

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

Docket No.: 61603

Petitioner:

AUTOMOTIVE SERVICES, INC,

v.

Respondent:

JEFFERSON COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on May 16, 2013 Brooke B. Leer and James R. Meurer presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Writer Mott, Esq. Petitioner is protesting the 2012 actual value of the subject property.

Subject property is described as follows:

**15000 W. Colfax Avenue, Golden, CO
Jefferson County Schedule No. 183918**

The property consists of a full service, automobile sales and service dealership located along the West Colfax Avenue Corridor in Golden, Colorado. The building is two story, was originally constructed in 1985 as a recreational vehicle dealership, and later converted to automotive sales and service use. The structure contains approximately 87,640 square feet including sales and service areas, a detail shop, a parts department, a car wash, and storage areas. In addition, there are external "pads" to the north and east of the building used for parking and sales of automobiles and trucks. Site size is 641,029 square feet or 14.72 acres. The property is zoned for commercial use, and all public utilities are available. The subject is reported to be in overall average to good condition.

Petitioner is requesting a value of \$6,300,000 for tax year 2012. Respondent provided an appraisal reflecting a value of \$14,259,000; however is deferring to the Board of Equalization's (BOE) assigned value of \$8,393,000 for tax year 2012.

Petitioner presented the following indicator of value:

Cost:	\$6,311,442
Market	Not Developed
Income:	Not Developed

Relying solely on the cost approach, Petitioner concluded to an indicated value of \$6,300,000 for the subject property.

Petitioner's witness, Mr. Todd Stevens with Stevens & Associates Cost Reduction Specialists, presented his cost approach based on data derived from the Marshall Valuation Service (Marshall) reflecting a depreciated replacement cost for the subject of \$1,919,344. Mr. Stevens estimated physical depreciation at 68% of cost new based on Marshall Depreciation Tables and estimated economic obsolescence at 15% of depreciated replacement cost based on historical economic data. The depreciated cost was then added to land value of \$4,680,000 (\$7.30 per square foot) to reflect a total depreciated cost of \$6,311,442.

Respondent presented the following indicator of value:

Cost:	\$14,259,843
Market	Not Developed
Income:	Not Developed

Relying solely on the cost approach, Respondent concluded to an indicated value of \$14,259,000 for the subject property.

Respondent's witness, Ms. Darla K. Jaramillo of the Jefferson County Assessor's Office, also presented a cost approach based on data derived from Marshall and reflecting a depreciated replacement cost for the subject of \$5,317,488. Ms. Jaramillo estimated physical depreciation at 30% of cost new for the vertical improvements and 66% to 75% for the yard improvements based on an age/life calculation. The witness did not deduct economic obsolescence. The depreciated cost was then added to land value of \$8,942,355 (\$13.95 per square foot) to reflect the total depreciated cost of \$14,259,843.

Areas of primary disagreement between Petitioner and Respondent consisted of the classification of the space within the building and its resulting replacement cost, the inclusion of entrepreneurial profit, the amount and methodology of the physical depreciation, the existence of economic obsolescence, and the value of the land. The differences between the parties' variables are compared in the following table:

	Petitioner		Respondent	
Space Classification SF				
Showroom	25,686	sf	21,527	sf
Service Garage	45,908	sf	N/A	
Mezzanine	16,046	sf	N/A	
Auto Service Center	N/A		66,113	sf
	<u>87,640</u>		<u>87,640</u>	
Space Replacement Cost PSF (Base)				
Showroom	\$88.40	psf	\$92.22	psf
Service Garage	\$49.89	psf	N/A	
Mezzanine	\$19.12	psf	N/A	
Auto Service Center	N/A		\$68.99	psf
Entrepreneurial Profit	0.00%		10.00%	
Physical Depreciation	68.00%		30.00%	
Economic Obsolescence	15.00%		0.00%	
Land Value	\$7.30	psf	\$13.95	psf
Indicated Value	\$6,300,000		\$14,259,000	
Indicated Value	\$71.88	psf	\$162.70	psf

Again note that Respondent is deferring to the Board of Equalization assigned value of \$8,393,000 or \$95.77 per square foot for tax year 2012.

After careful consideration, the Board concurs with the parties that the cost approach is appropriate in supporting a final opinion of value. Based on testimony and a review of the exhibits, the Board concludes the following:

- Petitioner's classification and breakdown of the space in the building is most supportable given the descriptions and per-square foot costs provided by Marshall.
- Respondent's estimate of entrepreneurial profit is supportable. This profit incentive is not included in Marshall's base costs, and needs to be added for replacement cost purposes.
- Petitioner estimates physical depreciation of 68% based on the Marshall Tables and Respondent estimates this depreciation at 30% based on age/life calculation. The Board concludes that these depreciation numbers reflect the high and low end of a supportable range and concludes physical depreciation to be 50% of replacement cost new, based on the testimony of the parties.
- The Board finds that there is no support for economic obsolescence.
- Relative to land value, the Board finds that the comparable sales used by Respondent are most persuasive. However, the Board concludes that additional adjustment to the sales is necessary for the differences in square footage. The Board concludes to a land value of \$12.00 per square foot or \$7,692,348.

A recalculated replacement cost reflecting these variables is found in the following table:

Showroom Space	\$88.40	x	25,686	sf	=	\$2,270,642
Service Garage	\$49.89	x	45,908	sf	=	\$2,290,350
Mezzanine	\$19.12	x	16,046	sf	=	\$306,800
			87,640			\$4,867,792
Site Improvements						\$1,707,485
Total						\$6,575,277
Entrepreneurial Profit		@	10.00%			\$657,528
Estimated Replacement Cost New						\$7,232,805
Physical		@	50.00%			\$3,616,402
Functional		@	0.00%			\$0
External		@	0.00%			\$0
Total Depreciation						\$3,616,402
Estimated Replacement Cost New Minus Depreciation						\$3,616,402
Estimated Site Value:	\$12.00	x	641,029		=	\$7,692,348
Estimated Value by Cost Approach (round)						\$11,308,750
(per square foot)						\$11,310,000
						\$129.04

Based on the above, the Board concludes to a value of \$11,310,000 for tax year 2012. This value exceeds the current BOE assigned value on the subject.

ORDER:

The petition is denied.

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).

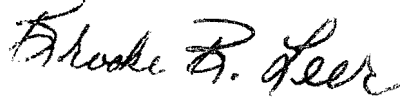
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

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 28th day of June, 2013.

BOARD OF ASSESSMENT APPEALS



Brooke B. Leer



James R. Meurer

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



Milla Lishchuk

