

<p><b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p><b>EAGLE SPRINGS GOLF CLUB,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>EAGLE COUNTY BOARD OF EQUALIZATION.</b></p>	<p><b>Docket No.: 44705</b></p>
<p><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on September 14, 2006, Steffen A. Brown and MaryKay Kelley presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Brian R. Treu, Esq. Petitioner is protesting the 2005 actual value of the subject property.

**PROPERTY DESCRIPTION:**

Subject property is described as follows:

**28521 U.S. Highway 6, Wolcott, Colorado  
Eagle County Schedule No. R014980**

The subject is a private 18-hole golf course located on 194.77 acres west of Vail at the Wolcott interchange. Improvements include a two-story 11,536 square foot clubhouse with a pro shop and retail sales area, administrative offices, commercial kitchen, dining room and lounge, and locker rooms. The 6,816 square foot basement houses an office, food storage, and leased-cart storage. An 8,408 square foot maintenance building includes maintenance and repair space, an employee break room, and an office. Support buildings include an 860 square foot caddy building, 640 square foot range pavilion, two restroom buildings, pump house for the irrigation system, three lightning shelters, and a 1920's barn on site as a visual amenity.

A Special Use Permit, compatible with low-density Resource zoning, requires that the land be returned to irrigated agricultural use if not used as a golf course.

**FINDINGS OF FACT:**

1. Petitioner and Respondent presented the following indicators of value.

	<u>Petitioner</u>	<u>Respondent</u>
Cost:	\$3,664,842.00	\$7,976,035.00
Income:	\$2,086,700 (actual) \$3,162,334.00 (pro forma)	\$7,438,823.00
Market:	Not applicable	\$7,000,000 to \$8,500,000

2. Petitioner relied on the cost approach with support from the pro forma income approach to conclude to an indicated value of \$3,665,000.00. Respondent relied on the cost approach with support from the income approach to conclude to an indicated value of \$7,700,000.00.

3. The market-adjusted cost values for the subject property were calculated as follows:

<u>Petitioner</u>		<u>Respondent</u>	
Land	\$ 973,850	Land	\$ 1,655,000
Land Improvements	3,754,300	Land Improvements	600,000
		Course Improvements	7,689,942
		Indirect Costs	<u>537,764</u>
		Subtotal	8,827,706
Bldg Improvements	<u>2,076,122</u>	Bldg Improvements	<u>2,465,340</u>
Subtotal	\$6,804,272	Subtotal	\$11,293,046
Physical Depreciation	( 1,631,490 )	Physical Depreciation	( 2,713,402 )
Economic Obsolescence	( <u>1,507,940</u> )	Economic Obsolescence	( <u>2,258,609</u> )
Market Value	\$3,664,842	Market Value	\$ 7,976,035

4. Petitioner presented two land sales, the first to Vail Christian High School (205.4 acres) for \$9,737.00 per acre. A PUD was subsequently approved, which makes this sale less comparable to the subject. The second sale, purchased for fishing rights and a residential subdivision, was to Cordillera Property Owners for \$4,973.00 per acre. Petitioner placed greater weight on this sale because it has similar highway, railroad, and river easements plus recreational use. Petitioner concluded to a land value of \$5,000.00 per acre.

5. Respondent presented five land sales ranging in price from \$7,143.00 per acre to \$16,637.00 per acre. The three most comparable sales ranged from \$7,143.00 to \$9,737.00 per acre. Respondent concluded to a land value of \$8,500.00 per acre.

6. Petitioner's land improvements included depreciable items (irrigation system, greens

and tees, drainage systems, and cart paths) estimated at \$2,330,700.00 and non-depreciable items (clearing, grading, planting, and landscaping) estimated at \$1,423,600.00 for a total of \$3,754,300.00 per Marshall & Swift. Architect fees, considered intangible, were not included.

7. Respondent's land improvements were split into three categories: course improvements (clearing, grading, irrigation and drainage systems; trees, greens, tees, fairways, service roads and cart paths; profit, overhead, financing, and architect fees) using figures from the upper end of the Marshall & Swift Class IV course reflecting a better championship-type course with a name architect and higher Vail-area costs; land improvements of \$600,000 (gated entry, covered bridge, 3 RR tunnels, pedestrian bridge, paving & parking lots); and indirect or soft costs of 5% not included in Marshall & Swift.

8. Petitioner depreciated land improvements at 70% on a 15-year schedule. Petitioner did not depreciate building improvements.

9. Respondent applied an average depreciation rate of 26% to the building improvements and a depreciation rate of 25% to the non-golf site improvements and the golf course.

10. Petitioner calculated economic obsolescence at 22% based on a reduction of the subject's initiation fees from \$225,000.00 to \$175,000.00 and on an increase of available memberships from zero to 13.

11. Respondent's calculated economic obsolescence at 20% based on data from the National Golf Foundation that suggests a range from 10% to 30%.

12. Respondent assigned an actual value of \$6,847,000.00 to the subject property for tax year 2005. Petitioner is requesting an actual value of \$3,665,000.00.

### **CONCLUSIONS OF LAW:**

1. No weight was placed on the income approach to value. The subject is a private facility operated by a not-for-profit corporation. As such, a profit-oriented analysis is based on an extraordinary assumption.

2. Overall, Respondent's cost approach was more detailed and reliable than Petitioner's cost approach. Respondent's land sales were more comparable to the subject as they were purchased for non-residential and non-commercial uses. Respondent's land improvements were well-defined and substantiated, whereas Petitioner failed to account for tunnels, pedestrian bridge, paving, profit, overhead, financing, and architect fees.

3. Petitioner's evidence and testimony regarding economic obsolescence was more persuasive. However, recalculating the value indicated in Respondent's cost approach using an economic obsolescence rate of 22% results in a value greater than the value assigned to the subject property for tax year 2005.

4. Respondent presented sufficient probative evidence and testimony to prove that the

4. Respondent presented sufficient probative evidence and testimony to prove that the tax year 2005 valuation of the subject property was correct.

**ORDER:**

The petition is denied.

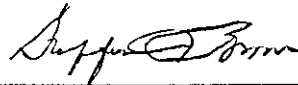
**APPEAL:**

Petitioner may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

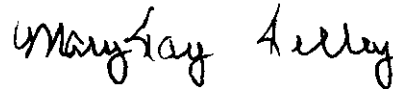
If Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 30 days from the date of this decision.

**DATED and MAILED** this 19<sup>th</sup> day of October 2006.

**BOARD OF ASSESSMENT APPEALS**



Steffen A. Brown

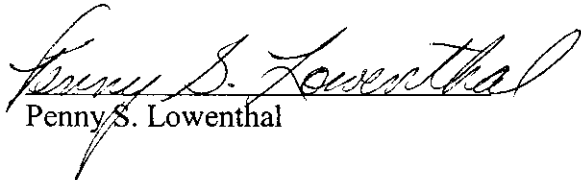


MaryKay Kelley

This decision was put on the record

**OCT 19 2006**

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



Penny S. Lowenthal

