sales. Mr. Hughes relied on cost figures provided by Marshall Valuation Services to determine the depreciated value of the vertical improvements at \$469,600.00. The total replacement cost new for course improvements was estimated at \$2,143,440.00, from which total physical depreciation of \$242,923.00 and functional obsolescence of \$87,000.00 was deducted. An additional \$800,240.00 was deducted for economic obsolescence applied to all improvements to conclude to an indicated value of \$2,356,460.00.

12. Citing Analysis and Valuation of Golf Courses and Country Clubs published by the Appraisal Institute, Mr. Hughes stated that economic obsolescence adjustments should be applied to the replacement cost new, rather than to the depreciated improvement value as the Board has done in previous decisions. In calculating the adjustment for economic obsolescence, Mr. Hughes took the difference between the desired rounds and the projected rounds and multiplied that difference by the average greens fee. The loss income was then discounted to present value.

CONCLUSIONS OF LAW:

1. Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2005 valuation of the subject property was incorrect.

2. The income approach typically provides the best indication of value for a daily fee golf course; however, we were not convinced that the income and expenses were stabilized. As such, we relied on the cost approach to provide the most reliable indication of value.

3. We find that Petitioner's cost approach provides the best indication of value. The Board was not convinced that the replacement costs have increased to the degree indicated by Respondent.

4. Based on the information contained in Analysis and Valuation of Golf Courses and Country Clubs published by the Appraisal Institute, we agree that economic obsolescence should be applied to the replacement cost new. However, we were not convinced that economic obsolescence of 35% was adequate in the subject's geographic market. Sufficient evidence was presented to indicate that the population of Montrose and the surrounding area cannot sustain the number of golf courses in the area. In addition, income in the subject area is less than the average income statewide, which creates a market that is highly sensitive to competitive pricing. Limited rate increases and higher operating costs result in further economic loss.

ORDER:

Respondent is ordered to reduce the 2005 actual value of the subject property to \$1,893,279.00.

The Montrose County Assessor is directed to change his/her records accordingly.

APPEAL:

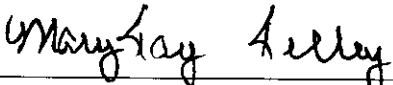
Petitioner may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

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.

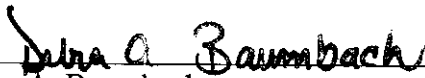
If Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 30 days from the date of this decision.

DATED and MAILED this 31st day of October 2006.

BOARD OF ASSESSMENT APPEALS



MaryKay Kelley

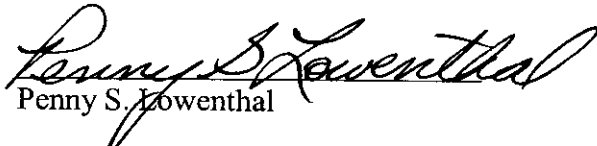


Debra A. Baumbach

This decision was put on the record

OCT 31 2006

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



Penny S. Lowenthal

