

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

1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 44740

Petitioner:

1ST BANK COLORADO CORPORATION,

v.

Respondent:

DOUGLAS COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on September 7 and 28, 2006, Karen E. Hart and Steffen A. Brown presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Michelle B. Gombas, Esq. Petitioner is protesting the 2005 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**2 Plum Creek Parkway, Castle Rock, Colorado
Douglas County Schedule No. R0436688**

The subject property consists of a 7,052 square foot building located on a 2.249-acre parcel. Of the 2.249 acres, 18,682 square feet is devoted to a drainage easement.

FINDINGS OF FACT:

1. Petitioner and Respondent presented the following indicators of value:

	<u>Petitioner</u>	<u>Respondent</u>
Market:	Not Applicable	\$1,981,608.00
Cost:	Not Applicable	\$1,861,339.00
Income:	\$1,300,000.00	\$2,002,760.00

2. As the subject property is income producing, Petitioner does not believe that the cost

or market approaches provide a reliable indication of value.

3. The income approaches presented were based on the following:

	<u>Petitioner</u>	<u>Respondent</u>
Rent/Square Foot	\$25.00	\$24.00
Vacancy/Collection Loss	5%	5%
Expenses	7%	5%
Capitalization Rate	9%	9.5%

4. Petitioner presented nine comparable banks with rental rates ranging from \$13.15 to \$26.00 per square foot triple net. Petitioner maintains that the rental comparables are similar to the subject and include personal property. Thus, Petitioner applied an adjustment of \$21,861.84 for the return on business fixtures and an adjustment of \$182,181.00 for the return of business fixtures. Petitioner concluded to a real estate only value of \$1,300,000.00 (rounded) for the subject property based on the income approach.

5. Petitioner is requesting an actual value of \$1,300,000.00 for the subject property.

6. Respondent presented five retail comparables with lease rates ranging from \$20.00 to \$29.00 per square foot triple net. The lease rates do not include any personal property, thus no adjustments for return on/return of business fixtures are necessary. Since the lease rates are triple net, Respondent believes an expense rate of 5% should be adequate.

7. Respondent considered 46,332 square feet of land to be included in the lease rate based on a typical land to building ratio. The additional 32,909 square feet of subject property land supports the existing improvement and is utilized as paved parking spaces and rubbish collection. This land area was valued at \$394,908.00 or \$12.00 per square foot. Respondent concluded to a total indicated value for the subject of \$2,002,760.00.

8. Respondent presented four comparable sales ranging in size from 6,380 to 12,012 square feet and in price from \$125.07 to \$256.24 per square foot. Respondent selected a value of \$225.00 per square foot, or \$1,586,700.00. Respondent added \$394,908.00 for the additional utilized land area and concluded to a total indicated value of \$1,981,608.00 based on the market approach.

9. Respondent used a state-approved cost estimating service to derive a market-adjusted cost value for the subject property of \$1,861,339.00.

10. Respondent reconciled to an indicated value of \$1,950,000.00 for tax year 2005.

11. Respondent assigned an actual value of \$1,551,400.00 to the subject property for tax year 2005.

CONCLUSIONS OF LAW:

1. Respondent presented sufficient probative evidence and testimony to prove that the actual value assigned to the subject property for tax year 2005 is correct.

2. The Board gave most weight to Respondent's income approach and affirms Respondent's classification and valuation of the additional utilized land area.

3. Given that Respondent utilized retail lease rates that are exclusive of personal property, no adjustments for return on/return of business fixtures are necessary. Therefore, the decision rendered by the Colorado Court of Appeals in *Del Mesa Farms and Board of Assessment Appeals v. Montrose County Board of Equalization* (97CA0686) is not applicable.

ORDER:

The appeal 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 2nd day of November 2006.

BOARD OF ASSESSMENT APPEALS



Karen E. Hart



Steffen A. Brown

This decision was put on the record

NOV 02 2006

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


Penny S. Lowenthal
44740