

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>PAC PROPERTIES LLC,</p> <p>v.</p> <p>Respondent:</p> <p>JEFFERSON COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 60478</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on October 23, 2012, Gregg Near and MaryKay Kelley presiding. Petitioner was represented by Thomas E. Downey, Jr., Esq. Respondent was represented by Writer Mott, Esq. Petitioner is protesting the 2011 actual value of the subject property.

Subject property is described as follows:

**533 Van Gordon Street, Lakewood, Colorado
Jefferson County Schedule No. 131187**

The subject property is the Point Athletic Club. On 3.499 acres, it is comprised of 66,800 square feet of improvements per Petitioner, or 62,650 square feet per Respondent. Built in 1975, improvements include a reception area and offices, child care, exercise and weight training rooms, tennis/racquetball/basketball/squash courts, climbing wall and track, three tennis courts, indoor and outdoor pools and spas, restrooms, locker room and showers. The Club is visible from 6th Avenue Freeway and is accessed via the frontage road.

Respondent assigned an actual value of \$5,172,700 for tax year 2011. Petitioner is requesting a value between \$1,000,000 and \$1,217,000.

Petitioner presented the following indicators of value but relied solely on the cost approach. No testimony was presented for market or income approaches.

Market	\$432,000 to \$1,047,000
Income	\$985,000
Cost	\$862,700 to \$1,216,700

Petitioner presented a cost approach to derive a value between \$862,700 and \$1,216,700.

Petitioner's witness, Steve Letman, Certified General Appraiser, presented two sets of land sales: five sales ranging from \$130,680 to \$165,571 (\$3.97 to \$4.83 per square foot), and an additional three ranging from \$400,000 to \$1,079,824 (\$3.06 to \$5.73 per square foot). No adjustments were made. He concluded to a land value of \$4.00 per square foot or \$609,700.

Mr. Letman used the Marshall Valuation Service, factoring costs from July of 2012 to July of 2010, to derive a replacement cost new of \$5,055,000.

Mr. Letman described the subject's condition as poor: flooring, walls and ceilings in disrepair and damaged by leaks; sprinkler heads in need of repair; deteriorating stairways; obsolete lighting; an inadequate air conditioning system; cracked exterior concrete; damaged exterior doors, walls, and decks; and poor grading, causing overflow sauna water draining into the pool. Functional obsolescence was indicated by the absence of an elevator and inadequate parking spaces. External obsolescence was evidenced by economic decline.

In calculating depreciation, Mr. Letman assigned an effective age of 38 years and a total economic life of 40 years to derive a factor of 95% resulting in a negative adjustment of \$4,802,000 to the replacement cost new. The remainder plus land value equaled \$862,700. Application of straight line depreciation based on an actual age of 35 concluded to depreciation of 88% or a value of \$607,000 plus land for a total value of \$1,216,700.

Respondent presented a cost approach to derive a value of \$5,238,000.

Petitioner's witness, Darla Jaramillo, Certified General Appraiser, presented four land sales ranging from \$1,830,000 to \$9,147,600 (\$7.46 to \$18.61 per square foot). Adjustments were made for proximity to light rail, size, location, access, and visibility. Ms. Jaramillo concluded to a value of \$14 per square foot or \$2,133,852.

Ms. Jaramillo used the Marshall Valuation Service to derive a replacement cost new of \$3,104,179.

Ms. Jaramillo described the subject's condition as average. She acknowledged the presence of deferred maintenance while noting that the membership count was 1,300, reflecting the Club's viability. She assigned an effective age of 25 years and a total economic life of 40 years for a depreciation factor of 43%. The addition of land value resulted in a total value of \$5,238,000.

Sufficient probative evidence and testimony was presented to prove that the actual value of the subject property should be reduced.

The Board, in review of all land sales, finds that Respondent's sales are more persuasive. Petitioner's sales are industrial in comparison to Respondent's commercial sales, which are more similar to the subject. While all Respondent's sales are considered, Sale Four is given greatest weight due to its residential surroundings; value at the lower end of the range is indicated. The Board concludes to a land value of \$10 per square foot, or, \$1,524,180.

Petitioner did not convince the Board that Respondent's improvement square footage was incorrect, and Respondent's figure is used in the Board's calculations. Respondent's cost data, taken directly from the 2010 Marshall Valuation Manual, is more reliable than Petitioner's factored costs.

Marshall Valuation's "average" mezzanine cost of \$21.09 plus 10% profit or \$23.20, however, is considered more reliable than Respondent's "good" figure of \$34.28.

Respondent's depreciation factor of 43% is more persuasive. Although deferred maintenance exists, membership numbers are influential, and Petitioner's witnesses did not convince the Board that the structure was at the end of its physical or economic life.

Re-calculation indicates a replacement cost new of \$3,030,140 plus a land value of \$1,524,180 for a total value of \$4,554,320.

The Board concludes that the 2011 actual value of the subject property should be reduced to \$4,554,320.

ORDER:

Respondent is ordered to reduce the 2011 actual value of the subject property to \$4,554,320.

The Jefferson County Assessor is directed to change his/her 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).

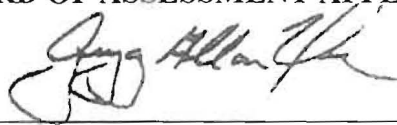
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

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 6th day of November, 2012.

BOARD OF ASSESSMENT APPEALS

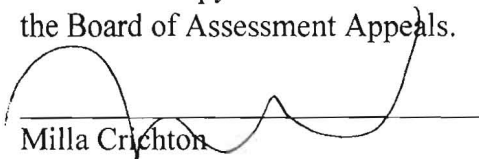


Gregg Near



MaryKay Kelley

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



Milla Crichton

