

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

**Docket No.: 63503**

Petitioner:

**WESTSIDE INVESTMENTS, INC.,**

v.

Respondent:

**DOUGLAS COUNTY BOARD OF COMMISSIONERS**

**ORDER**

**THIS MATTER** was heard by the Board of Assessment Appeals on March 31, 2014, Debra A. Baumbach and James R. Meurer presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Meredith P. Van Horn, Esq. Petitioner is requesting an abatement/refund of taxes on the subject property for tax years 2011 and 2012.

Subject property is described as follows:

**1040 Atchison Ct., Castle Rock, CO  
Douglas County Schedule No. R0342438**

The property consists of a 174,240 square foot or 4.00 acre parcel of land located in the Town of Castle Rock. The subject is approximately 1/3 mile south of Wolfensberger Rd. and approximately 1/2 mile to Interstate 25 access. The parcel is generally rectangular in shape, topography is level, and frontage along Atchison Ct. is  $\pm$ 306 feet. Zoning is I-2 (Industrial) by the Town of Castle Rock which permits the existing industrial/storage use. Site improvements consist of paving, wood fencing, and landscape. The vertical improvements located on the parcel consist of a 2,400 square foot steel skin utility building constructed in 1995, and a 720 square foot modular office building also constructed in 1995. According to the exhibits, the improvements are in average condition. There is a cemetery located to the north of the subject, and a cement batch plant located to the west and south.

Petitioner is requesting a value of \$425,000 for tax years 2011 and 2012. Respondent provided an appraisal reflecting a value of \$1,060,000 for each year; however is deferring to the Board of Equalization's (BOE) assigned value of \$991,058 for tax years 2011 and 2012.

Petitioner presented the following indications of value:

Cost:	\$425,000
Market	Not Developed
Income:	Not Developed

Petitioner's agent, Mr. Mike Shafer of Property Tax Refund Consultants, LLC developed a cost approach (land value plus the contributory value of the improvements) to support his opinion of value. Relative to land value, Mr. Shafer provided four comparables reflecting sale prices that ranged from \$1.16 to \$3.45 per square foot, and all of the transactions occurred during the statutory or extended base periods. Mr. Shafer applied adjustments for parcel size resulting in an average adjusted value of \$2.24 per square foot which, once applied to the land area of the subject of 174,240 square feet, indicated an estimated market value of \$390,298 for the subject parcel of land. Mr. Shafer also referenced four industrial land foreclosure transactions to further support his opinion of value.

In order to provide an opinion of the contributory value of the vertical improvements, Mr. Shafer calculated the replacement cost of the buildings using the Marshall Valuation Service. The replacement cost new of the utility building was estimated at \$79,992, and the replacement cost new for the modular office building was estimated at \$92,481. Mr. Shafer applied a 46.67% physical depreciation percentage and a 30% economic obsolescence percentage to the replacement cost, resulting in a total replacement cost new minus depreciation for the two buildings of \$34,526. Combining the opinion of land value of \$390,298 with the contributory value of the improvements of \$34,526 resulted in a value via the cost approach of \$424,824, which was rounded to \$425,000.

During testimony, Mr. Shafer argued that Respondent's conclusion of land value was excessive, and that Douglas County did not account for the economic conditions that existed as of the valuation date. Mr. Shafer further argued that the sales used by Respondent were not properly exposed to the open market, that their locations were not comparable to the subject, that Respondent did not include the sale of the property across the street from the subject, and that the adjustments to the comparables were unsupported.

Respondent presented the following indications of value:

Cost:	\$1,044,000
Market	\$1,080,000
Income:	Not Developed

Relative to the cost approach, Respondent's witness, Mr. Stephen Snyder, an appraiser with the Douglas County Assessor's Office provided four land sale comparables. The sale prices of the comparables ranged from \$600,000 to \$1,089,000 or \$4.17 to \$6.25 per square foot. After adjustments for seller motivation (REO property), location, and shape, the comparables ranged from \$4.17 to \$6.25 per square foot. Mr. Snyder reconciled to a value of \$5.25 per square foot, which was applied to the square footage of the subject of 174,240 square feet, resulted in an opinion of land value of \$914,760. This value was then rounded to \$915,000.

