

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

1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 47915

Petitioner:

FIRSTBANK OF ADAMS COUNTY,

v.

Respondent:

ADAMS COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on May 13, 2008, Karen E. Hart and Sondra W. Mercier presiding. Petitioner was represented by Richard Olona, Esq. Respondent was represented by Jennifer M. Wascak, Esq. Petitioner is protesting the 2007 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**13600 Colorado Boulevard, Thornton, Colorado
(Adams County Schedule No. R0151450/ Parcel No. 0157119301008)**

The subject is a freestanding bank building that was completed in late 2006. Petitioner shows a square footage of 4,500 on a 1.71 acre site. Respondent analyzed the subject as 4,800 square feet.

Petitioner presented the following indicators of value:

Market:	Not applied
Cost:	\$1,638,120.00
Income:	\$1,100,000.00

Petitioner presented an indicated value of \$1,100,000.00 for the subject property.

Petitioner presented a cost approach to derive a market-adjusted cost value for the subject property of \$1,638,120.00. Petitioner valued the improvements as a retail store. Petitioner contends that the bank is built with the ability to convert to alternative retail chain or restaurant use. Petitioner also testified that Marshall & Swift costs for a bank building include bank fixtures, increasing costs between 11% and 28%. These items are placed on the personal property tax schedule and should not be included as real property. Land was valued at \$1,200,000.00 based on the actual purchase of the site in 2003. Petitioner contends that the subject site, at 1.71 acres, is above average for retail or bank use. As the building was new, no depreciation was applied.

Petitioner presented an income approach to derive a value of \$1,100,000.00 for the subject property. A net rental rate of \$22.97 was applied to 4,352 net rentable square feet. Vacancy and collection allowance of 5.0%, management fee of 3.0%, and reserves for replacement of 4.0% were deducted. Net operating income was capitalized at 8.0%.

Petitioner is requesting a 2007 actual value of \$1,100,000.00 for the subject property.

Respondent presented the following indicators of value:

Market:	No conclusion
Cost:	\$1,952,064.00
Income:	\$1,046,000.00

Respondent presented an indicated value of \$1,897,000.00 for the subject property.

Respondent presented three comparable sales ranging in sales price from \$1,608,100.00 to \$1,731,100.00. As all three were part of a bulk portfolio sale, limited consideration was given to these sales.

Respondent used a state-approved cost estimating service to derive a market-adjusted cost value for the subject property of \$1,952,064.00. Respondent applied bank building costs indicated by Marshall & Swift to 4,800 square feet. Land was valued at the original purchase price. No depreciation was applied. In cross examination, Respondent's witness acknowledged that the cost approach should have included a deduction for bank fixtures.

Respondent used the income approach to derive a value of \$1,046,000.00 for the subject property. Respondent applied a gross rental rate of \$30.00 per square foot to 4,800 square feet of net leasable area. Deductions included 5% for vacancy and collection loss and expenses of 22.8%. Net operating income was capitalized at a tax loaded rate of 10.1%.

Respondent assigned an actual value of \$1,897,000.00 to the subject property for tax year 2007.

Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2007 valuation of the subject property was incorrect. The Board was convinced that Petitioner's building size was more accurate, as it was based on actual measurements. The Board was also

convinced that a deduction for bank fixtures should have been made in Respondent's cost approach.

Petitioner's and Respondent's income approaches result in a similar value for the subject, ranging from \$1,046,000.00 to \$1,150,000.00 after the Board's adjustment; the Board removed Petitioner's expense for reserves for replacement as they are often inherent in the capitalization rate, resulting in a slightly higher adjusted value of \$1,150,000.00, rounded

In further support of a reduction, Petitioner presented a list of the actual values of all FirstBank locations in Adams County and the actual value of a property used as a land comparable. The assessor assigned actual values ranging from \$700,970.00 to \$1,253,606.00, well below the value assigned to the subject.

The Board concluded that the 2007 actual value of the subject property should be reduced to \$1,150,000.00.

ORDER:

Respondent is ordered to reduce the 2007 actual value of the subject property to \$1,150,000.00.

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

APPEAL:

If the decision of the Board is against Petitioner, Petitioner may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Colorado Revised Statutes ("CRS") section 24-4-106(11) (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

If the decision of the Board is against Respondent, Respondent, upon the recommendation of the Board that it either is a matter of statewide concern or has resulted in a significant decrease in the total valuation of the Respondent county, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of CRS section 24-4-106(11) (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation of the respondent county, Respondent may petition the Court of Appeals for judicial review of such questions within thirty days of such decision.

Colo. Rev. Stat. § 39-8-108(2) (2007).

DATED and MAILED this 9th day of June 2008.

BOARD OF ASSESSMENT APPEALS

Karen E Hart
Karen E. Hart

Sondra W. Mercier
Sondra W. Mercier

This decision was put on the record

JUN 09 2008

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

Heather Heinlein
Heather Heinlein

