

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**
1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 59196

Petitioner:

LAKEWOOD COUNTRY CLUB,

v.

Respondent:

**JEFFERSON COUNTY BOARD OF
EQUALIZATION.**

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on March 30, 2012, Debra A. Baumbach and James R. Meurer presiding. Petitioner was represented by Richard G. Olana, Esq. Respondent was represented by James Burgess, Esq. Petitioner is protesting the 2011 actual value of the subject property.

The property is described as follows:

**Lakewood Country Club
6800 W. 10th Avenue, Lakewood, Colorado 80214
Jefferson County Schedule Nos. 110117 & 051401**

The property consists of the Lakewood Country Club including a private 18-hole regulation parkland golf course, clubhouse, an aquatics and fitness center, swimming pool complex, and miscellaneous support buildings. The golf course is supported by a driving range and practice green. The Club was originally constructed in 1908 with five greens rebuilt in 1961. The main clubhouse building was constructed in 2006 and the aquatics and fitness center was constructed in 2008. Site size is 120.98 acres consisting of a 120.012 acre primary parcel and a 0.97 acre parcel used as an employee and overflow parking lot. The club owns water rights in the form of 88 shares in the Rocky Mountain Ditch Company.

Petitioner is requesting an actual value of \$4,332,000.00 for the subject property for tax year 2011. Respondent assigned a value of \$9,975,000.00 for the subject property for tax year 2011; however, is recommending a reduction to the appraised value of \$9,000,000.00. There was no dispute among the parties relative to the land value of the subject.

Mr. William Lazzeri, Treasurer and past President of the Lakewood Country Club, Mr. Troy Sprister, General Manager of the Club, and Mr. Thomas F. McElhinney testified on behalf of Petitioner. Mr. McElhinney presented the following indicators of value for the real property associated with the subject:

Market:	\$6,459,215.00
Cost:	\$4,500,000.00-\$6,300,000.000
Income:	\$4,332,000.00
Reconciled	\$4,332,000.00

Mr. McElhinney testified that the Lakewood Country Club was a “going concern” and that based on industry standards, the income approach to value should be the primary indicator of value for the real property associated with the subject. Relative to the income approach, Mr. McElhinney used the actual income from the facility and industry typical expenses to arrive at a net operating income (NOI) of \$927,180.00. The NOI was capitalized at a 13% overall rate to arrive at the total assets of the business (*V_{tab}*) of \$7,132,154.00. Declared personal property in the amount of \$1,884,905.00 and intangible assets in the amount of \$1,261,470.00 were subtracted from *V_{tab}* to arrive at a real property value of \$3,985,779.00. The amounts of personal property and intangible assets were not disputed by Respondent. The difference between the \$3,985,779.00 and the \$4,332,000.00 results from a math error in Petitioner’s model.

In order to further support the value derived from the income approach, Mr. McElhinney developed a cost and market approach, but placed little weight on these approaches in the final opinion of value.

Mr. McElhinney testified that the facility suffered from functional obsolescence due to its size and age and that this obsolescence directly impacted membership. Relative to the comparables in Petitioner’s market approach, Mr. McElhinney pointed out that the subject was valued significantly above similar clubs in the metropolitan area. Mr. McElhinney further testified that the costs and sales used in Respondent’s approaches to value were flawed and should not be relied upon to conclude value.

Respondent’s witness, Mr. Randall K. Brenimer, a Certified General Appraiser with the Jefferson County Assessor’s Office, presented the following indicators of value for the real property associated with the subject:

Market:	\$9,200,000.00
Cost:	\$9,980,000.00
Income:	\$7,800,000.00
Reconciled:	\$9,000,000.00

Mr. Brenimer testified that for a special purpose property such as the subject, the cost approach based on Marshall and Swift Cost Service is considered to be the most reliable indicator of value. This approach was given the most weight in the conclusion of value, and according to the witness, depreciation and obsolescence were properly deducted.

Mr. Brenimer further testified that the income approach was considered but given minimal weight and that the market approach was used primarily for a test of reasonableness for the cost approach. Within Respondent's income approach, the necessary deduction for personal and intangible property was purportedly netted out of the total gross income resulting in no line-item deduction for these asset classes. Only three comparables were employed in the market approach with minimal discussion and support for the adjustments.

The primary difference between Petitioner's and Respondent's concluded values involved which approach (e.g. income v. cost) was most appropriate and should be given the most weight, how the asset classes of personal property and intangible assets should be addressed in the analysis, and whether age and size of the facility resulted in significant obsolescence.

After careful consideration of the testimony and exhibits presented at the hearing, the Board concludes that the income approach best represents value for a property of this type and that the income approach developed by Petitioner should be given the most weight in the final conclusion of value. The Board concludes that estimating the total assets of the business and subtracting the appropriate asset classes resulting in the value of the real property is a preferable valuation methodology. The Board concludes to the value of \$4,332,000.00, equating to \$240,667.00 per golf hole, which is bracketed and further supported by Petitioner's sale comparables.

ORDER:

Respondent is ordered to reduce the 2011 actual value of the subject property to \$4,332,000.00.

The Jefferson County Assessor is directed to change their 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 Section 24-4-106(11), C.R.S. (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 Section 24-4-106(11), C.R.S. (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.


Section 39-8-108(2), C.R.S.

DATED and MAILED this 10th day of April, 2012.

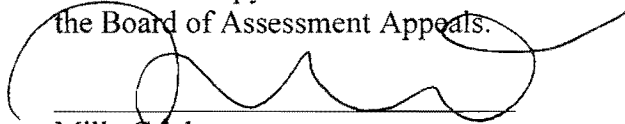
BOARD OF ASSESSMENT APPEALS



Debra A. Baumbach


James R. Meurer

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


Milla Crichton