

Executive Summary: South Rockford Industrial TIF Redevelopment Project

This report is information only and intended to provide context for discussion on the proposed TIF district affecting the Meridian CUSD 223.

Background

The City of Rockford, in collaboration with Ryan LLC, has proposed the establishment of the South Rockford Industrial Tax Increment Financing (TIF) Redevelopment Project Area (RPA). Encompassing approximately 1,679 acres in the southern portion of Rockford across Winnebago and Ogle Counties, the project aims to revitalize underutilized land and commercial farmland to support the growing industrial complex of the Chicago Rockford International Airport.

The RPA qualifies for TIF designation as a combination of a "conservation area" and a "blighted vacant area." Key impediments to development include chronic flooding, inadequate utility infrastructure, lack of community planning, and a lag in Equalized Assessed Valuation (EAV) compared to the rest of Rockford. The total estimated TIF budget is \$51,000,000, intended to leverage private investment that is otherwise unlikely to occur. The project envisions a 23-year lifespan, during which the EAV is projected to rise from a base of approximately \$1.1 million to between \$45 million and \$55 million.

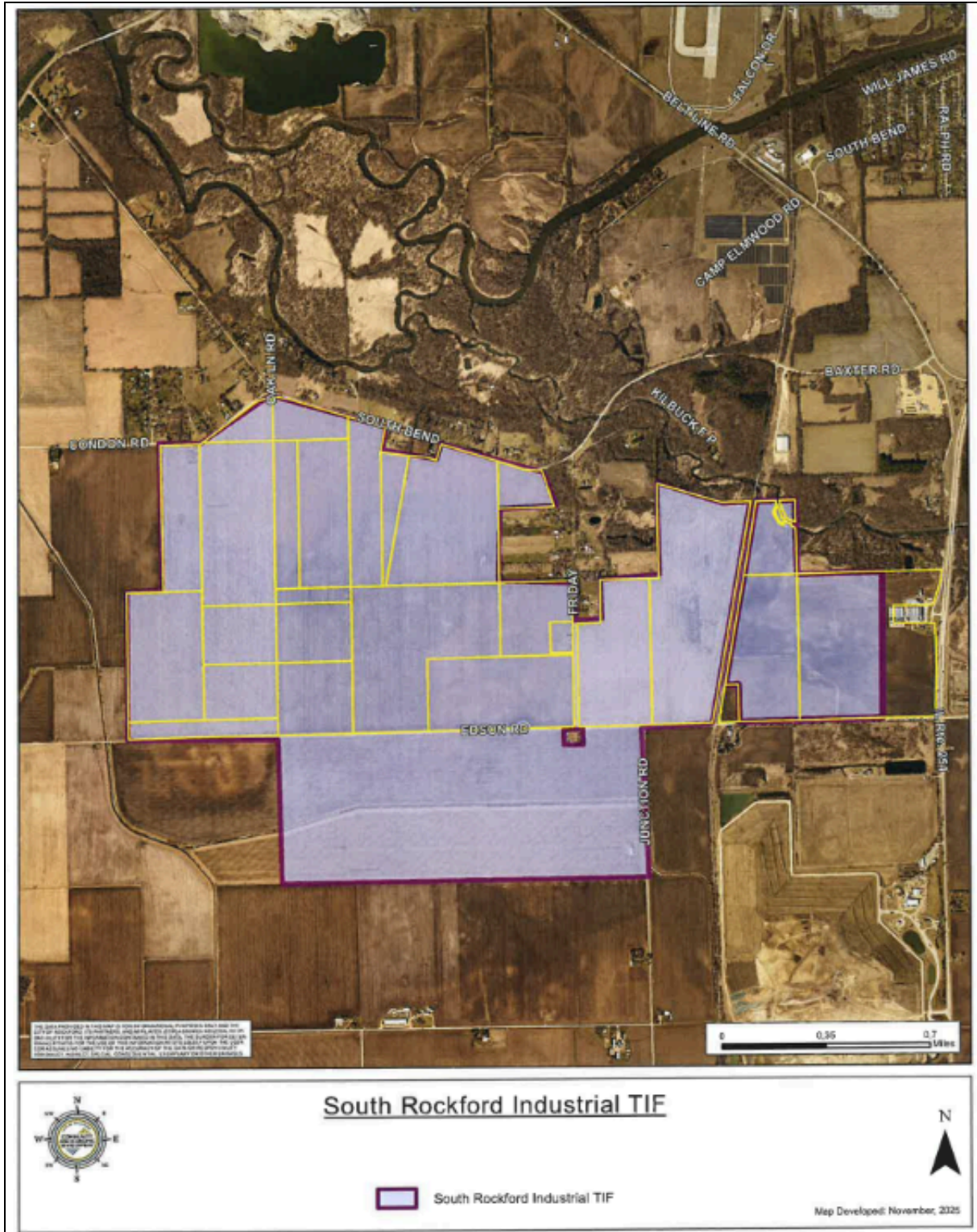
Project Overview and Geographic Scope

The South Rockford Industrial RPA is situated south of the Chicago Rockford International Airport with a portion inside the Meridian CUSD 223 district zone. Rockford identifies this area as a strategic asset due to its proximity to Interstate 90, Interstate 39/U.S. 51, and U.S. 20.

