CBOE # 365

POWERHOUSE; R003216

2019 REAL PROPERTY NOTICE OF DETERMINATION

Gunnison County
COLORADO

Kristy McFarland
Gunnison County Assessor
221 N Wisconsin St, Suite A
Gunnison, CO 81230

Date of Notice: August 15, 2019
Phone: (970) 641-1085
Fax: (970) 641-7920
Email: assessor@gunnisoncounty.org
Website: http://www.gunnisoncounty.org/assessor.html

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R003216	2019	200	3255-031-51-003

PROPERTY OWNER	LEGAL DESCRIPTION
COAL CREEK INVESTMENTS LLC PO BOX 836 CRESTED BUTTE, CO 81224 Powerhouse	PART OF LOTS 2-6 BLK 29 CRESTED BUTTE #569792

PROPERTY CLASSIFICATION		PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
			ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial Received County Administration 9/16/19		2017 $06.200.00	1,099,120	1,099,120
	TOTALS		$1,099,120	$1,099,120

The Assessor has carefully studied all the available information, giving particular attention to the specifics included on your protest. The Assessor's determination of value after review is based on the following:

The actual value of the property is determined by appropriate consideration of the approaches to appraisal set forth in § 39-1-103(5)(a), C.R.S.

Commercial Sales, which include Commercial Condominiums Sales, in Gunnison County support the indicated value.

If you disagree with the Assessor's decision, you have the right to appeal to the County Board of Equalization for further consideration, § 39-8-106(1)(a), C.R.S.

The deadline for filing real property and personal property appeals is September 15.

The Assessor establishes property values. The local taxing authorities (county, school district, city, fire protection, and other special districts) set mill levies. The mill levy requested by each taxing authority is based on a projected budget and the property tax revenue required to adequately fund the services it provides to its taxpayers. The local taxing authorities hold budget hearings in the fall. If you are concerned about mill levies, we recommend that you attend these budget hearings. Please refer to last year's tax bill or ask your Assessor for a listing of the local taxing authorities.

Please refer to the reverse side of this notice for additional information.

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APPEAL PROCEDURES

County Board of Equalization Hearings will be held from September 1 through November 1 at Gunnison County Courthouse or Blackstock Government Center.

To appeal the Assessor's decision, complete the Petition to the County Board of Equalization shown below, and mail or deliver a copy of both sides of this form to:

Gunnison County Board of Equalization
200 E Virginia Ave
Gunnison, CO 81230
(970) 641-0248

Coal Creek Investments LLC
R003216

To preserve your appeal rights, your Petition to the County Board of Equalization must be postmarked or delivered on or before **September 15 for real property and personal property** – after such date, your right to appeal is lost. You may be required to prove that you filed a timely appeal; therefore, we recommend that all correspondence be mailed with proof of mailing.

You will be notified of the date and time scheduled for your hearing. The County Board of Equalization must mail a written decision to you within five business days following the date of the decision. The County Board of Equalization must conclude hearings and render decisions by November 1, § 39-8-107(2), C.R.S. If you do not receive a decision from the County Board of Equalization and you wish to continue your appeal, you must file an appeal with the Board of Assessment Appeals by December 8, § 39-2-125(1)(e), C.R.S.

If you are dissatisfied with the County Board of Equalization's decision and you wish to continue your appeal, you must appeal within 30 days of the date of the County Board's written decision to ONE of the following:

Board of Assessment Appeals
1313 Sherman Street, Room 315
Denver, CO 80203
(303) 866-5880
www.dola.colorado.gov/boa

District Court
Contact the District Court in the county where the property is located. See your local phone book for the address and telephone number.

Binding Arbitration
For information about binding arbitration, contact the County Board of Equalization at the address above.

If the date for filing any report, schedule, claim, tax return, statement, remittance, or other document falls upon a Saturday, Sunday, or legal holiday, it shall be deemed to have been timely filed if filed on the next business day, § 39-1-120(3), C.R.S.

PETITION TO COUNTY BOARD OF EQUALIZATION

What is your estimate of the property's value as of June 30, 2018? (Your opinion of value in terms of a specific dollar amount is required for real property pursuant to § 39-8-106(1.5), C.R.S.)

$ 565,604.00

What is the basis for your estimate of value or your reason for requesting a review? (Please attach additional sheets as necessary and any supporting documentation, i.e., comparable sales, rent roll, original installed cost, appraisal, etc.)

See attached letter

ATTESTATION

I, the undersigned owner or agent* of the property identified above, affirm that the statements contained herein and on any attachments hereto are true and complete.

Signature

970-641-1903
Telephone Number

9-13-19
Date

*Attach letter of authorization signed by property owner.

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EXHIBIT A
Page 1 of 3

LAW OF THE ROCKIES

Members
Marcus J. Lock
Jacob A. With
Kendall K. Burgemeister

Of Counsel
John R. Hill, Jr.

Associate
Austin J. Chambers
William P. Edwards*
*Licensed in Utah only

525 N. Main Street, Gunnison, CO 81230 | 970.641.1903
lawoftherockies.com | Fax: 970.641.1943
Email: jwith@lawoftherockies.com

September 13, 2019

VIA UNITED STATES MAIL
AND VIA HAND DELIVERY

Gunnison County Board of Equalization
200 E. Virginia Ave.
Gunnison, CO 81230

Re: Protest and Appeal of Notice of Determination for Part of Lots 2-6, Block 29, Crested Butte, CO; 130 Elk Avenue, Crested Butte, CO (R003216 – "Powerhouse")

Dear Gunnison County Board of Equalization,

I represent Coal Creek Investments LLC ("Coal Creek") and am writing to protest and appeal the Notice of Determination for the Powerhouse. The Gunnison County Assessor provided an initial value of $1,099,120. The Notice of Determination provides the same value without any change.

