

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>STERLING COUNTRY CLUB,</p> <p>v.</p> <p>Respondent:</p> <p>LOGAN COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 48281</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on May 15, 2008, Sondra W. Mercier and Karen E. Hart presiding. Petitioner was represented by Brandon C. Shaffer, Esq. Respondent was represented by Alan W. Samber, Esq. Petitioner is protesting the 2007 actual value of the subject property.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**Sterling Country Club
17408 Highway 14, Sterling, Colorado
(Logan County Schedule No. 2110000)**

The subject is an 18-hole private membership golf club on 155 acres that includes a clubhouse, maintenance building, cart barns, outdoor swimming pool, and two tennis courts. The clubhouse was rebuilt in 2000 following a fire. The swimming pool is in good condition; however, the tennis courts are in disrepair and not playable.

Petitioner presented the following indicators of value:

Cost:	\$2,050,000.00
Market:	\$1,800,000.00 to \$2,200,000.00
Income:	\$ 890,000.00 to \$1,330,000.00

Petitioner presented a cost approach to derive a market-adjusted cost value for the subject property of \$2,050,000.00. Petitioner applied Marshall & Swift cost information to determine replacement cost new and used an age/life method to determine physical deterioration. External obsolescence was estimated to be 20% of cost new. Both parties stipulated to the value of the land at \$697,500.00.

Petitioner presented nine sales that occurred within the five year extended base period. Petitioner identified five that were considered to be most comparable to the subject property. Petitioner compared these five sales using a price per hole, price per acre, price per round played, and greens fee multiplier. Based on these factors, Petitioner presented a range of indicated value of \$1,800,000.00 to \$2,200,000.00 for the subject property using the market approach.

Petitioner presented an income approach to derive a range of value of \$890,000.00 to \$1,330,000.00 for the subject property. The range of value was concluded based on two different income scenarios. Petitioner deducted personal property equal to the value assigned by the Logan County Assessor. Petitioner first applied the seven step process defined under the Division of Property Taxation guidelines in their educational program APR230 – Valuation of Golf Courses (2006). This approach yielded a value of \$890,000.00 for the subject property. Secondly, Petitioner analyzed the subject as if it operated as a daily fee facility open to the public. This approach indicated a value of \$1,330,000.00 for the subject.

Petitioner placed the greatest reliance on the values indicated in the cost and market approaches, with consideration also given to the low value indicated by the income approach. Petitioner is requesting a 2007 actual value of \$2,000,000.00 for the subject property.

Respondent presented the following indicators of value:

Cost:	\$2,630,610.00
Market:	\$2,715,680.00
Income:	\$2,615,630.00

Respondent also applied Marshall & Swift, a state-approved cost estimating service, to derive a market-adjusted cost value for the subject property of \$2,630,610.00. Respondent applied physical depreciation derived from Marshall & Swift factors. Respondent contends that there is no economic obsolescence indicated for the subject. Respondent placed most weight on the cost approach.

Based on the market approach, Respondent presented an indicated value of \$2,715,680.00 for the subject property. Respondent presented three comparable sales ranging in sales price from \$3,400,000.00 to \$6,500,000.00. After adjustments were made, the sales ranged from \$2,715,130.00 to \$3,011,710.00. Respondent made no deduction for personal property associated with the comparable sales analyzed.

Respondent used the income approach to derive a value of \$2,615,630.00 for the subject property. Respondent applied a gross rounds multiplier to determine the value of the subject using the income approach. Again, Respondent made no deduction for the value of personal property which contributes to the income stream. Respondent believes that due to the non-profit ownership structure in place on the assessment date, the actual income of the subject property is not a reflection of market value.

Respondent assigned an actual value of \$2,630,610.00 to the subject property for tax year 2007.

Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2007 valuation of the subject property was incorrect. The Board was convinced that the market approach was not a reliable indicator of the value of the subject as there are too many variables (i.e. personal property, intangible value, location, course designer) that require subjective adjustments. While the income approach generally provides the best indicator of value for a golf course property, the subject is not believed to be operating at a stabilized level, with a significant decline in membership over the past several years. The Board was convinced that Respondent's income and cost approaches significantly overstated the value of the subject, with no economic obsolescence deducted from the cost approach and no allowance for personal property deducted from the income approach. The Board has placed the greatest reliance on Petitioner's cost and income approaches as the best indicators of the value of the subject.

The Board concluded that the 2007 actual value of the subject property should be reduced to \$2,000,000.00.

ORDER:

Respondent is ordered to reduce the 2007 actual value of the subject property to \$2,000,000.00.

The Logan County Assessor is directed to change 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 CRS § 24-4-106(11) (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 CRS § 24-4-106(11) (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.


CRS § 39-8-108(2) (2008).

DATED and MAILED this 17th day of October 2008.

BOARD OF ASSESSMENT APPEALS



Sondra W. Mercier

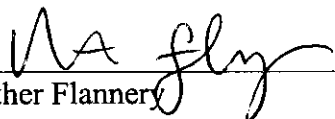


Karen E. Hart

This decision was put on the record

OCT 17 2008

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



Heather Flannery

