FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Bob O'Connell
DOCKET NO.: 09-00186.001-C-2
PARCEL NO.: 04-12-22-302-002

The parties of record before the Property Tax Appeal Board are Bob O'Connell, the appellant, by attorney Robert W. McQuellon, III, in Peoria, and the Macon County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds ***no change*** in the assessment of the property as established by the **Macon** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$52,479
IMPR.:	$501,855
TOTAL:	$554,334

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcel of 171,191 square feet of land area is improved with one-story metal building used as a health club. The structure was built in 1972 and contains approximately 41,732 square feet of building area with an indoor swimming pool, office space, classrooms, and recreation or fitness area along with a partition for showers, kitchen and bathroom. The subject property is located in Decatur, Decatur Township, Macon County.

The appellant's appeal is based on overvaluation of the subject property. In support of this market value argument, the appellant submitted a cover letter along with a 2009 Summary of Assessment Data and a Cost Analysis developed by Robert W. McQuellon, M.B.A., of McQuellon Consulting, Inc. On the sheet entitled 2009 Summary of Assessment Data, it appears that the assessment of the subject property has been multiplied by three to arrive at a "fair cash value" of $1,663,002.

The next one-page analysis entitled Cost Analysis stated that this approach was "developed in rebuttal to the assessor's valuation." The author of the Cost Analysis further wrote that cost estimates were derived from Marshall & Swift's Calculator

Method for health clubs with Class S steel frame construction. In summary, the document depicts a base cost of $71.04 per square foot of building area of 47,732 square feet with a current multiplier of .92 and a local multiplier of 1.08. Thus, the cost analysis concludes an estimated replacement cost new of $3,369,180.

Physical depreciation was next calculated at 57.14% based on the age/life method using an effective age of 20 years and an economic life of 35 years. Then the analysis sets forth depreciation of 10% for economic obsolescence for total estimated depreciation of $2,262,163, resulting in a depreciated value of the building of $1,107,016.

Then next the cost approach estimated a land value of $157,437 plus site improvements of $120,000 for paving and "an inground pool." Totaling the depreciated value of the building plus the land and site improvements, the document depicts an estimated market value under the cost approach of $1,384,000, rounded.

Based on this evidence, the appellant requested a reduction in the subject's total assessment to $433,330 which would reflect a market value of approximately $1,300,000.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of $554,334 was disclosed. The subject's assessment reflects an estimated market value of $1,655,222 or $39.66 per square foot of building area including land using the 2009 three-year median level of assessments for Macon County of 33.49%. (86 Ill.Admin.Code §1910.50(c)(1)).

The board of review presented a letter outlining the evidence and arguments along with a cost analysis of the subject. In the letter, the board of review asserted that the subject should be valued as a "fitness center" not as a "health club." To support this contention, the board of review included a two-page document that purports to be a definition of a "fitness center." The source of this document is not revealed in the submission.

In addition, the board of review included a one-page document that appears to have been printed from the internet entitled Decatur Athletic Club. The board of review characterized this as a "brochure from the Athletic Center it fits the description of a fitness Center."

Next, attached to the cover letter was a "Summary Report" of the subject from Marshall & Swift which sets forth a basic structure cost including base cost, exterior walls and heating & cooling of $62.25 per square foot of building area of 41,732 square feet for a total of $2,597,817. Extras of $94,901 were added for asphalt paving for a total replacement cost new of $2,692,718. Next physical and functional depreciation of 31% were deducted for a depreciated replacement cost new of $1,857,975. A land value of $152,067 was then added to arrive at a total value of $2,010,042.

Based on this evidence, the board of review requested confirmation of the subject's assessment.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The Board further finds a reduction in the subject's assessment is not warranted.

The appellant contends the assessment of the subject property is excessive and not reflective of its market value. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). The Board finds the evidence in the record does not support a reduction in the subject's assessment.

The parties submitted cost analyses of the subject property to support their respective positions before the Property Tax Appeal Board. The courts have stated that where there is credible evidence of comparable sales these sales are to be given significant weight as evidence of market value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill.App.3d 207 (2nd Dist. 1979), the court held that significant relevance should not be placed on the cost approach or income approach especially when there is market data available. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5th Dist. 1989), the court held that of the three primary methods of evaluating property for the purpose of real estate taxes, the preferred method is the sales comparison approach.

The appellant presented a cost analysis with a value conclusion of $1,384,000 whereas the board of review presented a cost analysis with a value conclusion of $2,010,042. The subject's assessment reflects a market value of approximately $1,655,222. Examining the appellant's data first, the Property Tax Appeal Board finds that the author of this analysis used an incorrect building size of 47,732 square feet and indicated that the pool on the property was an "inground pool" when the subject was improved with an indoor pool. These errors result in finding that the appellant's analysis is not an accurate or reliable indicator of the subject's estimated market value using a cost analysis. Furthermore, the appellant's submission provides no indication that the preparer of the data, Robert W. McQuellon, has any credentials to perform the analysis presented beyond possessing an M.B.A. In addition, the submission sets forth absolutely no substantiation from market derived data for the current multiplier, the local multiplier and/or the determination of economic obsolescence.

On this limited record, the Board finds the best evidence of the replacement cost new of the subject improvement is set forth in the cost analysis performed by the board of review using Marshall & Swift to determine an estimated replacement cost new of the

improvements of $2,692,718. The Board further finds that for physical depreciation the age/life method appears to have been properly applied by the board of review for 31% physical depreciation resulting in a depreciated replacement cost new of $1,857,975. Once the land value of $152,067 is added, the analysis concludes a total value of $2,010,042 for the subject property which is greater than its estimated market value based on its assessment. The board of review requested confirmation of the subject's assessment as set forth in its letter.

Based on the foregoing analysis, the Property Tax Appeal Board finds that the appellant did not demonstrate that the subject property's assessment was excessive in relation to its market value. In conclusion, the Board finds that a reduction in the subject's assessment is not warranted.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

Chairman

Member

Member

Member

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: December 21, 2012

Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing

complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board’s decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.