As acknowledged by the Gunnison County Assessor, it uses a "Mass Appraisal System" to determine the value of commercial property. Because of the paucity of commercial sales in Gunnison County, it uses all commercial sales throughout Gunnison County to determine the value. The Assessor inputs a limited number of attributes into the system to try to adjust for specific properties, but in this instance was not successful in properly valuing the property.

Valuing historic properties on Elk Avenue using a mass appraisal system is almost impossible. What makes Elk Avenue special is the unique, historic character of each building, but unfortunately that means that the buildings do not fit nicely into a mathematical formula.

Powerhouse is essentially an old warehouse. While other buildings have been substantially remodeled, Powerhouse was not significantly renovated. The building has minimal insulation and the roof is in need of replacement. Because of its age and condition, annual maintenance is particularly expensive. The Gunnison County Assessor lists the property as "fair" for quality of construction, when it is truly "below average" given its age and lack of renovation. Similarly, the condition is not "average" but squarely "below average".

Not only is this older building largely not updated, the building itself is located in a floodplain. Mortgage lenders on the property will require floodplain insurance. The cost of this insurance is exorbitant and ultimately passed on to tenants. This decreases net revenue and deceases affordability for tenants. All of this impacts the value of the property.

This floodplain also extends to a substantial portion of the lot on which the building is located, rendering it undevelopable. While the location adjacent to Coal Creek may at first appear advantageous, the property owner is required to maintain the Coal Creek frontage at its own expense.

Kochevar's is located directly across the street from Powerhouse. The land square foot price for Kochevar's is only $36.83 compared to Powerhouse's $73.65 and the building price per square foot of Kochevar's is only $83.96 compared to Powerhouse's Notice of Determination square foot value for its building of $167.82. The Wooden Nickel has the building price per square foot of $154.24 and Talk of the Town has a value of $147.32. These are all buildings that are more comparable to Powerhouse than other buildings in town, yet they have meaningfully lower values. Even if the average square foot price for each of these other buildings is averaged and it is applied to the Powerhouse the result is substantial – a building valuation of $621,252 instead of $707,720. Applying the land per square foot value for Kochevar's to this corrected building valuation results in a total actual value of $816,978 instead of the Notice of Determination value of $1,099,120.

Indeed, so poor is the building and land it sits on that the owner cannot obtain a particularly profitable lease. Even if you were to assume 100% occupancy of the building, based on the current rental income and substantial maintenance and upkeep expenses, the value of the property is not more than $565,604 using the most conservative figures. With commercial buildings, actual value is most accurately determined using rental income less maintenance and upkeep costs. Here, the value based on rental income and those costs is $565,604.

Tellingly, this $565,604 is approximately $5,000 higher than the 2019 actual valuation for Kochevar's directly across the street. Given that Powerhouse is approximately 150 square feet larger, this difference is reasonable and appropriate.

Clearly the mass appraisal system is not adequately identifying and accounting for the unique characteristics of the Powerhouse building and the lot it sits on.

The owner requests that the Board of Equalization recognize that the unique character of this historic building includes a number of substantial downsides that have resulted in the property not being worth more than $565,604. This is not a value based upon a mathematical formula attempting, through multiple regression analysis, to divine the value of a unique property on Elk Avenue. As shown by the unjustifiable variations in the valuations above, this sophisticated math does not work in this case. Instead, the proposed value is based on actual fair market value figures – actual rents received and actual expenses.

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EXHIBIT A
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LAW OF THE ROCKIES

Accordingly, the owner requests that the Board of Equalization adjust the value to $565,604.

Sincerely,

Jacob A. With
LAW OF THE ROCKIES

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EXHIBIT B
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September 12, 2019

VIA FIRST CLASS MAIL
AND HAND DELIVERY

Gunnison County Board of Equalization
200 E. Virginia Ave.
Gunnison, CO 81230

Re: Protest and Appeal of Notice of Determination for Part of Lots 2-6, Block 29, Crested Butte, CO; 130 Elk Avenue, Crested Butte, CO (R003216 – "Powerhouse")

Dear Gunnison County Board of Equalization,

Coal Creek Investments LLC ("Coal Creek"), the owner of the Powerhouse, does hereby authorize Jacob A. With and Law of the Rockies to file an appeal and protest to the Board of Equalization for the Powerhouse, including appearing at any hearings or any other proceedings for the same.

Sincerely,
Coal Creek Investments LLC

Daniel Dow, Member

LAW OF THE
ROCKIES
Attorneys at Law
525 N. Main St.
Gunnison, CO 81230

UNITED STATES POSTAGE
PITNEY BOWES
02 1P $ 001.45⁰
0000300456 SEP 13 2019
MAILED FROM ZIP CODE 81230

Gunnison County Board of
Equalization
200 E. Virginia Ave.
Gunnison, CO 81230

Received
County Administration
9/16/19 (VIA MAIL)
HAND DELIVERED +
EMAILED COPIES