

Taxes

From A1

longstanding commitment to the Burlington/Walworth community, and we look forward to that continuing."

The property sits just west of the Racine County/Walworth County line, in a small segment of Burlington that extends into Walworth County.

Aurora Health Care announced in 2014 that the health care provider would invest \$75 million to build the new medical center. The project would transform vacant farmland into an outpatient clinic and office building totaling 160,000 square feet in size, also known as Aurora Health Center-Southern Lakes.

Walworth County land records show that Aurora paid \$2 million to purchase the property.

To spur the development, the City of Burlington and other government entities agreed to create a tax-increment financing district. Such districts capture property taxes in a small geographic area and earmark future revenue temporarily to pay for public improvements helping to advance a development.

In addition to the city, the new district around Aurora's proposed medical center included the Burlington Area School District, Walworth County and Gateway Technical College.

The partners borrowed \$4.5 million on the municipal bond market and used the money to build roads and install utilities to serve the new Aurora complex.

The deal was based on negotiated projections that the developed property would be worth \$40 million for tax purposes. Other parts of the project worth another \$40 million would remain tax-exempt in accordance with Aurora's status as a nonprofit corporation.

DeQuaker recalls much discussion surrounding the forecast, including possibly setting the projection much lower at \$20 million in taxable value and \$20 million tax-exempt.

"There were several numbers floating around," he said.

Not long after the new medical center opened in 2016, it became clear that the property was not meeting expectations.

Walworth County Comptroller Jessica Conley said she made inquiries of both Aurora Health Care administrators and Burlington city officials about why the property value growth was not greater. Conley said she never got a good explanation.

"We don't know what the reasons are," she said.

With \$4.5 million in debt to pay back, plus interest, the taxing entities had secured a commitment from Aurora to cover any shortfall in tax revenue. The shortfalls turned out to be substantial.

According to a recent report from Burlington's financial adviser, the special TIF district generated only \$1.3 million in new taxes. Aurora



MARK FELDMANN, JOURNAL TIMES FILE PHOTO

Employee Lora Dow looks over facilities in 2016 inside the new Aurora Health Care center in Burlington, a project once estimated at 160,000 square feet in size, but now shown as just 45,000 square feet in county tax records.

ended up writing nearly another \$3.5 million in checks over six years so that the special taxing district could pay off its debts.

The Burlington City Council agreed in December to close the TIF district, meaning that the district's work was done and that future Aurora property taxes would go directly and entirely to the city, schools, county and technical college.

Records of the December meeting show aldermen noted that the medical center property value "fell short of what was expected." DeQuaker assured aldermen that on any such deals in the future, city staff would verify projections to "make sure numbers are where developers say they are."

As of 2021, Aurora's property tax bill on Spring Valley Road is \$191,519 a year. If the property was worth four times more, as projected when the project was announced, the tax bill would be \$766,076.

The revenue is divided so that Burlington Area School District gets 44 cents of every dollar, the City of Burlington gets 35 cents, Walworth County gets 17 cents, and Gateway Technical College gets 4 cents.

Burlington School Superintendent Stephen Plank and other school district officials could not be reached for comment about the Aurora tax issue. District spokeswoman Julie Thomas issued a written statement that the district sees "a number of unknowns" surrounding the financial impact of the health care center.

"At this point, we need to wait to have some final information," Thomas said.

Gateway Technical College officials also could not be reached for comment.

County tax records show that new construction on the Aurora property totals about 45,000 square feet — not the 160,000 square feet announced in 2014.

Aurora spokeswoman Cheri Mantz would not address the discrepancy and would not provide other data for the Burlington facility. Mantz would only say that including other operations in the

region, Aurora employs more than 500 people and serves 85,000 patients a year.

Burlington city and Walworth County officials both said they are happy to have the new Aurora facility here, despite the shortcomings in tax value.

Neither the city nor the county has set any future budgets based on the flawed tax projections, so there is no lost revenue that other taxpayers will need to make up.

Conley said she is relieved that Aurora was responsible for covering shortfalls in the revenue needed to pay off the \$4.5 million borrowed for the development. She hopes other local government officials take note and require similar safety nets on other projects.

Even at the current level of \$31,000 a year in property taxes, the county is happy to have new revenue coming from a medical center that has brought nearly \$10 million in new value to the county, Conley said.

"It didn't grow to what was originally estimated," she said. "But it did grow."

Before the medical center complex was built, the farmland on Spring Valley Road was valued at about \$120,000.

Burlington City Administrator Carina Walters, who joined the city in 2015 after the Aurora deal was done, said she believes officials would have approved the development and the public assistance even if the property value projections were lower.

Aurora has brought improved health care, job creation and other benefits to the area with its new facility, Walters said.

"Absolutely it's a quality-of-life issue," she said.

DeQuaker said the TIF district financing worked out well, too, with the safety net that required Aurora to pay an additional \$3.5 million. That means the district paid off its debts and accomplished bringing nearly \$10 million in new value to the community.

"That's what it's all about," he said. "It's based on what we have — not what we could've had."