

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**

1313 Sherman Street, Room 315
Denver, Colorado 80203

Docket No.: 61628

Petitioner:

GOLDEN MESA LLC,

v.

Respondent:

JEFFERSON COUNTY BOARD OF EQUALIZATION.

ORDER

THIS MATTER was heard by the Board of Assessment Appeals on May 31, 2013 MaryKay Kelley and Brooke B. Leer 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:

**780 Denver West CO Mills Blvd, Golden, CO 80401
Jefferson County Schedule No. 212368, 212369 and 209049**

The property consists of a full service, automobile sales and service dealership located in the area of Indiana Street and 6th Avenue in Golden, Colorado. The Colorado Mills Shopping Center is adjacent to the subject. The building has two stories and was constructed in 2003. It is used as a Stevinson Toyota West Scion dealership. The structure contains approximately 112,090 square feet including sales and service areas, a detail shop, a parts department, a car wash, and storage areas. Site size is 629,310 square feet or 14.45 acres. The property is zoned for commercial use, and all public utilities are available. The subject is reported to be in overall good condition.

Petitioner is requesting a value of \$11,900,000 for tax year 2012. Respondent provided an appraisal reflecting a value of \$21,700,000; however is deferring to the Board of Equalization's (BOE) assigned value of \$13,996,200 for tax year 2012.

Petitioner presented the following indicator of value:

Cost:	\$11,917,470
Market	Not Developed
Income:	Not Developed

Relying solely on the cost approach, Petitioner concluded to an indicated value of \$11,900,000 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) and reflecting a depreciated replacement cost for the subject of \$7,323,170. Mr. Stevens estimated physical depreciation at 16% 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 \$4,594,300 (\$7.30 per square foot) to reflect a total depreciated cost of \$11,917,470.

Respondent presented the following indicator of value:

Cost:	\$21,700,000
Market	Not Developed
Income:	Not Developed

Relying solely on the cost approach, Respondent concluded to an indicated value of \$21,700,000 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 reflecting a depreciated replacement cost for the subject of \$12,934,965. Ms. Jaramillo estimated physical depreciation at 5% of cost new for the vertical improvements and 35%-55% 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 \$8,778,875 (\$13.95 per square foot) to reflect the total depreciated cost of \$21,713,840.

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 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	23,394	sf	32,682	sf
Service Garage	64,312	sf	N/A	
Mezzanine-Storage	10,741			
Mezzanine-Office/Showroom	13,643	sf	4,355	
Auto Service Center- Mezzanine			10,741	
Auto Service Center	N/A		64,311	
	<u>112,090</u>		<u>112,089</u>	sf
Space Replacement Cost PSF (Base)				
Showroom	\$122.07	psf	\$127.39	psf
Mezzanine-Office/Showroom	\$61.47		\$44.69	
Service Garage	\$68.91		N/A	
Mezzanine-Storage	\$22.96		N/A	
Auto Service Center- Mezzanine			\$29.26	
Auto Service Center	N/A		\$85.84	
Entrepreneurial Profit	0.00%		10.00%	
Physical Depreciation	16.00%		5.00%	
Economic Obsolescence	15.00%		0.00%	
Land Value	\$7.30	psf	\$13.95	psf
Indicated Value	\$11,917,470		\$21,713,840	
Indicated Value	\$106.32	psf	\$193.72	psf

Again, note that Respondent is deferring to the Board of Equalization's assigned value of \$13.996,200 or \$124.8 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. It is recognized in the market as an incentive to build and is not excessive.
- Petitioner estimates physical depreciation of 16% based on the Marshall Tables and Respondent estimates this depreciation at 5% based on age/life calculation referred to in the Marshall Tables as well. However, Respondent concluded to an effective life of 7 years and a life expectancy estimate from Marshalls at 45 years.

This would be a depreciation percentage of 15.6% versus the 5% applied. The Board concludes that the 16% estimate is reasonable.

- The Board finds that there is no support for Petitioner's use of economic obsolescence due to a decrease in the new car sales. Economic obsolescence is attributed to a loss in value caused by factors outside the property and we find none that would cause a loss in value for this property.
- 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 \$7,551,720.

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

Showroom Space	\$122.07	x	23,394	sf =	\$2,855,706
Service Garage	\$68.91	x	64,312	=	\$4,431,740
Mezzanine-Storage	\$22.96	x	10,741		\$246,613
Mezzanine-Office	\$61.47	x	13,643	=	\$838,635
			112,090	sf	\$8,372,694
Site Improvements(Respondent)					\$489,674
Total					\$8,862,368
Entrepreneurial Profit		@	10.00%		\$886,237
Estimated Replacement Cost New					\$9,748,605
Physical		@	16.00%		\$1,559,777
Functional		@	0.00%		\$0
Economic		@	0.00%		\$0
Total Depreciation:					\$1,559,777
Estimated Replacement Cost New Minus Depreciation					\$8,188,828
Estimated Site Value:	\$12.00	x	629,310	=	\$7,551,720
Estimated Value by Cost Approach:					\$15,740,548
(round)					\$15,740,000
(per square foot)					\$140.42

Based on the above, the Board concludes to a value of \$15,740,000 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).

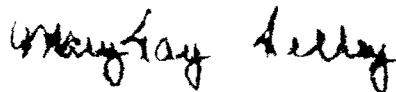
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

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.

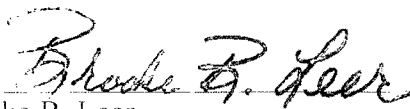
Section 39-8-108(2), C.R.S.

DATED and MAILED 28th day of June, 2013.

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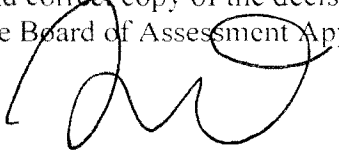


MaryKay Kelley



Brooke B. Leer

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



Milla Lishchuk