Similar to Petitioner, Mr. Snyder also calculated the depreciated replacement cost of the utility and office buildings including site improvements using the Marshall Valuation Service. The replacement cost new of the utility building (storage/garage) was estimated at \$139,365, and the replacement cost new for the modular office building was estimated at \$38,232. Mr. Shafer applied a 23.0% physical depreciation percentage for the utility building and a 43.0% physical depreciation percentage for the office building. No economic obsolescence was considered necessary or supportable. The resulting replacement cost new minus depreciation was \$106,854 for the utility building and \$21,716 for the office building, resulting in a total replacement cost new minus depreciation for the two buildings of \$128,570. Combining the opinion of land value of \$915,000 with the contributory value of the improvements of \$128,570 resulted in the value via the cost approach of \$1,043,570, which was rounded to \$1,044,000.

In addition, Respondent's witness developed a market (sales comparison approach) to support his final opinion of value. Four sales were employed in this analysis with sale prices ranging from \$575,000 to \$800,000. Given the land-to-building ratio of the subject of 55.85:1, Mr. Snyder chose to use the price per square foot of land for each comparable as his unit of comparison. After adjustments for location and parcel size, the comparables reflected values ranging from \$3.89 to \$6.72 per square foot. Mr. Snyder reconciled the sales to \$6.20 per square foot which resulted in a concluded value of \$1,080,228, rounded to \$1,080,000 via the market approach. Mr. Snyder testified he placed most weight on the market approach relative to his final opinion of value.

Mr. Snyder testified that Petitioner's comparable sales (both land and improved) lacked the necessary adjustments to realistically compare them to the subject and further argued that there were no significant negative economic conditions that affected the subject for purposes of valuation. Mr. Snyder also questioned the validity of the replacement costs for the buildings and estimate of depreciation provided by Petitioner.

The primary areas of disagreement between Petitioner and Respondent consisted of the value of the land including the respective comparables used in the analysis and their exposure to the market, the adjustments to these comparables, and the impact of any adverse economic conditions upon the subject parcel.

Petitioner presented sufficient probative evidence and testimony to prove that the valuation of the subject property for tax years 2011 and 2012 was incorrect.

Given that the majority of the value for the subject lies in the land, and the land-to-building ratio of the subject is 55.85:1, the Board concludes that the most supportable method to value the subject is by estimating a land value, and adding the contributory value of the improvements.

The Board concludes the land sale comparables provided by Petitioner that average \$2.24 per square foot after adjustment adequately support a reasonable market value for the subject. The Board also concludes that the replacement cost new calculated by Petitioner is supportable, and that the 46.67% physical depreciation percentage based on age/life methodology is also supportable. The Board does not conclude that the 30% economic obsolescence deduction is

warranted or supportable. The value for the subject is recalculated as follows:

<b>Component Value</b>	<b>Indicated Value</b>	<b>Value PSF or Percent</b>	<b>Source</b>
Land	\$390,298	\$2.24	Petitioner
Buildings RCN	\$92,481	\$29.64	Petitioner
Physical Depreciation	(\$43,158)	46.67%	Age/Life
Economic Obsolescence	(\$0)	N/A	N/A
Total Indicated Value	\$439,621	N/A	N/A
Rounded	\$440,000		

The concluded value of \$440,000 represents the Board's conclusion of the value of the land plus the contributory value of the vertical improvements.

**ORDER:**

Respondent is ordered to cause an abatement/refund to Petitioner, based on a 2011 and 2012 actual value for the subject property of \$440,000.

The Douglas 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-nine 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 for assessment of the county wherein the property is located, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provision 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-nine 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 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 for assessment of the county in which the property is located, Respondent may petition the Court of Appeals for judicial review of such questions.

Section 39-10-114.5(2), C.R.S.

**DATED and MAILED** this 16th day of April, 2014.

**BOARD OF ASSESSMENT APPEALS**

*Debra A. Baumbach*

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 Lishchuk