Boundaries and Composition

The RPA is a contiguous area consisting of 29 tax parcels (1 improved and 28 vacant) generally bounded by:

- North: South Bend Road and Condon Road.
- South: The city's municipal boundary and Edson Road.
- West: The city's municipal boundary.
- East: I-39 ALT/State Route 251.



Qualification Findings

The TIF Qualification Report identifies specific factors that justify the RPA's designation under the Tax Increment Allocation Redevelopment Act.

Conservation Area Factors (Improved Land)

For the improved portions of the RPA, 100% of the structures are 35 years of age or older. Additional qualifying factors include:

- Deterioration: Evidence of cracked asphalt, weed growth in pavement, crumbling curbs, and building defects such as damaged masonry and rusted service doors.
- Lag in EAV: The improved area's EAV growth lagged behind the balance of Rockford for three of the last five years.
- Lack of Community Planning: Much of the area was developed prior to Rockford's 1972 Comprehensive Plan or annexed as recently as 2012 without Rockford's guidance, resulting in non-conforming land uses.
- Inadequate Utilities: The area lacks sufficient electrical distribution, water mains, and sanitary sewer capacity to meet modern industrial demands.

Blighted-Vacant Area Factors (Vacant Land)

The vacant portions of the RPA qualify based on several critical impediments:

- Chronic Flooding: A stand-alone qualifying factor. The area is adversely impacted by an undesignated tributary, which reduces developable property and limits the placement of stormwater facilities.
- Adjacent Deterioration: The vacant land is negatively influenced by deteriorating structures and site improvements in neighboring areas.
- Lag in EAV: Similar to the improved areas, the vacant land has seen annual EAV growth rates lower than the rest of Rockford in three of the last five years.

Redevelopment Goals and Objectives

The primary mission of the Redevelopment Plan is to transform the RPA into a shovel-ready industrial hub that complements the Chicago Rockford International Airport, which is currently the 19th busiest freight airport in the United States.

Strategic Objectives

- Infrastructure Support: Providing water, sewer, and electrical upgrades necessary for industrial operations.
- Site Preparation: Facilitating land assembly, environmental remediation, and the demolition of obsolete structures.
- Job Creation: Attracting new primary employment centers and establishing job training programs in coordination with local vocational institutions and community colleges.
- Tax Base Diversification: Strengthening the property tax base to benefit overlapping taxing districts in the long term.

Financial Plan and Estimated Budget

The Redevelopment Plan establishes a maximum TIF budget of \$51 million to cover eligible project costs. Private investment is expected to substantially exceed this public commitment.

Estimated TIF Project Costs

Program Action / Improvement	Estimated Cost (2026 Dollars)
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Land Acquisition, Assembly, and Relocation	\$9,750,000
Site Prep (Remediation, Demolition, Grading)	\$9,750,000
Public Works & Utility Improvements (Water, Sewer, Roads)	\$11,250,000
Rehabilitation of Existing Structures; Taxing District Capital	\$3,000,000
Public Facilities (Parking, Streetscaping)	\$8,250,000
Interest Costs (Pursuant to the Act)	\$2,250,000
Professional Service Costs (Legal, Engineering, Admin)	\$2,250,000
Job Training	\$4,500,000
Total Estimated TIF Budget	\$51,000,000

Funding Sources and Obligations

Rockford intends to fund these costs through incremental property tax revenues and may issue municipal obligations (bonds) secured by the Special Tax Allocation Fund. These obligations must be retired within 23 years of the RPA’s adoption. Additionally, Rockford may utilize portability, where incremental revenues from contiguous TIF districts are used to support the South Rockford Industrial RPA, and vice versa.

Fiscal Impact on Taxing Districts

Rockford maintains that the TIF designation will not have a negative financial impact on affected taxing districts. The plan argues that without TIF, property values would likely stagnate or decline.

- Surplus Funds: Any funds not obligated for TIF projects may be declared surplus and distributed to taxing districts in proportion to their tax rates.
- School District Protection: While new residential units (and thus new students) are not anticipated, Rockford will provide funds to offset increased costs for school districts if TIF-assisted housing units are ever developed, as prescribed by the Act.

Implementation and Timeline

The redevelopment will occur in phases as private entities secure financing and projects align with city zoning.

- Fair Employment: All redevelopment agreements will require developers to implement affirmative action programs and adhere to equal opportunity employment practices.
- Anticipated EAV Increase: Upon completion of the 23-year project period, the EAV of the RPA is projected to reach \$45 million to \$55 million.
- Project Completion: The retirement of all obligations and completion of the project must occur no later than December 31st of the 23rd year following the adoption of the TIF ordinance.

Joint Review Board Meeting

I attended the Joint Review Board Meeting held on Tuesday, March 31st at the City of Rockford Council Chambers. A representative from Ryan, LLC gave a short presentation on the proposal. There was a brief Q & A session followed by public comment. The JRB voted to approve the resolution to advance the recommendation for the TIF to the full city council. I voted "abstain" due to a lack of information on the long-term impact on our school district. There is a public hearing scheduled for May 11th at 5:30 p.m. in the City of Rockford Council Chambers. The city council must wait at least 14 days after the public hearing to act on the proposed TIF district.